

A.I.D. EVALUATION SUMMARY PART I

PD AAZ-895
eDIE

(BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS)

A. REPORTING A.I.D. UNIT: <u>S&T/RD/EEED</u> (Mission or AID/W Office) (ES# _____)	B. WAS EVALUATION SCHEDULED IN CURRENT FY ANNUAL EVALUATION PLAN? yes: <input checked="" type="checkbox"/> clipped <input type="checkbox"/> ad hoc <input type="checkbox"/> Eval. Plan Submission Date: <u>FY88 03</u>	C. EVALUATION TIMING Interim <input checked="" type="checkbox"/> final <input type="checkbox"/> ex post <input type="checkbox"/> other <input type="checkbox"/>			
D. ACTIVITY OR ACTIVITIES EVALUATED (List the following information for project(s) or program(s) evaluated; If not applicable, list title and date of the evaluation report)					
Project #	Project/Program Title (or title & date of evaluation report)	First PROAG or equivalent (FY)	Most recent PACD (mo/yr)	Planned LOP Cost ('000)	Amount Obligated to Date ('000)
936-5426	Mid-Term Evaluation of the Employment and Enterprise Development Project (EEPA)	84	9/90	7,032	4,732
<i>1000 # 0004</i>					

E. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR	Name of officer responsible for Action	Date Action to be Completed
Action(s) Required: 1. S&T should formally review the research agenda; A vehicle, possibly a seminar for select A.I.D. staff, should be developed in order to include more Agency input.	R. Young	11/88
2. S&T and HIID should formally clarify performance requirements for a network of EEPA consultants	R. Young	11/88
3. A detailed workplan should be prepared, including the workplans of the subcontractors.	R. Young	1/89
4. S&T should require a detailed budget from HIID which corresponds to the proposed workplan.	R. Young	1/89
5. HIID should develop a marketing design to improve dissemination.	R. Young	1/89
(Attach extra sheet if necessary)		

F. DATE OF MISSION OR AID/W OFFICE REVIEW OF EVALUATION: mo 10 day 26 yr 88

G. APPROVALS OF EVALUATION SUMMARY AND ACTION DECISIONS:

Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
Signature Typed Name: Robert Young		John Giusti	Eric Chetwynd
Date: <u>1/31/89</u>	Date: _____	Date: <u>3/28/89</u>	Date: <u>3/28/89</u>

H. EVALUATION ABSTRACT (do not exceed the space provided)

The purpose of the Employment and Enterprise Policy Analysis (EEPA) Project is to increase both national production and the earnings of low-income groups in LDCs and to produce more efficient and equitable patterns of resource use through small-scale enterprise development. This project was developed by S&T/RD/EED and implemented through the Harvard Institute for International Development (HIID), prime contractor, and Michigan State University and Development Alternatives Inc., subcontractors. This mid-term evaluation reviewed EEPA discussion papers and reports, interviewed A.I.D. staff both in missions and central bureaus and interviewed staff of the contracting organizations. The major conclusions included:

- o State-of-the-art research has been conducted and published by the EEPA Project. The research base and methodology developed by the project could enable Missions to deal more effectively with employment generation as a policy issue.
- o Satisfactory long- and short-term technical assistance activities have been conducted by the EEPA Project.
- o Sustainable policy change has resulted from several EEPA technical assistance activities. Success appears to be tied to extensive involvement of Mission and Host country officials.

The evaluation also noted that EEPA research has produced some important findings for policymakers. The overall findings of the research efforts has served to challenge one of the principal assumptions of the project paper, namely, that small enterprises are the best way to stimulate growth. While generally supporting the importance of small enterprises, research has shown that a broader outlook is needed and their role in each country and sector must be evaluated specifically.

I. EVALUATION COSTS

1. Evaluation Team Name	Affiliation	Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (US\$)	Source of Funds
Global Exchange, Inc.		PDC-1096-I-00-7166-00	\$18,000	PD&S

2. Mission/Office Professional
Staff Person-Days (estimate) 30

3. Borrower/Grantee Professional
Staff Person-Days (estimate) 30

A.I.D. EVALUATION SUMMARY PART II

J. SUMMARY OF EVALUATION FINDINGS, CONCLUSIONS AND RECOMMENDATIONS (Try not to exceed the 3 pages provided)

Address the following items:

- Purpose of activity(ies) evaluated
- Purpose of evaluation and Methodology used
- Findings and conclusions (relate to questions)
- Principal recommendations
- Lessons learned

Mission or Office: S&I/RD/EED

Date this summary prepared: 12/1/88

Title and Date of Full Evaluation Report: Mid-Term Evaluation of the Employment and Enterprise Development Project (EEPA) - June, 1988

Purpose of Activity

The purpose of the EEPA Project is to increase both national production and the earning of low-income groups in LDCs and to produce more efficient and equitable patterns of resource use through small-scale enterprise development. This is based on the assumption that increases in small and medium enterprises would cause faster economic growth and benefit more people than increases in large enterprises. By promoting development of these enterprises, there would be greater likelihood of faster and increased economic growth and increased employment opportunities.

There are three specific objectives that follow from the project purpose:

- o to develop the research base and methodology to enable U.S.A.I.D. to deal effectively with employment generation as a policy issue;
- o to build a U.S. capacity to provide policy analysis assistance in this area;
- o to provide the technical assistance needed to foster policy changes which reduce or remove host-government biases against and small/medium scale enterprise development; to help host governments avoid creating biases in the future; and to build or strengthen host-country institutions which can sustain the policy improvement efforts.

Purpose of Evaluation and Methodology Used

This mid-term evaluation was conducted to assess the progress and accomplishments to date of EEPA. The evaluation methodology consisted of three parts:

- 1) a review of the EEPA discussion papers and reports to determine their contributions to the field, their effect on policy reform and the accessibility of the papers to the development community.
- 2) interviews with A.I.D. staff both in the missions and in A.I.D./W to evaluate the effectiveness and quality of work completed by the long- and short term technical assistance projects.
- 3) interviews with the contractor - HIID - and its subcontractors - MSU and DAI - to determine their viewpoints regarding project accomplishments, impact and effectiveness and their relations with the missions and A.I.D./W as well as to evaluate the administration of the project itself.

Findings and Conclusions

By the end of its third year (FY87), the EEPA project undertook seven research projects, began three long-term projects, and undertook 12 short-term activities through buy-ins from A.I.D. Missions and Bureaus. EEPA staff also produced a review of the effects of policies and policy reforms on non-agricultural enterprises and employment in LDCs and a set of papers on analytical methodologies and developed a research agenda consisting of seven studies. In total, 13 Discussion Papers, 11 short- and long-term technical assistance project papers and 3 EEPA supported papers were produced by November, 1987.

The evaluation resulted in three principal conclusions:

1) State-of-the-art research has been conducted and published by the EEPA Project. The research base and methodology developed by the project could enable U.S.A.I.D. missions to deal more effectively with employment generation as a policy issue.

2) Satisfactory long- and short-term technical assistance activities have been conducted by the EEPA Project.

3) Sustainable policy change has resulted from several EEPA technical assistance activities. Success appears to be tied to extensive involvement of mission and host-country officials.

EEPA research itself has generated a number of important findings for A.I.D. policy and programs. These include:

1) Support for small-enterprise development should only be extended to those sectors in which they are likely to be viable in a policy-neutral environment.

2) Agricultural development programs that promise to increase the real incomes of rural populations are likely to stimulate the emergence of viable small enterprises in rural areas.

3) An expansion of industrial employment and improvement in real wages is likely to be dependent on a much broader series of reforms than simply of small enterprises.

4) Reforms proposed by outside economists are rarely enacted if local political leaders are not active advocates of the reforms.

H'

The overall findings of the research efforts has^{ed} served to challenge one of the principal assumptions of the project paper, namely that small enterprises are the best way to stimulate growth. While generally supporting the importance of small enterprises, research has shown that a broader outlook is needed and each country case must be evaluated specifically.

Principal Recommendations

- 1) S&T should formally review the research agenda; A vehicle, possibly a seminar for select A.I.D. staff, should be developed in order to include more Agency input.
- 2) S&T should ensure that HIID meet quarterly reporting requirements.
- 3) S&T and HIID should formally clarify performance requirements for developing and coordinating a network of EEPA consultants.
- 4) A detailed workplan, including the workplans of the subcontractors, should be prepared to enable S&T to make funding and administrative decisions and to enable HIID to monitor its own and its subcontractor performance.
- 5) S&T should require a detailed budget from HIID which corresponds to the proposed workplan.
- 6) The HIID workplan should detail how coordination of the Project members will take place. A budget should be established for this coordination.
- 7) HIID should develop a marketing design to improve dissemination. The implementation of the design should be included in current budget discussions.

Lessons Learned

Beyond the research and technical assistance findings per se, the project was another example of the importance of the project design allowing for flexibility in project implementation although this was not explicitly stated in the evaluation as such. In the case of EEPA, the finding that small enterprises were not necessarily the best vehicle for employment promotion and growth was used to re-direct project efforts. While this challenge to project assumptions might have been devastating, EEPA used the findings to broaden the scope of the project research and to educate the project participants as to the ramifications of the findings.

K. ATTACHMENTS (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier)

Mid-Term Evaluation of the Employment and Enterprise Development Project (EEPA)

L. COMMENTS BY MISSION, AID/W OFFICE AND BORROWER/GRANTEE