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UNITED STATES-SOUTH AFRICA LEADER EXCHANGE PROGRAM: MID-TERM EVALUATION

FINAL REPORT

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U.S. Agency for International Development

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GLOSSARY

BPED	Black Private Enterprise Development Project
B&SC	Business and Systems Consultants
BWS	Budget Work Sheet
EI	Entrepreneurs International
Eximbank	U.S. Export-Import Bank
EY	Ernst & Young
NAIC	National Association of Investment Companies
OIT	Office of International Training (USAID)
PIET	Program for International Education and Training
TIP	Training Implementation Plan
USAID	United States Agency for International Development
USIS	United States Information Service
USSALEP	United States South Africa Leader Exchange Program

EXECUTIVE SUMMARY

USAID-Pretoria initiated its Black Private Enterprise Development Project (BPED) in 1987 to assist the development of the black private sector in South Africa. As part of BPED, USAID signed a three-year Cooperative Agreement (No. 674-0303-4-55-9062-00) with the United States-South Africa Leader Exchange Program (USSALEP) in September, 1989. The Cooperative Agreement was designed to coordinate exchange visits by black South African entrepreneurs to the United States to a) encourage first-hand observation of U.S. business operations by South African entrepreneurs, b) advance indigenous private sector development in South Africa by applying lessons learned from contacts with U.S. businesses, and c) foster trade relations between U.S. business and black South African entrepreneurs to stimulate economic and formal private sector development in South African communities that have been prevented from doing so as a result of apartheid.

The Cooperative Agreement included in its project design a provision for an evaluation after the first 10 entrepreneurs had visited the U.S. to assess project impact and make recommendations on release of the second tranche. The current evaluation represents an assessment of the project after less than one year of actual implementation, and is prompted by a) a general review of USAID-Pretoria strategic goals and objectives, and b) an effort to uncover and resolve any problems that might be detracting from successful implementation of the project. It is recommended that the second tranche be increased approximately $100,000 and be released based on the satisfactory management and impact of the project to date; release of the tranche, however, should be conditioned on a) USAID acceptance of a strategic plan specifying USSALEP's goals, objectives, strategies and targets, and b) in installments to ensure compliance with Cooperative Agreement objectives and agreed-to performance indicators.

USAID-Pretoria selected Ernst & Young to perform the USSALEP and two other evaluations. Ernst & Young assigned Michael Borish (J.E. Austin Associates) to the evaluation. The consultant devoted approximately 10 person days in the U.S. and South Africa (27 in total for all three evaluations) to conduct the evaluation and formulate findings and recommendations for USAID-Pretoria and USSALEP.

The consultant interviewed 19 individuals consisting of a) USSALEP staff in Johannesburg and Washington, D.C., b) PIET staff in Washington, D.C., c) B&SC subcontractors in Johannesburg, d) USAID officials in Johannesburg and Washington, D.C., e) NAIC in Washington, D.C., f) Eximbank in Washington, D.C., and g) four of the 10 entrepreneurs who had participated in the USSALEP project in 1990. Efforts were made to talk to a representative sample of institutions that directly impact the USSALEP project. Findings

and recommendations are based on these interviews, as well as financial and administrative documents provided by USSALEP, PIET and USAID.

The evaluation focused on the following:

1) USSALEP's (and, therefore, PIET's and B&SC's) performance to date concerning Marketing and Promotion, Selection Criteria, Pre-Departure Planning, Orientation and Implementation in the U.S., Follow-Up Support After Return to South Africa, and Potential for Business Expansion
2) Financial and Operating Considerations affecting USSALEP's administration of the project
3) Recommendations to achieve Cooperative Agreement objectives

Findings and recommendations are summarized below.

USSALEP PERFORMANCE TO DATE

USSALEP and its sub-contractors have generally succeeded in a) sending appropriate black South African entrepreneurs to the U.S., b) developing professional business plans, c) structuring programs that have provided substantial skills transfer, identified useful technologies, encouraged new operating systems, and forged business contacts with potential for future investments and trade, and d) providing professional business advisory services upon return to build on contacts made and concepts learned. The project has not been without its problems, namely a) marketing efforts to broaden the pool of serious applicants, and b) administrative measures to sometimes get entrepreneurs to the U.S. without having fully developed an appropriate program. Nevertheless, the program has generally been successful, and is poised for further success now that most operating problems have been identified and are either resolved or being addressed. It should be pointed out that only 10 of 48 entrepreneurs have gone to the U.S. so far, with the agreement calling for an evaluation after the initial 10. Release of the second tranche to provide USSALEP with the needed financial resources to conclude the project is being recommended contingent on USSALEP providing USAID with a USAID-accepted strategic plan detailing goals, objectives, strategies and targets by which to measure performance. The following summarizes key performance measures to date:

1) <u>Participant Perceptions</u>: Based on participants' responses to the PIET EI evaluation questionnaire, most found the visits helpful and logistical support satisfactory. The following highlight the entrepreneurs' opinions of the U.S. internship: a) 9/9 found meetings with staff, managers and CEOs "very helpful"; b) 7/9 found meetings

with professional associations "very helpful"; c) 4/9 found on-the-job training "very helpful" and 5/9 "somewhat helpful"; d) 4/4 found classroom/formal training "very helpful"; e) 8/10 found visits to related businesses "very helpful"; f) 7/10 found opportunities to observe operations "very helpful"; g) 8/10 found new products for their companies; h) 10/10 found new ideas/methods for their business operations; i) 7/10 found new methods/technologies for their businesses that they would like to know more about; j) 5/10 thought their visits were the right length of time, while 3/10 thought they were too short and 2/10 too long; k) 5/10 transacted business while in the U.S.; l) 10/10 intend to pursue transactions as a result of the program; and m) 10/10 intend to stay in touch with their U.S. hosts.

2) Potential for Business Expansion: Black firms in South Africa are generally constrained by financial, marketing, size, managerial and other limitations as a result of apartheid. Despite these constraints, USSALEP's entrepreneurs have seized market niches, become significant in the "black" economy, and demonstrated significant potential for expansion. There is demonstrable evidence of new skills, technologies, products, techniques and contacts that are benefitting and will benefit these enterprises as a result of the USSALEP exchange, including valuable follow-up support provided by B&SC once back in South Africa.

3) General Management: Management of the project has been good in most cases, although it appears greater hands-on coordination between the Executive Director and Project Coordinator would be useful in developing marketing strategies and improved administrative procedures. Where appropriate, the Executive Director should play a role in publicizing the project and soliciting support from the business community (e.g., referrals from Council Members; involvement of U.S. businessmen in pre-departure orientation). In addition, the Executive Director should stay in relatively close telephone contact with USSALEP-Washington and PIET to discuss concerns, resolve problems, and assess progress.

4) Marketing: USSALEP's marketing efforts have not been as effective as needed in order to generate sufficient numbers of qualified applicants for the exchange. The number of applicants has been 140 to date. In some cases, applications have lagged due to the needed start-up time to implement a promotional program with success stories that generate momentum. So far, marketing efforts have focussed on infrequent print and broadcast media coverage. Regional Contacts have fared poorly in general in generating accepted referrals. USSALEP will have to engage in more aggressive

and better organized marketing of the project to enhance the number of high quality applicants it seeks to achieve project success.

5) Selection Criteria and Process: USSALEP has implemented an impartial selection process, as demonstrated by the racial, gender, sectoral, scale and (to some degree) territorial diversity of its entrepreneurs. Efforts have been and are being made to tighten selection criteria (e.g., greater financial information, increased screening) and improve marketing (e.g., greater contacts, financial incentives for accepted referrals), largely as a result of B&SC's efforts. These efforts are intended to redress a) insufficient information flows from entrepreneurs, b) the small number of applicants, and c) the need for greater post-return coordination between entrepreneurs and B&SC.

6) Pre-Departure Planning: USSALEP-Johannesburg has encountered few administrative and logistical problems. Key problems have been a) generating sufficient information up front from entrepreneurs to provide to PIET to allow enough lead time for effective itineraries to be developed in the U.S., and b) providing sufficient background information to participants about U.S. cultural patterns and business practices.

7) Orientation and Implementation in the U.S.: USSALEP and PIET have performed well from an administr ve and programming standpoint. Criticisms by entrepreneurs of their itineraries relate to insufficient time for PIET to arrange for specific and technical needs, better briefings, the need to match up with more appropriately sized firms, and entrepreneur input into final TIPs. Despite these criticisms, the general consensus has been favorable on the whole. Measures have recently been taken to increase information flows on U.S. companies from PIET to USSALEP-Johannesburg before participant departure.

8) Follow-up Support Upon Return to South Africa: There has been advisory, accounting and legal follow-up support to date given to five of the 10 participants. B&SC has also been aggressive in a) assisting two entrepreneurs to increase production and distribution capacity, b) generating an export order, and c) pursuing sub-contracting proposals and venture capital for certain entrepreneurs. Problems associated with follow-up for the other five entrepreneurs relate more to entrepreneurs than to B&SC. Recommendation include better pre-departure coordination on follow-up plans.

9) Financial Management: USSALEP and its sub-contractors have demonstrated competent financial management of the project. Substantial subsidies have been provided by USSALEP, PIET and B&SC.

10) Reporting: USSALEP has conformed to reporting requirements as stated in the Cooperative Agreement.

FINANCIAL AND OPERATING CONSIDERATIONS

1) Overheads and Subsidies: USSALEP and its sub-contractors have provided substantial subsidies via open subsidies (PIET) and uncharged expenditure (USSALEP, B&SC) that understate the real cost of programming. While this was understood with PIET and, in fact, negotiated with USSALEP (see "Recipient Resources" in the Cooperative Agreement), it should be acknowledged that USSALEP and B&SC have incurred higher-than-anticipated overhead charges.

ISSUES AND RECOMMENDATIONS

The project has generally been well managed and results positive to date. Thus, it is recommended that USAID continue funding the project and, in fact, increase the commitment approximately $100,000 for follow-up activities in the U.S. Nevertheless, continued and increased funding should be contingent on receipt of a satisfactory strategic plan in which goals, objectives, strategies and targets are delineated. Agreement between USSALEP and USAID on these targets should serve as performance indicators by which USAID would continue to monitor the project. Continued funding will depend on USSALEP's ability to satisfy these targets. Strategies should include the following:

1) Marketing: The key issue concerning USSALEP's promotional efforts in South Africa has been the relatively small number of applicants (140) which has limited the number of entrepreneurs qualifying for the exchange. USSALEP should consider the following to improve its marketing efforts:

a. modify the Cooperative Agreement to permit Council Members to nominate candidates (one per year from each Council Member would yield 46 referrals);

b. develop a monitoring and evaluation data base to track tangible economic and financial benefits to participants and use results as promotional material (USAID may be willing to provide technical assistance for this given an accepted strategic plan);

c. develop a marketing plan to aggressively promote the exchange with well-organized regional trips, contacts with knowledgeable and active black business organizations, formation of committees and follow-up calls to ensure a steady flow of applicants;

d. forge relations with financial sector firms (e.g., banks, accounting) to provide candidates; B&SC has approached several banks, and these efforts should be continued; and

e. provide a finder's fee of R250 to anyone in the private sector who provides a successful reference, not just Regional Contacts.

2) Administrative: While overall administration has been good, a series of issues has emerged which have undercut the project's effectiveness. These include a) limited and staggered information provided by entrepreneurs, b) limited orientation before departure, c) insufficient time for PIET to make fully satisfactory arrangements for participants, d) limited awareness in South Africa of difficulties encountered by PIET in making arrangements, and e) no planning in advance of the U.S. visit for follow-up support. USSALEP and its sub-contractors should consider the following to improve administration of the project. (All three have already begun to initiate new measures, some mentioned below, to improve on project management):

a. tighten screening procedures consistent with B&SC proposals concerning pre-interview screening and qualified acceptances; this should include demanding significant research and information into the products and markets concerned, and greater financial contributions (e.g., R2,000 vs. R500);

b. transmit FAX to PIET of basic profile (e.g., sector, scale, key objectives) of entrepreneur receiving qualified acceptance to receive specific details PIET needs before developing business plan;

c. provide a clearer understanding to qualified acceptances of the need for maximum up-front information for programming purposes; longer visits by B&SC (as currently proposed) should yield greater information; also longer screening periods in which the applicant is required to generate in-depth knowledge of products, markets, etc. should be required to ensure the entrepreneur is not only successful, but likely to benefit from the exchange and follow-up services;

d. provide PIET with time required to develop satisfactory and agreed-upon final TIP, including a more detailed profile of contacts as agreed in recent correspondence between USSALEP-Johannesburg and PIET; emphasis should be placed on program quality, not trade fair dates; exchanges should be deferred up to one year if necessary to ensure proper plans can be made;

e. arrange to have USSALEP-Johannesburg's Project Coordinator visit the U.S. to work with USSALEP-Washington and PIET to better understand the effort involved in developing an itinerary; the Project Coordinator should work with PIET to develop specific itineraries; such a trip will assist USSALEP and B&SC on their information-gathering activities and link to program development; this trip should be coordinated with B&SC if the latter chooses to send a representative to the U.S. to assess commercial opportunities and restrictions concerning South Africa; the Project Coordinator's trip should be primarily a working session with PIET in Washington, D.C., and not focus on petty complaints such as hotel accomodation;

f. consider eliminating Washington, D.C. as the initial arrival point, and have participants go directly to their trade fairs; such a radical step assumes greater pre-departure orientation and a detailed information package, and should initially be tested on entrepreneurs who have previously visited the U.S.; entrepreneurs generally feel the first few days in Washington, D.C., during which they meet with Eximbank and NAIC, have been a misuse of scarce time; it may be useful to develop a list of South Africans in the U.S. who could be contacted for on-going support and orientation;

g. develop a broad post-return (in South Africa) plan for follow-up services to be provided by/with B&SC before departure to the U.S.; de-briefing should include modifications and development of such a plan, maintaining momentum and putting the onus on the entrepreneur to provide B&SC with its requirements for follow-up services; B&SC should report to USSALEP every three months (vs. six) on the status of each entrepreneur; if there is insufficient effort and data forthcoming after six months, follow-up services should be terminated; participant debriefing reports should be forwarded by USSALEP to USAID; and

h. USSALEP should inform each participant that USSALEP-Washington is willing to provide post-departure (from the U.S.) contact for commercial and investment follow-

up provided the entrepreneur demonstrates initiative as mentioned in #g above; in addition, USAID will provide funds for U.S. experts to pursue technical commercial issues outside the bounds of USSALEP-Washington's expertise.

3) Financial: In light of higher-than-anticipated costs incurred at USSALEP and B&SC, and general agreement that the original Cooperative Agreement contained weaknesses regarding recipient resources, the following measures should be considered to remedy these concerns:

a. increase the total USAID grant from $930,710 to roughly $1,032,490 (exact amount to be specified after strategic plan financial requirements are approved by USAID) to allow USSALEP and B&SC to recover expenditures not previously recovered to accomodate needed systematic changes in the implementation of the USSALEP project;

b. provide up to $100,000 (included in the figure above) for specialized technical services in the U.S. on commercial and financial opportunities when USSALEP is unable to provide such support; and

c. require entrepreneurs to deposit an amount equivalent to air fare as a means of demonstrating commitment, and R2,000 for less liquid entrepreneurs who demonstrate their commitment through the screening process.

4) Management: While management has generally been good, certain actions can be taken by the Executive Director that have heretofore been overlooked:

a. work with the Project Coordinator each month to assess performance with regard to strategic plan targets; the filing of a monthly report to USAID would be an appropriate occasion to review performance, and to discuss any major deviations directly and promptly with USAID;

b. play an active role in mobilizing U.S. businessmen to participate in orientation sessions for departing entrepreneurs; these efforts should complement the efforts of the Project Coordinator, and occur when the Project Coordinator is unable to arrange for appropriate participation;

c. supervise production of the strategic plan;

d. stay in frequent touch (at least quarterly) with USSALEP-

Washington and PIET to ensure focus remains on business development and expansion, rather than any bias towards training that may become apparent in some programming; these telephone conversations should also review PIET's efforts to identify new and sometimes more appropriate contacts for entrepreneurs; and

e. submit debriefing reports from participants upon return to South Africa to USAID, and schedule formal quarterly progress meetings with USAID.

I. INTRODUCTION

USAID-Pretoria initiated its Black Private Enterprise Development Project (BPED) in 1987 to assist the development of the black private sector in South Africa. As part of BPED, USAID signed a three-year Cooperative Agreement (No. 674-0303-4-55-9062-00) with the U.S.-South African Leader Exchange Program (USSALEP) in September, 1989. The Cooperative Agreement was designed to support USSALEP's ability to coordinate exchange visits by black South African entrepreneurs to the United States to a) encourage first-hand observation of U.S. business operations by South African entrepreneurs, b) advance indigenous private sector development in South Africa by applying lessons learned from contacts with U.S. businesses, and c) foster trade relations between U.S. business and black South African entrepreneurs to stimulate economic and private sector development in South African communities that have been prevented from doing so as a result of apartheid.

The current evaluation represents an assessment of the project after less than one year of actual implementation, and is prompted by a) a general review of USAID-Pretoria strategic goals and objectives, and b) an effort to uncover and resolve any problems that might be detracting from successful implementation of the project. The Cooperative Agreement called for an evaluation after 10 exchanges to assess project performance and make recommendations on release of a second tranche of funds. Based on the positive results of the project, release of the tranche is recommended contingent on USSALEP's submission of an acceptable strategic plan to USAID that includes benchmarks by which to measure performance. Disbursements should be in installments to ensure compliance with agreed targets.

USAID-Pretoria selected Ernst & Young to perform the evaluation. Ernst & Young assigned Michael Borish (J.E. Austin Associates) to the evaluation. The consultant devoted approximately 10 person days in South Africa and the U.S. (27 in total for all three evaluations) to conduct the evaluation and formulate findings and recommendations for USAID-Pretoria and USSALEP.

The consultant would like to thank the following individuals for their cooperation in assisting with the evaluation: David Himelfarb (USAID); Stephen Wade (COMAD); Robert Hoen and Lyn Soudien (USSALEP-Washington); and Clive Richardson and Mlungisi Mavana (USSALEP-Johannesburg). The consultant would also like to thank the many individuals not cited who were helpful in providing administrative and logistical support and time for interviews.

II. STATEMENT OF METHODOLOGY

The consultant utilized the following to carry out the evaluation:

a) USAID documentation, including Cooperative Agreement No. 674-0303-4-55-9062-00;
b) USSALEP subcontracts with PIET and B&SC;
c) USSALEP files containing project implementation, operating and financial information; and
d) Interviews with USSALEP, PIET, B&SC, USAID, Eximbank, NAIC, and entrepreneurs.

A list of meetings is found in Annex I. Efforts were made to talk to a) a representative sample of the 10 entrepreneurs who have participated in USSALEP's exchange program, b) key operating personnel at USSALEP, PIET, B&SC, c) key individuals at NAIC and Eximbank, and d) key personnel at USAID. The consultant interviewed four of 10 entrepreneurs, all key staff at USSALEP and its sub-contractors in Johannesburg and Washington, D.C., all key USAID personnel involved in the USSALEP project, and NAIC and Eximbank.

In the case of participant interviews, short questionnaires were used to assess a) strengths and weaknesses of the exchange at all stages (e.g., advertising, selection process, pre-departure orientation, orientation and program in the U.S., post-return support), b) tangible benefits derived from the exchange (e.g., increased turnover, improved marketing, increased capacity utilization, greater quality control), c) progress in achieving transactions with U.S. contacts, d) constraints and problems encountered in achieving #c above, and e) general constraints the entrepreneurs are facing in developing an indigenous private sector capable of promoting greater economic development for blacks in South Africa.

The consultant also analyzed financial, operating and evaluation documentation made available by USSALEP and its sub-contractors to assess a) financial management of the project, b) operating work flows at all stages in the exchange cycle, and c) perceptions of the participants of the exchange.

Consistent with the Scope of Work, the consultant's work focused on a) USSALEP's and sub-contractors' performance to date relative to the Cooperative Agreement, b) financial and operating considerations affecting project impact, and c) recommendations to help achieve Cooperative Agreement objectives. Section III presents findings (#a-b), while Section IV presents issues and recommendations (#d).

III. EVALUATION OF PROJECT COMPONENTS

A. PROJECT PROFILE

1. USSALEP ROLE UNDER BPED

The purpose of USAID's Cooperative Agreement with USSALEP is to enable 48 black South African entrepreneurs to benefit from U.S. business knowledge, techniques and contacts to become more competitive in South Africa's mainstream economy. In addition, USSALEP is contracted by USAID to arrange for sub-contractors to assist selected entrepreneurs with pre-departure and follow-up business support services (B&SC) and orientation and logistics while in the U.S. (PIET) over a period of three years (ending December 1992). The expected result is that USSALEP and sub-contractor assistance to 48 highly regarded black entrepreneurs would a) facilitate the expansion of these existing enterprises to become medium- and large-scale enterprises that will be significant in South Africa's mainstream economy, b) serve as a model for other black entrepreneurs, and c) promote links with U.S. businesses to stimulate trade, investment, and technical and managerial expertise to benefit black South African entrepreneurs.

2. PIET ROLE AS USSALEP SUBCONTRACTOR

PIET is sub-contracted by USSALEP to provide internship program services for 48 USSALEP participants according to the Entrepreneurs International program administered by PIET under USAID contract. The sub-contract, effective from April 1990 to December 1992, is designed to have PIET a) develop Training Implementation Plans (TIPs) for USSALEP-selected interns, b) produce Budget Work Sheets (BWSs) for each intern, c) arrange for domestic travel, hotel arrangements, health insurance, orientation upon arrival, and other logistical support, and d) conduct exit interviews and provide final evaluation reports on each participant's U.S. internship. PIET is able to provide these services (at subsidized rates) due to the larger contract PIET has with USAID to manage the latter's international training program, in which more than 20,000 people have participated to date. Given USSALEP's array of programs and small staff in the U.S. (three), PIET's labor-intensive organizational role is considered essential to providing USSALEP interns with a comprehensive agenda during their stays in the U.S.

3. B&SC ROLE AS USSALEP SUBCONTRACTOR

USSALEP-Johannesburg has sub-contracted B&SC to provide needed technical assistance during screening interviews, pre-departure business plan development, and post-return consulting services (including preparing loan proposals, seeking equity investors) to

assist the entrepreneurs in expanding their businesses and achieving objectives. B&SC's role is more fully explained below, but essentially involves assistance to USSALEP in the selection process, an initial briefing during the pre-departure phase with the selected entrepreneur, and development of a business strategy and plan so the entrepreneur can achieve stated objectives while in the U.S. The new focus on mapping out business plans during the pre-departure phase is due to the weakness of the first entrepreneurs' strategies, as identified by PIET, NAIC and others in the early stages of the exchange. In addition, B&SC is sub-contracted to provide follow-up support to returning entrepreneurs to help implement new ideas and plans to achieve business expansion. This follow-up support is designed to come in the form of loan proposals, matchmaking activities with potential equity investors, audits, and business plan revisions. B&SC's performance has exceeded these forms of assistance.

4. USAID

In September 1989, USAID entered into a Cooperative Agreement with USSALEP under the former's Black Private Enterprise Development Project (BPED). USAID committed $930,710 to USSALEP (R2,466,383 at R2.65/$1) over a three-year period (through December 1992). The primary functions of USAID's assistance are to provide financing for a) the selection and pre-departure preparation of appropriate entrepreneurs, b) the entrepreneurs' air fares, per diems and other exchange-related costs, and c) follow-up services to assist the entrepreneurs in expanding their businesses, starting new businesses, promoting joint ventures, and stimulating trade with U.S. companies.

B. USSALEP PERFORMANCE

1. KEY PROVISIONS IN THE USSALEP-USAID COOPERATIVE AGREEMENT

Key provisions in the USSALEP-USAID Cooperative Agreement include a) impartially identifying and selecting appropriate black South African entrepreneurs whose promising commercial plans are dependent on the acquisition of skills from U.S. business, b) preparing professionalized business plans and strategies (via sub-contractor) to pursue those commercial aims while visiting with businesses in the U.S., c) coordinating all aspects of the entrepreneur's trip to the U.S. from arrival to departure (largely via sub-contractor), d) providing follow-up support for entrepreneurs after returning from the U.S. so they can expand existing operations, create new businesses, and develop increasing trade with U.S. business (via sub-contractor), e) ensuring the exchange program helps to create black and female employment opportunities, and f) managing the project such that 48 exchanges take place during a three-year time period in which

USAID's contribution is $930,710. USSALEP performance, project profile to date and other Cooperative Agreement provisions concerning Conditions Precedent and Reporting requirements are discussed below. Financial and operating considerations are found in IIID.

2. USSALEP PERFORMANCE RELATIVE TO THE COOPERATIVE AGREEMENT

a. Overview: The USSALEP project has been running less than one year, during which 10 exchanges have taken place. At the end of year 1, 16 exchanges were to have taken place. The reason for slightly lagging performance relates to delays in scheduling the evaluation. USSALEP had several entrepreneurs slated to travel to the U.S. when the project was temporarily delayed to allow the evaluation to proceed. USSALEP and its sub-contractors have stated they expect to send 38 more entrepreneurs to the U.S. over the next 21 months, thereby keeping the project reasonably on track despite evaluation-related slippage.

Results to date have generally been positive to the extent that most selected entrepreneurs have benefitted from the exchange, informational and strategic problems are being addressed, and the labor-intensive administrative process has been well managed. Strengths include 1) the administrative management of USSALEP, both in South Africa and the U.S.; 2) subcontractor participation in South Africa (B&SC) which has identified and addressed project weaknesses (e.g., financial and other business-related information, marketing and promotion of the program) and provided valuable follow-up support; 3) subcontractor participation in the U.S. (PIET) which has developed full itineraries for participants and provided logistical support, often on short notice, and at heavily subsidized rates to USSALEP; and 4) evidence of store acquisitions, export orders, sub-contracts, expanded capacity, increased orders and other tangible benefits that are having a favorable impact on the business operations of four of the 10 entrepreneurs.

Weaknesses include 1) ineffective promotion of the project and difficulties in "mass-marketing" in South Africa to increase the number of qualified applicants; 2) problems encountered in generating needed financial and other business information from the entrepreneurs to properly assess their candidacies and best develop an itinerary in the U.S. (e.g., weak application forms, financial records); 3) allowing sufficient time to properly coordinate trans-Atlantic information flows so that itineraries fully conform to the entrepreneurs' objectives; 4) lack of technical capabilities of PIET staff in arranging appropriate itineraries for certain fields (e.g., high-tech, music recording); and 5) lack of follow-up support in the U.S. in certain cases where commercial transactions may be possible.

Other problems adversely affecting results, but outside of USSALEP control, include 1) difficulties black entrepreneurs in South Africa have in obtaining bank credit and investor equity; 2) relatively thin equity in these enterprises, reflecting cash constraints and limited (often singular) numbers of shareholders; 3) reluctance of U.S. investors to form joint ventures with South African counterparts due to sanctions, ignorance of exceptions for trade with black South Africans in sanctions legislation, the small size of the South African enterprises, distance of U.S. enterprises from the South African market, and venture capitalists' expected rates of return (e.g., 45%) that cannot be accomplished by these relatively new and formative enteprises; 4) relatively high South African import duties and tariffs to protect local industry and maintain foreign exchange reserves by reducing imports (although there is evidence practical implementation of this may be weakening); and 5) inability of most black firms to provide sufficient quantity and/or quality of goods and services to corporate South Africa, thereby limiting potential for growth and positive cash flow. All of these structural weaknesses adversely impact USSALEP's ability to deliver follow-up services via its sub-contractor (B&SC).

It is premature to judge the likelihood of USSALEP entrepreneurs benefitting dramatically from the exchange. In many cases, the entrepreneurs lack solid planning, financial and operating capabilities and resources required to play a larger role in the mainstream economy. The entrepreneurs' businesses have generally been small-scale service sector firms with few employees and limited capital bases. Nevertheless, it is possible that with time, an easing of lending constraints and lower trade barriers that USSALEP entrepreneurs will play a more influential role in the mainstream economy. In some cases, the entrepreneurs have identified specialized niches (e.g., "informal" sector insurance) with broad applications for growing markets. In others (e.g., circuit board production), the entrepreneurs appear to be benefitting from shake-out in the market and low-cost production capabilities. Some benefits from the program have already been applied (e.g., beauty salons, printed circuit board production, convenience stores), and potential transactions (e.g., sawmill, paint production, film-making, music recording, printed circuit boards) are in process. Under the circumstances, with severe structural impediments still in place despite the removal of some of apartheid's most onerous legal restrictions, this can be considered a solid achievement even if not major in terms of economic impact. On a more cost-oriented level, it is possible that most USSALEP entrepreneurs will generate more than $21,000 (estimated program cost per entrepreneur) in incremental revenues, trade and employment. It is also quite likely that most of the 48 USSALEP participants will play a role in helping to increase black South African participation in the mainstream economy, one of the central objectives of BPED and the USAID-

USSALEP Cooperative Agreement. A matrix of performance measures is found in Annex II.

b. Economic Impact and Potential for Business Expansion: As discussed below (see #5: Participant Profile), most of the entrepreneurs are owner-operators of small-scale service sector firms with relatively thin capital bases, small numbers of employees and limited value-added. This reflects historical barriers to entry imposed by apartheid on black entrepreneurs, constraints on capital formation and accumulation, limited production capacity and marketing channels, and the relative youth of the enterprises. Consequently, the prospects for these enterprises playing a major role in the mainstream South African economy are limited.

Nevertheless, some of these enterprises have established recognizable market positions (e.g., beauty salons, insurance), and others may well expand due to growing consumer demand (e.g., computer training) and industrial demand (e.g., multi-layered printed circuit boards, sawmill production). The exchange program has clearly helped participants acquire new skills, identify new technologies and forms of business organization, and make contacts for potential commercial transactions that may lead to expansion of existing businesses and creation of new ones. The summary of participants' perceptions (#6 below) reflects the following:

1) Seven of 10 identified new technologies and methods for their businesses, most of which would increase efficiency, broaden the range of goods/services available, improve quality, and cut costs; these include a) greater computerization for operations (insurance claims, three supermarkets) and inventory and payroll (hair salon with four boutiques and one franchise, 90 employees, some wholesale distribution), b) improved technology for production (music recording, printed circuit boards), c) improved technology for quality control (timber standardization and grading), and d) new products and quality techniques (hair salons).

2) Eight of 10 intend to pursue contracts, joint ventures, financing and goods procurement with/from U.S. firms, suggesting continued potential for commercial transactions that will ultimately improve/expand business opportunities; in the case of the other two, one (hair salon) has gone bankrupt, while the other (computer training and course development) may have already expanded business after visiting U.S. training centers and purchasing DOS, Word Perfect, Lotus 123, DBase III and other U.S. software packages.

In sum, it appears that the exchanges have stimulated new methods, organizational structures, uses of technology and possibly capital sources to give impetus to business expansion.

Potential for sustainable development and higher value-added depends largely on consumer trends, purchasing power, increasing the scale of black production and quality capabilities, removal of barriers (trade tariffs, sanctions) and constraints (lending), and these are beyond USSALEP's control. Nevertheless, given potential for sub-contracting with larger firms (e.g., circuit board manufacturing, computer training), filling building materials demand (e.g., sawmill production), and meeting growing black consumer demand (e.g., insurance, beauty products, music, film and fashion boutiques), it is likely that most participants will be able to expand their businesses. What is not yet clear is if the participants will 1) expand their businesses to the point where substantial leverage will be created internally in the mainstream South African economy to set examples for other black entrepreneurs to ultimately have a major impact on black economic development in South Africa, 2) incrementally expand their businesses $21,000 (average cost estimate per entrepreneur) in net savings, investments and/or jobs to achieve "breakeven" relative to the program's overall costs, and 3) ultimately be able to obtain financing (e.g., South African banks, equity) and commercial opportunities that exist with U.S. and South African businesses.

c: Promotion and Marketing: One of the problems associated with USSALEP's performance relates to weak promotion. USSALEP's (and now, B&SC's) marketing efforts in South Africa are focusing on increasing the number and quality of candidates. USSALEP's marketing efforts have concentrated on 1) generating stories in The Sowetan, (Black) Enterprise Magazine, The Star, and other local publications, 2) promoting coverage in the broadcast media (TV2, TV3, nine radio stations), 3) making presentations to various regional Chambers of Commerce and development corporations, and 4) having an exhibit at the May 1990 matchmaker fair. B&SC has recently broadened this coverage by disseminating a promotional circular through the Coopers Theron du Toit network of 34 offices. Issues of confidentiality are now directly and openly addressed by B&SC to enhance information flows from entrepreneurs. In addition, USSALEP's five Regional Contacts (see Annex III), hired to publicize the program and send referrals, have been put on an incentive system (R250 per successful applicant rather than the previous R500/quarter honorarium) that should prove to be a cost-saving measure. To date, 140 candidates have applied to participate. Greater promotional and marketing activities are likely to enhance the range of applicants, contributing to USSALEP's ability to field qualified entrepreneurs and make up for some slippage in the number of exchanges during the first year of the Cooperative Agreement. Annex IV lists Council Members who may be useful in generating successful referrals.

d. Selection Criteria and Process: The Cooperative Agreement calls for an impartial candidate selection process in

which no member of the Selection Committee and no employee or director of USSALEP will have a personal or business interest, direct or indirect. While it is impossible to verify that complete impartiality exists, it appears that USSALEP has conformed to this covenant. A brief profile of selected entrepreneurs also shows occupational, racial, regional and gender balance (more fully discussed below).

USSALEP-Johannesburg has established selection criteria for participants to ensure that only appropriate and qualified entrepreneurs will be chosen (see Annex V). These criteria are general, but include leadership potential in the community, entrepreneurial capabilities as demonstrated in the management of a going concern, development of a detailed business plan and clearly articulated objectives for the U.S. visit.

A selection committee of 11 members in Transvaal (4), Transkei (2), Western Cape (2), Eastern Cape (1), Orange Free State (1) and Natal (1) is responsible for applying these criteria. Selection committee members are listed and profiled in Annex V. They tend to meet quarterly, with about six to seven attending each meeting in which candidates are selected or rejected. In addition, B&SC currently attends selection committee meetings and provides influential advice and participation.

It is the general consensus in the U.S. and South Africa that most of the first 10 participants were well qualified, and that the two who were not were either chosen early in the project, or sent very quickly (raising questions about the selection process). Information gathering, financial statements and other items remain problematic. Nevertheless, it appears the selection process is working on an impartial basis to select qualified entrepreneurs.

The selection process appears to need strengthening in addressing 1) entrepreneurs' general unwillingness to share needed information, and 2) the sub-optimal number of potential candidates. According to PIET, USSALEP-Johannesburg's original information package (e.g., application form, lack of business plan) was weak and needed greater detail. Since that recommendation (June 1990), the application form has been made more detailed and business plans completed in advance of departure for the U.S. However, the entrepreneurs themselves do not always have the financial records required to meet USSALEP's information requirements. This has required greater work up front by USSALEP's sub-contractors to vet entrepreneurs' potential to benefit from the exchange and conform to selection criteria. It is the opinion of B&SC that the application form needs further strengthening to contain more and improved financial data, and information on staffing levels and motivation. There is also general consensus that screening

requirements should be strengthened, primarily by insisting on greater demonstration of initiative by entrepreneurs to amass information on products, markets and other business concerns relevant to the exchange. This idea, presented by B&SC, would help with information gathering as well as help in shaping business plans and strategies for post-return follow-up support.

e. Pre-Departure Planning: USSALEP-Johannesburg is responsible for all administrative tasks related to program publicity, broadening the volume of participant applications, processing applications to guarantee all required information is accurately completed, and ultimately selecting appropriate entrepreneurs. USSALEP-Johannesburg is responsible for communicating with USSALEP-Washington, PIET and the selected entrepreneurs so PIET can tailor the U.S. visit to achieve stated entrepreneurs' objectives. USSALEP-Johannesburg is also responsible for logistical support and pre-departure orientation, primarily air fare and instruction on what entrepreneurs should expect from the U.S. social, commercial, geographic and physical environment. This has included basic introductory logistical concerns, the importance of punctuality, keeping appointments, transportation, health insurance, and the need to stay in constant communication with USSALEP and PIET in Washington.

In some cases, the entrepreneurs had previously visited the U.S. and did not need an orientation session. However, in most cases (6/10 to date) where the participant has not been to the U.S., it appears more thorough pre-departure orientation would have been helpful. USSALEP is attempting to get information packets from USIS to provide basic cultural information. USSALEP should also use past successful entrepreneurs, U.S. businessmen and others in a systematic, day-long pre-departure orientation to inform participants of a) basic logistics and transactions (e.g., transportation, currency), b) business and cultural practices, stressing differences between the U.S. and South Africa and methods of dealing with those differences, c) providing a list of contact telephone numbers in the U.S., including a list of South African businessmen in the U.S. willing to provide support, and d) recommendations from successful entrepreneurs on how to best utilize time in the U.S. in achieving exchange objectives.

f. Orientation and Implementation in the U.S.: Orientation and implementation in the U.S. has been systematic. USSALEP handles administration (e.g., communication with USSALEP-Johannesburg, tax records and other legal documents for interns) and critical back-up, while subcontracting PIET to take the lead on orientation and implementation. PIET's implementation role includes planning itineraries, developing Training Implementation Programs and Budget Work Sheets, arranging transport and health insurance, making reservations at hotels, reserving spots at trade fairs, monitoring internships as they proceed, conducting exit evaluations, and compiling data on USSALEP participants for

the larger data base being assembled for USAID's Office of International Training. In addition, PIET has frequently used NAIC (see Annex VI) and Eximbank to serve as the primary initial contacts for entrepreneurs before leaving Washington, D.C. for other parts of the country, although entrepreneurs generally felt this was poorly utilized time that could have been better spent elsewhere.

Participants have had an inconsistent attitude towards NAIC in their evaluations. In the U.S., 7/9 entrepreneurs claimed meetings with professional associations were "very helpful". This presumably includes NAIC. Nevertheless, comments in South Africa reflect a negative opinion of those meetings, with entrepreneurs claiming NAIC to be a) limited in the depth of their advice, b) lacking in follow-up on information and contacts, c) a collection of venture capitalists with a short-term, profit-seeking agenda inconsistent with the needs of the entrepreneurs' formative enterprises, and d) a poor use of time. As such, inclusion of NAIC on entrepreneurs' agendas should probably be discontinued.

Participants have also found little usefulness to their meetings with Eximbank, which is primarily set up to assist U.S. exporters. While not expressing these sentiments during exit evaluations in the U.S., participants claim Eximbank financing is nearly impossible for them because they cannot get guarantees from South African banks. Eximbank customarily uses foreign financial institutions to assess the creditworthiness of foreign borrowers. This becomes a Catch-22 for black South African entrepreneurs. Without a guarantee from a South African bank, they cannot access financing from Eximbank. As such, the entrepreneurs have found these meetings to also be a poor use of time. Eximbank should be discontinued from most programs unless directly relevant to facilitating a trade transaction. In the event USSALEP identifies more successful black South African entrepreneurs with greater access to formal debt and equity, Eximbank may then be relevant. It is also likely that South Africans with greater access to finance will be able to strike deals with U.S. exporters who would be prime targets for Eximbank financing.

Beyond the initial orientation sessions in Washington, D.C., there is little standardization to entrepreneurs' stays in the U.S. Participants have stayed between two and eight weeks. Virtually all have attended trade fairs, spoken with dozens of businesspeople in their respective fields, and addressed many of the areas of interest to them. In some cases, entrepreneurs have spent time (up to a week) on site observing day-to-day operations (e.g., insurance) and performing tasks (e.g., supermarket procurement). Most have traveled to several cities in the U.S., and usually to at least two regions. Overall, the participants' itineraries have provided broad exposure, and the results appear

to have been helpful in terms of skills development, business organization, market characteristics and potential commercial development. Participants' opinions of the quality of their internships in the U.S. are discussed below (see #6: Participant Perceptions). Even when participants were not completely satisfied with the outcome, comments were favorable in terms of their itineraries, program flexibility and derived benefits. Criticisms directed at PIET programming include a) insufficient technical skills and attention to specific entrepreneurs' needs, b) poorly spent time in Washington D.C., meeting with Eximbank and NAIC, c) improper briefings by PIET to U.S. companies, d) mismatch between size of U.S. and South African firms, and e) insufficient input by entrepreneurs into final TIPs. Despite these criticisms, the entrepreneurs all appeared to appreciate the opportunities afforded by the program. Greater financial input from the entrepreneurs may lead to increased involvement and a sharpening of TIP focus, ultimately enhancing the project's success.

g. Follow-up Support Upon Return to South Africa: B&SC is responsible for providing follow-up services to assist the entrepreneurs in achieving objectives. In most cases, the entrepreneurs themselves have been slow in either utilizing B&SC's services, or providing B&SC with needed information to produce loan proposals, attract equity investments, etc. B&SC's follow-up services have consisted of business development proposals, sub-contracting ventures, and legal and accounting advisory services for five of the 10 participants. In four cases, tangible benefits can be ascribed to the exchange, largely due to B&SC's assistance with both the business plan and specific, targeted follow-up suppport after the entrepreneur's return. This has included proposals for equity investment and sub-contracting, and helping to facilitate plant and equipment purchases and export orders.

h. Financial Management: The main issues concerning Recipient Resources, Financial Management, and operations are discussed below (see IIID). In brief, USSALEP and PIET have stayed within imposed budgetary guidelines. This has occurred largely because USSALEP has used discretionary funds to cover overhead in both Johannesburg and Washington, and because of PIET's subsidized rate. Direct costs of the exchanges to the U.S. have been held within the $6,000 limit. Likewise, B&SC has performed numerous marketing, administrative (selection) and outreach functions without charging for time and labor, amounting to a subsidy.

i. Reporting: Reporting requirements in the Cooperative Agreement include quarterly reports to USAID-Pretoria summarizing the following: 1) program activities over the previous three months, 2) program activities for the coming three months, 3) problems encountered in implementing program activities, 4)

statistics detailing applications and participants selected by gender, region and economic sector, 5) sub-contractor evaluations of the entrepreneurs' U.S. internships, and 6) sub-contractor evaluations of the entrepreneurs' success in launching business ideas one year after return. Other reporting requirements for submission to USAID include copies of Selection Committee meeting minutes and a final report within two months of the conclusion of the Agreement.

Based on reviews of files and discussions with USAID personnel, USSALEP has conformed to the Cooperative Agreement requirements. It is recommended that reporting include 1) formalized quarterly meetings with USAID to review progress, and 2) submission of debriefing reports from participants upon return to South Africa.

j. Conditions Precedent: Conditions Precedent included a series of administrative requirements to be made prior to obligation of funds. These included 1) hiring a Project Coordinator, 2) modifying the USSALEP-Johannesburg office to accomodate project demands, 3) appointing Selection Committees and Regional Contacts, 4) developing selection criteria for participant approval, 5) developing adequate promotional strategies, and 6) developing a Scope of Work, list of candidates, and performance measures for sub-contractors to provide technical assistance. These have all been accomplished, although some are likely to be further modified (#4 and #5).

k. Covenants: Key covenants in the Cooperative Agreement include 1) established participation guidelines (e.g., by race, territory), 2) impartial candidate selection process, and 3) employment generation and women's participation. USSALEP has adhered to the Agreement's covenants. Efforts to achieve greater territorial and gender diversity have been made, but achieved mixed results due to limited publicity and references outside of Transvaal. Nevertheless, USSALEP has fulfilled its obligations to date by achieving racial, gender, sectoral, and some territorial diversity. Intensified efforts to source candidates from outside Transvaal and provide financial incentives to Regional Contacts and others may help.

3. PIET PERFORMANCE AS USSALEP SUB-CONTRACTOR

By most accounts, PIET's performance has demonstrated strong commitment, solid logistical support, open communications, proper evaluation and reporting flows, and a good working relationship. The entrepreneurs themselves appear to have been satisfied with PIET's performance, as reflected in their comments on the exit evaluations (see #6 below).

Where there have been criticisms of PIET, these have centered on two key issues: a) insufficient time made available to the entrepreneur for input into the final TIP, and b) PIET staff

lacking sufficient technical experience, business experience or contacts in the industry. Given PIET's focus, it is unlikely to have technical expertise in high-tech fields or intimate contacts in many industries. In some cases, participants felt that PIET relied on a data bank of a limited number of firms willing to take on visitors, without exploring more properly scaled firms. This was often considered the case due to lack of sufficient time for planning and arrangements to be made. Unsatisfactory briefings were felt to reflect the lack of technical capabilities of PIET staff. Despite these criticisms, most participants appear to have benefitted from their programs in the U.S.

4. B&SC PERFORMANCE AS USSALEP SUB-CONTRACTOR

B&SC has played a significant role in the USSALEP project, assisting in the pre-selection, selection, pre-departure and post-arrival phases. Its role has been multi-dimensional, including the development of business plans, playing an influential role in the selection process, arranging sub-contracts and export orders for participants, advising on capacity expansion, preparing loan and equity proposals, and providing legal and accounting services.

As there has been limited time between most participants' returns to South Africa, there have been few transactions or developments regarding the entrepreneurs' operations as a result of follow-up services. Two entrepreneurs have generated additional contracts resulting from B&SC's services, while two other entrepreneurs have expanded their distribution networks and input supplies that should significantly increase business. To maximize benefits from B&SC assistance, more post-return structure will be required before departure to the U.S. to ensure greater effectiveness. B&SC's continued initiative remains key to project success.

5. PARTICIPANT PROFILE TO DATE

A cursory review of the 10 USSALEP entrepreneurs reflects the following characteristics:

a) Race: 6 Africans, 2 Coloreds, 2 Indians
b) Gender: 7 men, 3 women
c) Sector: 9 sub-sectors, of which 7 are service, 2 manufacturing
d) Geography: 7 from the Johannesburg area, 1 Pretoria, 1 Guguletu (Cape Town), 1 Engcobo (Transkei)
e) Title: 6 directors, 4 owners
f) Establishment: 5 had businesses operating more than 3 years, 5 less than 3 years
g) Employment: 1 had more than 50 employees, 4 between 10-50, 5 less than 10
h) Travel: 4/10 had visited the U.S. before

The above profile demonstrates that USSALEP has conformed to Cooperative Agreement covenants stipulating a wide range of economic sectors, gender balance, and employment opportunities for black South Africans.

6. PARTICIPANT PERCEPTIONS OF EXCHANGE

Based on participants' responses to the PIET EI evaluation questionnaire, most found the visits helpful and logistical support satisfactory. The following highlight the entrepreneurs' opinions of the U.S. internship. (Comments from entrepreneurs that have conflicted with these views have been highlighted in the text).

1) 9/9 found meetings with staff, managers and CEOs "very helpful"
2) 7/9 found meetings with professional associations "very helpful"
3) 4/9 found on-the-job training "very helpful" and 5/9 "somewhat helpful"
4) 4/4 found classroom/formal training "very helpful"
5) 8/10 found visits to related businesses "very helpful"
6) 7/10 found opportunities to observe operations "very helpful"
7) 8/10 found new products for their companies
8) 10/10 found new ideas/methods for their business operations
9) 7/10 found new methods/technologies for their businesses that they would like to know more about
10) 5/10 thought their visits were the right length of time, while 3/10 thought they were too short and 2/10 too long
11) 6/10 thought lodging was "adequate", 3/10 "excellent" and 1/10 "poor"
12) 6/10 thought travel arrangements were "excellent", 2/10 "adequate" and 2/10 "insufficient"
13) 5/10 transacted business while in the U.S.
14) 10/10 intend to pursue transactions as a result of the program
15) 10/10 intend to stay in touch with their U.S. hosts

These results generally reflect participants' positive impressions of their internships. By extension, this suggests the participants have generally been satisfied with the work of USSALEP and its sub-contractors through the internship phase of the project.

C. PERSONNEL ASSESSMENT

1. STAFF MEMBERS AT USSALEP

USSALEP has five staff in Johannesburg (including the Executive Director, Project Coordinator, Financial Administrator, Administrative Officer) and three staff in Washington, D.C. (Executive Director, Financial Manager, Secretary) administering the exchange. As the project is managed from South Africa, its role is critical in terms of a) marketing the program, b) processing applications, c) ensuring the selection process is impartial, d) communicating with its selection committee and regional contacts, e) working with its sub-contractor for technical guidance, f) maintaining constant communication with USSALEP and PIET in Washington, D.C. to accelerate information flows and entrepreneurs' itinerary development, g) handling air fare to/from the U.S. and other logistics for entrepreneurs, h) maintaining proper records and reports, and i) submitting quarterly reports to USAID.

Staff assignments are handled almost exclusively by the Project Coordinator. Time allocation and charges are found in Annex VII.

The Washington, D.C. office concerns itself primarily with critical back-up support for PIET (e.g., helping to make contacts for improved entrepreneurs' itineraries, market research for possible transactions), and financial/administrative record-keeping. These matters are coordinated almost entirely by the Financial Manager.

2. STAFF MEMBERS AT PIET

PIET has a total of ten staff working on the Entrepreneurs International project, four of which attend to the USSALEP program. PIET's role is labor-intensive, and has involved a) frequent communication with USSALEP after an entrepreneur has been chosen to increase the amount of information pertaining to background and business and commercial objectives, b) contact with NAIC, Eximbank and other Washington, D.C.-based "hosts" to assist with the entrepreneurs' first few days in the U.S., c) contact with the U.S. private sector in a manner that is tailored to the specific training objectives and needs of each entrepreneur, including trade fairs, conferences and on-site work, d) development of a Training Implementation Program (TIP) and Budget Work Sheet (BWS), effectively an itinerary, based on #a-c, e) orientation to the U.S., frequent communication and monitoring during the internship, and an exit evaluation before departure back to South Africa, f) logistical support (e.g., transport, health insurance, hotel reservations) for the entire U.S. stay, and g) a final report for submission USSALEP and USAID. Several of these roles (namely earlier and more detailed

communication with USSALEP-South Africa, orientation in South Africa and Washington, D.C., the inclusion of NAIC and Eximbank on itineraries, and longer time periods to allow more direct input into TIPs) should be modified, and these are discussed in Section IV.

PIET has been contracted to administer USAID's overall international training programs, including Entrepreneurs International. The PIET sub-contract with USSALEP effectively accesses EI for USSALEP. This has resulted in a) subsidized administrative rates charged to USSALEP, and b) availability of a large existing administrative structure to provide USSALEP with support it would have to hire on far costlier terms.

PIET staff assigned to the USSALEP project include two with previous USAID experience, two with private sector experience, and one MBA. On average, the four individuals have been employed by PIET for 18 months. Private sector experience is limited.

3. STAFF MEMBERS AT B&SC

B&SC has three individuals focussing on the USSALEP project. Their backgrounds are in the retail, marketing, accounting and finance areas, with more than ten years of experience between them at Coopers. One member (Principal Consultant) is a Chartered Accountant with significant management experience. A second member (Principal Consultant) has an MBA and significant business experience in the U.S. The third member (Senior Consultant) has an MBA and significant experience in large-scale retailing.

D. FINANCIAL AND OPERATING CONSIDERATIONS IMPACTING THE USSALEP PROJECT

1. ADMINISTRATIVE WORK FLOW FOR USSALEP INTERNSHIP

The administrative work flow per participant varies depending on the entrepreneurs' objectives and length of stay in the U.S. The generic work flow consists of the following steps: a) request for application; b) receipt of application; c) screening of application and applicant; d) visit by B&SC to premises; e) USSALEP review of B&SC comments from #c and d; f) selection committee decision; g) follow-up visit by B&SC to obtain specifics for business plan development and finalization of objectives; h) submission of information to PIET for TIP development; i) receipt of TIP from PIET; and j) review, amendments, and re-submission to PIET for finalization. As mentioned above, the TIP includes trade fairs and conferences as well as individual meetings and on-site operations. The length of stay and composition of activity depends on the entrepreneurs' individual objectives.

Pre-departure work tends to take two to three months, although this has also varied depending on trade fair dates. In certain cases, arrangements were made in far less time. In some of these cases, TIPs were finalized in the U.S. rather than before leaving South Africa. It is often insufficient time that is considered the main reason for an entrepreneur's disappointment, and when the itinerary does not fully conform to stated or implied objectives. One of the key administrative recommendations is to allow a longer planning period to a) ensure the entrepreneur possesses sufficient initiative and seriousness to benefit from the exchange and follow-up support, b) guarantee maximum input from the entrepreneur into the TIP, and c) provide PIET with reasonable lead time so it can effectively make arrangements. This is a detailed, cumbersome and labor-intensive process, and will require increased time and communications for improved implementation.

2. CASH FLOW CONSIDERATIONS RELATIVE TO WORK FLOW

Due to the greater than anticipated overhead required to make the exchange successful, USSALEP and B&SC have requested an increase in USAID funding for the project. The actual dollar increase is partially offset by the comparatively stronger rand (e.g., R2.50/$1.00 today vs. R2.65/$1.00 used in the original agreement budget). While USSALEP and B&SC have both signed contracts, their requests appear reasonable. Rates charged are at the same level as those originally proposed, and USSALEP and B&SC are requesting simply that a) certain increased management time charges and overhead be compensated for years 2 and 3 of the project, and b) that funds be made available in the U.S. for technical assistance related to specific investments and commercial transactions (e.g., legal interpretations of sanctions legislation, investment funds looking to invest in black South African enterprises, equipment procurement and export financing). This request is reasonable, although final details and amounts need to be developed based on the strategic planning parameters laid out in Section IV (and Annex IX). It is anticipated that the increase will amount to about 10% of the original commitment of $930,710. Annex VII provides a breakdown of actual 1990 expenditure and projected 1991 and 1992 expenditure, including allocated overhead and sub-contractor costs. These numbers will be more fully refined by USSALEP (and B&SC) in the strategic plan. The numbers presented appear to fairly represent the respective charges of each USSALEP operation, including sub-contractor costs. On a consolidated basis and assuming 48 exchanges, anticipated all-in costs for the three-year USSALEP project approximate $100,000 in excess of the original USAID grant. Net of U.S. follow-up, there is literally no variance between the U.S.$ amount of the original and proposed budget. Major assumptions and projected costs are shown in Annex VII.

3. OVERALL ASSESSMENT

The general assessment is that USSALEP has provided satisfactory financial management of the project, but administrative problems need to be resolved earlier via increased demonstration of initiative from entrepreneurs, increased communication with PIET, and perhaps greater stress on the commercial and business orientation of the exchange. Individual exchanges have stayed within budget, and sub-contractors in both South Africa and the U.S. have either performed functions beyond the scope of their sub-contract with USSALEP (B&SC) or heavily subsidized their costs (PIET). Nevertheless, certain administrative modifications need to be made to ensure greater coordination and success. Proposals for adjusting the grant agreement are discussed below.

IV. FINDINGS, ISSUES AND RECOMMENDATIONS

A. FINDINGS TO DATE

USSALEP and its sub-contractors have generally succeeded in a) assisting highly regarded black South African businesses with the means to increase productivity and employment, b) sending appropriate black entrepreneurs to the U.S., c) developing professional business plans, d) structuring programs that have provided substantial skills transfer, identified useful technologies, encouraged new operating systems, and forged business contacts with potential for future investments and trade, and e) providing professional business advisory services upon return to build on contacts made and concepts learned. The project has not been without its problems, namely a) marketing efforts to broaden the pool of serious applicants, and b) administrative measures to sometimes get entrepreneurs to the U.S. without having fully developed an appropriate program. Nevertheless, the program has generally been successful, and is poised for further success now that most operating problems have been identified and are either resolved or being addressed.

It should be pointed out that only 10 of 48 entrepreneurs have gone to the U.S. so far, with the agreement calling for an evaluation after the initial 10. Release of the second tranche to provide USSALEP with the needed financial resources to conclude the project is being recommended contingent on USSALEP providing USAID with a strategic plan detailing goals, objectives, strategies and targets by which to measure performance. The following summarizes key performance measures to date:

1) <u>Participant Perceptions</u>: Based on participants' responses to the PIET EI evaluation questionnaire, most found the visits helpful and logistical support satisfactory. The following highlight the entrepreneurs' opinions of the U.S. internship: a) 9/9 found meetings with staff, managers and CEOs "very helpful"; b) 7/9 found meetings with professional associations "very helpful"; c) 4/9 found on-the-job training "very helpful" and 5/9 "somewhat helpful"; d) 4/4 found classroom/formal training "very helpful"; e) 8/10 found visits to related businesses "very helpful"; f) 7/10 found opportunities to observe operations "very helpful"; g) 8/10 found new products for their companies; h) 10/10 found new ideas/methods for their business operations; i) 7/10 found new methods/technologies for their businesses that they would like to know more about; j) 5/10 thought their visits were the right length of time, while 3/10 thought they were too short and 2/10 too long; k) 5/10 transacted business while in the U.S.; l) 10/10 intend to

pursue transactions as a result of the program; and m) 10/10 intend to stay in touch with their U.S. hosts.

2) Potential for Business Expansion: Black firms in South Africa are generally constrained by financial, marketing, size, managerial and other limitations as a result of apartheid. Despite these constraints, USSALEP's entrepreneurs have seized market niches, become significant in the "black" economy, and demonstrated significant potential for expansion. There is demonstrable evidence of new skills, technologies, products, techniques and contacts that are benefitting and will benefit these enterprises as a result of the USSALEP exchange, including valuable follow-up support once back in South Africa.

3) General Management: Management of the project has been good in most cases, although it appears greater hands-on coordination with the Project Coordinator would be useful in developing marketing strategies and improved administrative procedures. Where appropriate, the Executive Director should play a role in publicizing the project and soliciting support from the business community (e.g., referrals from Council Members; involvement of U.S. businessmen in pre-departure orientation). In addition, the Executive Director should stay in relatively close telephone contact with USSALEP-Washington and PIET to discuss concerns, resolve problems, and assess progress.

4) Marketing: USSALEP's marketing efforts have not been as effective as needed in order to generate sufficient numbers of qualified applicants for the exchange. The number of applicants has been 140 to date. In some cases, applications have lagged due to the needed start-up time to implement a promotional program with success stories that generate momentum. So far, marketing efforts have focussed on infrequent print and broadcast media coverage. Regional Contacts have fared poorly in general in generating accepted referrals. USSALEP will have to engage in more aggressive marketing of the project to enhance the number of high quality applicants it seeks to achieve project success.

5) Selection Criteria and Process: USSALEP has implemented an impartial selection process, as demonstrated by the racial, gender, sectoral, scale and (to some degree) territorial diversity of its entrepreneurs. Efforts have been and are being made to tighten selection criteria (e.g., greater financial information, more initiative demanded of the entrepreneur for information gathering) and improve marketing (e.g., greater contacts, financial incentives for accepted referrals). These efforts are intended to redress

insufficient information flows from entrepreneurs and the small number of applicants.

6) Pre-Departure Planning: USSALEP-Johannesburg has encountered few administrative and logistical problems. Key problems have been a) generating sufficient information up front from entrepreneurs to provide to PIET to allow enough lead time for effective itineraries to be developed in the U.S., and b) providing sufficient background information to participants about U.S. cultural patterns and business practices.

7) Orientation and Implementation in the U.S.: USSALEP and PIET have performed well from an administrative and programming standpoint. Criticisms by entrepreneurs of their itineraries relate to the need for a) sufficient time for PIET to arrange for specific and technical needs, b) better briefings, c) visits to more appropriately sized firms, and d) greater entrepreneur input into final TIPs. Despite these criticisms, the general consensus is that entrepreneurs benfitted from their programs.

8) Follow-up Support Upon Return to South Africa: There has been advisory, accounting and legal follow-up support to date given to five of the 10 participants. B&SC has also been aggressive in pursuing sub-contracting proposals and venture capital for certain entrepreneurs. Four entrepreneurs have benefitted directly from the exchange and/or follow-up support in the form of increased orders and/or production and distribution capacity. Problems associated with follow-up for the other five entrepreneurs relate more to entrepreneurs than to B&SC. These five entrepreneurs have not demonstrated the initiative to pursue collaborative measures with B&SC to expand their business operations.

9) Financial Management: USSALEP and its sub-contractors have demonstrated competent financial management of the project. Substantial subsidies have been provided by USSALEP, PIET and B&SC.

10) Reporting: USSALEP appears to have conformed to reporting requirements as stated in the Cooperative Agreement.

11) Overheads and Subsidies: USSALEP and its sub-contractors have provided substantial subsidies via open subsidies and uncharged expenditure that understate the real cost of programming. While this was understood with PIET and, in fact, negotiated with USSALEP (see "Recipient Resources"), it should be acknowledged that USSALEP and B&SC have incurred higher-than-anticipated overhead charges.

B. ISSUES AND RECOMMENDATIONS

As the project has generally been well managed and results positive to date, it is recommended that USAID continue funding the project and, in fact, increase its commitment by roughly $100,000 to support technical assistance not previously budgeted. Nevertheless, continued and increased funding should be contingent on receipt of a satisfactory strategic plan in which goals, objectives, strategies and targets are delineated. Further, disbursements should be made in installments based on targeted achievements. Agreement between USSALEP and USAID on these targets will serve as performance indicators by which USAID will continue to monitor the project. Annex IX lists some of the parameters for this plan; USSALEP and B&SC are expected to refine it and provide substantive thinking in developing the plan. Continued funding will depend on USSALEP's ability to satisfy these targets. Strategies should include the following:

1) Marketing: The key issue concerning USSALEP's promotional efforts in South Africa has been the relatively small number of applicants (140) which has limited the number of entrepreneurs qualifying for the exchange. USSALEP should consider the following to improve its marketing efforts:

a. modify the Cooperative Agreement to permit Council Members to nominate candidates (one per year from each Council Member would yield 46 referrals);

b. develop a monitoring and evaluation data base to track tangible economic and financial benefits to participants and use results as promotional material;

c. develop a marketing plan to aggressively promote the exchange with well organized regional trips, contacts with knowldegeable and active black business organizations, formation of committees and follow-up calls to ensure a steady flow of applicants;

d. forge relations with financial sector firms to provide candidates; B&SC has approached several banks and accounting firms, and these efforts should be continued; and

e. provide a finder's fee of R250 to anyone in the private sector who provides a successful reference, not just Regional Contacts.

2) Administrative: While overall administration has been good, a series of issues has emerged which have undercut the project's effectiveness. These include a) limited and staggered information provided by entrepreneurs, b)

limited orientation before departure, c) insufficient time for PIET to make fully satisfactory arrangements for participants, d) limited awareness in South Africa of difficulties encountered by PIET in making arrangements, and e) no planning in advance of the U.S. visit for follow-up support. USSALEP and its sub-contractors should consider the following to improve administration of the project. (All three have already begun to initiate new measures, some mentioned below, to improve on project management):

a. tighten screening procedures by insisting on greater demonstration of initiative than shown in the past (e.g., detailed information on relevant products and markets, efforts to link this information with increasingly specific goals and objectives for the exchange and follow-up support); entrepreneurs should be expected to pay for part of the trip (e.g., air fare); tightened screening procedures will require more up-front processing time, but should provide USSALEP and B&SC with enhanced screening capabilities;

b. transmit FAX to PIET of basic profile (e.g., sector, scale, key objectives) of any entrepreneur considered a serious applicant to receive specific details PIET needs before developing business plan;

c. provide a clearer understanding to qualified acceptances of the need for maximum up-front information for programming purposes; longer visits by B&SC (as currently proposed) should yield greater information; also longer screening periods in which the applicant is required to generate in-depth knowledge of products, markets, etc. should be required to ensure the entrepreneur is not only successful, but likely to benefit from the exchange;

d. provide PIET with time required to develop satisfactory and agreed-upon final TIP, including more detailed profile of contacts as agreed in recent correspondence between USSALEP-Johannesburg and PIET; emphasis should be placed on program quality, not trade fair dates; exchanges should be deferred up to one year if necessary to ensure proper plans can be made;

e. develop a more systematic pre-departure orientation program for selected applicants before their departure to the U.S.; this should involve representatives from the U.S. business community, USSALEP alumni, and USSALEP and B&SC; these orientations should be in groups (e.g., four entrepreneurs), and address all key business, cultural and other considerations identified by previous and current

entrepreneurs to ensure greater participant understanding of both exchange and post-return objectives;

f. arrange to have USSALEP-Johannesburg's Project Coordinator visit the U.S. to work with USSALEP-Washington and PIET to better understand the effort involved in developing an itinerary; the Project Coordinator should work with PIET to develop specific itineraries; such a trip will assist USSALEP and B&SC on their information-gathering activities and link to program development; this trip should be coordinated with B&SC if the latter chooses to send a representative to the U.S. to assess commercial opportunities and restrictions concerning South Africa; the Project Coordinator's trip should be primarily a working session with PIET in Washington, D.C., and not focus on petty complaints such as hotel accomodation;

g. consider eliminating Washington, D.C. as the initial arrival point, and have participants go directly to their trade fairs; such a radical step assumes greater pre-departure orientation and a detailed information package, and should initially be tested on entrepreneurs who have previously visited the U.S.; entrepreneurs generally feel the first few days in Washington, D.C., during which they meet with Eximbank and NAIC, have been a misuse of scarce time; PIET should consider developing a list of private sector and other South Africans in the U.S. to provide to the entrepreneurs for ongoing support;

h. develop a broad post-return (in South Africa) plan for follow-up services to be provided by/with B&SC before departure to the U.S.; de-briefing should include modifications and development of such a plan, maintaining momentum and putting the onus on the entrepreneur to provide B&SC with its requirements for follow-up services; B&SC should report to USSALEP every three months (vs. six) on the status of each entrepreneur; if there is insufficient effort and data forthcoming after six months, follow-up services should be terminated and any participant deposits foreclosed; and

i. USSALEP should inform each participant that USSALEP-Washington is willing to provide post-departure (from the U.S.) contact for follow-up provided the entrepreneur demonstrates initiative as mentioned in #g above; in addition, USAID will provide funds for U.S. experts to pursue technical commercial issues outside the bounds of USSALEP-Washington's expertise.

3) Financial: In light of higher-than-anticipated costs incurred at USSALEP and B&SC, and general agreement that the original Cooperative Agreement contained weaknesses regarding recipient resources, the following measures should be considered to remedy these concerns:

a. increase the total USAID grant from $930,710 to roughly $1,032,490 to allow USSALEP and B&SC to recover expenditures not previously recovered to accomodate needed systematic changes in the implementation of the USSALEP project;

b. provide up to $100,000 (included in the figure above) for specialized technical services in the U.S. on commercial and financial opportunities when USSALEP is unable to provide such support; and

c. require entrepreneurs to deposit an amount equivalent to air fare as a means of demonstrating commitment, and R2,000 for less liquid entrepreneurs who demonstrate their commitment through the screening process.

4) Management: While management has generally been good, certain actions by the Executive Director can be taken that have heretofore been overlooked:

a. work with the Project Coordinator each month to assess performance with regard to strategic plan targets; the filing of a monthly report to USAID would be an appropriate occasion to review performance, and to discuss any major deviations directly and promptly with USAID;

b. play an active role in mobilizing U.S. businessmen to participate in orientation sessions for departing entrepreneurs; these efforts should complement the efforts of the Project Coordinator, and occur when the Project Coordinator is unable to arrange for appropriate participation;

c. supervise production of the strategic plan;

d. stay in frequent touch (at least quarterly) with USSALEP and PIET to ensure focus remains on business development and expansion, rather than any bias towards training that may become apparent in some programming; these telephone conversations should also review PIET's efforts to identify new and sometimes more appropriate contacts for entrepreneurs; and

e. submit debriefing reports from participants upon return to South Africa to USAID, and schedule formal quarterly progress meetings with USAID.

Annex IX includes a summary of strategic planning measures that should be considered for approval by USSALEP and USAID before disbursement of the second tranche and modifications to the amount of USAID funding. It is also recommended that USAID release funds in installments based on USSALEP's ability to achieve agreed-on performance targets.

ANNEX I: LIST OF MEETINGS

LIST OF MEETINGS

USSALEP

Robert Hoen, Executive Director (U.S.)
Lynette Soudien, Manager (U.S.)
Clive Richardson, Executive Director (South Africa)
Mlungisi Mavana, Project Coordinator (South Africa)

USSALEP ENTREPRENEURS

Alex Molokoane, Alex International
Khehla Mthembu, Afsure Ltd.
Peter Snyman, Sounds of Soweto
Farouk Varachia, Electro-Chem Technology

PIET

Ronald Springwater, Executive Director
Caroline Hollister, Manager

B&SC

Rob Bendel, Principal Consultant
Mike Mohohlo, Principal Consultant
Leon Raff, Senior Consultant

EXIMBANK

Annmarie Emmet, Loan Officer

NAIC

Jo Ann Price, President
Diane Thomas, Vice President

USAID

David Himelfarb, Project Manager (Pretoria)
Stephen Wade, Consultant (Johannesburg)
Colleen Allen, Office for International Training

ANNEX II: USSALEP PERFORMANCE RELATIVE TO THE COOPERATIVE AGREEMENT WITH USAID

USSALEP PERFORMANCE

CATEGORY	DEGREE OF COMPLIANCE		
	STRONG	MEDIUM	WEAK
A) ADMINISTRATION:			
Marketing		X	X
Selection Process	XX		
Orientation		XX	
Communications	X	X	
Logistics	XX		
Pre-Departure Organization		XX	
Internship Quality	X	X	
Post-Return Support		XX	
B) PARTICIPANT SELECTION:			
vs. Targeted Number		XX	
Sectoral Diversity	X	X	
Gender Criteria	XX		
Racial Criteria	XX		
C) FINANCE:			
Cash Flow vs. Budget	XX		
non-USAID Support	XX		
Controls	XX		
D) REPORTING:			
Quarterly Reports	XX		
Selection Committee Meetings	XX		
Monitoring/Evaluation Data			XX
E) INFORMATION SYSTEMS:			
Financial	XX		
Operations	XX		
F) INSTITUTIONAL INFRASTRUCTURE:			
Personnel	XX		
Council	XX		
G) SOCIAL:			
Employment			XX
Women	X	X	

ANNEX III: USSALEP-SOUTH AFRICA REGIONAL CONTACTS

REGIONAL CONTACTS

Mr. Jacob Luvuno, Old Mutual Insurance (Natal)

Mr. Louie Makuae, Mobil Oil (Western Cape)

Mr. Khanyile Mjuleni, Urban Foundation (Eastern Cape)

Mr. Jackie Moloi, retailing entrepreneur (Orange Free State)

Mr. Joe Vezi, investment company (Transvaal)

ANNEX IV: USSALEP COUNCIL MEMBERS

USSALEP Council Members

Anthony J Ardington
Chairman
Russell Marriott & Boyd Trust
Durban

Prof C John A Barratt
Director
SA Institute of International Affairs
Johannesburg

Dr Elias Blake Jr
Director
Division of Higher Education, Policy and Research
Howard University
Washington D.C.

George M Burditt
Partner
Burditt, Bowles & Radzius Ltd
Attorneys-at-Law
Chicago, Illinois

Morris Cowley
Executive Director
SA Institute of Management
Johannesburg

David P de Villiers
Joint Chairman, USSALEP
Advocate and Senior Counsel
Cape Town

Meshack B Dlamini
Chairman
SA Black Hawkers and Informal Businesses Association
Benoni

Donald L Duster
Assistant Executive Director
Chicago Commons Association
Chicago, Illinois

Prof Willie P Esterhuyse
Department of Social and Political Philosophy
University of Stellenbosch
Stellenbosch

Fred H Ferreira
Midland Chamber of Industries
Port Elizabeth

Harold C Fleming
President
The Potomac Institute
Washington D.C.

J Wayne Fredericks
American Chairman, USSALEP
Counsellor-in-Residence
Institute for International Education
New York

Robert M Hoen
USSALEP/US Executive Director and Chairman of the Executive Committee
Washington D.C.

Dr Lewis M Hoskins
Professor Emeritus of History and International Programmes
Earlham College
Lincoln City, Oregon

Helen A Kitchen
Director of African Studies
Centre for Strategic and International Studies
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Colin J Klipin
Senior Vice President
Bank of America
San Francisco, California

J Bruce Llewellyn
Chairman of the Board
Philadelphia Coca-Cola Bottling Company
New York

Deborah M Mabiletsa
USSALEP/SA Executive Committee Chairman
Executive Director
The Urban Foundation
Johannesburg

Prof N Chabani Manganyi
Vice Chancellor
University of the North
Pietersburg

Dr John A Marcum
Professor of Politics
University of California/Santa Cruz

Sal G Marzullo
Vice President
International Governmental Affairs
Mobil Oil Corporation
New York

Clive S Menell
Deputy Chairman
Anglovaal Ltd
Johannesburg

Jameson V Mlotshwa
SA National Council for Child and Family Welfare
Johannesburg

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California Institute of Technology
Pasadena, California

Wells Z Ntuli
Director: Industrial and Community Relations
Anglovaal Ltd
Johannesburg

Prof Nina Overton
Department of Communications
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Southport, Connecticut

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University of Durban-Westville

Chris J Saunders
Chairman
The Tongaat-Hulett Group Ltd
Tongaat

Windsor H Shuenyane
Community Affairs Manager
SA Breweries Ltd
Johannesburg

Ruth L Sims
Director
Connecticut Women's Bank
Riverside, Connecticut

Henry R Slack
Director
E Oppenheimer & Son (Pty) Ltd
Johannesburg

Franklin A Sonn
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Richard S Steyn
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Prof Louise A Tager
Law Review Project
University of the Witwatersrand

Robert SK Tucker
Managing Director
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Putney Westerfield
President
Bogden Associates
San Francisco, California

Alan H Wilson
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Marmite (Africa) Ltd
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Willard Wirtz
Partner
Friedman and Wirtz
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ANNEX V: USSALEP-SOUTH AFRICA SELECTION COMMITTEE MEMBERS AND SELECTION CRITERIA

SELECTION COMMITTEE MEMBERS

1. Nicky Morgan
   Lecturer / Consultant Business & Labour Affairs
   University of the Western Cape

2. Themba Phasiwe
   Accountant / Consultant
   Cape Town

3. Wawa Damane
   Consultant for Bureau of Development
   for Research & Training
   University of Transkei

4. Gerrit Radder
   Prof. Dept of Accountancy
   Vista University
   Port Elizabeth

5. Wallis ~~Mlangeni~~ L[illegible]
   Manager, Small Business Development
   Standard Bank
   Durban

6. T. Gwanya
   Consultant, Institute for Management
   & Development Studies
   University of Transkei

7. Paul Tsotetsi
   Accountant
   Director Tusk Music Co.
   Johannesburg

8. Clyde Louw
   Business person
   Reiger Park
   Boksburg

9. Israel Skosana
   Chartered Accountant
   Ernst & Young
   Johannesburg

10. Lazarus Zim
    Consultant
    Qwaqwa Development Corporation
    Witsieshoek, Orange Free State

11. Wells Ntuli
    Director Human Resources
    Anglo-Vaal Corporation
    Johannesburg

12. Mlungisi Mavana
    Project Coordinator
    USSALEP

13. Clive Richardson
    Director - South Africa
    USSALEP

ENTREPRENEUR EXCHANGE PROGRAMME SELECTION CRITERIA

Minimum Requirements

All applicants for USSALEP's Entrepreneur Exchange Programme, to be successful, must possess the following minimum qualification for participation:

- Applicants must be exceptional entrepreneurs and key decision makers in their enterprise.
- Applicants cannot be an employee of a multi-national company.
- Applicants must work for a majority black South African-owned private enterprise.
- Applicants must agree to provide USSALEP and others with complete report on programme and required ticket stubs and receipts, and agrees to participate in USSALEP'S EEP Follow-up Support programme.
- Applicants' firm must continue to pay applicant's salary and must ensure return to his/her current or upgraded position.

SUCCESSFUL APPLICANTS MUST ABIDE BY THE PROGRAMME SCHEDULING/TIMING/ACCOUNTING REQUIREMENTS. TO ENSURE COMPLIANCE WITH THIS CONDITION, PARTICIPANTS MUST CONTRIBUTE R 1,500 TO THE PROGRAMME, OF WHICH R 1,000 IS REFUNDABLE UPON:

a. THE PARTICIPANT'S RETURN FROM THE UNITED STATES;
b. THE PARTICIPANT'S SUBMISSION OF A FULL TRIP EVALUATION REPORT; AND
c. THE PARTICIPANT'S SUBMISSION OF REQUIRED AIRLINE TICKET STUBS AND RECEIPTS.

R 500.00 WILL BE RETAINED BY USSALEP TO COVER ADMINISTRATIVE COSTS.

Selection Process

In selecting participants for the programme, candidates will be awarded points as follows:

		MAXIMUM POINTS	CANDIDATE SCORE
1.	Applicant is owner/operator of an existing business.	12	___
2.	Applicant/firm has at least 3 years experience as owner/operator of that business.	10	___
3.	Applicant/firm has business plan which includes plan for expansion, production diversification, new product development, etc. based in U.S. goods, services, technology, and/or management techniques.	23	___
4.	Applicant/firm has identified the preffered U.S. host and the area of focus during the period of time with the host.	15	___
5.	Preference for female applicants.	5	___
6.	Applicant/firm has annual financial statements.	5	___
7.	Applicant has annual audited financial statements.	10	___
8.	Applicant/firm is member of private sector support association or organization (e.g., Chamber).	5	___
9.	Community Involvement	15	___
	TOTAL SCORE	100	___

ANNEX VI: NAIC MEMORANDA OF CONVERSATION WITH USSALEP PARTICIPANTS

Executive Briefing Summary
for
Thelma Buyiswa Thangalene
South Africa
Training in Salon/Business Management
May 29,1990

Executive Consultant:

James Fletcher, President
The Neighborhood Fund, Inc.
1950 East 71st Street
Chicago, Illinois 60649
(312)753-5670

Meeting Duration:

Approximately three hours, from 2:00 p.m. to 5:00 p.m.

Meeting Substance:

Mr. Fletcher began by discussing with Ms. Thangalene her background and current goals. Ms. Thangalene indicated her desire to open a string of beauty spas which would include products, services, classes, and weight reduction programs.

Mr. Fletcher helped Ms. Thangalene to pinpoint her market. She had recently relocated from her original location to an area where she felt she could attract more affluent clients. Her new location provided her a closer proximity to women who worked in offices as opposed to her old location, where most of the women in the area worked in homes.

They then discussed the consumer buying habits of the target market. Ms. Thangalene made it clear that U.S. beauty products were in high demand in South Africa. Because of the boycott, however, they were very hard to obtain. One of the purposes of Ms. Thangalene's trip to the U.S. was to try to develop a supplier relationship with a U.S. firm.

Mr. Fletcher indicated to Ms. Thangalene that in order to establish viability with American firms, she would need a good business plan to present to potential suppliers. Although she had begun to work on a proposal, she had not yet produced one appropriate for her goals. Mr. Fletcher spent the remainder of the meeting reviewing with Ms. Thangalene the elements she should include in a business proposal for presentation to suppliers and investors.

Recommendations:

Mr. Fletcher recommended that Ms. Thangalene sit down with an accountant and an attorney to develop a five year plan based on the factors they had covered during their meeting.

Mr. Fletcher also offered to meet with Ms. Thangalene again before she left the country and after she had obtained more information from potential suppliers.

Executive Briefing Summary
for
Mr. Mohamed Varachia
Johannesburg, South Africa

July 6, 1990

Executive Consultant: Anthony Williams, Vice President, SYNCOM Capital Corporation, 1030 15th St., N.W., Suite 203, Washington, D.C. 20005. (202) 293-1166

Meeting Duration: Although a three hour meeting from 2:00 to 5:00 was scheduled, Mr. Varachia did not arrive for the meeting until approximately 2:45, and the meeting lasted approximately two and a half hours until 5:15.

Meeting Substance: Mr. Williams began by reviewing the business proposal Mr. Varachia brought with him. The proposal lacked key information in a variety of areas, so Mr. Williams provided Mr. Varachia with business plan criteria and outlines prepared by SYNCOM and the National Association of Investment Companies, and suggested that Mr. Varachia use the information to improve his proposal.

Mr. Varachia then identified his chief objective as identifying sources of venture capital for his business. He is seeking from $150,000 to $300,000. He is unable to obtain bank financing in South Africa since they require collateral and he is prohibited from owning property.

At this point, Mr. Williams called a SYNCOM board member , Jack Gloster, who recently participated in a study to determine the feasibility of getting venture capital to black businesses in South Africa.

Mr. Gloster told Mr. Varachia that most black businesses in South Africa are too small for outside investors and that venture capital investors typically like to invest closer to home. There were some companies, however, who might be interested in investing in black businesses in South Africa. They would prefer to invest through an intermediary, however, and currently none exists. They would also prefer a more stable local situation. Mr. Gloster promised to forward to Mr. Varachia a list of companies that might provide venture capital for his business.

Mr. Gloster also mentioned to Mr. Varachia a program in which 120 to 150 South African black entrepreneurs were to come to America to meet with black American entrepreneurs. He promised to forward information on this program, and to attempt to schedule some meetings for Mr. Varachia when he came back through Washington. The meetings would be with some local entrepreneurs who conduct business internationally and might be interested in a joint venture or providing venture capital to black South African companies.

Recommendations

It is recommended that Mr. Varachia use the materials provided by Mr. Williams to improve his business plan. Once this is accomplished, Mr. Varachia can use the proposal to approach potential investors, including those on the list which Mr. Gloster will provide.

If the opportunity presents itself, Mr. Varachia should also take advantage of any meetings Mr. Gloster may be able to set up with potential joint venture partners.

Executive Briefing Summary
for
Mr. Peter Snyman
Johannesburg, South Africa

July 20, 1990

Executive Consultant

Divakar Kamath, Executive Vice President, Equico Capital Corporation, 135 West 50th Street, 11th Floor, New York, New York 10020. (212)641-7650

Meeting Duration:

Although a three hour meeting had been scheduled from 9:00 a.m. until 12:00 p.m., Mr. Snyman was in the offices for only an hour, as explained below.

Meeting Substance:

Mr. Kamath began the meeting by asking Mr. Snyman some background questions on himself and his business. Mr. Snyman indicated he had been in the recording business for some time. Although he had represented artist who subsequently became quite successful, they often left his firm for a white-owned company which could provide far more exposure for the artists.

Mr. Snyman explained he had come to the United States to go to recording studios and look for artists whom he might be able to [illegible] in back in South Africa. He had not yet scheduled any meetings with studios, and was anxious about that fact.

Mr. Snyman also shared with Mr. Kamath a business plan and financial statements which had been audited by Arthur Andersen & Company. He planned to take these to the Export-Import Bank to attempt to acquire funds for additional equipment.

Mr. Kamath's assessment of Mr. Snyman was that he was a very savvy businessperson who needed more help in making contacts than in preparing a business plan. After a brief review of Mr. Snyman's business plan, Mr. Kamath introduced him to the other Equitable executives in his office and explained his situation.

The Equitable executives offered to work on finding contacts for Mr. Snyman to meet with before he left the country. In the meantime, they offered Mr. Snyman office space and a phone to work from during his stay in New York.

Recommendations:

Mr. Kamath recommended to Mr. Snyman to call him back in a few days after he had the opportunity to look for potential contacts. He also suggested that Mr. Snyman contact Paul Simon while he was in New York. Mr. Snyman had worked with Paul Simon during his earlier visit to South Africa when he was making his Graceland album.

Executive Briefing Summary
for
Alex Molokoane
South Africa

August 16, 1990

Executive Consultant: Stanley W. Tucker, Executive Director, Maryland Small Business Development Financing Authority, Redwood Tower, 217 E. Redwood Street, Suite 2240, Baltimore, Maryland 21202. (301)333-4270.

Meeting Duration: The meeting lasted three hours, from approximately 9:30 to 12:30.

Meeting Substance: At the beginning of the meeting, Mr. Molokoane indicated his main interest was in learning how to become a good franchisor.

Mr. Tucker, who invests in franchises, began by covering with Mr. Molokoane all the important financial factors he should consider in becoming a franchisor. He explained to Mr. Molokoane the various areas he analyzes in the franchisor/franchisee relationship, pointing out what he thought a franchisor should look for in a franchisee.

Mr. Tucker then covered the legal aspects of the franchisor/franchisee relationship, stressing that both parties have to be protected under the legal agreements. He stressed in particular the operating circular which Mr. Molokoane would need to prepare as a franchisor.

Finally, Mr. Tucker pointed out to Mr. Molokoane that becoming a franchisor can be a very expensive endeavor, and Mr. Molokoane must be prepared to seek outside financing to cover his expenses. Mr. Tucker reviewed with Mr. Molokoane the areas he should cover in his business proposal to seek investors.

Recommendations: Mr. Tucker urged Mr. Molokoane to obtain as many operating circulars from franchisors as possible while he was in the United States so he could use them as models in improving his own, which Mr. Tucker found to be incomplete.

Mr. Tucker recommended that Mr. Molokoane work on a business plan once he returned home so he could seek the outside financing he would need to become a successful franchisor. Mr. Tucker provided Mr. Molokoane with written materials to help him in this endeavor.

Mr. Tucker arranged for Mr. Molokoane to meet with Claude Patmon, a successful Black American franchisor, on September 11. He will also be forwarding to Mr. Molokoane additional information on franchising.

Executive Briefing Summary
for
Mavis Jansen
South Africa

September 6, 1990

Executive Consultant: Esther M. Carr-Davis, President, Consumers United Capital Corporation, 2100 M Street, N.W., #605, Washington, D.C. 20036 (202)872-5262

Meeting Duration: The meeting was scheduled to run for three hours, from 9:00 to 12:00, but Ms. Carr-Davis stayed with Ms. Jansen until approximately 3:30 p.m.

Meeting Substance: Ms. Jansen expressed a particular interest in discussing methods to improve her marketing and buying for her business. Her current strategy in these areas might best be described as "hit and miss". She buys for an entire season before it begins rather than ordering smaller amounts of merchandise to begin with and reordering when it appears necessary to do so.

Ms. Carr-Davis recommended that Ms. Jansen adopt an "open to buy" strategy, in which she would sit down ahead of time to decide exactly what she needed. She also cautioned Ms. Jansen to be aware that winter clothing takes up more space than summer clothing, so she should order accordingly.

In terms of marketing, Ms. Carr-Davis shows Ms. Jansen how to get demographic information on target clients. Ms. Jansen indicated she previously had been using flyers for marketing, but was unsure of the effectiveness of this method. Ms. Carr-Davis suggested she continue this strategy, but attach a discount coupon to the flyers in the future so she could measure the success of the flyers. She also suggest that Ms. Jansen send flyer distribution crews out into targeted neighborhoods, or perhaps to attach the flyers to cars at churches on Sundays in targeted neighborhoods. Fashion shows at churches in these neighborhoods was also suggested as a marketing approach.

Ms. Carr-Davis also discussed with Ms. Jansen her relationship with her suppliers. She suggested she focus on where her suppliers were located, how fast they could deliver merchandise, and the credit terms they offered. She also suggested Ms. Jansen negotiate the ability to return items if they were not sold by a certain date.

After their meeting in the office, Ms. Carr-Davis took Ms. Jansen to lunch and to visit three Washington boutiques in order for Ms. Jansen to gather ideas regarding store layouts, pricing, and merchandise mix.

Recommendations:

Ms. Carr-Davis recommended that Ms. Jansen use financial projections as measuring tools in estimating her open to buys. It is likely she would discover patterns in sales, with heaviest sales around Christmas, Easter, back-to-school, and at other times. By knowing her peak periods, she can order merchandise accordingly. She also suggested that Ms. Jansen hire an outside accountant to do her financials. Ms. Jansen and her mother currently perform this function, and several important expense items were left off the financial projections Ms. Carr-Davis was given to review.

Finally, Ms. Carr-Davis recommended that Ms. Jansen subscribe to Womens Wear Daily for up-to-date information on pricing, suppliers, and other industry areas.

Executive Briefing Summary
for
Zinziswa Kulu
South Africa

October 25, 1990

Executive Consultant: Anthony Williams, Vice President, SYNCOM Capital Corporation, 1030 15th Street, N.W., Suite 203, Washington, D.C. (202)293-9428

Meeting Duration: The meeting lasted for three hours, from 2:00 to 5:00 p.m.

Meeting Substance: Ms. Kulu indicated she was looking for investors in her company, so Mr. Williams focused in on her business plan. The document she brought with her was very general in nature and did not provide the type of information potential investors would be seeking, so he reviewed with her the areas she needed to cover in a business plan

In addition to discussing the importance of a good business plan and what it should include, he helped her with how to sell her plan to potential investors. In this respect, he helped her to define her market and the technical end of her business for potential investors.

Recommendations: Mr. Williams encouraged Ms. Kulu to speak with as many entrepreneurs in her field as she could while she was in the country. After reviewing her travel agenda, he made specific recommendations for people to visit while she was in different cities.

Mr. Williams also encouraged Ms. Kulu to participate in training courses in legal, financial, and accounting areas while she was here. He referred her to providers of these courses. He recommended that she visit the library at the National Association of Broadcasters, which had many publications he believed would be helpful to Ms. Kulu in her operations.

Finally, Mr. Williams suggested that Ms. Kulu continue to write to him after she returned home, sharing any particular business concerns with which he might be able to assist her. He assured her that he would be happy to continue to correspond and provide assistance where he could.

Executive Briefing Summary
for
Abdul Moosa
South Africa

November 6, 1990

Executive Consultant: Raymond Suarez, Vice President, Broadcast Capital Fund, Incorporated, 1771 N Street, N.W., 4th Floor, Washington, D.C. 20036. (202)429-5393

Meeting Duration: Three hours, from 2:00 until 5:00 p.m.

Meeting Substance: Mr. Suarez spent the first two hours reviewing with Mr. Moosa his business plan, and the last hour in a spontaneous, informal discussion of his entire business package.

Mr. Suarez began by helping Mr. Moosa to define and analyze his products and business units. Mr. Moosa's products can be divided into two major areas: tutoring in college preparation courses, and computer training for on the job skills such as typing, word processing, spreadsheet and data base management. In each of these areas, Mr. Suarez focused on the different factors which affected the market for these products, helping Mr. Moosa to look at them in terms of price, profitability, and other areas given limited resources. He helped Mr. Moosa to define the size of each of his markets, how they would grow or contract, and the potential need for Mr. Moosa to respond with changes in the products.

Mr. Suarez also reviewed the financial aspects of Mr. Moosa's plan. He reviewed the balance sheet and income statement and the elements of Mr. Moosa's revenue projections. Mr. Moosa had budgeted for revenue increases of 10% per year, but also indicated an expectation of 15% per year inflation. Mr. Suarez worked with Mr. Moosa to plan for a 25% annual increase in revenues, to account for inflation. They also discussed issues of capitalization. Mr. Moosa indicated the current cost of money for borrowers was approximately 26%. His business is currently 100% equity. The two discussed the pros and cons of borrowing to grow the business.

Recommendations:

In terms of his business plan and strategy, Mr. Suarez provided Mr. Moosa with recommendations on pricing, market analysis, business selection, demand generation, and vendor selection. They also worked to identify how best for Mr. Moosa to maximize his position as the first person in his business before the competition begins to build.

Mr. Moosa also indicated that he was looking for software while in the country, and Mr. Suarez reviewed the vendors he was scheduled to meet with. He told Mr. Moosa that most of what he needed was available through generic, across-the-counter software. He suggested that Mr. Moosa visit some retailers to see what was available, and Mr. Suarez agreed to meet with Mr. Moosa again when he came back through town to help him to set up a schedule for this purpose.

Executive Briefing Summary
for
Khehla Mthembu
Soweto, South Africa

November 9, 1990

Executive Consultant: Esther Carr-Davis, President, Consumers United Capital Corporation, 2100 M Street, NW, #207, Washington, D.C. 20036

Meeting Duration: The meeting lasted a total of three and a half hours, from 9:00 a.m. to 11:30 a.m., and from 1:00 p.m. to 2:00 p.m.

Meeting Substance: Mr. Mthembu currently operates an insurance company. Ms. Carr-Davis' investment company is owned by a Washington, D.C.-based insurance company, and arrangements were made for Mr. Mthembu to spend several days in different departments of the parent corporation to observe their operations.

Ms. Carr-Davis focused on two specific areas with Mr. Mthembu. The first was the corporate philosophy of Mr. Mthembu's insurance company. Ms. Carr-Davis stressed the importance of the involvement of an insurance company in its community, including economic plans for the community, staffing with people from the community, and putting as much as 50% of profits back into the community in the form of loans and other financial assistance.

Ms. Carr-Davis also discussed the development of spin-off opportunities with Mr. Mthembu. As an example, she provided Mr. Mthembu with information on an HMO which her parent corporation had helped to develop. She also covered other potential business development opportunities which would fit with Mr. Mthembu's current business.

Recommendations: Ms. Carr-Davis provided Mr. Mthembu with information to pursue new business development. She also urged him to pursue particular areas with members of the insurance company staff during his visit in order to maximize his benefits.

ANNEX VII. UNAUDITED FINANCIAL STATEMENTS AND PROJECTIONS

PROJECTED EXPENDITURE: 1990-1992
(in $US)

Assumptions:

1. R2.50/$1.00 exchange rate
2. Zero retroactive reimbursement for year 1; overhead costs were $28,410 in year 1 for USSALEP-US and $15,120 for USSALEP-RSA; additional overhead allocations factored beginning year 2
3. USSALEP and PIET: 10 participants in 1990; 20 in 1991; 18 in 1992; for B&SC, 15 participants in 1990; 17 in 1991; 16 in 1992
4. 5% inflation factor in U.S.; 10% factor in South Africa
5. Two 1990 trips to South Africa for USSALEP and PIET ($7,000) excluded
6. USSALEP-RSA direct costs were R51,186 for air fare and per diem
7. Technical Fund proposed for 1991-1992 for improved follow-up in U.S. and clarification of technical matters pertaining to commercial transactions

	1990	1991	1992	TOTAL
USSALEP-US/PIET	55,892	146,700	137,687	340,279
USSALEP-RSA	20,474	79,365	78,572	178,411
B&SC	64,000	177,800	172,000	413,800
	140,366	403,865	388,259	932,490
plus Technical Fund				100,000
TOTAL				1,032,490

USSALEP WASHINGTON

Page One

BASIS FOR DERIVATION OF OVERHEAD ATTRIBUTABLE TO EEP/EI - 1990

EEP/EI-RELATED FUNCTIONS	Executive Director Hours	$ rate x Hours (Rate = $28.13)	Manager: Finance Administration Hours	$ rate x Hours (Rate = $18.75)	Administrative Assistant Hours	$ rate x Hours (Rate = $13.00)	Total Hours	Total $
1. CONTRACT REVIEW AND NEGOTIATIONS								
• with U.S. Subcontractor	7	196.91	2	37.50	0	0.00	9	234.41
• with USSALEP/South Africa re: primary contract	4	112.52	1	18.75	0	0.00	5	131.27
• with USSALEP/South Africa re: S.A. subcontract	4	112.52	1	18.75	0	0.00	5	131.27
Total Contract Review and Negotiations	15	$421.95	4	$75.00	0	$0.00	19	$496.95
2. REVIEW OF ADMINISTRATIVE PROCEDURES								
• with U.S. Subcontractor	6	168.78	5	93.75	4	52.00	15	314.53
• with AID/OIT/U.S. Staff	4	112.52	2	37.50	0	0.00	6	150.02
• with USSALEP/South Africa re: primary contract	4	112.52	1	18.75	0	0.00	5	131.27
• with USSALEP/South Africa re: U.S. subcontract	2	56.26	8	150.00	0	0.00	10	206.26
• with USSALEP/South Africa re: S.A. subcontract	1	28.13	1	18.75	0	0.00	2	46.88
Total Review of Administrative Procedures:	17	$478.21	17	$318.75	4	$52.00	38	$848.96
3. PROGRAM EVALUATION DISCUSSIONS								
• with U.S. Subcontractor	0	0.00	0	0.00	0	0.00	0	0.00
• with USSALEP/South Africa	0	0.00	0	0.00	0	0.00	0	0.00
• with U.S. Independent Evaluator	0	0.00	0	0.00	0	0.00	0	0.00
Total Program Evaluation Discussions:	0	$0.00	0	$0.00	0	$0.00	0	$0.00
4. FACSIMILE COMMUNICATIONS (AS DISCUSSED WITH OIT)								
• review, forwarding and filing	1	$28.13	10	$187.50	239	3,107.00	250	$3,322.63
5. EXCHANGE IMPLEMENTATION SUPPORT SERVICES								
• placement advice to PIET	1	28.13	1	18.75	0	0.00	2	46.88
• third party (host) direct contact	1	28.13	2	37.50	0	0.00	3	65.63
• product source/purchasing and licencing agreement advice to participant toward discussions with potential business hosts	1	28.13	2	37.50	0	0.00	3	65.63
Total Exchange Implementation Support Services:	3	$84.39	5	$93.75	0	$0.00	258	$178.14
6. MISCELLANEOUS DIRECT TELEPHONE AND FAX COMMUNICATIONS WITH USSALEP/SOUTH AFRICA								
• call forward arrangements and special programming requirements	1	$28.13	4	$75.00	3	$39.00	8	$142.13
7. PRE-AND POST-PROGRAM PARTICIPANT BRIEFING	14	$393.82	20	$375.00	0	$0.00	34	$768.82
8. FINANCIAL CONTROLS AND RECORD KEEPING								
• disbursement processing	1	28.13	10	187.50	3	39.00	14	254.63
• accounting	0	0.00	11	206.25	0	0.00	11	206.25
• periodic reports to PIET on Budget Work Sheet versus Actual disbursements, per participant	0	0.00	9	168.75	1	13.00	10	181.75
• periodic financial reports to USSALEP/South Africa for inclusion in quarterly report to USAID mission (support vouchers included)	2	56.26	7	131.25	0	0.00	9	187.51
• drawdown requests to USSALEP/South Africa for further transmission to USAID mission	1	28.13	2	37.50	0	0.00	3	65.63
• year end audit discussions	1	28.13	1	18.75	0	0.00	2	46.88
• actual independent audit support functions	0	0.00	0	0.00	1	13.00	1	13.00
Total Financial Controls and Accounting:	5	$140.65	40	$750.00	5	$65.00	50	$955.65
TOTAL EEP/EI HOURS & ATTRIBUTABLE COMPENSATION:	56	$1,575.28	100	$1,875.00	251	$3,263.00	657	$6,713.28

EEP/EI COMPENSATION AS % OF GROSS COMPENSATION TO DETERMINE % ALLOCATIONS FOR ALL OVERHEAD EXPENSES (1990)

Section A

Total January through June Compensation attributable to total hours dedicated to all program activity	34,667.00
January through June compensation of Administrative Assistant attributable to hours engaged in EEP/EI activity	1,040.00 (80 hours @ $13/hour)
$1,040 as percentage of $34,667:	3% (Percentage of EEP/EI absorption of overhead)

Note: Since there was no indication during the first half of 1990 that USSALEP might succeed in negotiating retroactively for overhead, only the hours of the administrative assistant were recorded in the event that a nominal amount of overhead could be justified in the future.

Section B

January through June Allocations:	Gross Unallocated Overhead	3% Allocation
Employee Compensation	47,058	1,411.74
Office Space Rental	25,054	751.62
Office Equipment Rental and Maintenance	312	9.36
Office Supplies	1,590	47.70
Postage	1,651	49.53
Copying and Printing	0	0.00
Telephone and Fax	5,553	166.59
Executive Staff Travel & Accommodation	12,353	370.59
Other Admin. -- comprised of:	26,855	805.65
Consultant's Fees		
Auditing Fees		
Employer's contribution to FICA tax		
Worker's Compensation		
Employee Health Insurance		
Office Insurance		
Printed Stationery		
Interest Expense		
Miscellaneous Expense		
Bank Charges		
Total:	$120,426	$3,612.78

EEP/EI COMPENSATION AS % OF GROSS COMPENSATION TO DETERMINE % ALLOCATIONS FOR ALL OVERHEAD EXPENSES (1990)

Section A

Total July through December Compensation attributable to total hours dedicated to all program activity	24,085.00		
July through December compensation of all staff attributable to hours engaged in EEP/EI activity	3,450.28	(full time staff)	56 hours @ $28.13 and 100 hours @ $
	2,223.00	(part time staff)	171 hours @ $13
	$5,673.28		
$5,673.28 as % of $24,085:	24%	(Percentage of EEP/EI absorption of overhead)	

Note: An internal accounting decision was made in the second half of the year to reflect all staff hours attributable to EEP/EI activity and their resulting contribution to all USSALEP programs' absorption of overhead expenses. This would provide a more accurate reflection of required level of effort for planning purposes, and enable USSALEP to justify a request for overhead, going forward.

Section B

	Gross Unallocated Overhead	24% Allocation
July through December Allocations:		
Employee Compensation	49,512.00	11,882.88
Office Space Rental	15,638.00	3,753.12
Office Equipment Rental and Maintenance	1,117.70	263.25
Office Supplies	708.00	169.92
Postage	820.00	196.80
Copying and Printing	150.00	36.00
Telephone and Fax	7,583.00	1,819.92
Executive Staff Travel & Accommodation	9,784.00	2,348.16
Other Admin. -- comprised of:	18,007.00	4,321.68
Consultant's Fees		
Auditing Fees		
Employer's contribution to FICA tax		
Worker's Compensation		
Employee Health Insurance		
Office Insurance		
Printed Stationery		
Interest Expense		
Miscellaneous Expense		
Bank Charges		
Total:	$103,319.70	$24,796.73
	==========	==========

Summary of 1990 Overhead Allocations to EEP/EI

January through June:	3,612.78	
July through December:	24,796.73	
	28,409.51	(or $2,840 per participant including start-up time)
Additional use in 1990 of discretionary resources toward the June visit of Caroline Hollister and Lyn Soudien to South Africa to meet all parties to EEP/EI contracts and subcontracts and clarify administrative procedures and information routes as well as brief first cycle of participants on what to expect from their U.S. program:	7,000.00	
	$35,409.51	

USSALEP WASHINGTON

Page One

BASIS FOR DERIVATION OF OVERHEAD ATTRIBUTABLE TO EEP/EI - 1991

EEP/EI-RELATED FUNCTIONS	Executive Director Hours	$ rate x Hours (Rate = $28.13)	Manager: Finance Administration Hours	$ rate x Hours (Rate = $18.75)	Administrative Assistant Hours	$ rate x Hours (Rate = $13.00)	Total Hours	Total $
1. CONTRACT REVIEW AND NEGOTIATIONS								
· with U.S. Subcontractor	1	28.13	1	18.75	0	0.00	2	46.88
· with USSALEP/South Africa re: primary contract	4	112.52	2	37.50	0	0.00	6	150.02
· with USSALEP/South Africa re: S.A. subcontract	1	28.13	0	0.00	0	0.00	1	28.13
Total Contract Review and Negotiations	6	$168.78	3	$56.25	0	$0.00	9	$225.03
2. REVIEW OF ADMINISTRATIVE PROCEDURES								
· with U.S. Subcontractor	3	84.39	4	75.00	1	13.00	8	172.39
· with AID/OIT/U.S. Staff	1	28.13	0	0.00	0	0.00	1	28.13
· with USSALEP/South Africa re: primary contract	2	56.26	1	18.75	0	0.00	3	75.01
· with USSALEP/South Africa re: U.S. subcontract	1	28.13	1	18.75	0	0.00	2	46.88
· with USSALEP/South Africa re: S.A. subcontract	1	28.13	1	18.75	0	0.00	2	46.88
Total Review of Administrative Procedures:	8	$225.04	7	$131.25	1	$13.00	16	$369.29
3. PROGRAM EVALUATION DISCUSSIONS								
· with U.S. Subcontractor	1	28.13	1	18.75	0	0.00	2	46.88
· with USSALEP/South Africa	2	56.26	4	75.00	0	0.00	6	131.26
· with U.S. Independent Evaluator	2	56.26	5	93.75	2	26.00	9	176.01
Total Program Evaluation Discussions:	5	$140.65	10	$187.50	2	$26.00	17	$354.15
4. FACSIMILE COMMUNICATIONS (AS DISCUSSED WITH OIT)								
· review, forwarding and filing	1	$28.13	10	$187.50	239	3,107.00	250	$3,322.63
5. EXCHANGE IMPLEMENTATION SUPPORT SERVICES								
· placement advice to PIET	2	56.26	1	18.75	0	0.00	3	75.0[illegible]
· third party (host) direct contact	2	56.26	2	37.50	0	0.00	4	93.76
· product source/purchasing and licencing agreement advice to participant toward discussions with potential business hosts	3	84.39	2	37.50	0	0.00	5	121.89
Total Exchange Implementation Support Services:	7	$196.91	5	$93.75	0	$0.00	262	$290.66
6. MISCELLANEOUS DIRECT TELEPHONE AND FAX COMMUNICATIONS WITH USSALEP/SOUTH AFRICA								
· call forward arrangements and special programming requirements	1	$28.13	5	$93.75	2	$26.00	8	$147.88
7. PRE-AND POST-PROGRAM PARTICIPANT BRIEFING	35	$984.55	40	$750.00	0	$0.00	75	$1,734.55
8. FINANCIAL CONTROLS AND RECORD KEEPING								
· disbursement processing	1	28.13	19	356.25	3	39.00	23	423.38
· accounting	0	0.00	11	206.25	0	0.00	11	206.25
· periodic reports to PIET on Budget Work Sheet versus Actual disbursements, per participant	0	0.00	9	168.75	1	13.00	10	181.75
· periodic financial reports to USSALEP/South Africa for inclusion in quarterly report to USAID mission (support vouchers included)	2	56.26	7	131.25	0	0.00	9	187.51
· drawdown requests to USSALEP/South Africa for further transmission to USAID mission	1	28.13	2	37.50	0	0.00	3	65.63
· year end audit discussions	1	28.13	3	56.25	0	0.00	4	84.38
· actual independent audit support functions	0	0.00	0	0.00	1	13.00	1	13.00
Total Financial Controls and Accounting:	5	$140.65	51	$956.25	5	$65.00	61	$1,161.90
ESTIMATED TOTAL EEP/EI HOURS & ATTRIBUTABLE COMPENSATION:	68	$1,912.84	131	$2,456.25	249	$3,237.00	698	$7,606.09

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COST JUSTIFICATION FOR 1991 EEP/EI OVERHEAD FUNDING

Requested amount per candidate: $1,000

Rationale:

In 1990, overhead allocated by the Washington office on behalf of the EEP/EI Program comprised 3% of total program absorption of overhead in the first half of the year and 24% in the second half.

When measured as a percentage of gross overhead for the year, the EEP/EI program absorbed 12.7%, or $3,612.78+$24,795.73 = $28,408.13 of the total $223,745.

Since staff salary rates will change during the course of the year, and hours attributable to various programs will change, we are not able to provide an estimate of the staff time distribution ratio among programs to use as a base for determining what percentage of overhead the EEP/EI program will absorb in 1991.

However, since a significant number of 1990 staff hours attributable to EEP/EI were dedicated to negotiating contracts and understanding program functions, much of the overhead involved setting up the program structure. Therefore in 1991 the cost per participant should be less than half of 1990 costs. A comfortable estimate for 1991 would be $20,000 total if 20 participants are programmed, or $1,000 per participant for exchange implementation costs. If 20 participants are indeed programmed, EEP/EI overhead would represent less than 10% of the gross 1991 overhead budget.

The number of anticipated staff hours projected for the various EEP/EI functions on page one are only an estimate of intended activity at the known hourly rate for each staff member of USSALEP's Washington office and should not be used as a basis for determining actual 1991 EEP/EI overhead. Should actual costs exceed $1,000 per participant, the variance will be carried as an expense funded by discretionary grants.

INCREASE IN EXCHANGE IMPLEMENTATION COSTS BUDGET

In 1990, USSALEP and PIET calculated a direct exchange implementation cost budget of $6,000 per participant. Actual exchange implementation costs in 1991 were, on average, approximately $300 per participant below budget due to vigilance over expenditures and PIET's successful searches for partially subsidized conference rates, competitive airfares and hotel rates, and preferential rates for airport reception services.

The 1991 budget per participant has been revised upward to $6,300 beginning with the first participant after Robert Baker. The total budget assumes 20 participants in 1991. This revision is based on the current U.S. inflation factor of approximately 5% and the expectation that, in view of the Persian Gulf War and fewer local flights, flexibility in obtaining the most economical airline routings for local U.S. travel will be reduced.

Candidate Sequence	Exchange Implementation Costs	Overhead Costs	Total 1991 Budget
1. Robert Baker	6,000	1,000	7,000
2. Evelyn Mogai	6,300	1,000	7,300
3. Theophila Cele	6,300	1,000	7,300
4. James Bonde	6,300	1,000	7,300
5. To be selected	6,300	1,000	7,300
6. To be selected	6,300	1,000	7,300
7. To be selected	6,300	1,000	7,300
8. To be selected	6,300	1,000	7,300
9. To be selected	6,300	1,000	7,300
10. To be selected	6,300	1,000	7,300
11. To be selected	6,300	1,000	7,300
12. To be selected	6,300	1,000	7,300
13. To be selected	6,300	1,000	7,300
14. To be selected	6,300	1,000	7,300
15. To be selected	6,300	1,000	7,300
16. To be selected	6,300	1,000	7,300
17. To be selected	6,300	1,000	7,300
18. To be selected	6,300	1,000	7,300
19. To be selected	6,300	1,000	7,300
20. To be selected	6,300	1,000	7,300
	$125,700	$20,000	$145,700

In addition, the Washington office of USSALEP proposes a nominal budget for the proposed U.S. visit of Mlungisi Mavana, to acquaint him further with the institutional structures and individuals responsible for implementing the U.S. segment of the EEP/EI. We assume that the South African office of USSALEP will accommodate Mr. Mavana's international airfare and per diem advance of $110 per day x # of days in the U.S. within its own budget. The dollar amount includes the requisite health insurance coverage for visitors to the U.S. 1,000

Total 1991 EEP/EI Budget for the Washington office of USSALEP: $146,700

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USSALEP WASHINGTON: INCOME STATEMENT (UNAUDITED)
January 1 - December 31, 1990

DISCRETIONARY GRANTS: FOUNDTNS	(27,600.00)		
DISCRETIONARY GRANTS: CORPRTNS	(148,500.00)		
DISCRETIONARY GRANTS: INDIVIDS	(8,200.00)		
Total Discretionary Grants		($184,300)	
INCOME: INTEREST ON CHECKING	(1,107.55)		
INCOME: MISCELLANEOUS	(10,511.90)		
Total Miscellaneous Income		($11,619)	
INCOME: ALAN PIFER FELLOWSHIP	(45,271.00)		
INCOME: COMM. LEADER TRNG PROG	(43,041.93)		
INCOME: TRIAL ADV. SKILLS TRNG	(24,500.00)		
INCOME: NIEMAN FELLOWSHIP	(12,500.00)		
INCOME: JOURNALISM TRAINING PR	(226.00)		
INCOME: CLTP/NED FUNDING ACCT.	(7,819.00)		
INCOME: SAIS T. FELLOWSHIP	(500.00)		
INCOME: EEP/EI	(55,891.82)		
Total Earmarked Income		($189,750)	
Total 1990 Income			($385,669)

EXPEND:NED INFRASTRL SUPPORT	5,533.01		
EXPEND: LAMLA	6,024.00		
EXPEND:NAT. BLACK CONS. UNION	8.00		
EXPEND:ALAN PIFER FELLOWSHIP	57,333.76		
EXPEND: CLTP	50,522.67		
EXPEND: TRIAL ADVOC. SKILLS TR	56,737.40		
EXPEND: NIEMAN FELLOWSHIP	66,864.33		
EXPEND: JOURN. TRAINING PROG.	1,207.00		
EXPEND: NED-FUNDED CLTP EXP.	7,898.94		
EXPEND: YOUNG ACADEMICS TEAM	5,847.00		
EXPEND: SAIS TEACHING F.SHIP	13,788.70		
EXPEND: EEP/EI (direct only)	55,891.82		
EXPEND: EEP/EI overhead	34,081.86		
EXPEND: STAFF ADV. FUNCTION	5,216.93		
EXPEND: GENERAL PROG. EXPENSE	1,935.45		
Total Program Expenditures		$368,890.87	
EXPEND: EMPLOYEE COMPENSATION	9972.00		
EXPEND: CONSULTANT'S FEES	2.97		
EXPEND: AUDIT FEES	1960.80		
EXPEND: PART TIME HELP	4420.05		
EXPEND: EMPLOYER'S FICA CONTR.	2009.55		
EXPEND: WORKER'S COMP.	3.35		
EXPEND: EMPLOYEE HEALTH INS.	256.48		
EXPEND: MISC. EMPL. BENEFITS	0.00		
EXPEND: STAFF RECRUITMENT	0.00		
EXPEND: LEGAL FEES	7.75		
EXPEND: OFFICE INSURANCE	12.68		
EXPEND: OFFICE EQUIP. RENTAL	224.66		
EXPEND: OFFICE EQUIP. MAINT.	132.20		
EXPEND: OFFICE SUPPLIES	236.68		
EXPEND: POSTAGE	98.00		
EXPEND: COPYING AND PRINTING	16.00		
EXPEND: BOOKS & REF. MATERIALS	61.75		
EXPEND: PRINTED STATIONERY	196.88		
EXPEND: RENT	2115.23		
EXPEND: OFFICE CLEANING	0.00		
EXPEND: TELEPHONE AND TELEX	1608.81		
EXPEND: DOMESTIC STAFF TRAVEL	5.00		
EXPEND: STAFF TRAVEL TO S.A.	5.00		
EXPEND: STAFF TRAVEL TO U.S.	0.00		
EXPEND: MEMBERSHIP DUES	184.42		
EXPEND: REGIONAL COUNCIL MTGS	1189.76		
EXPEND: MISC. CAPITAL OUTLAYS	86.00		
EXPEND: INTEREST EXPENSE	2938.58		
EXPEND: FUND RAISING EXPENSE	260.45		
EXPEND: MISCELLANEOUS EXPENSE	77.48		
EXPEND: BANK CHARGES	19.88		
Total Administrative Expenditures		$28,102.61	
Total 1990 Expenditures			$396,993.48
Net Loss			$11,324.28

USSALEP SOUTH AFRICA - 1990

Average estimated overhead costs for EEP candidates based on 14 selections but only 10 participants.

	R
Employee Compensation - S.A. Director	1 923
- Financial Administrator	156
- Administration Officer	186
Office Space rental of staff	216
Proportionate share of other overheads of staff	846
Proportionate share of overheads which EEP incurs but does not contribute to	453
Estimated Cost Per Participant	R3 780

1990

S.A. Director at R75,00 per hour

	TIME PER CANDIDATE	CANDIDATES		R
Screening applications	2 hrs	14		2 100
Selection	5 hrs	14		5 250
Briefing candidates	1 hr	10		750
Debriefing candidates	2 hrs	10		1 500
On-going guidance to Project Co-ordinator	2 hrs	14		2 100
				11 700
Meetings: 10 hrs per month			R 9 000	
Administration: 1.30 hrs per week			R 5 850	
Newsletters: 5 hrs per annum			R 375	
				15 225
				26 925

Financial Administrator at R21,00

2 hours per week	2 184
Administration Officer at R20,00	
2.30 hours per week	2 600
Proportionate share of office space rental of above staff	3 028
Proportionate share of overheads of above staff	11 853
Proportionate share of overheads which EEP presently does not bear	6 328
	52 918

Estimated cost per participant R 3 780

64

RENTAL

Rental 1990	= R 44 288	
Less rental paid by Project Coordinator	7 086	
	R 37 202	
Balance of rental split amongst remaining staff Therefore each bears 25% -		R 9 300

Rental based on number of hours spent on EEP as a % of total hours worked

				R
SA Director	359 hours out of	1820	= 19,72%	1 833
Accounts	104	1820	5,71%	531
Admin.	130	1820	7,14%	664
				3 028

Other staff overheads

Total hours worked by staff excluding Project Co-ordinator = 1820 x 4				7 280
S.A.D spends	359 hrs - % of	7 280	= 4,93	
Accounts	104		1,43	
Admin.	130		1,78	
Total admin. costs excluding salaries and rental				R 145 633
SA Director	4,93 % of	R145 633		R 7 179
Financial Administrator	1,43 % of	R145 633		R 2 082
Administration Officer	1,78 % of	R145 633		R 2 592
				R 11 853
Cost per candidate				R 846

OVERHEADS TO WHICH EEP PRESENTLY DOES NOT CONTRIBUTE

	1990	1991
Audit fees	13 700	13 700
Books & reference material	2 167	1 995
Legal fees	6	1 500
Council and Executive Committee meetings	3 444	9 070
Miscellaneous expenses	2 352	2 500
Office equipment repairs	1 203	1 400
Use of other accommodation e.g. boardroom	12 066	13 266
USSALEP originated publications	4 670	20 000
	---	---
	39 608	63 431

These are expenses to which EEP does not contribute.
EEP should pay 16% of these.

16%	1990	= 6 337	- 14	=R 453
	1991	= 10 148	- 16	=R 634

USSALEP SOUTH AFRICA - 1991

Average estimated overhead costs for EEP candidates based on 16 selections and participants.

		R
Employee Compensation	- S.A. Director	2 034
	- Financial Administrator	146
	- Administration Officer	171
Office space rental of staff		229
Proportionate share of other overheads of staff		1 076
Proportionate share of overheads which EEP incurs but does not contribute to		634
Estimated Cost Per Participant		R4 290

1991

S.A. Director at R75,00 per hour

	TIME PER CANDIDATE	CANDIDATES		R
Screening applications	2 hrs	16		2 400
Selection	5 hrs	16		6 000
Briefing candidates	1 hr	16		1 200
Debriefing candidates	2 hrs	16		2 400
On-going guidance to Project Co-ordinator	2 hrs	16		2 400
				14 400
Meetings: 12 hrs per month			R 10 800	
Administration: 1.30 hrs per week			R 5 850	
Newsletters: 20 hrs per annum			R 1 500	
				18 150
				32 550

Financial Administrator at R22,50

2 hours per week	2 340

Administration Officer at R21,00

2.30 hours per week	2 730
Office space rental of above staff	3 664
Proportionate share of overheads of above staff	17 215
Proportionate share of overheads which EEP presently does not bear	10 144
	68 643

Estimated cost per participant R 4 290

RENTAL

Rental 1991	= R 48 857	
Less rental paid by Project Coordinator	7 817	
	R 41 040	
Balance of rental split amongst remaining staff Therefore each bears 25% -		R 10 260

Rental based on number of hours spent on EEP as a % of total hours worked

				R
SA Director	416 hours out of	1820	= 22,86%	2 345
Accounts	104	1820	5,71%	586
Admin.	130	1820	7,14	733
				3 664

10

Other staff overheads

Total hours worked by staff excluding Project Co-ordinator				7 280
SAD spends	416 hrs - % of	7 280	= 5,71	
Accounts	104		1,43	
Admin.	130		1,78	

Total admin. costs excluding salaries and rental			R 193 004
SA Director	5,71 % of	R193 004	R 11 020
Financial Administrator	1,43 % of	R193 004	R 2 760
Administration Officer	1,78 % of	R193 004	R 3 435
			R 17 215
Cost per candidate			R 1 076

OVERHEADS TO WHICH EEP PRESENTLY DOES NOT CONTRIBUTE

	1990	1991
Audit fees	13 700	13 700
Books & reference material	2 167	1 995
Legal fees	6	1 500
Council and Executive Committee meetings	3 444	9 070
Miscellaneous expenses	2 352	2 500
Office equipment repairs	1 203	1 400
Use of other accommodation e.g. boardroom	12 066	13 266
USSALEP originated publications	4 670	20 000
	---	---
	39 608	63 431

These are expenses to which EEP does not contribute.
EEP should pay 16% of these.

16%	1990	= 6 337	- 14	=R 453
	1991	= 10 148	- 16	=R 634

CASH FLOW PROJECTION
MSSALEF

PERIOD/DATE	NO. OF CANDIATES	COST	REFERENS	
END OF MAY	4	90000	20000	
MID JULY	3	67500		
END OF AUGUST	3	67500		
MID OCTOBER	3	67500		
END OF NOVEMBER	4	90000	12000	
END OF JANUARY	3	67500		
MID MARCH	3	67500	20000	
END OF APRIL	3	67500		
MID JUNE	3	67500		
END OF JULY	4	90000		
END OF SEPTEMBER	3	67500		
	2	45000	42000	
TOTAL	33	742500	130000	872500
				150000 COSTS TO DATE
				1022500 TOTAL

COST EST.R22500 PER
PER SUCCESSFUL
CANDIDATE

USSALEF
SCHEDULE OF INPUTSUTS BY CYCLE BY PHASE

PHASE	INPUTS	NO. OF CANDIDATES				
PRE-SCREENING	1 MAN-DAY PER CANDIDATE	8.00	9.00	6.00	4.00	9.00
POST INTERVIEW AMBER STAGE	5 MAN DAYS PER CANDIDATE	5.00	6.00	3.00	4.00	6.00
FINAL SELECTION GREEN STAGE	ADVISORY ONLY					
PRE-PLANNING USA VISIT	2 MAN DAYS PER CANDIDATE	3.00	4.00	2.00	3.00	4.00
RE-BRIEFING POST USA VISIT	1.5 MAN DAYS PER CANDIDATE	3.00	4.00	2.00	3.00	4.00
TOTAL MAN DAYS		35.50	53.00	28.00	34.50	53.00
COST PER MAN DAY	R185 PER HOUR 8 HOUR DAY	1480.00	1480.00	1480.00	1480.00	1480.00
TOTAL COST		52540.00	78440.00	41440.00	51040.00	78440.00
NO. OF U.S.A.	CANDIDATES	3.00	4.00	2.00	3.00	4.00
COST PER CANDIDATE		17513.33	19610.00	20720.00	17020.00	19610.00
INDIRECT COSTS @ 20%		3502.67	3922.00	4144.00	3404.00	3922.00
TOTAL		21016.00	23532.00	24864.00	20424.00	23532.00
RECURRING COSTS	UNCHANGED	7515.00	7515.00	7515.00	7515.00	7515.00

ANNEX VIII: PROPOSED AMENDMENTS AND CHANGES TO THE USAID-USSALEP COOPERATIVE AGREEMENT

PROPOSED AMENDMENTS/CHANGES TO THE USAID-USSALEP COOPERATIVE AGREEMENT

Proposed amendments and changes have been italicized below and placed within the context of appropriate Cooperative Agreement sections.

II. PERIOD OF AGREEMENT: "...The Agreement expiration date is December 31, 1992, or the date at which 48 exchanges have been satisfactorily completed and adequate time provided for the allotment of follow-up services, ..."

III. AGREEMENT FUNDING AND PAYMENT:

A. "...funds to be provided under this agreement for the duration of the agreement (see II) is $1,032,490." (This may change based on submission of USSALEP's strategic plan to USAID).

B. eliminate.

IV. RECIPIENT RESOURCES:

A. leave as is.

B. eliminate.

VII. REPORTING AND EVALUATION:

A. add the following to Quarterly Reports.
section #d: "...aggregated by sex, region, number of employees, firm turnover and profits..."

section #e(ii): "...Sub-contractor approximately three months after the entrepreneur's return from the U.S., with a follow-up status report three months later and a final report summarizing first-year progress towards achieving stated objectives."

XII. SPECIAL PROVISIONS:

A. leave as is.

B. eliminate the italicized from Impartial Candidate Selection Process: "...nor any employee or director of USSALEP...", and add a last sentence to the paragraph as follows: "The agreement allows directors of USSALEP to provide referrals to USSALEP for participant exchange, but expressly forbids any director involvement in the outcome of the selection process."

ANNEX IX: STRATEGIC PLAN CRITERIA AND CONSIDERATIONS

STRATEGIC PLAN CRITERIA AND CONSIDERATIONS

The following is meant to serve as a guide for USSALEP and B&SC in developing a suitable strategic plan for its management of the USSALEP exchange program for black entrepreneurs. Specific goals, objectives, strategies and targets are the responsibility of USSALEP and B&SC. There is substantial supporting material in the evaluation concerning strategies, as found in Section IV ("Issues and Recommendations") of the report and elsewhere (e.g., "Executive Summary"). Nevertheless, specific targets of achievement must be worked out by USSALEP and B&SC to establish reasonable performance indicators for funds disbursement and monitoring and evaluation of project impact. The following outline and examples are simply meant for guidance.

I. GOALS

A. Broad Organizational Goal(s)
B. Sub-Goal(s) for the Entrepreneurs' Exchange Program

II. OBJECTIVES

A. Intended Accomplishments Derived from IA, IB (for purposes of the evaluation, only IB Objectives are needed)
B. Objectives Should Relate to Economic Impact and Key Functional Areas in USSALEP's Organization

III. STRATEGIES

A. Methods of Achieving Objectives (Individual, Institutional, Financial, Personnel, etc.)
B. Focus on Strategies as the Elements of an Action Plan

IV. TARGETS

A. Specific Measurable Achievements (Numbers, Percentages, etc.)
B. These Should Be the Outcome of Specific Strategies and Support Stated Objectives and Goals

A simple example:

I. USSALEP GOALS

A. Organizational Level: "To promote improved understanding between South Africans and Americans for a peaceful transition to a post-apartheid regime"
B. Project Level Sub-Goal: "To promote black enterprise development"

II. OBJECTIVES

A. Establishment of a well-publicized, properly marketed exchange program which attracts serious interest from the successful black private sector

B. Development of an efficiently-administered program that creates opportunities for black enterprise expansion

III. STRATEGIES

A. Marketing

1. Quarterly meetings with regional Chambers of Commerce
2. Formation of targeted community committees
3. Solicitation of referrals from Council Members

B. Administration

1. Development and application of thorough screening procedures to ensure appropriate entrepreneurs for the exchange
2. Formalization of pre-departure orientation for entrepreneurs

IV. TARGETS

A. Marketing

1. 20 meetings with Chambers of Commerce per year
2. 40 community committees formed by end of 1991
3. 20 referrals per year from the Council in South Africa

B. Administration

1. 20 successful exchanges in 1991
2. 8 coordinated orientation sessions with full participation from USSALEP alumni, U.S. businessmen and USSALEP and B&SC staff