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FORMATIVE EVALUATION REPORT

on the

RWANDA PRIVATE ENTERPRISE DEVELOPMENT PROJECT

(AID Project 696-0121)

for

THE OFFICE OF THE AID REPRESENTATIVE/RWANDA

and TECHNOSERVE/RWANDA

Kigali, Rwanda

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LIST OF ACRONYMS AND ABBREVIATIONS

- AID - U.S. Agency for International Development.
- BAS - Business Advisory Services; a short-term management advisory services activity of the RPED Project.
- BRD - Rwandan Development Bank.
- CPA - Certified Public Accountant.
- FRW - Rwandan francs.
- GOR - Government of Rwanda.
- ICC - Rwanda Chamber of Commerce and Industry.
- IWACU - The national training center for Rwandan cooperatives.
- MAP - Management Assistance Programs; a longer-term, more intensive management services activity of the RPED Project.
- MINIMART - Rwanda Ministry of Industry, Mines and Artisans.
- OVIBAR - GOR-controlled enterprise that produces banana wine on an industrial scale.
- OAR/R - Office of the AID Representative in Rwanda.
- OPG - Operational Program Grant.
- PME - French initials for small and medium enterprises.
- PVO - Private and Voluntary Organization.
- RPED - TNS's Rwanda Private Enterprise Development Project.
- T/A - Technical Assistance.
- TNS - Technoserve.
- TNS, Inc. - Technoserve headquarters, in Norwalk, CT.
- TNS/R - Technoserve/Rwanda.

P R E F A C E

The RPED Project

Technoserve's (TNS's) Rwanda Private Enterprise Development (RPED) Project 696-0121 is designed to promote private sector growth through direct technical and management assistance to small and medium enterprises (SMEs). It has three main components: (a) management services to SMEs in the form of short-term business advisory services and longer-term management assistance programs; (b) training and institutional development, through collaborative activities with Rwandan institutions, seminars and courses, and a program to train Rwandan CPAs; and (c) studies and policy analyses pertinent to project implementation and the growth of private enterprise in Rwanda.

The Project has a four-year life, currently from August 1984 through July 1988. However, it got off to a late start and Project implementation commenced on 1 July 1985, nine-plus months before the start of this evaluation. The RPED Project has a \$4 million funding level.

Objectives of the Evaluation

Because the Project represents a trial effort to assist a new sector in Rwanda which may, by its nature, require a considerable amount of fine-tuning to respond effectively to local needs, AID is having it implemented through a Cooperative Agreement, to provide for maximum flexibility and for substantial involvement in project implementation by the Agency.

The aim of the "Formative" Evaluation of TNS/R's RPED Project, of which this is the report, is to assist OAR/R and Technoserve to evaluate the first nine months of project implementation and to conduct an initial assessment of the appropriateness of Project design parameters. The Evaluation Scope of Work called for examination of the following points:

1. TNS/R's progress towards achieving Work Plan Objectives from July-December in 1985 and January-March 1986.
2. Specific policy issues related to direction and orientation of the Project:
 - a) Are Project objectives appropriate, given the Rwandan private enterprise environment?
 - b) Are the client selection criteria appropriate?
 - c) Are the staff levels appropriate?
 - d) How can the Project measure its impact?
 - e) Recommend priorities for the studies to be undertaken by

TNS within the context of the PRIME Program and considering RPED Project experience to date.

Evaluation Methodology/Schedule

The Evaluation took place from 9 April through 3 May 1986. After three days of initial briefing and documentation search at TNS, Inc. in Norwalk, CT, the evaluator proceeded to Rwanda where the remainder of the effort took place. First he examined the components of the Evaluation Scope of Work and discussed Project progress with personnel from OAR/R and TNS/R.. Then he interviewed representative numbers of TNS/R business advisory services clients; Chief of the Ministry of Industry's PME Studies Division (the GOR's designated Project Coordinator); and officials at collaborative institutions such as the national training center for Rwandan cooperatives, and the Rwanda Chamber of Commerce and Industry.

The evaluator also reviewed pertinent background documents and reports at OAR/R and TNS/R. Debriefing sessions were held with each of the entities; and this Evaluation Report was, written, reproduced and submitted to OAR/R and TNS/R in Kigali.

I . EXECUTIVE SUMMARY

PROGRESS TO DATE TOWARDS ACHIEVING PROJECT OBJECTIVES

1985

From July (start of the implementation effort) through December 1985, overall RPED Project development proceeded much according to that envisioned in TNS/R's Work Plan. The number of short-term Business Advisory Services (BAS) outputs exceeded plan by 37%, with the increases occurring in the two chronologically earliest target areas of activity: "Client Contacts to Discuss Services" (38% over plan) and "Requests for Services Received by TNS/R" (113% over plan). TNS/R achieved 70% of target in "Services Provided Clients." In the last category of BAS, "Assistance Programs Provided," none were planned or completed in 1985. The same pertained to Management Assistance Program (MAP) targets, which require longer maturation.

TNS/R's Training and Institutional Development Component also met 1985 Work Plan targets. The long-term CPA training effort got under way (occupying far more of the Training Specialist's time than anticipated); training relationships with local institutions were established; and the Specialist evaluated IWACU's training activities and trainers' skills. She also developed the scope of work for the Institutional Needs Assessment survey. At the OAR/R's request, TNS produced that study in December 1985 and began the Demand Analysis study.

All expatriate staff were present upon initiation of implementation activities; and three of an anticipated five Rwandan professionals (Project Advisors) were employed in 1985. Local professional and administrative staff underwent TNS training.

1986

The 12-month 1986 Project Work Plan targets are not divided by months or quarters. Nevertheless, it is evident that the RPED Program achieved tangible outputs during the January-March period covered by this report. With a planned 1986 shift in BAS effort from "spreading the news" to work for clients, the rate of new client contacts were to be halved. However, an early, but rather unfruitful effort to contact rural cooperatives rather than urban enterprises brought the number of new-client first-three-month visits to 64% of the year's goal. Requests for BAS assistance continued to exceed plan. Seventeen percent of the year's planned BAS client interventions took place during the period, in the form of accounting and management systems design and planning.

By the end of March, a potential MAP client had been identified and preliminary discussions started. (Two MAP clients are to be signed up in 1986; the first by mid-year.)

Training/Institutional Development outputs also were generally on target through March 1986, with 40% of the year's service agreements signed; one of an anticipated three collaborative seminars was undertaken (sessions presented to development officers of the Protestant Council); and requests for training services came in at a high rate. However, none of three TNS seminars to be conducted during 1986, or the two training consulting services to be arranged during the year, took place during the period, as the Training Specialist continued to spend large amounts of time on the CPA Training Program.

TNS/R's 1986 goal to complete its Rwandan professional staffing was set back when one of the three Project Advisors departed to take a high-paying job for a multilateral agency -- leaving four vacancies in that position. TNS/R continues to try to fill the gap. It has completed its key administrative staffing.

POLICY ISSUES

Appropriateness of Project Objectives

Nine months of Project experience indicate that the Rwandan business environment may be more primitive and the local small and medium enterprise (SME) sector is far less extensive than originally anticipated. In all, 80-100 enterprises (20%-25% of which are public or mixed) have more than 30 employees, and employ a total of 14,000; while small enterprise is dominated by farming, commerce and service industries.

Rwandan private development faces basic restraints that have and will continue to influence implementation of the RPED Project, including: shortage of educated personnel (only 2% of the populace have gone beyond primary school); agriculture is primarily subsistence and could not presently generate sufficient surplus for local processing nor increased demand for industrial goods; the small internal market and low per-capita purchasing power limit investment opportunities; and great transportation problems.

TNR/R has thus far been unable to find as a longer-term potential MAP client the medium/large agricultural processing enterprise that TNS programs in other developing countries have helped so successfully. The firms that process Rwanda's key agricultural commodities are public or mixed. Although the Government of Rwanda (GOR) is interested in privatizing many, the process almost certainly will be long. Of 400 or so official, registered private cooperatives in Rwanda, 80 are Banque Populaire savings and credit coops, and the rest are overwhelmingly marketing oriented. Al-

though some may engage in minor artisanal sidelines, very few are believed to have allied processing enterprises.

Because of the priority placed by the GOR, RBD, OAR/R and TNS on private agri-business development, the evaluator recommends that TNS, Inc. recruit, on a priority basis, a specialist to conduct a six-week survey of Rwandan ag-related private enterprises and recommend those appropriate for MAP intervention.

Further to help ensure significant RPED Project impacts in the BAS and training areas, it is recommended that TNS/R expand Project assistance to not-yet exploited sectors -- including the service industry (hotels, restaurants, banks, etc.) and qualified commercial firms -- that are important to Rwanda's private enterprise development. Indeed, the manufacturing, service and commercial sectors often overlap (sometimes within the same firm) and BAS and TNS training seminar activity in management & organization, marketing, financial planning and other key business functions can be individualized easily to meet the specific needs of each functional sector.

TNS/R Work Plans for 1985 and 1986 have undervalued the potential impact of TNS training courses conducted for the Rwandan business community. A sizeable increase in their number (and a broadening of their audience base) is called for during the rest of Project activity -- through occasional use of TNS/R's long-term expatriate specialists, new medium-term Management/Organization and Marketing Specialists discussed below; short-term specialists recruited for specific sessions; and Rwandan Project Advisors.

Appropriateness of Client Selection Criteria

Current TNS/R client selection criteria are appropriate and flexible; they will not hinder or limit the employment incidence called for in the Project design, or by the expansion of TNS/R assistance to the new, not-yet exploited private sector areas recommended above. The criteria, therefore, do not require adjustment.

Project Staff

Position descriptions for expatriate staff are short and general; they should be expanded into fully detailed job descriptions, in view of potential gaps of responsibility and the contemplated enlargement of expatriate staff. Adjustments need not be made in their job qualifications summaries. Expatriate staff levels are sufficient for current Project concentration on financial/accounting assistance.

However, there is general agreement that the Project should expand its areas of expatriate expertise as soon as possible into two others cited in the Project Paper and substantiated in the recent

Demand Analysis study: Marketing and Management/Organization. Analysis of Project Budget vs actuals indicates there is sufficient underspending in the Expatriate Specialist line items to finance fully the two additional specialists for 2-2½ years each. As for other expertise that may be needed: a Production Technologies Specialist might be assigned on a short-term basis, after receipt of a substantial MAP assignment; and procurement services assistance normally can best be provided through backstopping services from TNS/Kenya and/or TNS, Inc.

Currently, with two Rwandan Project Advisors on staff and a third -- an Agronomist/Agriculturalist -- scheduled to join the beginning of May, TNS/R is only half-way to its goal of six local professionals. The current Project Advisors are rated highly in ability, motivation and effort; some of the Advisors to be recruited should possess other functional areas of expertise. Pay scales are being adjusted upwards to better retain local staff.

Measuring Project Impact

For micro-economic interventions of individual RPED Project assistance--small-scale, practical measurements are most appropriate. Section III-D of the report recommends and details three such surveys: (a) Impact Survey of BAS clients; (b) Impact Survey of MAP clients; and (c) questionnaires to be completed by participants at TNS training seminars and courses. The first two would be conducted as part of the Project's formal mid-term and end-of-project evaluations, and separately as OAR/R and TNS desire. The last would be distributed at the end of each seminar/training course.

Priorities for the Studies

The subject areas of studies to be undertaken under the T/A component of the new PRIME private enterprise project potentially may overlap some cited in the RPED Project Paper. For that reason, both OAR/R and TNS/R are aware of the need for changes in RPED study approach and priorities. The evaluator agrees with TNS/R that the study component of RPED activity should henceforth focus on "applied" reports and manuals that will help prepare the ground directly for the more effective accomplishment of specific planned Project outputs. The TNS/R list has been expanded slightly by the evaluator (see report Section III-E for details). TNS/R and OAR/R should meet in the near future to review, prioritize and time-schedule the components of the list.

II. PROGRESS TOWARDS
ACHIEVING PROJECT OBJECTIVES

II-A. TNS PROGRESS IN 1985 (JULY-DECEMBER): PLANNED VS ACTUAL

II-A-1. OVERALL PROGRAM DEVELOPMENT

To all intents and purposes, RPED Project operations began in July 1985, some six months behind schedule. Although the Action Memo and accompanying Project Authorization Memo had been signed by the Director, OAR/R in November 1984 and the GOR/TNS Cooperative Agreement (Accord de Projet) was signed by both parties the following month, the Agreement was not ratified by the Conseil Nationale de Développement until mid-June 1985. (The TNS Project team had arrived at Kigali the previous month, with special permission of the OAR Director. An initial lack of in-country office facilities and housing forced the team to delay project implementation efforts until July.*

From July through December 1985, overall program development proceeded much according to the first six months' activity foreseen in TNS/R's 1985 RPED Project Plan. TNS/R developed its policies and procedures and became registered with the Caisse Sociale du Rwanda. Program promotion was extensive, through handouts, radio and press coverage, and initial contact visits to potential clients. External Program reports (Financial, "1988 Work Plan" and "1985 Semi-Annual Report (July-December)") were submitted to the OAR/R -- the last in March 1986. Standard and internal reports were submitted to TNS, Inc. on a timely basis. No meeting with the signatories of the Cooperative Agreement was held in 1985; the first took place in January 1986.

II-A-2. PROGRAM COMPONENT DEVELOPMENT

Pursuant to the Work Plan, implementation of the three Program Components got under way during the last half of 1986: (a) Manage-

* Therein lies a lesson for TNS and OAR/R. The delayed start of the RPED Project is typical of the behind-schedule commencement of most PVO programs the evaluator has assessed -- and reflects both overoptimism by the PVO and AID and a failure to schedule sufficient time for processing final approvals through the host-government and for the PVO to get its "sea legs."

ment Services, (b) Training/Institutional Development, and (c) Studies/Policy Analyses, got under way during the last half of 1985.

II-A-2(a) Management Services Component

As anticipated, the Management Services Component formed the core of the RPEED Program effort, with (1) short-term Business Advisory Services (BAS) getting off to a fast start and (2) the longer-term Management Assistance Program (MAP) effort in an initial stage of development, preparatory to provision of T/A (scheduled to start in 1986) to the first MAP clients.

(1) Business Advisory Services (BAS)

The 1985 Work Plan was followed through specialist visits to enterprises and cooperatives after initial coordination with MINIWART (Ministry of Industry/Artisans), Ministry of Cooperatives and the CCI, Chamber of Commerce and Industry. Planned vs actual BAS outputs are compared below:

1985 BUSINESS ADVISORY SERVICES OUTPUTS	Work Plan	Actual 1985
<u>Target Category</u>		
o Client Contacts to Discuss Services	50	69
o Requests for Services Received	8	17
o Services Provided to Clients		
-- Project Analyses	4	4
-- Project Planning	2	0
-- Project Systems Design	4	3
o Assistance Programs Provided		
-- Project Implementation Assistance	0	0
-- Project Participant Training	0	0
-- Project Performance Monitoring	0	0
Total Outputs	68	93

Overall, the number of BAS outputs in 1985 exceeded Plan by 37% (93 vs 68 planned). The increases occurred in the two chronologically earliest target areas of activity: "Client Contacts to Discuss Services," 38% over plan (69 vs 50); and "Requests for Services Received," 113% over plan (17 vs 8). In the third category, "Services Provided to Clients," TNS attained 70% of target, with seven interventions vs a planned 10. In that category, four "Project Analyses" were made vs four planned; three "Project Systems" were designed vs four planned; and no "Project Plans" were developed for clients, vs two planned. As for the last target category, "Assistance Programs Provided," none were either planned or completed in 1985. Individual BAS assignments averaged 15-20 person-days of TNS specialist activity.

(2) Management Assistance Programs (MAP)

TNS's MAPs provide longer term, often wide-ranging management assistance to selected enterprises/institutions. Before initiating MAP efforts, TNS/R must first have an adequate number of Rwandan staff specialists (Project Advisors) trained and available for long-term full-time assignment of six months or more. Such assignment usually involves the person's TDY relocation on-site. MAP efforts, therefore, take far longer to crystallize than do BAS efforts. For those reasons, no MAP outputs were planned for 1985:

1985 MANAGEMENT ASSISTANCE PROGRAM OUTPUTS	Work Plan	Actual 1985
<u>Target Category</u>		
o Project Agreements Signed for Services	0	0
o Services Provided to Enterprises		
-- Project Analyses	0	0
-- Feasibility Studies	0	0
-- Business plans	0	0
o Number of Active Projects	0	0

II-A-2(b) Training and Institutional Development Component

The 1985 Work Plan called for the Training Specialist to concentrate initial efforts on the formal, long-term (three-years plus) CPA (Accountant) Training Program; preparing the scope of work for an Institutional Survey regarding TNS's training activity; and developing collaborative relationships with local organizations. These were accomplished, with the first activity -- CPA Training Program occupying a larger proportion of the Specialist's time than originally contemplated.

The Specialist's collaborative training activities included contacts with several entities including: IWACU, the training center for cooperatives; Chamber of Commerce and Industry (CCI), Rwandan Development Bank (BRD); Banques Populaires; and others. In December, TNS/R completed its first collaborative training assignment when the Training Specialist devoted 11 days evaluating IWACU's training activities and developing recommendations to strengthen the program and trainers' skills. As a result, TNS may conduct two "Training of Trainers" short programs in 1986.

With the employment of initial Rwandan professional staff members, TNS/R's expatriates conducted training for the new employees in TNS methodology and philosophy, and in the use of microcomputers.

II-A-2(c) Studies and Policy Analysis Component

This activity is intended to produce studies and analyses of the Rwandan private enterprise environment and development of an

information database concerning such enterprises, and guides to Program implementation and modification, as the basis for a policy dialogue between OAR/R, TNS/R and the GOR.

1985 activity in the component was planned at a low level, with only one study to be completed. The study, Institutional Needs Assessment, evaluated opportunities for TNS/R collaborative training activities with Rwandan institutions; prepared by a Rwandan consultant, it was published in French by TNS in December 1985. At OAR/R's request, TNS/R rushed to completion a Demand Analysis study prepared by a consultant from TNS/Kenya that examined specific needs for the services offered by the Program. That report was published in English in January 1986.

I-A-3. PROGRAM PERSONNEL

TNS/R accomplished its 1985 personnel goal by establishing a core group of qualified, professional staff members to implement plans of the RPED Program. The Work Plan called for an active, on-site TNS/R complement of three expatriates and six local nationals.

As noted earlier, the three expatriates: Program Director, Business Advisor and Training Specialist, arrived in Kigali in May 1985. With Program operations beginning in July, three Rwandan professional staff were employed during the remainder of 1985: an Accounting Advisor in September, and two Project Advisors in December -- all with educational backgrounds in accounting and finance and previous private sector experience. TNS/R was unable to fill an Agricultural/Agronomy Advisor staff vacancy during the period. Two administrative positions were filled in September -- a Secretary-Receptionist and Planton.

I-B. TNS/R PROGRESS DURING THE FIRST QUARTER OF 1986: PLANNED VS ACTUAL

According to TNS/R's "1986 Work Plan" (dated December 1985), the 12 months are to witness finalization of a fully operational RPED Program: "This will involve the employment of a full complement of appropriately qualified staff, the establishment and furnishing of office premises, the full development of office procedures and the acquisition of required Program equipment. By the end of the Plan period, it is expected that the office will be in full operation and there will be six Rwandan professional staff members working alongside the three expatriate staff members." The Work Plan also calls for TNS/R to work closely with OAR/R's PRIME Program, thus avoiding duplication of efforts and ensuring coordination of the two private enterprise initiatives.

The "Formative" Evaluation of which this is the report was conducted in April-May 1986, a time when monthly RPED Project data

were available through March. Thus, this section of the report is limited to assessing three months of actual performance vs a 12-month 1986 Work Plan that seldom quantifies anticipated efforts and results into monthly, quarterly or semi-annual targets. As a result, the evaluator generally lacked specific three-month benchmarks for measuring planned-vs-actual performance. It is clear, however, that, in terms of activity and outputs, the Program has made a good start towards meeting its 1986 goals.

II-B-1. PROGRAM COMPONENT DEVELOPMENT

II-B-1(a) Management Services Component

(1) Business Advisory Services

The Program Plan for BAS activity calls for a 1986 shift from "spreading the news" to a more focused effort -- providing advisory services to potential clients identified through contacts made with various Rwandan institutions during 1985. For that reason, the Plan set a 1986 target of only 50 initial client contacts to discuss services -- the same number as planned for the last six months of 1985. The Plan anticipates a significant increase in requests for BAS services during 1986 from enterprises contacted in 1985 and from new contacts. And, based on 1985 experience (and staffing pattern), it anticipates that accounting systems would constitute a prime area of demand. Therefore, TNS/R's Plan focuses its 1986 professional staff recruitment in accounting and general management. Finally, services provided to BAS clients during the year are to increase at an accelerated rate and provision of "Assistance Programs" (see chart below) to clients is to commence.

BUSINESS ADVISORY SERVICES OUTPUTS, January-March 1986	Work Plan 1986	Actual Jan- March
o Client Contacts to Discuss Services	50	32
o Requests for Services Received	20	10
o Services Provided to Clients		
-- Project Analyses	8	0
-- Project Planning	6	2
-- Project Systems Design	10	3
o Assistance Programs Provided		
-- Project Implementation Assistance	1	0
-- Project Participant Training	3	0
-- Project Performance Monitoring	2	0
Total Outputs	100	47

The 47 BAS outputs during the first three months of 1986 consisted primarily of 32 "Client Contacts" -- almost two-thirds of the 50 such contacts targeted for the entire year -- and 10 "Requests for Services Received," half of the year's goal.

Seventy-two percent of the "Client Contacts, some 23 visits, were made to rural cooperatives during the first six weeks of the year, as TNS/R's efforts to contact new enterprises shifted from the urban centers of the prefectures to the communes, with a main focus on cooperatives, particularly those with potential for healthy growth. The process was difficult and disappointing in terms of results and in light of the BRD and TNS, Inc.'s interest in promoting agriculture-related enterprises in rural areas. TNS/R specialists discovered that many on the list of cooperatives had gone out of business or were virtually impossible to find; that few had tangible assets; and that their activities usually were limited to marketing members' products.

During the three months, under the category of "Services Provided to Clients," five interventions, or 21% of the year's goal of 24 interventions, took place: three of the 10 planned "Project Systems Designs;" two of six "Project Planning" interventions; and none of eight planned "Project Analyses." Under the "Assistance Programs Provided" category, none of the six interventions planned to be accomplished during the year took place from January through March.

Pursuant to terms of the Cooperative Agreement, BAS clients have begun to pay symbolic sums to be turned over by TNS/R to the "Assistance Fund for Rwandan Small and Medium Enterprises."

(2) Management Assistance Programs

The 1986 Work Plan calls for TNS/R to identify and sign an Agreement of Services with a first MAP enterprise by mid-year and to bring a second MAP client "on board" during the second or third quarter of 1986:

MANAGEMENT ASSISTANCE PROGRAM OUTPUTS January-March 1986	1986 Work Plan	Actual Jan- March
o Project Agreements Signed for Services	2	0
o Services Provided to Enterprises		
-- Project Analyses	0	0
-- Feasibility Studies	0	0
-- Business Plans	2	0
o Number of Active Projects	2	0

The Plan notes that "MAP output targets are projected at a low level because of the effort required to identify clients and the need to carefully analyze the needs of the enterprise. This normally requires a two step approach: (a) a short term agreement for

TNS/R to undertake a detailed analysis for the client; and (b) development of a comprehensive Agreement for Services specifying in detail the tasks and responsibilities of each party."

By March 1986, TNS/R had identified one potential MAP client, SOCORWA, a Kigali-based cooperative of the handicapped that manufactures and markets men's clothing and uniforms for institutional and commercial clients, and curtains for commercial clients. SOCORWA has been a TNS/R BAS client; it received a plan for rehabilitation of the Cooperative on 17 April 1986. If its Board of Directors accepts, SOCORWA will become TNS/R's initial MAP client, and one of the Program Advisors will be assigned full-time to the undertaking for approximately six months.

II-B-1(b) Training and Institutional Development Component

Under the Work Plan, the primary activity to be taken by this component early during 1986 is the CPA Training Program, with expectation that the trainees and subcontractor would be selected and a contract signed with the latter by the end of March. The selection procedures for both trainees and subcontractor have proven more complex and time-consuming than originally anticipated and the March target date was not met. At mid-April, neither OAR/W nor TNS/R anticipated start of the CPA Training Program until the summer. Hence, significant inputs of the Training Specialist's time will continue to be required for that task through the next several months.

The 1986 Work Plan also calls on TNS/R to further plan and develop its institutional relationships and collaborative training activities during the 12 months; and provide management services and staff training/development assistance to at least five institutions. Under the Plan, TNS/R also will begin conducting seminars and short courses.

TRAINING/INSTITUTIONAL DEVELOPMENT SERVICE OUTPUTS, January-March 1986	1986 Work Plan	Actual Jan-March
External Training Activities		
o Requests for Services Received	12	4
o Service Agreements Signed	5	2
o Collaborative Courses and Seminars	3	1
o Consulting Services Arranged	2	0
o TNS Seminars and Courses	3	0
Internal Training Activities		
o Staff Training Sessions Provided	15	8
o Training Documents Developed	2	0

During the first three months of 1986, TNS/R recorded seven outputs, 28% of the 25 planned for the year. It achieved outputs in three "External Training Activities:" received four "Requests for Services," a third of the year's anticipated total; signed two "Service Agreements," 40% of anticipated 12-month total; and created and participated in delivery of one series of "Collaborative Seminar" sessions, vs three planned for the year. The seminars occupied six days of the Training Specialist's time; they were conducted for 25 representatives of local church development offices of the Protestant Council of Rwanda.

During the period, the Training Specialist maintained contact with and discussed provision of TNS services to IWACU, the BRD and Banques Populaires, and the Chamber of Commerce and Industry. However, TNS/R did not become active in two areas of external training: providing "TNS Seminars and Courses," and arranging "Consulting Services in Training."

During January-March, eight training sessions were conducted for TNS/R local staff -- old as well as new employees.

II-B-1(c) Studies and Policy Analysis Component

As noted earlier, the English version of the Demand Analysis study was issued by TNS/R in January 1986. The draft scope of work for a third study, covering the Special Guaranty Fund of the Ministry of Finance and Economy was approved by OAR/R during the period. TNS, Inc. has identified a consultant to start the study in May. A related study of the Equity Participation Fund, originally conceived by OAR/R as a TNS/R initiative, now is to be done under the new PRIME Project.

II-B-2. PROGRAM PERSONNEL

TNS/R's overall personnel goal for 1986 is completion of its Rwandan professional and administrative staffing. For the professional staff this originally meant a rise from three Project Advisors at the start of the year to six by mid-1986. As of now, with departure of the Accounting Advisor early in 1986, TNS/R's professional staff is down to two Project Advisors, with a third Rwandan professional -- an Agronomist/Agriculturalist -- scheduled to join the Project in May. TNS/R actively continues search and interview activities to fill the vacancies.

Concerning administrative staff, TNS/R filled the key position of Administrative Assistant on March 1.

II-C. RELATIONS WITH OAR/RWANDA AND THE GOR

Because the RPED Project is a Cooperative Agreement, not the normal OPG that a PVO like TNS, Inc. concludes with AID, the OAR/R has played an unusually close collaborative role throughout Project design and the first nine months of implementation. Such collaboration has been continuing, positive and frank; and overall relations between TNS/R and the OAR/R are quite good.

Under terms of the Cooperative Agreement, the GOR has designated a representative to work closely in liaison with TNS/R during project implementation. The official, Chief of MINIMART's PME Studies Division, meets periodically with TNS/R personnel and participates in pertinent decisions.

III. POLICY ISSUES

III-A. APPROPRIATENESS OF PROJECT OBJECTIVES

III-A-1. MANAGEMENT SERVICES TO ENTERPRISES AND COOPERATIVES

(a) Background: Size and Composition of Rwandan Enterprise

The Purpose of the RPED Project, as defined by the Project Paper, is "To promote private enterprise, especially agri-industry initiatives."

The basic Project design assumptions of the RPED Project have proven essentially correct during the first nine months of TNS/R's assignment, i.e., (1) private enterprise will help serve the needs of Rwanda's poor; (2) Rwanda continues to have political stability and a strong currency; and (3) the GOR continues to accord private enterprise priority in development. Further, development of the PRIME Project corroborates AID and GOR strong interest in creating a policy climate that encourages private initiative.

However, nine months of on-site TNS/R experience indicates that, in many respects, the Rwandan business environment appears to be more primitive and local private operation of important Rwandan enterprises far less extensive than originally anticipated --and that promotion of private agri-industry initiatives may be more difficult. The differences between initial perception and apparent actuality reflect internal as well as external factors.

The July 1985 World Bank report No. 5302-RW, Rwanda, the Manufacturing Sector: Performance and Policy Issues, upon which much of the enterprise data cited below are based, notes that the size and depth of private enterprise are limited. Only about 14,000 persons are employed in Rwandan medium and large enterprises, and an additional 25,000 industrial artisans and others work in small-scale enterprises (brick and tile-making, grain milling, bakeries, garment-making, wood and metal products, etc.)* Further, small-

* The recent BRD/Ministry of Finance and Economy study of PME's uses the following breakdown of Rwandan enterprises: Small Enterprises--3-30 employees, net assets of 0.5-15 million FRW and sales from 0.3-12 million FRW; Medium Enterprises--30-100 employees, net assets of 15-75 million FRW and sales from 12-50 million FRW; and Large Enterprises--100+ employees, net assets of 75+ million FRW and sales of 50 million FRW and more.

scale industries represent only a small proportion of small-scale enterprises in Rwanda, probably not more than 25% -- with agriculture, commerce and service industries remaining the dominant activities for small enterprise.

In all, only some 80-100 enterprises (including 20 public and mixed enterprises) have over 30 employees. With the exception of food processing (done mainly through publicly controlled enterprises), modern manufacturing relies mainly on imported inputs. A high percentage of modern firms are controlled by foreign and/or locally based expatriate interests; and newer firms often are joint ventures between foreign and Rwandan entrepreneurs.

The World Bank report lists four basic restraints to Rwandan industrial development:

- o Acute shortage of educated personnel -- only 2% have gone beyond primary school;
- o Agriculture is primarily subsistence and could not presently generate sufficient surplus for local processing, nor rapidly growing rural incomes requisite for increased demand for industrial goods;
- o The small internal market and low purchasing power of the population limit investment opportunities; and
- o Great transportation problems.

The size, complexion and restraints of Rwandan small, medium and large industry, summarized above, have and will continue to influence implementation of the RFED Project in ways discussed below.

(b) Business Advisory Services

The technical assistance that TNS/R's BAS Component has begun providing to Rwandan private enterprises largely has been to existing firms in the PME category and to existing cooperatives. Unlike TNS, Inc's experience in some other countries, all BAS clients in Rwanda to date have been private businesses, with the larger among them in the medium enterprise category. (Evoki, an agri-based sole proprietorship; SOCORWA, a garment manufacturing cooperative of handicapped workers; and COCHABRICORU, a lime-processing cooperative--all in the 30-45 employee/member category.)

It is logical that initial TNS/R BAS efforts concentrate on existing firms, rather than devote significant effort to assisting in the formation of new firms. BAS assistance is, by definition, short-term; and BAS clients often can, by absorbing and applying the techniques taught them, improve operations significantly and generate new employment rather quickly. On the other hand, helping in the formation of new firms is a far longer and more uncertain process; one that produces few if any jobs in the short term. (And few relevant new businesses are being formed in Rwanda at this time.)

One lesson that the BAS Component has learned about its Rwandan clients is that it can provide T/A most effectively and efficiently and generate outputs more quickly through a consecutive effort, requiring 15 days or so of chronologically concentrated work, rather than the periodic provision of inputs at the rate of a relatively few days per month -- a technique it originally employed.

TNS/R has begun charging BAS clients a nominal fee, generally 1% of monthly sales.

(c) Management Assistance Programs and
Agricultural Processing Cooperatives

Although it has identified one potential MAP client, SOCORWA, TNS/R is finding it difficult to locate the medium-to-large agriculturally related MAP client with which TNS, Inc. has worked so successfully elsewhere in Africa and in Latin America. Indeed, based on experience to date, it appears quite uncertain whether the Project Paper's "Purpose" stress on agri-business enterprises as prime MAP targets in Rwanda is practical within the life of the Project.

Some medium and large-scale agri-business enterprises include foreign participation. Others are large undertakings financed by bilateral aid. But generally, the most important are GOR controlled -- especially the companies that process the nation's key agricultural commodities, often for export. The GOR fully owns large coffee and tea processing enterprises, sugar refining and banana juice processors, and fruit juice and pyrethrum processors. (It also fully owns sizeable printing, paper products and match manufacturing enterprises.) Publicly controlled enterprises generate about one-third of the modern manufacturing sector's value added.

Many of the GOR processing enterprises have component cooperatives, but half of their Board members generally are GOR officials and their Directors are Government appointees. The GOR reportedly assumed control over these enterprises to save them from failing; because they are faring poorly financially, it might gladly relinquish control to private investors.

Privatization of at least one Government enterprise -- OVIBAR, a large banana juice processor -- is now undergoing study, with the blessings of the GOR. Since its creation in 1977, OVIBAR has been in deficit because of technical problems and managerial difficulties. TNS/R conceivably could find the task of transforming a privatized OVIBAR into a successful operation; it is a task that fits well within TNS, Inc.'s experiential background of success. However privatization of an OVIBAR promises to be a long-

term process, one that may take up to two years or so from feasibility study to GOR decision and action to proceed.

During the first month and a half of 1986, TNS/R's Management Services Component, as noted on page 10 of this report, concentrated overwhelmingly on a search in the communes for private rural processing enterprises that could become MAP clients. The search produced disappointingly few tangible results. It found numbers of small, primitive cooperatives, but they lacked buildings and full-time staff, and almost all had been formed to market members' output. The few processing cooperatives identified were disorganized and generally artisanal in size and character. They proved difficult to contact (almost all lacked on-site telephones) and most required sizeable expenditures of time to reach -- when they could be located. Few if any had assets. Those reached to date are not cost-effective targets for MAP services, and few appear cost-effective candidates for BAS assistance.

There is also the complicating matter of competition. IWACU, the national training center for Rwandan cooperatives has an AID-supported Technical Assistance Bureau with on-site expertise provided by expatriate personnel. The Bureau reportedly provides Rwandan cooperative members with much the same type of financial management assistance as that provided by TNS/R's BAS; and is concerned about duplication of approach to the same coops. TNS/R and IWACU's T/A Bureau meet periodically to eliminate "poaching" on the other's territories, but the overlapping function restricts TNS/R's activity in the small and medium processing cooperative area.

Inquiry at IWACU, MINIMART and other knowledgeable sources reveals that it is not yet known whether Rwanda has a prototypically medium/large, privately owned cooperative that processes a key agricultural commodity. There is general agreement that Rwanda has some 400 officially registered "private" cooperatives, 80 of which are savings and credit cooperatives of Banques Populaires. The overwhelming number of registered cooperatives are known to be marketing cooperatives. Although some may engage in minor artisanal sidelines, very few are believed to have allied processing enterprises. And, as noted earlier, the largest, which supply key agricultural commodities for processing, generally are in the public sector, are mixed, or have expatriate ownership/control.

Recommendation: The GOR, RBD, OAR/R and TNS rightly agree that the growth of private agri-business is a priority economic development objective for Rwanda. However available information and TNS/R activity to date make it unclear whether such enterprises exist. In order to better determine the nature and scale of potential RPED Project activity in that area, and spark Project outputs -- the evaluator recommends that TNS/R have TNS, Inc. speedily recruit and field a short-term (six weeks or so) specialist to survey existing

agriculture related private enterprises and recommend those appropriate for MAP intervention. The matter should be settled one way or the other, and quickly.

Initial research for the survey could be accomplished in advance of the specialist's arrival by the Rwandan Agricultural Advisor scheduled to join TNS/R in May. The Advisor also might be assigned to assist the specialist during the survey.

(d) Extension of Business Advisory Services and Training Activity to Hitherto Untouched Areas of Private Business Enterprise

With current prospects uncertain for significant RPED Project activity in the medium/large-scale key commodity agri-business area -- and given initial indications of the primitive nature and high cost of servicing small rural cooperatives -- TNS/R may have difficulty achieving the cumulative impact on Rwandan private enterprise anticipated by the Project Paper, unless it expands its BAS and training assistance to not-yet exploited areas.

The Project Paper is quite general in setting the parameters for TNS/R intervention in private enterprise. Although some phrasology indicates that training seminars and courses may cover a subject such as Production Planning and Control, the Project Paper nowhere rules out sectors of Rwandan small and medium private enterprise such as service or commercial enterprises. Target clients are invariably referred to globally as "enterprises," "private enterprises," "institutions" and "projects" -- never functionally, such as "manufacturers," "processors" or "industry/industrialists." Indeed, the Project title, "Rwanda Private Enterprise Development" is all-encompassing in implication.

Given TNS, Inc.'s traditional concentration on assistance to manufacturing firms and processing cooperatives, TNS/R's initial focus on those areas of activity is natural and logical. They represent the PVO's historic areas of greatest strength.

However, other TNS, Inc. project initiatives, often sizeable, have or have had major components that focus on other areas, including: non-processing/manufacturing cooperatives (e.g., production/marketing cooperatives in Latin America and Africa); service industry institutions (e.g., savings and credit cooperatives in Kenya and Latin America); and BAS assistance to PVOs in Ghana and Kenya).

The evaluator recommends that TNS/R BAS efforts continue to emphasize traditional-to-TNS functional areas, but that it supplement such activity as needed to ensure maximum Project impact, through a judicious level of small and medium enterprises in the service and commercial sectors.

It is not surprising that MINIMART, the GOR's coordinating agency for TNS/R, and at least two of TNS/R'S most important collaborative partners in the RPED Project -- the Rwandan Development Bank (ERD) and Chamber of Commerce and Industry (CCI) deal with different types of businesses:

- o MINIMART has jurisdiction over small and medium private enterprises in Rwanda. It has identified 247, of which 207 are manufacturing/processing enterprises and 40 are service enterprises.*
- o The ERD's loan portfolio includes both small and medium sized manufacturing/processing industry clients and service industry clients (hotels, garages, restaurants, etc.). The ERD clients appear, generally, to be those over which MINIMART has jurisdiction.
- o The CCI's membership also is heterogeneous. Its Director estimates that 90% of members are retailers; 6% are distributors/jobbers/importers-exporters; and 4% (some 200 firms) represent small and medium enterprise.

(N.B., it is interesting that information from the three above sources indicate a Rwandan PME sector size of some 200-250, including service enterprises -- surely a modest target group for RPED Project activity.)

In private enterprise development assistance, it often is impossible or undesirable to wholly confine efforts to a single functional area of business activity. Manufacturers sometimes wholesale and retail some of their own products; retailers may manufacture/process some of the products they sell; and so on.

With many of TNS/R's clients also ERD clients, it might be considered arbitrary to distinguish between ERD manufacturing clients and ERD service clients who need BAS assistance, by accepting the former and rejecting the latter. And, as TNS/R-CCI collaboration in training develops and the new medium-term expatriate specialists arrive to expand TNS/R's arsenal of expertise (see Section III-C of the report) -- TNS/R can multiply the impact of seminars conducted for CCI members in basic accounting, management and organization, marketing, and other business subjects by conducting appropriate numbers of sessions for service, wholesale and retail enterprises, in addition to manufacturers.

Successful financial, management/organization and marketing techniques and tools vary little from functional sector to sec-

* MINIMART also has jurisdiction over artisanal enterprises, of which it has identified 291.

tor of the private enterprise spectrum. All private enterprises must produce and/or sell products and/or services, and all must be effectively and efficiently operated if they are to grow. And all legitimate firms satisfying customers' needs contribute in their own ways to private economic development.

III-A-2. TRAINING AND INSTITUTIONAL DEVELOPMENT COMPONENT

Project Paper objectives for TNS/R's Training and Institutional Development Component are diverse. They include (a) provision of collaborative training assistance and the conduct of short-term, in-country training courses and management skills,* (b) formal CPA training for 9-12 Rwandans; and (c) training and skills upgrading of Rwandan TNS/R staff. The three objectives appear appropriate for Rwanda's business environment and needs -- with the shift of implementation emphasis noted below. Considerable training also is to be provided to clients by TNS/R specialists, on-site, through practical application of new techniques in the enterprises being assisted.

The training/institutional development outputs assessed in Chapter II of the report indicate progress in areas (b) and (c) above, and some progress under objective (a) -- especially in collaborative courses and seminars. However, TNS/R's Work Plans -- especially for 1986 -- appear to have undervalued the potential impact of TNS seminars and courses conducted for businessmen.

The "1985 Program Component Development Schedule" does not call for TNS seminar/course activity -- probably correctly, given the need to concentrate on organizational and client/collaborative-entity contact visits during the earliest months of Program implementation. But the 1986 Work Plan calls for only three TNS seminars/courses to be conducted during that 12-month period -- far too modest a goal, given the salutary impact such sessions can have, both on business practices among large numbers of Rwandan enterprises, and in further expanding businessmen's knowledge of TNS/R and its areas of expertise and potential assistance.

Recommendation: A sizeable increase in the number of TNS-conducted seminars and short courses is called for during

* The Project Paper lists illustrative examples of the subjects to be offered: Finance and Accounting; Production Planning and Control; Supervisor's Role in Management; Export/Import Documentation; Marketing; and Stock Control and Stores Management. These are seminars that can be tailored easily to meet audiences with different types of business activity, and different levels of business expertise and education.

the rest of RPED Project activity. Through occasional use of TNS/R's long-term expatriates; the new medium-term Management/Organization and Marketing Specialists to be fielded in the oncoming months; short-term specialists recruited for sessions on specific subjects; and Rwandan Project Advisors -- TNS/R's seminar and course activity could provide a dramatic impetus to private enterprise development in Rwanda.

III-A-3. STUDIES AND POLICY ANALYSIS COMPONENT

See Section III-B, "Priorities for TNS Studies," for details of modifications in the Project Paper approach to this Component necessitated by changed conditions and project experience to date.

III-B. APPROPRIATENESS OF CLIENT SELECTION CRITERIA

Current TNS/R client selection criteria are appropriate and quite flexible. They will not hinder or limit the employment generation and benefit incidence called for in the Project design. Changes in the criteria, therefore, are not recommended.

The TNS "Project Rating Sheet" enables TNS/R to accept for assistance a wide variety of private sector applicants, whether community-based enterprises or institutions seeking TNS/R technical support.

Although the narrative of the Project Paper's Annex J, which deals with TNS/R's project selection criteria, stresses the vital importance of improving the lot of low-income people (a stress that reflects TNS, Inc.'s typical project activity of assistance to rural cooperatives and agriculture-related enterprises) -- the "TNS Project Rating Sheet" allocates 70% of rated value to "Business Viability" and "TNS Program Goals/Corporate Responsibility" factors (40% and 30%, respectively). The remaining 30% of rated value is allocated to "Social Benefit" factors -- at least half of which can be satisfied by job-generation aspects of the potential project being assessed.

Since TNS/R reports that acceptable projects must score in the 30% and over range, it would appear that almost any viable, RPED goal-relevant Rwandan owned/operated private enterprise or incipient enterprise with employment-generating potential would qualify under current client selection criteria.

TNS/R's client-selection "Project Rating Sheet" appears on the following page.

TECHNOSERVE INC
PROJECT RATING SHEET

Project Name: _____ Project No: _____
 Project Manager: _____ Rater: _____
 Project Stage: _____ Date: _____

	Rater WEIGHT	RATING		Mean
		Weighted Value	Weighted Value	
A. Business Viability:				
1. Local initiative and organizational potential demonstrated.....	4	---	---	1111
2. Local leadership/management capability (training, experience) demonstrated.....	3	---	---	1111
3. Equity investor-cash/land/buildings & equip/raw materials (crops, livestock, etc).....	2	---	---	1111
4. Fit with environment (culture, ecology).....	3	---	---	1111
5. Local debt capital available.....	3	---	---	1111
6. Local raw materials available.....	3	---	---	1111
7. Equipment available from local sources (manufacturers, agents).....	4	---	---	1111
8. Local availability of technical skills.....	3	---	---	1111
9. Potential market acceptance - lack of competition.....	3	---	---	1111
10. Lack of production/processing/infrastructure constraints.....	4	---	---	1111
11. Lack of governmental/local institutional constraints.....	1	---	---	1111
TOTAL.....	40	1111	---	---
B. Social Benefits:				
1. Increase in rural/marginal productivity of target population.....	3	---	---	1111
2. Increased ownership participation of the target population.....	3	---	---	1111
3. Increased employment of target population.....	3	---	---	1111
4. Increased income of the target population.....	2	---	---	1111
5. Potential for internal project expansion and/or spin off.....	2	---	---	1111
6. Increased utilization of raw materials.....	2	---	---	1111
7. Greater use of/increase of local skills.....	3	---	---	1111
8. Produce goods/services needed locally/nationally (food, etc).....	3	---	---	1111
9. Support for national development priorities.....	2	---	---	1111
10. Project impact re: local/national/regional replicability and I.B.....	3	---	---	1111
TOTAL.....	38	1111	---	---
C. Technoserve Program Goals/Corporate Capability:				
1. Sponsors desire for Technoserve assistance demonstrated.....	3	---	---	1111
2. Fit with other project activity/staff capability/location.....	3	---	---	1111
3. Appropriateness of project size.....	3	---	---	1111
4. Potential for early start-up and substantive generation of outputs.....	3	---	---	1111
5. Project replicability.....	2	---	---	1111
6. Contribution to Technoserve I.B. and visibility (near term).....	4	---	---	1111
7. Benefit/cost impact re: jobs, local investment, income distribution, rural productivity.....	3	---	---	1111
8. Potential for generating Technoserve income (staff costs, return on investment, fee reimbursement, government funding).....	4	---	---	1111
9. Attitude of Technoserve donors.....	3	---	---	1111
TOTAL.....	32	1111	---	---
OVERALL.....	108	1111	1111	1111

* Rater value: 10-9 = excellent; 8-7 = good; 6-5 = fair; 4-3 = poor;
 2-1 = probable cause for project termination.
 ** (Sum of weighted values)/(sum of weights)

COMMENTS:

III-C. PROJECT STAFF

III-C-1. CURRENT STAFF OF TNS/R

(a) Expatriate Staff

Position Descriptions/Job Qualifications: The three expatriate Position Descriptions outlined on pages 1 and 2 of Annex G of the Project Paper fit the specialists' past and current efforts well. However, the Descriptions are quite short and general. It is appropriate that fully detailed Job Descriptions be developed for TNS/R's expatriate staff in light of (a) potential gaps in specialist responsibilities as Program activity continues to expand; and (b) the contemplated enlargement of Project expatriate staff.

No adjustments are needed to the Expatriate Qualifications summaries on pages 3 and 4 of Annex G of the Project Paper.

Short-Term Consultant qualifications, outlined on page 4 of Annex G, are adequately defined. The words "preferably French speaking" might be added. (N.B., the desirability of French language capability is not mentioned in either the Position Descriptions or Job Qualifications for current long-term expatriate staff.)

Staff Levels: At current RPED Project levels of implementation, and for current Project concentration on financial/accounting technical assistance, the three-person, long-term expatriate staff can satisfactorily meet their responsibilities. An exception -- expected to end by summer -- is the Training Specialist's excessive involvement in the CPA Training Program, which reportedly has occupied half of her Project effort to date and may have been one of the factors behind the slow start in TNS/R seminar activity.

However, as noted elsewhere in this report, the level of expatriate staff is too low, and additional expatriate specialists and areas of expertise are required, for the Project to achieve maximum impact. Section III-C-2, following, reviews the rationale behind the addition of a medium-term Management and Organization Specialist and a Marketing and Distribution Specialist to the expatriate team in the near future. Section III-C-2 also reviews the cost implications of the additional expatriates.

(b) Rwandan Professional Staff

Annex G of the Project Paper calls for a six-person Rwandan professional staff with backgrounds in business management, account-

ing, agriculture or a related field -- stipulating that one is to be an Agriculturalist/Agricultural Advisor with Rwandan ag extension or production experience, and that the rest are to be "Project Advisors" with "good knowledge of bookkeeping, basic accounting and business education, or experience to enable them to provide business extension services to enterprises, primarily in the area of accounting." TNS/R's 1986 Work Plan further refines the disciplines desired; it calls for three Accountants, two Management Generalists and the Agronomist/Agriculturalist.

The two current Project Advisors are secondary school graduates (from Groupe Scholaire de Butaré), have worked for 1-2 years for the BRD with client enterprises, and earlier had been employed by a private printer as accountants. TNS/R's expatriates rate them highly in ability, motivation, intelligence and effort. The evaluator's interviews with the Project Advisors reinforce those judgements. (N.B., it is appropriate here to note the exceptional team spirit and fine working relationships that appear to exist between and among members of TNS's expatriate and Rwandan staffers; TNS/R is a well-managed, smoothly functioning operation.)

As reported elsewhere in the report, the concentration of Project professional effort in finance and accounting, although mandated to some degree by the Project Paper, should be broadened to include expertise in other key functional areas of private enterprise development and operation, for optimum impact. When the medium-term Management and Marketing expatriate specialists are fielded, Rwandans who eventually can provide those types of technical services should be recruited as their counterparts.

TNS/R is adjusting upwards the pay scales for Project Advisors.

III-C-2. STAFFING REQUIREMENTS FOR EXPANSION INTO OTHER TARGET AREAS OF SPECIALIZATION

TNS/R's initial activities have concentrated on satisfying a primary expressed need of Rwandan private enterprise: assistance in finance and accounting. This Formative Evaluation, conducted so early in the life of the RPED Project, appears fortuitously timed, for TNS/R and OAR/R acceptance and speedy implementation of its recommendation that TNS/R augment its current areas of expatriate expertise -- and thus cover additional areas of Rwandan private enterprise need -- to significantly increase outputs during the remainder of the Project and further ensure its success.

The RPED Project's Logical Framework Design Matrix (Logframe) itself envisions a diversity of functional-area technical support to Rwandan private enterprise. The first two End-of-Project In-

dicators signifying successful accomplishment of Project Purpose ("To promote private enterprise...through direct technical assistance to enterprises...") are:

- "1. Entrepreneurial skills in finance, management and marketing (have been) strengthened; (and)
- "2. Management techniques and innovations appropriate to Rwandan business conditions (have been) transferred and applied."

TNS/R's recent Demand Analysis study (prepared when all BAS Project assistance was finance/accounting oriented), corroborates the need for a multi-dimensional approach to meeting Rwanda's private enterprise development needs. The first 52 firms contacted concentrated on three prime areas of management services need (many gave multiple answers):

- 25 cited Accounting;
- 24 cited Management; and
- 24 cited Marketing.

The August 1984 Project Paper had foreseen the potential need for additional specialists, although in retrospect it forecast the need too late in the life of the Project. Page 53 of the Project Paper states that the "desirability of the addition of a marketing and production technologies specialist to the project-implementation team" should be investigated during the beginning-of-the-final-year Impact Evaluation.

Recommendation: Based on analysis of nine months of project implementation, the evaluator recommends that both a General Management Specialist and a Marketing Specialist be recruited by TNS, Inc. and fielded, on a priority basis, to the RPED Project for medium-term (i.e., two to two-and-a-half year) service.

The two medium-term specialists would be knowledgeable and be able to provide technical and training assistance in their area of specialty, including:

<u>Management and Organization</u>	<u>Marketing and Distribution</u>
o Planning and decision making	o Research to define the market
o Organizing for action	o Organizing for increased sales
o Supervisor's management role	o Setting sales goals
o Developing leadership skills	o Pricing and merchandising
o Controlling the enterprise	o Channels of distribution
o Communicating effectively	o Advertising and promotion
o Motivating employees	o Incentives to increase sales

Both of the new specialists, for example, could make an initial demand analysis study to define their areas of activity (a first task after arrival); conduct pre-feasibility analyses; provide

BAS and limited MAP technical assistance to enterprises, and train Project Advisors to do the same, in their areas of expertise; preliminarily define parameters of needed short-term expertise for MAP assignments; conduct seminars and courses through collaborating entities (e.g., the Chamber of Commerce and Industry) and for individual enterprises, and so forth.

The new medium-term specialists might be recent retirees (eager to become active again) from medium to large U.S. firms, with overseas business experience and French language capability, who are knowledgeable and can teach others in key areas encompassed by their specialties. They would be perceptive individuals with a desire to assist developing nations in their private enterprise development efforts.

Cost Considerations

The Long-Term Technical Assistance Line Items (numbers 1-3) of the "RPED Project Budget" contain sufficient unused funding to cover the costs of the new Management/Organization and Marketing/Distribution Specialists:

- o The cost of the current, three-person TNS/R expatriate team annualizes at the rate of about \$150,000 -- some \$107,000, or 41+% under the \$257,000 projected as the annual cost in the Budget for Year One of implementation.
- o Line Items 1-3 in the Project Budget fail to incorporate the 5% annual increase anticipated for the Year One totals to compensate for anticipated inflation and an equal annual percentage increase in anticipated salary adjustments (omissions that are compensated for elsewhere in the Project Budget, i.e., Line Items 23, "Inflation" and 25, "Contingency"). By compounding the \$107,000 Year One cost differential annually by 10% for Project Years Two through Four, the overall, four-year difference between Budget and actual for the expatriate team line items becomes \$496,600.
- o If we take the Project Budget's overestimated \$83,250 annual Year One salary and support cost for a Line Item 2 or 3 long-term specialist as a base for the initial-year expense of each of the new medium-term specialists (the evaluator uses the figure for purposes of magnitude only), and compounds it by 10% annually thereafter -- it appears that the planned vs actual differential could pay for at least five person-years of additional expatriate expertise:
 - Two specialists for two-and-a-half years each (July 1986 - December 1988) might cost \$450,400; and
 - Two specialists for two-years each (July 1986-June 1988) would cost \$349,700.

Additional Comments

A Production Technologies Specialist might most effectively be assigned to the RPED Project on a short-term basis.) Prerequisite to the specialist's recruitment would be a substantial MAP assignment, or a contract to privatize a large agri-related enterprise such as OVIBAR.

Procurement Services Assistance probably could best be provided to Rwandan enterprises on a backstopping basis from TNS/Kenya or TNS, Inc.

III-D. MEASURING PROJECT IMPACT

For the micro-economic interventions and impacts of individual RPED Project assistance, small-scale, client-specific measurements of impact are most appropriate. This sub-section discusses several measures/techniques for measuring the impact of TNS/R assistance to prime target groups.

The Project Paper calls for two formal evaluations of the RPED Project:

1. An "External Threshold Evaluation," to take place during the second year of the Project; and
2. An "Impact Evaluation," to be conducted at the beginning of the final year of the Project, which focuses, among other things, on "the impact of the Project on enterprises and installations which have been and/or are being assisted by, and/or benefitting from the project."*

The impact surveys of BAS and MAP clients, discussed below, should be part of the "External Threshold" and "Impact" Evaluations. But the impact surveys of BAS and MAP clients do not have to be confined to the formal evaluations. They can be conducted separately, upon mutual agreement of TNS/R and OAR/R, whenever such measurement is deemed important. The independent BAS/MAP impact surveys might be undertaken by a French-fluent Project Advisor from another TNS African program who, on one-to-two-weeks TDY, would survey recipients of TNS/R management assistance during an appropriate period. (Recent assistance, i.e., that provided within the previous six months, will have been too close, in most cases, for measurable impacts to appear.)

* In view of this Formative Evaluation, nine months into Project implementation, and the early-course modifications it recommends, the timing of the two formal evaluations should take place with somewhat different timing from that suggested by the Project Paper:

- o The Mid-Term (i.e., External Threshold) Evaluation might be conducted in July 1987 -- 24 months after start of project implementation.

- o The End-of-Project (i.e., "Impact") Evaluation might be conducted 3-3/4 years after start of implementation.

The "Impact" Evaluation obviously is a misnomer; neither TNS/R nor OAR/R should wait until the last Project year to start measuring impact.

III-D-1. IMPACT SURVEY OF BAS CLIENTS

TNS/R's BAS Management Information System measures outputs in services provided to clients (e.g., the numbers and names of firms that received Project Services -- Project Analyses, Project Planning and Project Systems Design help; and Project Assistance -- Project Implementation Assistance, Participant Training and Project Performance Monitoring).

Based upon the number of BAS clients to be measured in the impact survey, the surveyor would take either a representative random sample or a full sample of clients for the survey -- visiting each in turn, after having obtained MIS data covering Services/Assistance rendered. The survey questionnaire, prepared in advance of the impact assessment, would:

- Corroborate that the MIS-indicated work was actually done;
- Ask client management what was the measurable impact of the work in terms of:
 - o Cost savings;
 - o Increased sales/production;
 - o Added employment generated; etc.
- Ask the client's estimate of:
 - o Overall success of the TNS effort;
 - o The most successful aspect of the work;
 - o The least successful aspect of the work;
- Ask for recommendations and/or comments regarding future TNS efforts of the kind provided the client.

The investigator would tabulate and analyze the results of the impact survey, and prepare a short report containing findings, conclusions and recommendations for more effective assistance to BAS clients.

(N.B.: To ensure/prepare for client receptivity to, and cooperation with a post-assistance impact-survey visit, the TNS Service Agreement should have a sentence added under the "Client Obligations Section" stating that the client agrees to provide TNS/R information concerning results of work done, at TNS/R's request, after the BAS services have been provided.)

III-D-2. IMPACT SURVEYS OF MAP CLIENTS

On-site impact surveys of MAP clients would be handled on much the same basis as that described above for BAS clients. Indeed, they can and should be done concurrently by the same person, using the same general type of questionnaire. The main differences would be the far smaller number of MAP clients and the longer time it would take to conduct an impact survey of such longer-term clients.

III-D-3. PARTICIPANTS AT TNS/R IN-COUNTRY
TRAINING SEMINARS AND COURSES

The impact of seminars and courses cannot be measured as precisely as the impact of TNS assistance to BAS and MAP clients, for the obvious reason that participants scatter afterwards and the quality of their post-session performance normally depends on many other factors in addition to the knowledge gleaned at the TNS seminar or training course.

However, short exit questionnaires, distributed to and filled out by seminar/course participants, can reveal valuable information to TNS/R concerning impact of the session(s) and improvements that can/should be made in seminar/course content and methodology. The answers to questions such as the following provide valuable insights:

- o Will your performance at the enterprise/institution be improved by what you heard at the session(s)?
- o In what way?
- o What are the most important new ideas/concepts you heard at the session?
- o What are the least important new ideas/concepts you heard?
- o What important ideas/concepts you already knew did the session refresh your mind about?
- o What may hinder or prevent you from applying the ideas/concepts heard at the session?
- o Other comments and recommendations.

Collaborating institutions with which the sessions were organized are, of course, ideal subjects for impact questionnaires of the kind discussed above for BAS and MAP clients.

III-E. PRIORITIES FOR TNS STUDIES

The Project Paper states that a major output of RPED Project initiative is to be "field investigations to guide on-going implementation and to support a policy dialogue with the GOR on major issues affecting private enterprise in Rwanda." At the time of its completion and its acceptance by AID in August 1984, the Paper envisaged at least four studies, including: (a) a credit survey; (b) an institutional needs assessment; (c) an economic analysis; and (d) a study of the market for RPED Project services.

The Project Agreement, dated November 1985 cited two additional studies: (e) a credit study, to be conducted midway in the project; and (f) an analysis of the development potential of agro-industries.

TNS/R's initial studies under the Project, on Demand Analysis for TNS services, and Institutional Needs, produced respectively in January 1984 and December 1985, were primarily intended for internal use in guiding the development and direction of Project activities, and in getting TNS/R's potential services and its expertise known by relevant banks, business and training institutions, and potential clients. Because of mutual interest by OAR/R and TNS/R in speeding the accomplishment of RPED Project outputs, the studies were completed sooner than originally had been anticipated.

A third report, a study of the Ministry of Finance and Economy's Special Guaranty Fund for PMEs, reportedly is scheduled to start by June. It will investigate whether variable rates can make it more attractive to banks and more accessible to target clients of the RPED Project. An anticipated by-product: the study should further intensify TNS/R's relations with the Rwandan banking community.

The Project Paper was developed before a second OAR/R private enterprise initiative -- the PRIME Project -- was conceived. PRIME's purpose is to assist the GOR in making necessary structural adjustment and policy changes, in order to stimulate production and employment in the manufacturing sector, particularly in the PME sub-sector. Specifically, it aims to help the GOR improve economic performance by reevaluating the existence of a dozen subsidized, inefficient parastatals; tax, credit and tariff policies discriminating against SME's; burdensome price controls; import restrictions; and fiscal deficits.

It is PRIME's technical assistance component -- which allocates \$2 million for five studies/activities in support of the reform

program -- that might overlap portions of TNR/R's Project-Paper mandate to prepare studies "to support a policy dialogue with the GOR on major issues affecting private enterprise." PRIME studies may include several noted in its Program Assistance Approval Document (September 1985): (a) an industrial incentives study; (b) policy reform/divestiture studies; (c) analysis of household budget survey data; and (d) staff support for the BRD.

OAR/R, conscious of the potential for overlapping efforts, already has moved the Equity Participation Fund Study, originally scheduled to be performed by TNS/R in conjunction with the Special Guaranty Fund Study, over to the PRIME Project.

TNS/R, equally conscious of the potential problem, wisely has decided to focus the Studies/Policy Analysis Component of its Project activity on "applied" reports and manuals that will help prepare the ground directly for the more effective/efficient accomplishment of specific planned outputs.

For that reason, TNS/R currently is contemplating studies and manuals from among the following possibilities:

- o Marketing Activities and Needs in Rwanda (it might be done as an initial Project effort by the new, medium-term Marketing/Distribution Specialist);
- o Organization and Management in Rwanda (again, as a possible initial effort by the new, medium-term Management Specialist proposed in Section III-C of this report);
- o Development Potential for Agro-Industries in Rwanda (by an "outside" short-term consultant);
- o Feasibility Study Manual for SMEs and/or Cooperatives;
- o Marketing Manual for SMEs/Cooperatives; and
- o Manual of Effective Business Management and Organization (these two manuals could be outgrowths of the new Specialists' initial studies);
- o Guide to Training Opportunities;
- o Manual on Establishing a New Business;
- o Standard Bookkeeping Manual; and
- o Credit: What and How to Finance.

During the short-term future, TNS/R and OAR/R should meet to prioritize the components of the list, and establish an implementation timetable for those accorded top priority.