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Small Business
Development
Support Project in
South Africa:

Concept Paper

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GEMINI

GROWTH and EQUITY through MICROENTERPRISE INVESTMENTS and INSTITUTIONS
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Small Business Development Support Project: Concept Paper

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SECTION I STATEMENT OF WORK

BACKGROUND

The State of Black Small Business in South Africa

Blacks make up five-sixths of South Africa's population, but black-owned firms account for only 2-10 percent of GDP. Black firms provide only 3 percent of formal sector output, but 75-85 percent of the informal sector economy. The vast majority of black businesses are very small, with 1-3 staff. Most work in distribution, running small food and grocery shops. Other major sectors are taxi services, homemade food products, minor repair services, and "jobbing" type manufacturing (poor economies of scale, low technology, low capital).

This narrow range of businesses reflects a lack of market knowledge, and the legacy of the legal, educational, financial, and market restrictions of the apartheid system. Black enterprises operate in intensively competitive industries, characterized by low barriers to entry and many substitutes. They make little attempt to differentiate products and services.

Despite the removal of most legal apartheid barriers, most businesses still are located in the townships, where there is little infrastructure, poor transportation, and a security problem. The historical exclusion of white owned businesses from the townships has limited competition from the major corporations; but much shopping still is done in town, nearer to work, and where prices are lower. Recently large white retailers have been surrounding the townships, taking away some of the small shopping business that had gone to the spaza (small, literally "hidden", because they used to be illegal) shops. Many of the larger black businesses (20 employees or more) are found in rural areas, particularly in the homelands.

Black small businesses have poor management, poor or non-existent planning and control systems, and simple organizational structures with little delegation of authority. Pay and working conditions are significantly lower in black owned businesses, which limits the quality of product or service sold, and inhibits hiring and retaining good staff. These problems create a problem of succession; many viable black businesses die when their owners die.

Black women play a far greater role in business management than that which appears on company books, with wives managing many of the retail businesses "officially" owned by their husbands. Women are expected to play an increasingly important part in the growth of the black business sector.

Aid to Black Small Business

Most aid to black small businesses comes from the government which, through the Small Business Development Corporation and the Homelands Development Corporations, provides subsidized term loans and, to a lesser extent, builds shops and factory flats in areas where it is difficult to attract commercial developers. Very little funding is devoted to technical assistance (counseling or training), and what is supplied is almost always "aftercare", concerned with helping borrowers to repay their debts.

Private companies have created and supported the work of a number of South African and international NGOs, which mainly provide technical assistance. Inexperienced staff have planned and implemented many programs with little consideration for the real needs of black entrepreneurs, poor administration, and no financial control. Economic recession in the last few years has reduced this funding, forcing many NGOs to reduce or discontinue small business programs. In 1990/91 corporate funding of all business development was +/- R 30m (4 percent of total charitable contributions), compared to the estimated R 500m spent by the state.

A small number of private consulting firms provide services (mostly accounting and audit) to black small businesses. This group of consultants is dominated by the consulting divisions of the large accounting firms, working on contract to donor agencies, but there are also small, black-owned consulting firms working in this market, and selling services directly to black entrepreneurs. The donors' limited understanding of small business development issues, coupled with clients' limited knowledge and purchasing power, often results in very limited benefit from these consulting services.

Existing black business associations tend to have limited support from small businessmen, and do little to address the challenges faced by a low and dwindling membership.

Weaknesses in Business Development Organizations

Government and NGO business development organizations (BDOs), due to the limited business knowledge and experience of their staff, have focused more on the constraints facing the poorest, smallest firms than on the opportunities facing larger, more successful firms. They have concentrated on providing subsidized resources, rather than empowering black businesses to become really competitive. South Africa's international isolation has deprived BDOs of knowledge of technologies to deliver business services. This leads to outdated methodology, high costs of service delivery, and resulting low impact on clients.

BDOs, in general, are overly centralized, with a large proportion of their funds consumed by administrative costs. They are poorly informed of business service technologies used in other countries. They are unable to assess client needs or evaluate the impact of their programs. Reduced funding from private donors, rather than encouraging innovation to improve service efficiency, has sapped morale and further decreased cost effectiveness.

The BDOs, for the most part, are white-run and empowered, with blacks playing subordinate roles. Black employees may be thrust forward as the BDOs direct point of contact with black enterprises, but they have little management authority. This corporate culture is a major stumbling block to effective business service delivery.

Opportunities for Black Small Enterprises

Despite both black entrepreneur and BDO deficiencies, the future holds great opportunity for black small business development. Certain subsectors where black small firms have a comparative advantage show considerable growth potential. These include construction, education, equipment and appliance repair, health care, financial services, and some manufacturing operations.

The rapidly changing black consumer market will create demand for new products and services delivered in innovative ways. Well-packaged and marketed franchises, responding to this market's needs, can help relatively inexperienced entrepreneurs enter these businesses.

There is a growing pool of black managers in the workforce, many of whom have been able to accumulate some capital and develop contacts that provide both information and access to resources. This raises opportunities for new business creation, and for more effective partnerships with "mainstream", white-owned companies.

As South Africa's economy dismantles its command structures, large firms (public and private) are increasing their purchasing of products and services from black suppliers, and are unbundling their operations, creating new small firms and small firm opportunities. A new government, committed to black economic empowerment, may accelerate this process through policy incentives to promote subcontracting.

USAID/South Africa Strategy

USAID/South Africa realizes that a healthy economy provides the key to an effective political transition in South Africa. Increased participation by black South Africans in the economy is vital to this transition. For this reason, USAID/South Africa in 1993 decided to devote a larger share of its funds toward black economic empowerment through private sector development.

The mid-term review of USAID/South Africa's black private enterprise development strategy concluded that institutional support to business development organizations (BDOs) is critical to the development of the black small business sector, and for the sustainability of small business services. It noted that previous USAID support to non-profit BDOs achieved only limited results, due to the nature of the support, the inability of these BDOs to overcome weak management practices, and their failure to provide tangible benefits to clients. It recommended that USAID/South Africa redirect its support to BDOs to ensure that an innovative, flexible and integrated package of technical support, finance and marketing is delivered to clients via existing and emerging BDOs in a cost-effective manner. It also urged that, to the extent that it is applicable, this support should provide modern American management technology to South African BDOs, and should encourage sustainable linkages with suitable American BDOs and small business associations.

Project Rationale

Given the considerable opportunities for black enterprise growth, the diverse cultures of the BDOs and, at the same time, the core of common weaknesses observed in this community, USAID/South Africa's BDO support project needs to work both intensively with individual institutions, and also in a broader framework with groups of institutions.¹ It should tackle both external operations and internal organizational needs within these bodies. It should provide quick access to American and South African business service technology that could have potential benefit for the black small business sector.

¹ The types of institutions the project should support are described below in detail in the Beneficiaries section on page 10.

Due to the importance of increasing the cost-effectiveness and sustainability of BDO operations, the project should support the expansion and/or improvement of specific services, and should not support the maintenance or expansion of core structures. It should give priority to the establishment of new institution-to-institution relationships within South Africa, and between South African and American organizations. It should focus exclusively on urban areas (areas with populations over 40,000), where the vast majority of small black enterprises are located.

The general structure and operations of this project are described below.

PROJECT DESCRIPTION

Introduction

The project will undertake a range of initiatives to present innovative, flexible and integrated business development technologies, not currently available in South Africa, to business development organizations. These initiatives will improve the quality and quantity of consultancy services and training programs and packages of business development organizations in a cost effective manner. In turn, these services will increase the equitable participation of black South Africans in the economic mainstream of the economy as small business owners.

Project Purpose

The purpose of the project is to strengthen the institutional capacity of South African small business development organizations to provide services which will result in measurable benefits to the emerging black small business sector.

Project Objectives

The Project has been designed to achieve the following project objectives:

- To improve the capacity of BDOs to offer better services of measurable benefit to black small businesses;
- To enable BDOs to provide these services to more black small businesses; and,
- To increase the long term sustainability of BDOs and the services that are provided to clients.

Anticipated Project Outputs

The project should bring about both quantitative and qualitative changes in BDO operations in order to achieve its objectives.

Quantitative indicators of performance should include²:

- Increase in numbers of black clients served;
- Increase in number of women clients served;
- Increase in fees obtained from clients for services;
- Attaining a more effective geographic range of coverage (some organizations should expand, while others might need to consolidate operations);
- Improved range in types of services offered (again, some BDOs may need to expand services, others may need to reduce and focus operations);
- Increase in black managers in BDOs;
- Increase in women managers;
- Increase in client/staff ratios;
- Decrease in administrative/operational cost ratios;
- Numbers of business linkages formed between South African BDOs, and between South African and foreign (especially U.S.) agencies to share useful business service technologies;
- The level of contributions South African and foreign BDOs make to linkages from their own resources (this provides a partial measure of the sustainability of the linkages); and
- Increase in BDO self-sufficiency (measured in terms of percentage of total operating costs covered by income received for services delivered).

Qualitative indicators of achievement should include:

- The extent to which the BDOs are targeting the right clients (businesses with the greatest potential to grow);
- Competency (technical soundness) of services delivered, and the extent to services offered are appropriate to the evolving needs of the BDOs' clientele;
- Appropriateness of services for women clients;
- Decentralization of management (moving decision-making to the field, empowering more staff to make decisions, and reducing headquarters staff in relation to those engaged in field activities);

² The order of presentation does not imply the order of priority of these achievements. The relative importance of different aspects of performance should be determined by the contractor and the Project Steering Committee in consultation with USAID.

- "De-bureaucratization" of service procedures (reducing delays and making implementation more efficient and transparent);
- Synergy obtained through linkages between South African BDOs, and between South African and U.S. firms (this provides the rest of the measure of the sustainability of these linkages);
- The introduction of staff development policies which support the development of black managers and role models; and
- Transformation of the "corporate cultures" of South African BDOs, increasing their effectiveness by instilling values and norms more appropriate to the clients they serve.

These quantitative and qualitative changes will be assessed and measured at the level of the BDO, with minimal project effort devoted to more expensive (and methodologically complex) data collection at the level of the black small enterprises that are assisted.

The contractor should establish a monitoring and evaluation system at the level of the black small businesses assisted, and this will not be precluded under the project. However, this system should be as cost effective as possible, focusing on obtaining information of direct and immediate use in project management, using as small a sample size as feasible to produce meaningful service impact data.

Project Components/Inputs

Technical Assistance Activities

The project's main work is to bring institutions together in a way that shares relevant business service technology (know-how), and that helps South African institutions to improve their service delivery. The project may use a variety of technical assistance mechanisms to facilitate this technology transfer. These mechanisms may involve both multi-organization (extensive) and specific organization (intensive) activities, using both business service delivery and organizational management technologies.

The matrix below is illustrative, based on USAID/South Africa and its South Africa/U.S. design team's understanding of local institutional needs and technical assistance possibilities. It lists the types of technical assistance activities that might be suited to the transfer of the two principal types of technology in organizationally intensive and extensive situations.

BDO institutional needs and technical assistance opportunities will evolve throughout the project's lifetime. The contractor should be able to respond flexibly, rapidly and efficiently. To achieve this flexibility, potential contractors should be experienced in supporting a wide variety of technical assistance mechanisms. The project should begin by offering technical assistance to groups of organizations for business service delivery technology (the upper right hand corner of the matrix), in order to demonstrate that it has technology to offer South African BDOs. This provides a "hook" to get BDOs involved in the project. The response to these initial activities will help to determine what categories and types of technical assistance will be given priority for the rest of the project.

PROJECT TECHNICAL ASSISTANCE ACTIVITIES

LEVEL OF INTERVENTION

Individual
Organizations

Groups of Organizations

<u>TYPE OF TECHNOLOGY</u>	Individual Organizations	Groups of Organizations
Business Service Delivery Technology	Franchising Consulting Training Trainers/Co-Facilitation Staff Development Joint Venture Promotion Collaborations Training Materials Development Policy Reform and Advocacy	Training Courses (business counselling, pricing services, etc.) Seminars Workshops Newsletters Other Media Products Training Materials Development and Production Policy Reform and Advocacy
Organizational Development Technology	Management Consultancy Twinning Exchanges Internships Monitoring and Evaluation Secondment Staff Development Policy Reform	Networking Training Courses for Management Workshops Newsletter Other Media Products Training Materials Development and Production

Human Resource Requirements for Technology Transfer

A major component of this process is technology transfer. This will bring people together to learn from each other, including arranging for visits by South Africans to the United States, and of expatriates (principally Americans) to South Africa. Considering the numbers of potential participating BDOs (South African and U.S.), and levels of need, the following estimates for technical assistance-related travel have been prepared.

1) South Africans training in the United States or third countries:

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Trainees	20	50	40	30	30	170
PM ³	20	50	40	30	30	170

This assumes an average of one person month per trip, based upon an even distribution of 2 week trips involving several participating institutions, and two month trips involving individual institutions. Priority should be given to identifying suitable women candidates for training.

2) Expatriates consulting/training in South Africa:

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Consultancies	20	30	20	15	15	100
PM	20	30	20	15	15	100

This, too, assumes an average of one month per trip, based upon an even distribution of two week trips to work with several institutions, and two month trips to work with individual institutions. It is assumed that the project will cover 100 percent of the costs of the two week trips, but only 75 percent of the costs of the longer trips (the rest coming from the participating institutions themselves, or other sponsors).

Short-term technical assistance estimates follow from the assumptions made above. The above calculation of expatriate travel for technical assistance will require some 87.5 person months of USAID-paid short term expatriate technical assistance⁴. To the maximum extent possible, expatriates will participate in the project not as individuals, but as representatives of firms interested in establishing longer-term relationships with South African BDOs. Consultant selection should take this priority into account.

3) South African technical assistance:

It is estimated that another 100 person months of South African short-term technical expertise is required to complement the expatriate assistance. This would allow South African expert participation in every technical assistance activity. It assumes that USAID will need to pay for 100 percent of the costs of this participation.

Project Management Structure

The project provides for links between relevant business service technology suppliers and the South African BDOs. To do so, the project needs a basic office and staff structure that:

- Keeps it informed as to the evolving work and needs of its BDO clients;
- Keeps it up-to-date as to sources of state-of-the-art business service technology;

³ Person-months

⁴ Fifty person-months of two-week, 100 percent-paid. Fifty person-months of two-month, 75 percent-paid, which equates to 37.5 person-months of paid time. $50 + 37.5 = 87.5$ person-months.

- Establishes it in the role of facilitator for its BDO clients, not a direct implementor acting as a competitor; and
- Has full understanding of USAID regulations and procedures to efficiently implement the project in accordance with USAID requirements, while minimizing the time the project's BDO clients need to spend in understanding and responding to these requirements.

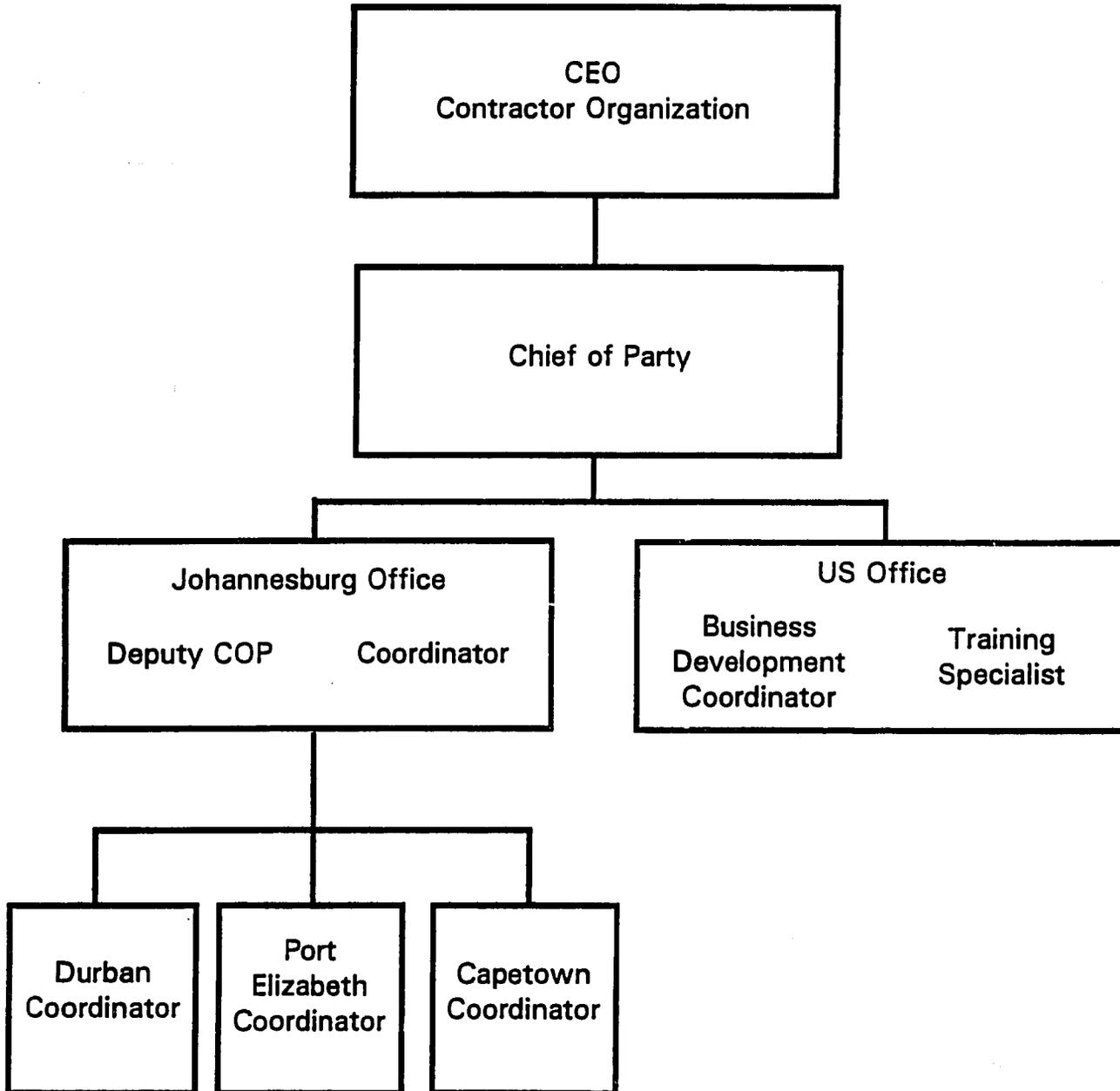
Such a structure needs to be small, "multi-national" (with participation from both U.S. and South African institutions), able to operate efficiently, and temporary in nature. It should be clear that the project's facilities will operate only for the lifetime of the project, and only sufficient to enable it to assume an effective facilitator's role. Project staff should operate as "assistants of last resort," performing only limited technical assistance work themselves, rather helping BDOs to articulate their technical assistance needs, and to facilitate access to right institutions to respond to BDO requests for help.

The role of expatriate personnel in the project's South Africa office should diminish over the life of the project, ideally with the project finishing under complete South African management. An expatriate Chief of Party, familiar with AID project management procedures, probably will be necessary for the first 3 years of project implementation. However, the contractor should seek to transfer all the skills embodied in its expatriate personnel to South African staff over the life of the project.

The project will need offices in both South Africa and the United States. To accommodate regional differences in business development opportunities and constraints, the project should establish small regional offices in Capetown, Durban and Port Elizabeth, in addition to a head office in Johannesburg. The head office would include a Chief of Party, a Deputy Chief of Party/Institutional Development Specialist, a Project Services Coordinator, and Administrative Officer, and a Secretary. The regional offices should be one person shops, staffed by Regional Project Services Coordinators. They should obtain shared office space and administrative support through existing organizations, at a total cost of no more than R2500/month each.

The project's U.S. office should contain a Business Development Coordinator, a Training Specialist, and an Administrative Support Officer. These staff need not all work under one roof, as long as the Contractor possesses sufficient information technology and management capability to ensure sound communications between the three.

The project's basic structure is depicted in the figure below.



Beneficiaries

There are three basic types of organizations which are attempting to support black small business growth:

- Non-governmental Organizations (NGOs) broadly defined to include local community associations, development organizations, business associations and interest groups, regional and national federations of business and community associations, charitable trusts, financial institutions or their subsidiaries.
- Governmental or quasi-governmental organizations, which receive substantial amounts of support from the national government. Some operate on a national scale, others are more local. The national organizations include the Small Business Development

Corporation. The local ones are associated with the "independent" or semi-independent homelands. This project is currently restricted from providing services to those organizations that receive funds from the current South African government. With a dynamic and evolving political situation in South Africa, it is anticipated that this restriction may change before the end of this project.

- Private for-profit management services firms.

For the purposes of this project, the targets of assistance are those business development organizations which have all of the following attributes.

- (1) Provide a business service to the market defined by this project; that is, black small businesses, (rather than informal or semi-formal, micro-enterprises) that are emerging into the economic mainstream of South Africa. This tier represents several hundred thousand registered businesses operating in a wide range of sectors that provide a stable livelihood for the owners and their families.
- (2) Provide business services which add a value to the small business which is greater than the cost of the services themselves.
- (3) Have clients who pay all or part of the cost of the services provided.
- (4) Have a geographic spread of their services that is commensurate with their size, staff and operating budgets.
- (5) Finance their operations, at least in part, by the generation of internal funds.
- (6) Oriented to clients, and not domestic or international donors.
- (7) Transforming into a business oriented service agency from other social, welfare types of activities.
- (8) Have a variety of forms and structures, including for profit or non-profit, and/or membership composition (e.g. industrial chambers). These organizational forms may include informal BDOs operating with part-time staff.
- (9) Give special attention to the needs of women entrepreneurs.

At present, there are few organizations with these characteristics.

These BDOs have a variety of organizational needs which can be grouped into the following categories:

- **Improving the capacity of BDOs to offer better quality, more cost effective, business development technologies of measurable benefit to more black small businesses.** Illustrative examples of organizational needs are understanding and mastering a comprehensive consulting and training methodologies including needs assessments, participatory research, client-centered consulting and training techniques, more efficient and cost effective service delivery systems, and formative and summative evaluation techniques; using in a practical way the theories of adult and experiential learning; being

exposed to and adapting a variety of training packages; developing programs aimed at women entrepreneurs; developing proactive, forward looking views of evolving markets/clients and required services; materials development; and how to use and develop multi media education and training approaches.

- **Strengthen internal management and administrative capacities of BDOs.** Illustrative examples of organizational need are staff development programs (including programs to develop and promote women managers); internal management systems; how to cost and price services; being able to better work with and manage international, government, and private donors; how to decentralize decision-making processes within large organizations; how to reform organizations which reflect the old apartheid system into progressive, forwarding looking organizations; helping the leadership of organizations deal with the rapid changes resulting from new political and economic circumstances without being overcome by these changes; and how to best provide effective services within member organizations.

The following is an illustrative list of the types of services these BDOs will provide to black businesses:

- Training in technical and managerial skills;
- Technology upgrading;
- Marketing/product development assistance;
- Promotion of business linkages;
- Management consultancy;
- Information services; and
- Accounting and financial services.

Project Steering Committee

A Project Committee composed of five senior people from the field of black small business development has been formed to guide the overall implementation of the Project. These people are on the committee due to their technical expertise in the area of business development. As the project progresses, the committee will consider the advisability of inviting greater participation from areas outside of Johannesburg. The members will serve in their personal capacity and not as representatives of particular constituencies. As soon as the situation permits, a "new" government representative will also be included on this committee; he/she will serve as a conduit to influence government policy on small business development.

USAID/South Africa and the project contractor will be on the committee in an ex-officio" capacity. The contractor will also serve as the secretariat for the committee.

The functions of the committee are as follows:

- Discuss and resolve project policy implementation matters in consultation with USAID/SA;
- Guide the contractor in the implementation of the project and recommend corrective actions, when appropriate;

- Monitor the implementation and results of project activities;
- Review and approve all major program activities including work plans, budgets, and other implementation documents; and
- Convene an annual consultative conference of all relevant community and business organizations to seek constructive suggestions and comments on project implementation.

These five business persons will be paid for their work on this committee by the contractor on the basis on a detailed scope of work developed by USAID/SA. It is anticipated that the committee will meet on at least a biweekly basis during the start-up phase of the project and, once the project is established, on a monthly basis or more frequently, if required

PERSONNEL

The contractor will provide services as outlined in Section I, the Statement of Work, through both field office and home office staffs.

The main field office, located in the greater Johannesburg area, will be comprised of a Chief of Party; a Deputy Chief of Party who will also be the Institutional Development Specialist; a Coordinator of Project Services; two administrative assistants responsible for finances and project support; and, a project secretary. The other field offices, located in Cape Town, Port Elizabeth/East London, and Durban, will each be comprised of a Coordinator for Project Services. Administrative support for these three other field offices will be contracted for at a rate of R2,500 per month per office.

The home office will be comprised of a Coordinator of Business Development Support; a Private Sector Training Specialist; and an administrative assistant.

The responsibilities and desired experience for each professional staff position are summarized below:

Chief of Party

This is a five-year position in South Africa. If an expatriate is proposed, the position will be localized by the Deputy Chief of Party within two to three years. At that time, a new Deputy Chief of Party will be recruited.

Responsibilities

1. Manage the contractor's team in South Africa and in the contractor's home office so as to ensure compliance with and attainment of the contract's statement of work and subsequent work plans.
2. Regularly consult with and seek the guidance of the Project Steering Committee on all matters of relevance to the successful implementation of the project.

3. Handle or oversee all interactions with USAID/South Africa on behalf of the contractor including regular meetings with the Project Officer and other officials, meeting various contract reporting requirements, obtaining written approvals as needed, ensuring that the contractor is in compliance with all USAID and U.S. government rules and regulations, preparing USAID documentation that includes Project Implementation Order (PIO) Documents.
4. Consult with a wide range of senior business leaders and business development organizations in South Africa on the needs and requirements of black small business and BDOs.
5. Transfer the knowledge and skills which are necessary to effectively interact with USAID and to effectively access business development technologies to the Deputy Chief of Party. This will occur no later than the end of Year Two of the contract so that the Chief of Party plays a mentoring, support role in Year Three.

Qualifications

- Understand the USAID system and its rules and regulations.
- Previous experience as a Chief of Party on a similar type of project.
- Knowledge of how to locate relevant business development technologies in the United States and elsewhere in the world.
- Able to effectively work with a wide range of diverse individuals and organizations.
- Able to transfer knowledge and skills to staff members.
- At least 10 years of experience in business development, preferably with at least part of that experience in Southern Africa.
- It is expected that the candidate will have suitable educational qualifications but relevant business development work experience is considered of greater significance.

Deputy Chief of Party and Institutional Development Specialist

This is a five-year position in South Africa for a South African.

Responsibilities

1. In a proactive manner. Meet on a regular basis with BDOs so as to clearly understand their needs.
2. Develop and implement strategies to meet the needs of BDOs.

3. Plan, develop, and implement a variety of innovative initiatives to link BDOs with new technologies in sustainable ways.
4. Finalize the scopes of work for all U.S. and South African consultancies and training implementation plans.
5. Supervise the Johannesburg and regional Coordinators of Project Services.
6. Act as Chief of Party in the absence of the Chief of Party.

Qualifications

- Knowledge of and experience with South African business development organizations.
- Work experience with business and/or business consulting and training organizations.
- Ability to interact effectively with a variety of organizations and individuals.
- Proven management skills and abilities at a senior level in South Africa.
- Detailed knowledge of the business situation in the PWV area as well as, at least, a general knowledge of the business situation in the other project areas.
- Relevant educational qualifications.

Coordinators of Project Services

These are five-year positions for South Africans as Coordinator of Project Services in Johannesburg and one each in Cape Town, Port Elizabeth/East London, and Durban).

Responsibilities

1. In a proactive manner, meet on a regular basis with BDOs so as to clearly understand their needs.
2. Develop and implement strategies to meet the needs of BDOs.
3. Plan, develop, and implement a variety of innovative initiatives to link BDOs with new technologies in sustainable ways.
4. Develop ongoing information campaigns and dissemination techniques to enable targeted BDOs to clearly understand and use the support which can be provided by the project.
5. Prepare scopes of work and training implementation plans to meet the needs of BDOs.

Qualifications

- Solid knowledge of and experience with South African business development organizations.
- Work experience with business and/or business consulting and training organizations.
- Ability to interact effectively with a variety of organizations and individuals.
- Proven management skills and abilities at a senior level in South Africa.
- Detailed knowledge of the business situation in the region of work.
- Relevant educational qualifications.

Coordinator of Business Development Support

This is a five-year full-time position based in the contractor's home office.

Responsibilities

1. Respond to South African requests for business development consultancy services by identifying potential consultants.
2. Develop and Implement strategies whereby U.S. suppliers of technologies develop and maintain business linkages with counterpart BDOs in South Africa that can be sustained once the project ends.
3. Coordinate the work of the project subcontractors.

Qualifications

- Detailed knowledge of where and how to access U.S. business development technologies for use in South Africa.
- Understand the USAID system, its rules and regulations.
- Previous experience with USAID project management in a similar type of USAID project.
- Detailed knowledge of how to find and apply relevant business development technologies in the United States and elsewhere in the world for this project.
- At least 10 years of experience in business development.
- Relevant educational qualifications.

Private Sector Training Specialist

This is a five-year full-time position based in the contractor's home office.

Responsibilities

1. Work with field staff to finalize the various training implementation documents.
2. Respond to field inquires regarding training opportunities.
3. Coordinate all aspects of U.S. based short term training, study visits, internships, attachments, visits to providers of U.S. business development technologies, etc. to include identification of programs, placement arrangements, financial and logistical details, orientation and monitoring.
4. Respond to South African requests for business development training services (training technologies, packages, etc.) and information.
5. Maintain a database of all U.S.-based training activities and submit reports to the field office on a regular basis; correlate this information with follow-on activities for returned participants.

Qualifications

- Detailed knowledge of where and how to access U.S. business development training technologies for use in South Africa.
- Detailed knowledge of suitable U.S. short term training activities (courses, visits, attachments, internships, etc.)
- Understand the USAID system and its rules and regulations, particularly those which relate to participant training.
- Previous experience with USAID project management and training in a similar type of USAID project.
- Detailed knowledge of how to find "cutting edge" business development training technologies in the United States and elsewhere in the world.
- At least 10 years of substantial experience in business development and training.
- Relevant educational qualifications.

REPORTING AND MONITORING REQUIREMENTS

The contractor's Chief of Party shall be the contractor's representative in South Africa for this project. The Chief of Party will be responsible for all official communications and reporting on this project between the contractor team and USAID. Mr. Paul Neifert, the Private Sector Officer in the USAID/South Africa Private Sector Division will be the Project Officer responsible for the project.

In addition to regular meetings and discussions between the Chief of Party, the Steering Committee, and the USAID/South Africa Project Officer, the following reporting documents will be required of the selected contractor.

Five-Year Work Plan

The five-year work plan, as submitted in the proposal, will be further refined and developed through consultations by the contractor team and submitted for review and approvals to the Project Steering Committee and then to the USAID Private Sector Division Project Officer within 90 days after the signing of the contract. At a minimum, the work plan will be based on the submitted proposal and will contain initial baseline information on project beneficiaries including needs which will be continuously updated; strategies to meet the needs; U.S. and South African resources, year by year budgets, and contingency plans to rapidly respond to the evolving situation in South Africa.

Annual Work Plans

These work plans will contain information on levels of effort for all activities planned for the year in terms of needs, activities, resources, costs. The first annual work plan will be developed by the contractor team and submitted for review and approvals to the Project Steering Committee and then to the USAID Private Sector Division Project Officer within 90 days of arrival in South Africa. Subsequent work plans will be due 60 days before the end of each contract year. Specific project activities will be approved at monthly Project Steering Committee meetings.

Monthly Presentations to Project Steering Committee

These presentations will summarize progress against annual work plan objectives and will highlight problem or potential problem areas with recommendations for corrective actions.

Data Collection and Monitoring

The selected contractor will gather, annotate, and report on baseline and subsequent information about the BDOs so as to objectively measure attainment of project objectives and outcomes. This database will be regularly updated to reflect changes in the BDOs. Such information will be included in the work plans and progress reports and will be provided to USAID/SA and the Steering Committee as requested and to the mid-term and final evaluation teams.

TIMEFRAME

The successful offeror will contract to provide the services as described in Section I, the Statement of Work, for a period of five years. It is anticipated that work under this contract will commence in early 1994 and will last until early 1999. Subject to its terms and conditions, the contract may be renewable, without competition, for an additional period of time for follow-on activities should the contractor's performance be acceptable, and should the A.I.D. Contracts Officer and USAID/SA agree to such an extension.

DISADVANTAGED ENTERPRISES SUBCONTRACTING

Unless the offeror is a disadvantaged enterprise, not less than 10 percent (ten percent) of the value of the offeror's cost proposal must be clearly indicated as being set aside for subcontracting with disadvantaged enterprises.

The participation of South African firms with demonstrated knowledge of and involvement with black small businesses development is strongly encouraged. Due to the particular nature of the situation in South Africa, USAID encourages firms to utilize disadvantaged enterprises to the maximum extent possible beyond the minimum 10 percent requirement. It is important to note that all subcontracting arrangements should demonstrate added value and competencies to the offeror's team. The subcontractors involvement should be specifically identified, to the maximum extent practical, in the offerors proposal.

For the purposes of this requirement, the term "economically and socially disadvantaged enterprise" means a business:

- (1) Which is at least 51 percent owned by one or more socially and economically disadvantaged individuals or, in the case of a publicly owned company, at least 51 percent of the stock of which is owned by one or more socially or economically disadvantaged individuals; and
- (2) Whose management and daily business operations are controlled by one or more such individuals.

The term also refers to historically black colleges and universities or a university having a student body in which more than 40 percent of the students are Hispanic-Americans.

Socially disadvantaged individuals are those who have been subjected to racial, ethnic, or sexual prejudice or cultural bias because of their identify as a member of a group without regard to their individual qualities. Economically disadvantaged individuals are those socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same business area who are not socially disadvantaged.

LOGISTICS

All logistical support for the field team will be provided by the contractor. There is no duty free entry for personal vehicles. AID will reimburse official use of vehicles at the rates authorized in the U.S. Government Standardized Regulations. The U.S. Embassy will arrange for the duty free entry of accompanied baggage and household effects up to the weight allowances authorized in the U.S. Government Standard Regulations during the first six months in South Africa. Personal income tax (for South Africa) will either be exempted or recompensed by AID.

The main project office in South Africa must be located in the greater Johannesburg area. The contract will reimburse office space, personal computers and printers, one photocopier machine, telephone and telefax services, as well as ancillary office furnishings.

The project offices in Cape Town, Port Elizabeth/East London, and Durban are expected to use office space and administrative support which is available from existing businesses. This cost should be budgeted at R2,500 per month per office. These offices must be established and be fully functioning within 6 months of the contract signing date.

SECTION II SELECTION CRITERIA AND METHOD OF SELECTION

SUMMARY OF CRITERIA

Technical proposals will be evaluated in accordance with the following technical evaluation criteria:

<u>Category</u>	<u>Weight (points)</u>
1. TECHNICAL APPROACH -	
<ul style="list-style-type: none"> ● Demonstration of an understanding of the challenges facing black small businesses in South Africa and the role of BDOs to address these challenges. ● A clear and detailed presentation of the technical approach the offeror will employ for implementing each project component. ● Detailed information on how sustainable business relationships will be generated between U.S. suppliers of innovative business development technologies and South African BDOs. ● An implementation plan covering the five years of the project with specific details on the first year. ● A timeline for the life of the project to include anticipated activities, financial and other resources, and specific tasks for each member of the offerors field and home team to meet project targets. 	25
2. INSTITUTIONAL EXPERIENCE	
<ul style="list-style-type: none"> ● Experience with managing projects of a similar complexity and in a dynamic and changing environment such as in South Africa. ● Experience with business development in the United States and elsewhere in the world. ● Experience facilitating sustainable linkages between U.S. business support providers and consumers in other countries 	20

3.	CONTRACT PERSONNEL EXPERIENCE -	
	<ul style="list-style-type: none"> ● Experience and Qualifications of all professional field office staff. ● Experience and qualifications of all home office staff. 	20
4.	CLEAR INDICATION OF THE KNOWLEDGE AND UNDERSTANDING OF THE SOCIAL, ECONOMIC, AND POLITICAL SITUATION IN SOUTH AFRICA AND THE CONSTRAINTS THAT THIS SITUATION IMPOSES ON THE PROJECT AND THE PARTICULAR INSTITUTIONS LIKELY TO BE INVOLVED IN THIS PROJECT	15
5.	STRATEGY FOR WORKING WITH SOUTH AFRICAN ORGANIZATIONS	10
6.	UNDERSTANDING OF THE PROJECT OBJECTIVES	10
		<hr style="width: 100%;"/> 100 points

METHOD OF SELECTION

The selection process will be carried out in accordance with AID procedures established for contracting in the AID Acquisitions Regulations (Handbook 14). An Evaluation Committee, consisting of representatives from AID and from South Africa will be responsible for evaluating and identifying the most technically acceptable proposal. After completion of the technical evaluation, the proposals will be ranked in descending order according to scores. The results of the scoring will be submitted to the AID Contracts Officer for concurrence. The AID Contracts Officer shall use this evaluation, together with his evaluation of the cost proposals, to determine a ranking of offers. He shall then negotiate with one or more firms or organizations to establish which offer is the most reasonable to the U.S. Government, and award that offeror the contract. **A best and final offer will probably be required, and firms or organizations will be required to send representatives to South Africa to negotiate and/or to participate in oral interviews.** The costs involved in negotiation/interview are not directly reimbursable by AID regardless of the outcome of the process.