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PROJECT EVALUATION REPORT

SMALL-SCALE INDUSTRY GRANT PROJECT NO. 931-0990: KOREA AND THE PHILIPPINES

(Contract No. AID/ta-C-1062 to the Georgia Institute of Technology)

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PREFACE

In January 1974, the Agency for International Development implemented a contract, No. AID/ta-c-1062, with Georgia Institute of Technology (GIT), through its Office of International Programs of the Engineering Experiment Station. The Contract and Project was entitled "Small Scale Industry Grant", Project No. 931-0090, through which GIT was assigned the overall responsibility of implementing a five year program which would stimulate growth of small scale industry in Lesser Developed Countries (L.D.C.s). This was done by providing grants and technical assistance to counterpart institutions in these L.D.C.s. In turn these counterpart institutions were held responsible to render advise on management, financial book-keeping and technical matters to small scale industries within their respective country. Under this contract A.I.D. provided a grant of $825,000 to G.I.T., who in turn provided subgrants and technical assistance to the counterpart institutions in the developing nations.

One of the basic provisions of the A.I.D. contract was that only four counterpart institutions would be funded under this contract. After an extensive survey of 13 countries (Bolivia, Brazil, Colombia, Ecuador, Ghana, Ivory Coast, Indonesia, Kenya, Korea, Nigeria, Paraguay, Philippines and Thailand) was conducted in 1974, two institutions were selected, and funded, Soong Jun University, Seoul, Korea and Fundacao Educacional do Sul de Santa Catarina, Tubarao, Brazil. In the second year the third counterpart institution was selected and funded, the University of Ife, Ile-Ife, Nigeria and in the third year the University of Philippines, Institute of Small Scale industries, Manila, Philippines was added. Also in the third year the University of Science and

Technology, Technology Consultancy Centre, Kumasi, Ghana replaced the university of Ife in Nigeria, which was dropped from the program. Each of the selected institutions was funded annually with a separate grant of approximately $50,000.

The terms of the individual grant permitted the grantee to utilize half the grant funds for personnel, travel, materials, supplies, and conferences. The balance of the funds was to be used by the grantee to contract for training and consultation services.

The Office of International Programs through GIT contracted with all five grantees to provide training, consultation, technical support information data and audiovisual documentation of small scale industries. The total project came to its AID programmed end in January 1979.

I. Description of Project

From January 1974 to January 1979, AID funded the Economic Development Laboratory of the Engineering Experiment Station at Georgia Institute of Technology (GIT) to implement a five-year program of providing grants and technical assistance to counterpart institutions to stimulate growth of small-scale industry. Institutions in five countries--Korea, Brazil, Nigeria, the Philippines, and Ghana--were assisted. This evaluation report is limited to two of the country projects: the Soong Jun University (SJU), Seoul, Korea, which received assistance during the entire program period, and the University of the Philippines, Institute for Small-Scale Industries (UPISSI), Manila, Philippines, which received assistance from 1976 to 1979. The Project in Ghana was also to be evaluated, but the USAID country mission requested exclusion from evaluation due to internal conditions in the host country.

Each of the institutions assisted in the Project was to receive approximately $50,000 per year to fund the program. Approximately half the funds were for personnel, travel, materials, conferences, etc. of the counterpart institutions, with the balance for training and consultation service from GIT. For exact amounts on disbursement of funds, please see Table 40 of GIT's final report, p. 135.

The GIT staff reviewed 30 potential counterpart institutions in 13 countries. This review was the basis for the

selection of the specific countries and institutions assisted. During Project implementation, GIT provided services which are described in the following six areas:

1. Training of counterpart institution staff--specially designed classroom activities, on-the-job training, industrial tours, and business contacts organized for the special needs of each participant for a one-to six-week period in Georgia. In addition, on-site workshops, lectures, and seminars were given to counterpart staff during GIT staff on-site country visits. Please refer to GIT's final report on p. 130, Table No. 38.
2. On-site consultation--country visits by GIT staff. Please refer to GIT's report, p. 131, Table No. 39.
3. Information service--fulfilled special technical requests for information. Please refer to GIT's report on p. 130, paragraph No. 3.
4. Research papers and publications--prepared special studies co-sponsored with another AID grant (211-d) and prepared Project annual reports and baseline studies. Please refer to GIT's report, p. 133, paragraph No. 4.
5. Audiovisual documentation--on-site audiovisual recording of the Project. Please refer to GIT's report on p. 134, paragraph No. 5.
6. Use of the grant funds--administration of the project and maintaining responsibility (to AID) for the use of the individual subgrants. Please refer to GIT's report on p. 134, paragraph No. 6.

The funds provided by the AID counterpart grants were augmented

by in-kind and monetary contributions by the respective host country agency. These joint resources--the AID subgrant and the counterpart's Project budget--were used to finance the individual country program within the Project. The program design elements which constitute the Project are described as follows:

1. Technical and management assistance--direct consultation to individual firms.
2. Appropriate technology--developing, constructing, and field testing devices for industry.
3. Education and training--organizing and conducting special industrial training seminars, workshops, and lectures for local entrepreneurs and workers, and participation in the staff training programs in Georgia.
4. Data collection, research, publications, and information exchange--compiling and organizing information (much of which was provided through GIT efforts) for local use and conducting research and preparing reports of local project interest.
5. Organization linkages--establish working relationships with local finance, business, and government agencies.
6. Audiovisual documentation--support of GIT by providing personal and other services such as film and taping of the documentaries in the field.
7. Financial commitment--providing monetary and in-kind support to the Project.

In Korea, the SJU program was conducted from two sites, the Seoul and the Taejon campuses. On both sites, the Project was managed by a small office staff and the field extension and technical assistance were provided by regular university

faculty on a part-time basis without extra monetary compensation.

In the Philippines, UPISSI implemented the Project from one site, Tacloban, to serve the Leyte and Samar islands (called Region 8, Eastern Visayas). In Tacloban, the program was conducted by full-time Project staff with technical management, and training support by the UPISSI Manila office. While the Korean and the Philippine programs had similar elements, the individual area needs dictated some differences in the programs for each country, differences addressed in subsequent discussions in this report.

II. Achievement of Project Goals and Objectives

The general goal of this project is to generate employment in the small-scale industrial sector in developing countries, particularly outside metropolitan centers, with the objectives of:

1. Strengthening the capability of a selected institution to provide effective technical assistance to local small-scale industry.
2. Demonstrating and documenting the impact of alternative approaches to technical assistance to small industry.
3. Infusing the governmental, industrial and financial sectors of the local community to provide employment.

The intent was job generation through the development of the small scale sector by institution building -- improving the extension service delivery system, methodology testing -- demonstrating and documenting alternate approaches, and

promotion -- creating an awareness in appropriate sectors of the potentials and ways to maximize those potentials. These objectives were to be carried out through the use of grants and assistance to counterpart institutions by GIT. The following outputs were expected according to the original program design (see Figure 1):

1. Increased job opportunities.
2. Increased viability of indigenously owned enterprises.
3. Improved capability of counterpart institutions to serve small industry.
4. Tested methodologies for strengthening counterpart institutions.
5. Evaluation reports on successes and failures in providing assistance.

The Project documents[1] and the sampled firms interviewed by the team suggest an increase in job opportunities. The Project documents report directly employment increases of 632 jobs in Korea and 37 jobs in the Philippines. These figures do not include the indirect employment generated.

It is obvious however, that local economic conditions affected the number of jobs created, and that not all of the attributed change in personnel in companies receiving assistance could be attributed to the project. In fact, the evaluation team was struck with the very serious difficulties involved in accurately accounting for the employment impact of this or similar projects.

ctivity Apr 'ate Industrial Technology
oject
No. Title Small Industry Grants

TAB - GENERAL TECHNI SERVICES

FY 1974 Interregional Program Budget Review
Project and Budget Analysis Matrix

Major Country/Countries
Paraguay, Indonesia, Kenya (tentative)

Obligations: Begin FY 19 End FY 19
Work Begin FY 19 End FY 19
PROP Status: PROP approved thru FY 19
New/Revised Required: In FY 19
Estimated Submission Date Sept. 1972
month Year

oject Manager H. Arnold Extension 28937
ntractor/P.A Ga. Tech Contractor No.
ntract PASA Extension

Evaluation Schedule
month year Typ

Narrative	Objectively Verifiable Indicators	Important Assumptions and Progress to date
PURPOSE: . Strengthen capabilities of four LDC institutions to provide technical assistance to employment generating small industry. . Demonstrate and document impact of alternative technical assistance approaches to small industry. . Infuse employment consciousness into educational, industrial and financial sectors in our countries.	**D2 End of Project Status:** 1. Sound technical assistance projects being implemented by LDC institutions. 2. Ready receptivity in financial and business circles to support small industry efforts that are well conceived. 3. Widespread emphasis on encouraging "appropriate" technologies.	**G3 Assumptions** 1. The thrust of the program can be dovetailed with small industry efforts of the LDC governments. 2. The LDC institutions can attract and retain high quality people.
OUTPUTS: . Increased job opportunities in four countries . Increased viability of indigenously owned enterprises. . Improved capability of four LDC institutions to serve small industry. . Tested methodologies for strengthening LDC institutions. . Evaluation reports on successes and failures in assisting small industry.	**C2 Output Indicators:** 1. Demand for services of LDC institutions by LDC industry. 2. Profit and loss statements of assisted entrepreneurs. 3. Number of jobs created--directly and indirectly.	**C3 Progress to Date:** Preliminary visits made by AID personnel to prospective LDC institutions.
INPUTS: . Annual AID grants of 50K to each of four LDC institutions for: a. technical assistance and training from Ga. Tech; and b. staff development and field operations. . Staff contributions by LDC institutions. . Past experience of UNIDO, AID, & LDC institutions. . AID assistance in selecting institutions.	**D.2 Budget Summary (in thousands of dollars)**	

	(1) Personnel Dollars	(2) Personnel MM	(3) Participants Dollars	(4) Participants MM	(5) Commodities	(6) Other Costs	(7) Total	(8) Expenditures	(9) June 30 Pipeline	Terminal Funding Month
All Prior Years										
a. Thru FY 1971		XX		XX						
b. Actual FY 1972										
c. Estimated FY 1973	75	36	25	24		100	100			June 7
d. Proposed FY 1974	150	32	50	48		100	200			" 5
e. All Other		XX		XX		600	600			" 5
f. Total		XX		XX		800	900			

ey Problem Area, Area of Concentration, or Field Support.

**Expenditures are to be computed on an annual basis.

ource: USAID

FIGURE 1

No data was available regarding the viability of indigenously owned enterprises; however, the progress reflected in most of the selected firms visited suggest that the assisted firms indeed improved their viability. The causal relationship between this improvement and the project elements, while beyond the scope of this evaluation, perhaps should be addressed by GIT.

It is clear that institution building did indeed occur programs were organized, people trained, extension occurred, and appropriate technology developed -- and that the efforts were effective in job creation. While it was evident that the relevant small-industry development concepts were promoted in the university sectors, in Korea, little evidence was noted of promotion in the government or financial sectors. Government officials there were aware of the Project, but they did not seem to be "infused" with its potentials. Similarly, no evidence was gathered in the financial sector of such Project-caused enthusiasm. In Korea, most small-scale industry operated on internally generated capital. While in the Philippines, the DBP was active in the small-scale sector, no evidence surfaced which related this activity to the project. The Philippine government is promoting small industry, but the evaluation team did not observe any relationship between those efforts and the Project.

The introduction of the technical extension function at SJU clearly improved their capacity to directly serve small scale industry. However, in Tacloban the effects are

more indirect; few direct assistance efforts were successful. Although numerous feasibility studies were prepared, only two or three were implemented. There, the program gave greater emphasis generally to education, training, and organization, areas where impacts are difficult to discern.

While some alternate methodologies for strengthening counterpart agencies were field tested, little analysis was provided in the program documents to adequately evaluate their success or failure. The alternatives field tested were selected based upon the needs of the individual countries. The alternatives did not seem to be selected as a result of a systematic identification of alternatives based upon the past experience of UNIDO, AID, and LDC institutions, explicit in the Project goals and objectives.

III. Effectiveness of Program Design Elements

The basic elements in the design of the small-scale industry grant project which were funded are: technical and management assistance; appropriate technology; organizational linkages; data collection, research, publications, and information exchange; education and training; and audiovisual documentation.

1. Technical and Management Assistance

In both Korea and the Philippines, the Project is primarily responsible for the development of the technical/management extension service to individual firms on a case basis, a first for both agencies. In Korea, SJU faculty were supported in providing individual consulting services

to small-scale firms in 137 cases. A major problem encountered was that faculty resources were restricted; effective field work was limited to the winter and summer vacation periods when the staff had no regular teaching load. In the Philippines, the staff was full-time and not part of the university faculty. There they were able to assist twenty-nine firms. In the Philippines, only one firm assisted was considered small-scale while the remainder were cottage industries. A major problem encountered there was that the demand for individual extension services, particularly for technical production matters, was limited because of the lack of concentration of small-scale industry in the region serviced by the Tacloban UPISSI Office. The guidance by GIT in extending the functions of both counterpart agencies to include individual firm assistance was evident, but the actual contribution of GIT staff in individual cases was limited to provision of information. Many of the GIT on-site staff support visits were directed to policy, administration, audiovisual, and training areas. The author recommends that, in future projects, the relative amount of management versus operational support be analyzed.

2. Appropriate Technology

The justification for the development of appropriate technology is well documented in literature on the small-scale sector. Research is needed to develop, construct, and field-test devices and effective delivery systems are needed to promote the uses of appropriate technical devices. Nineteen

appropriate technology devices were developed, constructed and field-tested, 12 in Korea and 7 in the Philippines.[2] GIT assisted this process through data collection, device testing in Georgia, and on-site consulting inputs by GIT staff.

The technical requirements of the small-scale sector in developing appropriate technology devices are generally within the capabilities of the counterpart institutions in Korea and the Philippines. When demand exceeds these capabilities, there are several alternative sources of international assistance in appropriate technology which could be used. Perhaps the level of technical requirements needed in a support agency is in excess in institutions such as GIT. The level of technical sophistication necessary in the support agency should be analyzed: the program should have the flexibility to obtain assistance in the area of appropriate technology from the most cost-effective institution, be it local or international, and not necessarily be tied to a single American organization; whereas the management assistance should be linked to a single American institution.

While the Project reported 19 successful cases of appropriate technology, all well documented in reports, and all reports appeared successful, no analysis was made of the problems on the individual cases. The evaluation team visited one firm where a metal temperature device was developed, but its use was not implemented due to costs and worker resistance.[3] The farmers

cheegay, a combination backpack and wheelbarrow, was also developed, but current production is limited; however, there are cases which have been successful, such as the hand-belt wood saw and the Korean folded fishing rod.

3. Organizational Linkages

The project design of fostering organizational linkages -- the development of relationships to coordinate assistance activities -- is an important element in the program, an area in which more emphasis was needed in implementation of this Project. These linkages are important, particularly to coordinate the complementary resources necessary to the sector. In Korea, the organizational coordination occurred at the local level. The local management group of the Youngdungpo industrial area provided the means of identifying and selecting firms to whom SJU would provide assistance. The Korean Federation of Small Businesses, an advocacy organization, funded SJU development assistance in ten cases. In addition, several of the SJU faculty staff who carry out assistance efforts under the project also moonlight as consultants for the Korean Credit and Guarantee Fund (KCGF). While the relationship developed in these three illustrations reflects the existence of coordination among some of the institutions, additional coordination is needed between the Project and other organizations, particularly those which the host government is developing as the major national-assistance vehicle to the

small-scale sector such as the Small and Medium Industry Promotion Corporation. Similarly, no coordination was identified by the evaluation team between the project and other service agencies, such as the Korean Institute for Science and Technology (KIST).

In the Philippines, the Commission of Small Business has the prime function to coordinate the numerous agencies administering to the needs of the small-scale sector. UPISSI is an active member of the Commission's activities in Tacloban. Considerable time is spent by the local Project staff in attending Commission and related coordination meetings. However, the staff expressed frustration over the lack of concrete results from these interactions. While coordination is intended to focus the resources of the various agencies according to the unique capabilities of the agency and the requirement of the specific case, the main result of the Commission meetings is "division of turf." Thus the Commission is primarily effective in avoiding competition between agencies and coordinates little joint action on specific cases.

4. Data Collection, Research, Publications and Information Exchange

The Project design element of data collection, research, publications and information exchange provides the generation and delivery system for information required by the small-scale sector as part of a technical assistance effort. Considerable technical information was compiled from sources outside both Korea and the Philippines. This data was

placed in Project libraries. Publications were generated on specific cases, and appropriate technologies were made available through the Project libraries and as case material in Project training programs. While the evaluation team was able to verify documents generated and compiled, no observations were made of their use -- the actual delivery of the information in an effective manner to the small-scale sector. Nevertheless, several problems could be surmised: the bulk of the information is in English (more of a problem in Korea than in the Philippines); the libraries were located in the local project directors' offices, which, at best, allowed access by Project staff but not by entrepreneurs themselves; and it was suggested, in the Philippines, that the indexing and cataloging system was not effective, and documents were difficult to find.

Another relevant comment made during discussion in Korea was that, while data on internationally available material, equipment, and supplies was collected, little effort was made to compile counterpart Korean data, e.g., specifications and sources for Korean suppliers.[4] (See footnote on page 47.)

5. Education and Training

The education and training rendered under the project was viewed by the interviewees as significant. Eleven visits were made by the counterpart staff to GIT for training, eight from Korea and three from the Philippines. In addition, the GIT staff provided on-site consulting guidance and training to counterpart staff during the 37 Project trips made to Korea

and the Philippines. However, no assessment was made of the counterpart training. GIT should prepare a systematic follow-up evaluation of their training efforts and present training recommendations to AID. Their evaluation should assess participant selection criteria, training curriculum and cost-effectiveness of training in Atlanta.

While the average on-site stay by GIT personnel during country visits was a little over two weeks (15.6 days in Korea and 17.4 days in the Philippines), 13 of the 37 visits were for periods of ten days or less (See Figure 2). When travel time and weekends are considered, a ten day trip may not be a cost efficient use of project funds. In addition to the 37 trips, GIT personnel made 13 other trips to the Project in Korea and the Philippines financed from other than project funds.

The counterpart agencies also provided training programs to entrepreneurs, their employees, and employees of extension assistance-related institutions.[5] While no evaluation was made of these specific training efforts, several observations can be made: in the Philippines, participants in the host-country training seminars organized by UPISSI originate in both the public and private sectors: in an analysis of the impact of thirteen training programs on entrepreneurship development conducted in 1973 to 1975 by UPISSI (outside of the Project), it was indicated that 65 percent of the participants were involved in business before the course; the remaining 35 percent being individuals not involved in business;

FIGURE 2

G.I.T. On-Site Project Trips

Length of Consultation (days)*	Number of Trips SJU	UPISSI
0 - 10	11	2
11 - 20	10	5
21 - 30	2	3
31 - 48	3	1
Total Trips	26	11
Average Days Per Trip	15.6	17.4

*Day of trip initiation through day of departure, e.g., 2 through 5 March would be 3 days.

in Tacloban, while no statistics were available, a significant portion of the training participants are labeled by the staff as "multipliers" or intermediaries who are employed by other assistance related agencies. An issue which should be addressed in the future program design is the amount and context of training of entrepreneurs or risk takers as opposed to employees of other government agencies, the so-called multipliers.

The entrepreneurial seminars conducted by UPISSI are normally 5 full weeks in length. While this time span may be desirable for adequate training, this length may be excessive for the typical small-scale entrepreneur. Experience suggests that most small business managers suffer from the lack of delegation of responsibility. Generally, the absence of a manager-owner from the business operation for more than a few days would be prohibitive. The Tacloban project organized a seminar for 16 participants on weekends over a 5-week period in southern Leyte and several 1-day seminars in other parts of the region.[6] These sessions, while perhaps too brief for skill acquisition, apparently were used to motivate and promote entrepreneurial behaviors. In future programs, the amount and type of entrepreneurial motivation training as opposed to skill acquisition should be an important issue to be considered, an area which should be addressed by GIT.

6. Audiovisual Documentation

The audiovisual documentation element of the project was not observed by the team. Annual audiovisual tapes were

made of the project, but not all the tapes have been edited for use. In the Philippines, the first-year tape has been edited and is available for use in staff training seminars and to demonstrate the program to other state agencies. The remaining tapes for years 2 and 3 are in GIT unedited. Production of these tapes was carried out by both GIT on-site staff consultants and counterpart personnel. The team was not able to attest to the role this element has in the assistance efforts. USAID and GIT could use it to promote similar programs in other missions. Of the six basic elements provided in this project, all but the audiovisual effort appeared to make significant input to the Project.

The experience of this Project, particularly interpreted through GIT analysis of the efforts in the five different countries, juxtaposed against their world-wide experience in small-scale sector development, couldhelp reveal to AID program policy direction. The selection of alternatives program elements, their respective funding requirements and expertise necessary under various country conditions are all issues which should have been addressed by GIT under this contract. We suggest some procedures should be found to document these important findings for future use.

IV Project Staffing

1. Staffing Patterns

In Korea, the Project was implemented at SJU within separate sub-institutions, the Integrated Development Center at the Seoul campus and the Regional Development Institute at the Taejon campus. Both agencies have separate staff available for management and some research. However, they

rely almost entirely upon regular university faculty to implement the field extension and on-site consultations. The faculty are not given monetary incentives for their effort, although their field expenses are reimbursed, their salaries are very low with no incentives of increases or promotions.

The program staffing pattern of utilizing faculty staff without reducing their normal university commitments and without providing them with tangible incentives limits the resources available to the Project. The difficulties associated with the staffing pattern prevailing in Korea should be identified and compared with a program which employs full-time staff such as the Project in the Philippines. The program constraints associated with two different types of staffing should be assessed. In Korea most of the faculty field work was accomplished during the winter and summer university holidays; whereas, in the Philippines, the project staff operated year-round -- two alternative approaches to assistance. Another constraint emanating both from the staffing pattern and the lack of project focus by specific industry subsectors was observed by the Project Director in Taejon. Difficulties were cited associated with attempting to service a large number and variety of field cases, thus inhibiting the degree of thoroughness in which any one case was assisted and limiting the opportunities for the development of staff expertise within a specific industry subsector.

While difficulties associated with the division of staff between management and operations were not directly observed by the evaluation team, that is an issue which should be

addressed in which direction could be gained from this Project experience. For example, within the approximate 37 on-site consultation trips made by GIT staff to the Project, many were related to management and to the audiovisual element of the program. What is the appropriate mix of staff requirements to support this type of program? How does the mix required change over time and with different country conditions? Another important issue not addressed is the need for a GIT staff member continuously on the scene providing support particularly in developing the counterpart extension delivery system. For example, Ben James seemed to fulfill some of this need in Korea. The requirement for a full-time staff member should have been assessed by GIT. Perhaps, one staff member could support the Project efforts in more than one country.

2. Turnover

While staff turnover was not identified as a problem with direct Project personnel, the directorate of UPISSI responsible for the Project changed several times during the 3-year Project period. However, it was not possible for the evaluation team to judge either the impact of that turnover or the reasons underlying its causes. In future programs, staff turnover could be a problem particularly if the staff salaries are not competitive. In the Philippines, UPISSI salary structure was higher than those prevailing nationally but less than salaries given by the international organizations. Several of their staff members have joined international development agencies.

V. Cost

1. Amount, Origin and Use of Funds

The Project funds provided for Korea and the Philippines between 1974 and 1979 are distributed as follows:

Origin of Funds ($1000)

Institution	Subgrants	GIT Assistance	Counterpart	Total
S.J.U.	195	105	105	405
UP/ISSI	74	61.5	22	157.5

When the subgrants are added to the GIT assistance, it is realized that USAID invested a total of $435,500 for the project in Korea and the Philippines, and the two counterpart agencies report investing $127,000 for a total Project funding of $562,500. (Note: the amount invested by the UPISSI is reportedly around $17,000 greater than that reported in GIT's final report,[1] which was around $5,000. See Figure 3 for the estimated increase over and above previous reports). The ratio of USAID to counterpart funding for the total project in five countries for five years was approximately 51 percent AID and 49 percent counterpart. In Korea, the ratio was approximately 65 percent AID and 35 percent counterpart; while in the Philippines, the ratio was 77 percent AID and 23 percent counterpart. (These figures include the in-kind services as recently revised by UPISSI.)

Therefore, we must assume the counterpart institution

ESTIMATED ISSI BUDGETARY SUPPORT OF EXTENSION OFFICE-Tacloban City

Activity	1976	1977	1978	Total
Training of Staff				
Orientation Course (4 staffmembers, 1 week training each)	P1,300			P 1,300
Industrial Extension Training Course, 2 staffmembers	14,241	P14,241		28,482
Sbb-total	P15,541	P14,241		P29,782
Technical Backstopping				
Coordination visitsand technical support of operating departments (192 manhours/year on the average)	P 9,000	P 9,000	P9,000	P27,000
Research/information support(4 regional studies conducted by the Regional Industrial Development Executive Course Trainees (800 manhours)	-	-	4,000	4,000
Entrepreneurship Trainigg Programs,88 manhours 3 staff visits from Central office	-	12,000	-	12,000
Management Time (GTZ staff visits)	3,200	1,600	1,600	6,400
Administration Cost(Allocated)	16,875	16,875	16,875	50,625
Total	P44,616	P59,716	P30,475	P129,807

The exchange rate during the above period was 7.3 pesos equals $1.00
This table excludes salaries and wages which total to $4,358.00 (P.31,814.00)

Source: Personal Communication with I.U. Alvizo, UPISSI

FIGURE 3

financial participation in the two country programs evaluated and, in particular, for the Philippines was substantially less than the other countries. In all other countries, counterpart funding contribution was over 50 percent of the total individual country program funding (see Figure 4). The evaluation team mission was too brief to examine the question of why there is such a relatively low level of Philippine counterpart funding. The degree to which the counterpart participation in the Philippines reflects a relatively low level of Project commitment is unknown. On the contrary, the interviews held in the Philippines suggest a strong Project commitment.

The counterpart-funding participation in Korea may also be underestimated. It is unknown whether SJU participation in direct salaries and wages ($47,800) represents both the salaries of the full-time employees as well as some proportion of the faculty salaries. It is recommended that in future similar project contractors should estimate the factor cost of faculty participation of the counterpart program and more generally the staffing-factor cost differences in using full-time employees versus part-time faculty staff.

DISBURSEMENT OF GRANT AND PROJECT FUNDS

FOR KOREA AND THE PHILIPPINES

(Total for all years in $1000)

Expenditures	Korea			Philippines		
	AID	SJU	Total	AID	UP	Total
Direct Salaries & Wages	61.3	47.8	109.1	26.5	4.4	30.9
Travel						
International	18.6	3.0	21.6	12.8	-	12.8
Local	7.7	6.0	13.7	4.9	-	4.9
Materials/Supplies	18.2	2.0	20.2	13.2	-	13.2
Conference/Seminars	7.1	1.0	8.1	-	5.7[1]	5.7
Contract Services						
GIT	105.0		105.0	61.5	-	61.5
Audiovisual Documentation	10.0	0.2	10.2	6.0	-	6.0
Technical Research Support	2.2	12.0	14.2		4.2[2]	4.2
Consultants (Local)	-					
Equipment	-	-	-	10.1	-	10.1
Overhead	-	33.0	33.0	-	7.8[3]	7.8
Other	-			-		-
Total	230.1	105.0	335.1	135.0	21.9	156.9

Source: Rounded figures from GIT, Final Report, Small Scale Industry Grant, Year V, p. 135.

[1] See total UPISSI budgetary support for staff and entrepreneurship training in Attachement 8.

[2] See total UPISSI budgetary support for coordination, research and information in Attachment 3.

[3] See total UPISSI budgetary support for management and administration in Attachment 5.

FIGURE 4

2. Sufficiency of Funds

A major issue which should be addressed concerns the sufficiency of funds to obtain the purposes, goals, objectives, and targets of the Project. The funds appeared sufficient to organize a program in each country with discernible results. The alternate approaches to assistance were implemented in the field under varying conditions. What remains to be done is to present the analysis and final program recommendations by GIT resulting from those field tests. The sufficiency of the funds to achieve the desired output is more difficult to access. New jobs were created, and the counterpart institutions did improve their capacity to provide assistance to the small-scale sector.

The project did fund demonstration efforts in both Korea and the Philippines counterpart institutions, but the lasting effect, over time, is yet to be demonstrated. Today, in Korea, the project is without funding, and in the Philippines, while the Project was funded internally by UPISSI for 1979, subsequent funding is unknown. A difficulty seen is the effectiveness of the Project in significantly changing the counterpart institutions to include establishing a delivery system for extension on an individual firm on-site consultation basis. The contractor (GIT) functions are: (1) education and training; (2) research; and (3) extension to individual firms. Whereas

the counterpart institutions were established (long before Project initiation) to perform in education, training, and research areas, they were not established to perform extension to individual firms. While the project was apparently successful in introducing the counterpart agencies into individual firm extension functions, it is not clear if the respective institutions will add that function to their institution programs on a continuing basis. In Korea, university faculty staff performed extension as an adjunct to their normal teaching and research functions, and these extension efforts have ceased because of termination of project funding. In the Philippines, the Tacloban program has focused on education, training, and research, the tradition functional areas of the host agency, UPISSI. On-site extension to individual firms, particularly in the technical-assistance area, has been deemphasized due to the lack of concentration of small-scale industry in Tacloban area. There, cottage industry is the dominant type of local production. Furthermore, it seems likely that the UPISSI, Tacloban, office will not be funded in the future and the Tacloban program will continue restricted to education, training and research supported by other UPISSI offices. While the project funds did introduce and build some institutional capacity in the functional area of extension, perhaps it was insufficient to develop that functional areas as an effective, permanent part of the counterpart agency activity. It is clear that additional funds would be required by the respective institutions in both Korea

and the Philippines to make extension a permanent function of their programs. The amount of funds necessary should be assessed by GIT.

In the Philippines, UPISSI has funded the Tacloban program internally, since the AID Project funds were terminated in anticipation of securing funds from other sources. The Dutch government had considered funding the program, but the Dutch recently decided against doing so. In Korea, local government funding of the SJU could be possible, but efforts to do so are unknown. At present, the Project in Korea is inactive, although it has not been institutionally abandoned the project staff remain as part of the university faculty. An interesting possibility deserving further exploration is the capability of firms receiving assistance to contribute to the service costs. Several of the firms' interviews suggested that possibility.

The probable cost of new implementation projects cannot be estimated since the new project design has not been finalized. However, contributions should exceed the annual sub-grants provided under this Project to be effective.

VI Other Issues

1. Project Demands

The demand for small-scale assistance programs in Korea and the Philippines can be assessed partially by attempting to define the actual needs of the sector. A perception of needs can also be reflected in the host-country willingness to support programs in the respective areas. In Korea and the Philippines, these needs span the typical

range of technical, managerial,[7] marketing[8] and financial requirements evidenced world wide in most small-scale enterprises. Shortages of skilled labor and competent worker supervisors are reported. In addition, lack of specialized services to the small-scale sector were noted, particularly in terms of lack of testing facilities in Korea and the lack of electricity in some areas of Leyte, Philippines. The differences reflect the level of development and needs of the two areas. In both areas, there is the lack of an effective balanced and integrated delivery system to serve the small-scale sector. In both countries, these needs are beginning to be addressed by the host governments through the development of public-sector institutions.

In the Philippines, the number of agencies addressing the needs of the sector are considerable (see Figure 5 for the illustration of involved agencies). However, these agencies were reported in interviews as not effective in Tacloban in 1976, the time of project initiation. Similarly, in Korea, the government is expanding or planning to expand its assistance to the small-scale sector. However, at the time of program initiation, no effective field-extension effort was available in the small-scale sector.

A discussion of whether the limits to technological innovation in the small-scale sector are associated with product demand or the availability of extension service differs by region. In Korea, strong market forces, demand and competition, have not limited but spurred the demand for

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PHILIPPINES

SMALL AND MEDIUM INDUSTRY SECTOR

Chart Showing Resources of CSMI

Activities	Research and Information	Training	Consultancy and assistance	Direct activity
A. Policies: Formulation and Administration	CSMI			CSMI
B. Regional Provincial Survey of Potential Industry Projects	MLGCD, MOI, ISSI, NMYC	DAP, ISSI	CSMI, ISSI	MLGCD, ISSI MACIDA (MOT)
C. Development of Entrepreneurs	ISSI, NMYC, DAP, MLGCD, DBP	ISSI, NMYC, DAP, MLGCD, DBP		
D. Identification of Projects with Proponents	MASICAP (MOI) MLGCD, DBP			MASICAP (MOT) DAP, DBP, ISSI, MLGCD
E. Project Development:				
1. Preparation of Project Feasibility Studies	DAP, DBP, MOI, FTI, ISSI, MACIDA (MOT)	DAP, ISSI	MASICAP-SBAC (MOI), ISSI, DBP	MASICAP (MOI), ISSI
2. Marketing	BDT, DAP, DBP, MOI, DCP, FTI, ISSI, MACIDA (MOT)	BDT, DCP ISSI	BDT, DCP, SBAC (MOI)	BDT, FTI, DBP PITC, MACIDA (MOT)
3. Production	BDT, DAP, FTI, ISSI, MACIDA (MOT)	DAP, NMYC, MACIDA (MOT)	DAP, DCP, FTI, ISSI, ISSI, DBP, PITC, MACIDA (MOT), SBAC (MOI)	
4. Financing	DBP, DAP, MOI, ISSI	DAP, ISSI, DBP	SBAC (MOI), ISSI DBP, MASICAP (MOI)	DBP, IGLF, MACIDA (MOT)
F. Monitoring and Evaluation	CSMI	CSMI	CSMI	CSMI

MLGCD - Ministry of Local Government and Community Development
MOI - Ministry of Industry
ISSI - U.P. Institute for Small Scale Industry
NMYC - National Manpower and Youth Council
DAP - Development Academy of the Philippines
DBP - Development Bank of the Philippines
BDT - Bureau of Domestic Trade
MASICAP - Medium & Small Scale Industry Coordinated Action Program (DI)
FTI - Food Terminal Incorporated
DCP - Design Center of the Philippines
IGLF - Industrial Guarantee and Loan Fund
MACIDA - National Cottage Industry Development Authority (DT)
MOT - Ministry of Trade
ITC - Philippine International Trading Corporation

Source: Journal of Philippine Statistics, Vol. 27, No. 4, Fourth Quarter 1976, pp. x-xi.

FIGURE 5

technical innovation. There the need is for extension assistance to accelerate and guide that development.

The conditions in Tacloban are different. Taking into account the small industries that were observed by the team, it appears that the industrial product demand and competition are weak and appear to be a major limit to technology innovation. The Tacloban site serves Region 8, Eastern Visayas, one of the least industrialized areas of the country (see Figure 6 for the distribution of small and medium industries in the Philippines).

The Tacloban site was selected for the pilot extension office for UPISSI because: (1) the city is the center of Region VIII, a priority area for development, (2) a branch of the University of the Philippines is located in the city, and (3) central and local government and private sector elements expressed an interest in the project. A major consideration missing was the lack of small-industry concentration in the region at the time of project initiation. After the project was implemented, a survey of the area indicated that cottage industries were predominant in the area and that their needs were not primarily technical. The project was refocused, emphasizing education and training, and the emphasis on technical extension was diminished. Extension was continued, but the geographic spread of the industries attended is an inhibiting cost factor in providing services. The team can attest to the amount of time required to reach the extension sites in central and southern Leyte. Discussion with UPISSI staff suggest that further modification to the program may occur, specifically the servicing of the Region VIII from a

PHILIPPINES

SMALL AND MEDIUM INDUSTRY SECTOR

Percent (%) Distribution of SSI by Regions, 1967, 1972, and 1975

Regions	5 - 19 /a			20 - 49			50 - 99			Total SSI (5 - 99)		
	1967	1972	1975	1967	1972	1975	1967	1972	1975	1967	1972	1975
I Ilocos	5.7	5.2	5.0	2.4	2.9	2.4	1.1	0.6	0.6	5.1	4.8	4.5
II Cagayan Valley	1.9	2.0	2.2	1.3	2.0	1.0	2.0	2.1	3.0	1.8	2.0	2.1
III Central Luzon	11.3	12.2	12.8	8.1	9.2	12.2	9.2	10.5	10.7	10.8	11.8	12.6
IV Southern Tagalog	49.3	45.1	46.0	62.7	63.8	60.0	70.0	68.2	69.8	44.4	48.1	45.0
V Bicol	4.6	5.1	5.3	3.4	3.1	2.5	0.7	0.8	1.0	3.3	3.8	3.7
VI Western Visayas	9.5	7.1	6.3	5.2	3.9	3.4	2.6	2.7	1.7	8.7	6.6	5.7
VII Central Visayas	8.5	7.3	8.1	8.1	7.1	10.5	6.4	7.0	6.8	8.5	7.2	8.9
VIII Eastern Visayas	3.0	2.0	1.7	0.4	0.7	0.5	0.7	0.2	0.3	2.5	1.8	1.5
IXa Western Mindanao	*	0.4	0.5	*	-	0.1	*	-	0.1	*	0.4	0.4
IXb Western Mindanao	3.1	2.1	1.7	1.1	0.7	1.0	0.7	1.0	0.9	2.7	1.9	1.6
X Northern Mindanao	3.6	4.0	3.8	2.4	1.7	2.0	2.0	2.3	1.5	3.4	3.7	3.5
XI Southern Mindanao	4.8	4.7	4.3	3.3	3.6	3.2	3.5	3.8	3.1	4.6	4.5	4.0
XII Central Mindanao	3.6	2.6	2.1	1.6	1.3	1.2	1.1	0.8	0.5	3.2	2.4	2.1
Philippines	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*) Merged with Zamboanga del Norte and Zamboanga del Sur.

a Number of workers.

Source: NCSO. 1967, 1972 and 1975 were census years.

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FIGURE 6

UPISSI site other than Tacloban and the continuing focus on education, training, and research. Other government agencies would be relied upon to provide the general extension assistance.

In Korea, while the need for the assistance to the small-scale sector is acknowledged, this capacity will be developed with the government sector, and the role of SJU is unclear. Government planners suggest that the demand for services is sufficient to support the continuation of the SJU project, in addition to the other planned efforts. However, perhaps the program should consider focusing on areas where SJU can make unique contributions, for example, SJU might consider focusing on education, training and research required for appropriate technology development, limiting the extension functions to that required to be effective in its prime area of interest, education, and research.

2. Continuing Annual Grant

The basic premise of the project is that a grant of approximately $45,000 per year on a continuing basis is sufficient funding to increase the capability of an institution to address the technical-assistance requirements of the small-scale sector. The team's conclusion after reviewing the project in terms of effectiveness and significance is as follows. A grant program similar to that which funded this project can be an effective method of demonstrating and testing alternate assistance techniques and stimulating counterpart institutions to develop capabilities in the area of small-scale

assistance programs. However, the level of effort restricted by the amount of funds granted under the Project does not allow the development of sufficient counterpart capabilities to meaningfully address problems of small-scale industry development nor the creation of significant numbers of new employment opportunities. An objective of the project was to develop an awareness of the opportunities for small-industry development and a knowledge of how to implement such efforts. While the evaluation team observed traces of this awareness and knowledge at the local level among the firms assisted and within some organizations, little evidence was observed of this desired impact on government and financial communities.

While a grant program of this type does not require a counterpart to have experience in all areas, in both Korea and the Philippines, the institutions were very experienced in research and training and lacked experience in individual-firm on-site consultation. Without the continuing aspect of the grant, the counterpart institution may not have had the time to develop the on-site consulting experience. The continuing aspect of an annual grant is also necessary both to obtain counterpart institutional commitment and to allow sufficient time for results to be observed. Long-term linkage between counterpart and support institutions is necessary but perhaps the counterpart agency should be allowed to go to the open market for specific technical and educational assistance, where cost-effective. While no observations were made between long-term linkage and counterpart confidence by the team, the

continuing presence of a support institution is necessary until a program reaches maturity in terms of staff, budget and performance stability.

3. Project Focus

While the basic program design does not necessarily focus the project on addressing the technical aspects of small-scale industry assistance requirements, technical aspects seemed to be the emphasis given in the Project. As previously discussed, on page 30, Figure 5, the problems of the small-scale sector are neither effectively nor efficiently addressed on a fragmented basis but require an integrated, balanced approach which includes technical, managerial, marketing, and financial assistance.[9] Such an approach would not necessarily be more expensive, particularly if the project were less defused both in terms of focusing on limited industrial subsectors and reducing the geographic service area.

All the institutions have an educational or training focus: the SJU Seoul Campus and UPISSI have a technical focus; and the SJU Taejon Regional Development Institute primarily relies on economic faculty staff. Training and the technical aspects of problems are the areas of expertise which these institutions can most easily offer.

While it is unknown to what extent the Project's focus was a partial result of the institutions selected, it seems natural that these selected institutions would be prone to emphasize the technical and training aspects of the Project. Indeed, such an emphasis was very evident in the Philippines.

An assumption implicit in the selection of GIT as contractor for this project is that institutions parallel to GIT can be fostered in the developing world. However, the SJU and UPISSI are primarily research and training institutions by charter and not extension agencies. While they may provide the organizational structure for a demonstration project, it is unlikely that they would be developed into the major government-supported delivery system for extension outside of the training and research functions because of their basic charter.

In Tacloban, Philippines, the geographical area which the staff had to cover demanded considerable transportation time. This author suggests that the costs of attending such a dispersed number of small industries should be weighted against the associated benefits. Perhaps the Project would have had more impact under conditions of more dense industrial concentration.

An issue which is not addressed in the Project documents is the need (if any) to target Project resources, focusing in terms of: (1) geographical region -- urban, rural, level of industrialization; (2) industry subsector -- machinery manufacturing, agriculture processing, light consumer products, etc.; and (3) level of risk acceptable in the selection of an individual firm to receive assistance. Restated, the issue which should be addressed is the advisability of program policy which allocates distribution of program resources to regions, subsectors, and firms to maximize the marginal productivity of the program resources. Such a policy might

mitigate the choice of the Tacloban site and for the selection of low-risk firms, e.g., firms with a high probability of success. The GIT field experience both in this Project and in others could provide guidance in this policy area. Specifically, some mechanism should be found to analyze and recommend criteria for regional selection of extension sites and the selection of individual firms to receive assistance.

4. Missing Elements

A missing element in the project design is the formalization of a periodic self-evaluation analysis and preparation of program recommendations -- performance monitoring during and after the Project. While some aspects of the Project were demonstrative in nature and required testing of alternate methodologies, no specifications were given in the original contract nor in Project monitoring by AID to direct the analysis expected from the contractor. If the analysis requirements were specified in the contract or program design, the contractor would have been more thorough in complying with the requirement, particularly if evaluation analysis were a periodic requirement of the contract. Today, much of the analysis necessary to translate the project experience into improving future programs rests in GIT and counterpart institutions' personnel and is not readily available to USAID.

The USAID monitoring of the Project can be criticized in several areas in addition to the lack of thorough Project monitoring:

a. The lack of continuity of the USAID Project manager -- the manager changed five times during the project.

b. The lack of participation by USAID country mission staff -- little contact was noted between the Project and mission staff in Korea and the Philippines.

The lack of continuity in USAID Project managers and the lack of host country AID mission participation undoubtedly contribute to the lack of evaluative analysis and recommendations resulting from the effort. It is not known if these missing elements are a reflection of the priority given the Program.

VII SPECIFIC RESPONSES TO QUESTIONS IN THE STATEMENT OF WORK

In response to the questions in the evaluation, the team has agreed on the following conclusions:

1. In order to verify the contractor's (Georgia Institute of Technology's) reports and the experimental success, the evaluation team visited the institutional counterparts (Soong Jun University in Korea and the University of the Philippines), their respective government agencies and institutions, and some small-scale industries in both countries, (six in Korea and six in the Philippines).

It was concluded that the descriptive documents produced as annual or final reports mainly discussed the success stories and not the many troubled and unsuccessful entrepreneurs who had problems. The impacts documented were limited to job counting, when there were other means of establishing success stories, i.e., production activities, managerial improvements, financial success due to accurate bookkeeping and technical improvements. These points are elaborated on pp. 37 and 38 of this report.

2. The team examined the relevance of and the need for the project and its local interest, and found that the project is in demand both in Korea and in the Philippines due to the shortage of skilled labor and competent workers,

the need to improve technical, managerial, marketing, and financial skills, and in assisting apprentices and the unemployed, especially in the Philippines. The slack in the continuation of the Program in both countries is due to the lack of appropriation funds from both governments. (See pp. 28-31 of the report.)

3. The team questioned of the design of the project and its basic assumptions and found it to be successful in terms of the fact that GIT did establish institutional centers in each country (at Soong Jun University and the University of the Philippines UP/ISSI), and through these local counterparts small-scale industries were assisted in the technical, financial, marketing, and managerial areas as well as in establishing and expanding existing and new industries. The team pointed out that the assistance to small-scale industry was limited to areas where the Universities and their annexes were located such as Seoul, Taejon, Manila, and Leyte, and that the counterparts should have established institutional branches in other areas of the countries where needed. See pp. 10 through 13 of the report.

4. In order to assess induced changes and accomplishment of planned targets, the team reviewed the original goals of the project and found that some employment was directly

generated through the Small-Scale Industry Grant Project, but it was difficult to distinguish the number of indirect jobs which may or may not have been generated by the Project. The capabilities of the counterpart institutions were definitely strengthened, and technical, financial, and managerial assistance was rendered to the small-scale industry sector. See pages 6-10 of this report.

5. The team identified and examined the following unplanned changes:

(a) Local counterparts in Korea not only rendered consulting services to small industries but also to the Korean Credit Guarantee Fund.

(b) In the Philippines, government agencies and high schools took an interest in being trained on small-scale industry extension.

(c) Both governments became aware of the assistance that small industries can generate some employment.

6. The team attempted to identify the detailed changes that occurred in some industries and assessed their effects. This was accomplished by visiting 12 small entrepreneurs (six in Korea and six in the Philippines). The changes are detailed in the report on pages 51 through 57.

7. The evaluation team has made recommendations for improvements which can be made in follow-on projects.

Problems and Issues

1. Technology innovation in small industry appears to be more limited by the lack of industrial extension services in Korea. There is a definite need and a demand for extension services to accelerate the generation of employment, as appears to be the case in Korea.

In the Philippines technology innovation appears to be limited by inadequate industrial demand and weak competition. Here the evaluation team felt that the local counterpart spread itself too thin due to the insufficient funds of $50,000 per year for three years. See the report pp. 30-31.

2. A system of yearly grants does provide an effective means of improving an LDC institution's capabilities to reach small industry as long as there are sufficient funds within the grants. The team felt that $50,000 per year per country was insufficient for the goals, targets, and impact it was set out to achieve. See the report on pp. 33-34

3. The various elements of the grant program that were established by Georgia Institute of Technology did appear to improve the institution's (both in Korea and in the Philippines) service capabilities, with one exception: The audio-visual documentation did not seem to take, in either Korea or the Philippines. See the report, on pp. 10-19

4. The services indicated as providing assistance to small industry in its growth and in generating employment were: technical and management assistance, appropriate technology, organizational linkage, and education and training. See pages 10 through 35 of the report.

5. A grant program such as this could be very effective through mission programs, especially if several missions agreed to work together on the project. The fact that the mission is on the scene and can monitor the project for an

extensive period without breaking up the oversight into short visits would certainly help. The mission, because of its presence, would be aware of the country's cultural and political condition and adjust its program accordingly.

6. A long-term linkage is definitely necessary between counterpart institutions for the success of this type of program. The institution cannot make its goals lasting or make an impact with just seven- to ten-day visits every three months. The team feels that the U.S. institution should make its visits last anywhere from six to eight weeks, every three months. This may cost a little more but it also leads to a successful project. See the report on pp. 21, 34.

7. A.I.D. has made effective use of Georgia Tech's expertise and counterpart linkage not only in this small-industry grant project but also in the 211(d) project and in appropriate technology projects, as well as in the publication of a newsletter on the small-industry development network. See pages 4, 13, 37 of the report.

8. In light of the 211(d) experience and the results of this project, a useful conceptual implementation project could be designed to be used by DS/ST or individual A.I.D.

mission consideration.

9. For the adequacy of the project design in reference to the above eight points, refer to the design, the basic assumptions, and the various elements of this grant program.

10. In reference to the staffing patterns, see pages 19 through 22 of the report.

11. The staffing pattern did not appear to be top-heavy in management and weak in operations, as detailed on pp. 20-22 of the report.

12. The performance evaluation of the contractor (Georgia Tech) achieving the target of the project is given in detail on page 6 of the report.

13. The projected utilization of the project is discussed on pages 31 through 33 of the report.

14. There has been great demand for a follow-up project, such as a small-industry implementation project; 20 out of 26 missions expressed their interest. There is also apparently great demand for the program as indicated on pages 28-31 of the report.

15. The evaluation team's recommendations that can be executed within the new implementation project are listed in the Project Evaluation Summary.

VIII FOOTNOTES

[1]Georgia Institute of Technology, "Stimulating the Growth of Small-Scale Industry: Final Report, "Atlanta, Georgia.

[2]See Manwil Furniture Manufacturing Case, Appendix B, p. 55.

[3]See Hun Kook Foundry Case, Appendix B, p. 53.

[4]See Daega Pulverizing Machine Company Case, Appendix B, p. 53.

[5]See Sam Ho Machine Company Case, Appendix B, p. 54.

[6]See Ortiz Fibre Craft and Sogod Ice Plant Cases, Appendix B, p. 55.

[7]See Shin Sung Paper Mill Company Case, Appendix B, p. 52.

[8]See Shin Sewing Machine Company Case, Appendix B, p. 51.

[9]See Sam Shin Sewing Machine Company, Daega Pulverizing Machine Company and Masilian Garment Manufacturing Cases, Appendix B, pp. 51 , 53 and 56.

IX APPENDIX A: LIST OF INTERVIEWS

3 Nov. 1979	Ben James and Richard Johnston G.I.T. Staff, Korea
5 Nov. 1979	Bum Soe Koh, President and Yong Ho Lim, Mechanical Engineering Department, Soong Jun University, Seoul
	Daega Iron Works, Youngdungpo Complex, Seoul
	Sam-Ho, Machine Industry Company Youngdunpo Complex, Seoul
	N. Brashich, USAID Program Officer Seoul, Korea
6 Nov. 1979	Jagati Ditta-Mitre, World Bank
	Sam Shin, Sewing Machine Company Youngdunpo Complex Seoul, Korea
	Youngdungpo Machinery Company Youngdungpo Compex Seoul, Korea
7 Nov. 1979	Seyeul L, Kim, Director Regional Development Institute, S.J.U. Taejon, Korea
	Namil Milling Machine Company Taejon, Korea
	Long Young Taejon, Korea
	Shinsung Paper Taejon, Korea
	Hun Kook Special Steels Taejon, Korea
	Lim Hea, Chamber of Commerce Taejon, Korea
8 Nov. 1979	Heu Chue and Hong Kyulee Management Group Youngdunpo Complex Seoul, Korea

9 Nov. 1979	Mr. Stove and Dave Stebeing, Commercial Attache U. S. Embassy, Seoul, Korea
	Young Lae Cho, Manager and Un Young Lee, Assistant Manager Korean Credit Guarantee Fund Seoul, Korea
	In Taik Lim, Director General Office of Small and Medium Industry Ministry of Industry and Commerce Seoul, Korea
11 Nov. 1979	Clinton Stone, G.I.T. (review of Philippines Project)
12 Nov. 1979	Dan Leaty, USAID Program Officer Manila, Philippines
	Sonia Aquino, Assistant Director Ignacito Alvizo and Redentor Dakanog, U.P.I.S.S.I. Philippines
	Ross Hamon, G.I.T. Manila, Philippines
13 Nov. 1979	Bill McDonald, Capital Development Officer U.S.A.I.D., Manila, Philippines
	Masilian Garment Corporation, Gr Manila, Philippines
	Stainwood Furniture Manufacturer, Gr Manila, Philippines
	Lopus Furniture Manufacturer, Gr Manila, Philippines
14 Nov. 1979	Alex Rosenfeld, World Bank Manila, Philippines
16 Nov. 1979	Misalin Zaraqusa and Virgi Hardince, S.B.A.S. Staff Tacloban, Philippines
	Augusto Lojas, Manager Development Bank of the Philippines Tacloban, Philippines
	Crescenia Montaniel, Director, Technical High School, Tacloban, Philippines

Mrs. Seigo, Sogod
Ice Plant, Sogod
Leyte, Philippines

17 Nov. 1979 Manwil Furniture Manufacturer
Bay Bay, Leyte, Philippines

Ortiz Fiber Craft, Maasin, Leyte,
Philippines

19 Nov. 1979 Jose Capinpin and Mrs. Francisco
Development Bank of the Philippines,
Manila, Philippines

Virginia Llamas, Development Specialist
Commission on Small and Medium Business
Ministry of Industry
Manila, Philippines

Sonia Iguina, Assistant Director and
Ignacitro Alvizo, U.P.I.S.S.I.

Alex Rosenfeld, World Bank
Manila, Philippines

Robert Sarri, Peace Corps Volunteer
(formerly S.B.A.S. Tacloban)
Manila, Philippines

APPENDIX B: DESCRIPTION AND ANALYSIS OF FIRMS INTERVIEWED BY EVALUATION TEAM

The counterpart institute in each country selected firms for interview based upon the team's request to visit firms which received assistance and those which were judged both successful and those unsuccessful. Twelve firms were visited, 6 in Korea and 6 in the Philippines, and the respective manager-owner interviewed generally with the assistance of the counterpart staff as the interpreter. In Korea, Young Ho Lim, the Assistant Head of the SJU Mechanical Engineering Department accompanied the team in the Seoul area, and Seyeul L. Kim, Director of the Regional Institute, accompanied the team in Taejon. In the Philippines, Redentor Dakanog, an engineer and OIC of the UPISSI, Tacloban office, accompanied the team in the greater Manila area and in the Tacloban area. In Tacloban, the team was also accompanied by an economist. Following is a description and an analysis of the information obtained by firm interview.

Sam Shin, Sewing Machine Company, Seoul, Korea

Assistance was provided this firm in improving productivity and in the selection of equipment. Production was tripled between 1975 and 1977 and employment rose to 150; however, the prime product purchaser, a Japanese firm, stopped its orders in 1978. The firm has been reduced to employing 6 workers and has rented out most of its facilities to other businesses. Both SJU and GIT advised this firm against purchase

of the used equipment but, apparently, the equipment purchase was tied to the orders for the finished products. The firm's expansion was completely dependent upon a single-product purchaser, a typical and highly vulnerable position for a firm. While the lack of information makes further analysis questionable, perhaps if the firm had received assistance spanning managerial and financial areas as well as technical, some of the rapid expansion would have been curtailed in favor of a more secure market. However, such assistance would require a far greater level of effort than perhaps available to or desired by the firm.

Shin Sung Paper Mill Company, Taejon, Korea

The assistance provided to this firm was through plant visits to address specific production problems and the plant manager attending a special course at SJU. The technical assistance was reported as instrumental in reducing fibre loss during producting -- the plant's 20 percent fibre loss before assistance was reduced to 5 percent after the technical assistance. During the period of receiving assistance, the firm more than doubled its production with the addition of equipment. The requirements of this firm seemed to be well matched with the resources available through SJU, technical production assistance and managerial training.

Nam-Il Machinery, Laejon, Korea

The assistance provided this firm spanned the period from 1974 to 1979 and focuses on improving the technical design and quality of the milling machines produced. The

firm was successful in receiving approval from the Government's Standards Office certifying the quality of the firm's products and in receiving a loan from the Asian Development Bank to finance the construction of a new plant. This firm hired a consultant to design the new plant and reported the willingness to pay for future consulting services. Employment has increased from 40 in 1974 before the assistance to 120 in 1979. The firm's requirements of technical machine design and production quality control were well matched to the capabilities of the project.

Hun Kook, Foundry, Taejon, Korea

This producer of magnesium alloy castings received assistance in trying to develop a temperature gauge. However, the device was not introduced, reportedly because of the high cost of the equipment and worker resistance -- the visual judging of the temperature is traditionally the responsibility of the skilled workers. Employment has increased from 60 in 1975 to 130 in 1979. While the project was successful in proposing an appropriate technical improvement in production, the actual improvement has not occurred. Perhaps worker participation in the process of adapting the technical improvement and a linkage with financial assistance would have improved the effectiveness of the technical assistance provided.

Daega Pulverizing Machine Company, Seoul, Korea

This producer of hammer mills has received assistance in improving product durability, design of a heat exchanger, a dryer, and a inventory control system. While methods were

identified to harden the hammer parts, no local sources for the required materials were identified by the firm. The firm's major problems reported are: labor, shortage of skilled workers and high turnover; high moisture problems in the milling; and capital shortages. All the firm's capital is internally generated and no outside credit is used. Employment has increased from 14 in 1974 when assistance was begun, to 37 in 1979. Skilled worker training and financial assistance would obviously complement the technical assistance provided.

Sam-Ho Machine Industries Company, Seoul, Korea

This producer of woodworking machines has received assistance in: developing of jigs and fixtures; selection of equipment; and testing, sizing, standardizing and inventory control of parts. The firm's manager also attended a 5-week training program at GIT, which was privately financed outside of the project. The firm's major problems are in production, where the assistance was provided through numerous plant visits and training sessions for foreman and supervisors. Employment has increased from 40 in 1974 when technical assistance was initiated, to 70 in 1979. Currently, they are receiving assistance from a local technical school while SJU assistance is not available. Not only has the SJU assistance improved productivity, but also the experience has contributed to the owner's receptivity to assistance. However, the owner's financing of his trip to GIT was reflection of motivations and availability of capital not typical of the small-scale sector.

Ortiz Fiber Craft, Maasin, Leyte, Philippines

The owner manager attended the 5-weekend entrepreneurial course, and the firm is reportedly visited twice quarterly by the Tacloban staff to provide primarily marketing assistance. Current direct employment is approximately 50, and, in addition, part-time indirect employment is provided to the harvestors and braiders of the abaca fibre. The number of direct and indirect employment varied with the marketing and harvesting seasons. During the last 2 years, the number of direct employees has approximately tripled as a result of the increase in demand. The training course contributed to the existing interest by the owner to expand.

Manwil Furniture Manufacturer, Bay Bay, Leyte, Philippines

The assistance provided this firm was primarily in the design and development of a wood lathe and a bandsaw made locally. Visits by the extension office identified the purchase of turned, wooden parts as a major cost factor which was reduced through the development of an inexpensive lathe. This example of seemingly successful application of an appropriate-technology extension effort must be assessed in the context of the degree of progressive receptiveness reflected in the owner-manager.

Sogod Ice Plant, Sogod, Leyte, Philippines

The Tacloban staff of UPISSI has assisted this firm through the preparation of a feasibility study as a result of the firm's manager attending the 5-weekend entrepreneurial

seminar. The firm now has purchased a second plant in Bay Bay for which technical assistance is needed -- coolant problems prevent ice formation. The firm has workers in the ice plant and producing and seeling popcicles. The indirect effects of ice production on food storage, particularly fish marketing, may become significant. The UPISSI staff attribute much of the apparent success of the firm to the manager's receptiveness and internal motivation.

Masilian Garment Manufacturer, Greater Manila, Philippines

The UPISSI assistance to this firm included the preparation of a feasibility report required to receive credit during its early stage of development, and the manager attended the entrepreneurial seminar. The firm now employs 72 workers and sells primarily through exports. This case is a good example of the impact of a balanced, integrated program coupled with good project or entrepreneur selection. A small amount of capital assistance in the early stages of growth and technical assistance in productivity were provided to an entrepreneur, whose capabilities and motivation were further stimulated through a training program.

Lapus Furniture Manufacturer, Greater Manila, Philippines

The firm's manager attended the UPISSI entrepreneurial seminar resulting in the preparation of a feasibility study which assisted this firm in securing credit financing. The firm employs approximately 24 workers, but the number of jobs varies with fluctuating market demand. The owner expressed

problems in securing skilled labor, and UPISSI staff suggested that the firm was not interested in addressing problems of production necessary to expand sales: the owner was uncomfortable with the business "as is."

Stainwood Furniture Manufacturer, Greater Manila, Philippines

This firm has not received assistance from UPISSI; however, future plans have it serving as a case of subsequent field work by students of the entrepreneurial seminars. The firm was manufacturing furniture made from shipping crates and employed approximately 60 workers paid on a per-piece basis. The owner-manager seemed to be a creative and aggressive entrepreneur, an ideal candidate for assistance.