



**FMI**

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**Evaluation of the  
New Economy Project**

*Prepared for*  
**USAID/Jamaica**

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## **Executive Summary**

### **A. Background**

USAID/Jamaica contracted Financial Markets International (FMI) to conduct an evaluation of the New Economy Project (NEP) as part of the process for developing its country development strategy for 2004-2009. The NEP is a demand-led initiative to provide technical assistance and training to selected businesses and business service organizations that can in turn assist Small, Medium and Micro Enterprises (SMMEs) improve their profitability and competitiveness. The NEP also works with government to reform policies and administrative processes that impact SMMEs. The NEP is the center piece initiative of the Mission's Economic Growth Strategy Objective (SO1) - Improved Business Environment for Developing Small, Medium and Micro Enterprise Sectors - and encompasses the following Intermediate Results:

- IR1 Persuading the public and private sector to identify and reduce constraints to doing business in Jamaica
- IR2 Strengthening business skills of senior managers to enable Jamaican business firms to compete more effectively in the global market
- IR3 Upgrading small business firm and micro enterprise access to financial resources

In order to achieve its objectives, the Mission contracted Carana Corporation in May, 2000 to implement the NEP through the provision of a combination of technical assistance, training and "network and database development and dissemination."

### **B. Scope of Work**

The purpose of this evaluation, as stated in the Scope of Work (SOW), is "to assess the performance of the New Economy Project and determine the impact that it has had in meeting the Economic Growth SO - Improved Business Environment for Developing the Small, Medium and Micro Enterprise Sectors - in its Intermediate results." The Mission intends to incorporate results of the evaluation and lessons learned into the development of its five year strategy (2004-2009), and to make decisions with respect to the future of the NEP. It is also interested in determining the replicability of the NEP demand-led model elsewhere.

### C. Findings

In reading this evaluation it is essential to bear in mind two caveats.

- First, in most instances it is still too early to measure impact accurately and completely, and more time will have to pass in order to make a final judgment. Still, the evidence to date is highly suggestive, if not entirely conclusive, as borne out in the findings and analysis.
- Second, as the NEP is a demand-led model, its activities and results need to be understood and assessed in the context of the market place. That is, unlike “supply-led” initiatives, the NEP by definition responds to market signals that are not always reflective of the broader USAID Intermediate Results.

The major overall finding according to the available evidence is that the NEP has been successful, specifically with respect to reducing constraints to doing business in Jamaica and meeting the expressed needs of project clients/beneficiaries.

- The successes of the demand-led model have been due to: 1) the integration of five key parameters - cost-sharing, client ownership, partnership relations between the clients and NEP, use of client-based priorities in designing interventions, and selectivity in choosing clients; 2) four integral project management features - responsiveness, flexibility, quality and the ability to work successfully in the Jamaican context.
- By the same token, selectivity also could be considered to be a project weakness in that it could limit outreach to the wider SMME population. However, that by working with established “wholesaler” business service organizations, the project eventually should be able to reach a wide target population on a *sustained* basis.
- Other key factors distinguishing NEP from other donor projects, and which basically have served as selection criteria for clients, include: use of “wholesale” companies and agencies - i.e., organizations that produce a multiplier effect in providing services to enhance SMME performance and that are “sustainable”; an increasing willingness to take on calculated risk; effective and high quality NEP staff sub-project management.
- The NEP has substantially exceeded its established targets in terms of the number of SMMEs and clients served.
- Preliminary data on IR1 (reduction of constraints to doing business) suggest a limited but uniformly positive and growing impact.
- IR1 activities have resulted in substantial improvements in creating efficiencies in government agency processes as evidenced by the information provided to date.
- The NEP has been able to leverage a mean average of \$2.10 for every \$1.00 expended.
- The lack of data and short time frame make it difficult to measure *impact*, particularly with respect to IR2 (improving business skills), but project *performance* has been rated excellent.
- Demand for technical assistance in IR1 and IR2 has proven to be strong. Demand in IR3 (increased access to credit) is minimal and project resources have been reallocated to

reflect that shift in the market. The one of three sub-projects in IR3, however, has demonstrated very positive results.<sup>1</sup>

- Clients across IRs expressed substantial satisfaction with the NEP, citing responsiveness, timeliness and quality of STAs as particularly critical to success.
- In large part the project has achieved sustainability in that most of the clients it has worked with are viable enterprises able to continue serving SMMEs without subsidy, thus maintaining in effect the NEP process.
- The downside is that some SMMEs, especially at the micro level, may find it difficult to afford unsubsidized services, even if the business service companies themselves are sustainable.
- The method of selecting clients has worked well, particularly with respect to the effectiveness and quality of the sub-contractors that have been chosen.
- The NEP is suitable for replication elsewhere.
- The internal operations of the NEP are managed efficiently, but data on project performance and results are dispersed, only partially tabulated and not organized in a central repository.
- The sub-project *approval* process was initially very cumbersome due to several factors. This has been made more efficient and the mean average for approvals is now just 10 days.
- Carana has been responsible for management deficiencies that could affect project performance if not corrected.

#### **D. Conclusions and Recommendations**

- **Conclusion:** While not enough time has lapsed, or data made available, to judge the impact of the NEP definitively, the evidence to date suggests the project is achieving its goals.  
**Recommendation:** The NEP should establish a system for collecting, storing and tabulating data on project performance and impact. This should include requirements for all clients to establish a base line and provide data on individual sub-project outcomes and, where feasible, impact on SMME recipients of technical assistance and training. USAID should conduct an impact assessment in June 2004.
- **Conclusion:** The NEP has achieved institutional sustainability through its client wholesaler organizations, which are business service enterprises, established NGOs and government agencies.  
**Recommendation:** In order to sustain the NEP process, meet project and Mission objectives fully, protect its investment and maximize impact, USAID/Jamaica should extend the project at a minimum for three years.
- **Conclusion:** The key features of the NEP model - i.e., demand-led, cost sharing, ownership, partnership, client-based priorities,

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<sup>1</sup> The other two clients dropped out of the project.

selectivity, - have been instrumental to its successes, as well as staff and STA responsiveness, flexibility, quality and ability to work effectively in the local context .

**Recommendation:** As of this time the NEP model does not require any modifications. However, it should be monitored over the LOP and open to any changes that can be proven to ensure and enhance the integrity of its performance and impact.

- **Conclusion:** The lack of due diligence reviews increases the risk of failed sub-projects. While the NEP has experienced few failures, if the project is extended it may increase risk as it enters into sub-contracts with new wholesalers.

**Recommendation:** The NEP should conduct due diligence reviews on prospective clients. These do not and should not be highly detailed, but establish as best as possible client financial and management viability.

- **Conclusion:** The client selection process is subjective. There are benefits to that in that many if not all of the clients have been “known quantities.”

**Recommendation:** Aside from the due diligence, which would come after the first round (i.e., Activity Criteria Selection [ACS] form) of the selection process, it would be useful to assign weights to the criteria in the ACS, providing balance to the subjective judgments that are currently used. This would also have the benefit of countering potential criticisms of the selection process, and by implication the project, and help maintain its positive image.

- **Conclusion:** The quality and mix of the LTAs and STAs have been effective in producing client satisfaction and results.

**Recommendation:** The NEP should maintain the present balance of LTAs and STAs, and continue its current vetting process for advisors.

- **Conclusion:** The management deficiencies at Carana have the potential to cause problems for the project.

**Recommendation:** Carana take immediate steps to correct delays in payments to STAs and vendors, and stabilize staff turnover.

- **Conclusion:** Focus should be on the quality and appropriateness of sub-projects, in addition to the expanding the size of the target sectors to be reached, especially with respect to IR2 activities. If the wholesalers are sustainable, then their services will be available to most of the target groups in any event in the market place. By contrast, IR1 activities by definition reach across the SMME sector and discrete target groups.

**Recommendation:** Quality and appropriateness of sub-projects should be given priority in the selection process.

## **E. Lessons Learned**

The lessons learned from the NEP are not all necessarily unique or new. However, they are instructive.

- The data indicate for now that a demand-led model for SMME development will work and allocate efficiently resources if allowed to respond to market signals. This implies the need for flexibility in altering project tactics as required by events on the ground.
- Client commitment to the services provided is essential to success. Indeed, the NEP staff learned this lesson early on, and requires clients to dedicate a project manager, as well as share costs up front.
- The ultimate test of a demand-led initiative and client commitment is the willingness of the client to share costs.
- Enforceable contracts, specifying exact sub-contractor responsibilities and deliverables, need to be signed between project management and clients.
- A client-driven project runs risks of poor decisions and choices. However, there is no rule that consultants have a monopoly on good judgment, and ultimately the client should be responsible for setting priorities and selecting STAs. The fact of the matter is that in a demand-led initiative, by definition it must be the client that makes the final decisions.
- Strengthening the SMME sector and improving competitiveness requires a parallel strategy working with both the business community and government. While a modern and effective policy, regulatory and procedural framework is essential to creating a more productive and competitive private sector, ultimately it is rigorous and equitable enforcement, coupled with sound management, that will make the difference.
- Responsiveness to client needs is critical to effective project performance. This was borne out consistently. It is necessary for project staff to be responsive, timely and accessible - as well as competent.
- The use of highly qualified (i.e., quality) advisors is critical. This may be a truism, but it is honored a good deal in the breach in many projects.

## II. Introduction

### A. Background

USAID/Jamaica has contracted Financial Markets International (FMI) to conduct an evaluation of the New Economy Project (NEP) as part of the process for developing its country development strategy for 2004-2009. The NEP is the center piece initiative of the Mission's Economic Growth Strategy Objective (SO1) - Improved Business Environment for Developing Small, Medium and Micro Enterprise Sectors - and encompasses the following Intermediate Results (IR):

- IR1 Persuading the public and private sector to identify and reduce constraints to doing business in Jamaica
- IR2 Strengthening business skills of senior managers to enable Jamaican business firms to compete more effectively in the global market
- IR3 Upgrading small business firm and micro enterprise access to financial resources

Despite some recent gains in reducing the level of poverty and recovering from the financial crisis of the 1990s, the Jamaican economy has performed poorly over the past two decades. The highest positive growth rate in the last decade was only 2.0 percent, and in the period 1996-1999, Jamaica sustained negative growth in real GDP.<sup>2</sup> As of 2000, the official unemployment rate was 15 percent. It is safe to suggest that the real numbers of unemployed are higher. The one positive sign was the reduction in the poverty rate, from 44.6 percent in 1991 to 16.7 percent as of 2001. This was calculated to be due principally to a surge remittances and a significant decline in inflation from a peak of 77 percent in 1992, to single digits in 2003.

Given the bleak, if marginally improving economy, the Mission decided there was a compelling need to "narrow its strategic focus" and coordinate private and public sector activities to create a policy and regulatory environment conducive to improving the competitiveness (i.e., productivity) of small, medium and micro enterprises (SMME) and increasing domestic and foreign direct investment. It also recognized the need to improve business skills at the company level and expand access to credit.

In order to achieve its objectives, the Mission contracted Carana Corporation in May, 2000 to implement the project through the provision of a combination of technical assistance, training and "network and database development and dissemination."

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<sup>2</sup> The macroeconomic statistics on this paragraph are from Andrew S. Downes, "Productivity and Competitiveness in the Jamaican Economy," a report prepared for the IDB, March 2003.

The New Economy Project has been the center piece of USAID/Jamaica's economic growth strategy (SO1). Its objectives, as defined by the Intermediate Results under SO1, are to:

- identify and reduce constraints to doing business in Jamaica
- strengthen business skills at the SMME company level
- increase access to private credit for SMMEs

The purpose of the NEP is to strengthen the SMME sector as the "engine" of economic growth for Jamaica. This is accomplished by improving the policy and regulatory environment impacting business, strengthening skills at the enterprise level and making credit more accessible. The project, a three year initiative, was funded initially at \$6 million and has received an additional \$2 million to extend it an additional year.

The NEP was conceived as a demand-led initiative, organized and managed in a way to be able to respond quickly and efficiently to market signals. It eschews the conventional "supply-side" model, and instead provides assistance only to companies and government agencies that express a specific demand for services, contribute cash or a combination of cash and cash equivalents as partial payment for technical assistance or training, and assign a senior manager to coordinate the project directly with NEP staff and advisors. In addition, the NEP requires "clients" to establish their own priorities and select short-term advisors from a list of at least three candidates identified by NEP staff. The purpose is to make the client take as much responsibility as possible for decisions and actions. The NEP enters into what are in effect business arrangements with beneficiaries instead of the more conventional donor-recipient relationship.

The NEP seeks "wholesaler" clients; that is, public and private organizations, including business service companies and government agencies, that impact the private sector and reach large numbers of SMMEs. The NEP works with clients who want to invest in projects that will have the kind of impact the NEP is looking for, but who need some kind of assistance. The NEP actually serves as a catalyst, providing clients with the minimal support to enable them to take on projects that are judged to have an opportunity to enhance the SMME sector. In most cases,<sup>3</sup> clients indicated they would have invested their own resources in the project, but that they would either have had to wait substantial periods of time (up to 18 months), or would have been able only to fund a partial initiative.

In the first year of the project, NEP staff implemented a marketing drive to promote the initiative and identify clients, and "sell" technical assistance and

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<sup>3</sup> This was based on interviews with 22 out of the 52 past and present clients.

training services. Unlike supply-side projects, the NEP has relied on a tangible demand for services from prospective clients, all of whom share in the attendant costs. Since then, there has been more than sufficient demand for NEP services and the project, as will be seen, has exceeded all its targets. NEP staff are now fully engaged in working with existing clients, as well as preparing to work with the last few organizations that will be carrying out specific initiatives.

A major goal of the NEP is to achieve sustainability. As part of the strategy to meet that objective, the project works with what have been labeled “wholesalers”; This institutional infrastructure, as will be seen, has served as the foundation for a sustainable process to strengthen the SMME sector as a key to economic growth and development for Jamaica.

The NEP is relatively small, with a Chief-of-Party (COP), three Case Managers<sup>4</sup> and a three person support staff. Case Managers (and the COP) work closely with clients and have developed very close and - in most cases - productive relationships. As will be seen, this has become a project hallmark. In some instances, where appropriate, the Case managers and COP also provide some limited technical advice.

## **B. Scope of Work**

The purpose of this evaluation, as stated in the Scope of Work (SOW), is “to assess the performance of the New Economy Project and determine the impact that it has had in meeting the Economic Growth SO - Improved Business Environment for Developing the Small, Medium and Micro Enterprise Sectors - in its Intermediate results.” (See Appendix for a copy of the SOW.) The Mission intends to incorporate results of the evaluation and lessons learned into the development of its five year strategy (2004-2009), and to make decisions with respect to the future of the NEP. It is also interested in determining the replicability of the NEP demand-led model elsewhere.

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<sup>4</sup> As of mid-August 2003 there are only 2 full-time Case Managers. The Case Manager who left the payroll in August has been retained on a short-term basis to work with some of his clients.

### III. Methods and Caveats

A straightforward methodological approach was used for the evaluation. Specifically, the following techniques were used:

- Review of documents
- Content analysis of selected documents and interview notes
- Semi-structured, open-ended interviews of a random sample of managers and staff of 22 (out of a total of 55) project beneficiaries/client organizations
- Open-ended interviews with key USAID/Jamaica officials
- Close-ended survey of selected sample project beneficiaries/clients
- Participant observation
- SWOT exercise with USAID SO1 team members and NEP staff

Appendix I contains a complete list of interview respondents.

In reading this evaluation it is essential to bear in mind two caveats.

- First, in most instances it is still too early to measure impact accurately and completely, more time will have to pass in order to make a final judgment. Still, the evidence to date is highly suggestive, if not entirely conclusive, as borne out in the findings and analysis.
- Second, as the NEP is a demand-led model, its activities and results need to be understood and assessed in the context of the market place. That is, unlike "supply-led" initiatives, the NEP by definition responds to market signals that are not always reflective of the broader USAID Intermediate Results, as will be seen in the analysis. As a consequence, IR3 - improved availability of finance, which was originally envisioned to be one of the three integral components of the NEP - proved ultimately not to reflect market demand. To its credit, and remaining faithful to the demand-led character of the model, NEP staff redirected project resources to IRs 1 and 2 where a demonstrable demand did exist, rather than attempting to impose assistance interventions that might have been initially projected but ultimately did not reflect market realities.

## V. Analysis

The SOW outlines a comprehensive set of specific research questions that forms the framework of analysis for the evaluation, and around which the following analysis is organized. The questions address the key issues of performance and impact, examining the technical approach and model, as well as the implementation and management of the project and results to date.

### A. *The extent to which the NEP has been successful in meeting the objectives of the SO and why.*

The entire analysis is directed at these two overarching questions. The short answer is that according to available evidence the project has been successful in achieving many of its objectives, especially with respect to IR1. In the case of IR2, not enough data were available at this juncture to come to firm conclusions on the project's impact. However, the NEP has performed very successfully in its work with business service organizations that provide assistance to SMMEs. In the case of IR3, very little demand existed (only three clients expressed interest). The one sub-project that actually was implemented - the Jamaica National Small Business Company (JNSBC) - produced significant results.

### B. *The operation and impact of the NEP and why.*

#### 1. Operation

##### a. Internal

The operation of the NEP, at least in a management sense, is elementary. There is a Chief-of-Party (COP) with a staff of three sub-project or Case Managers (CM), and a three person support staff (an Office Manager, Project Assistant and Logistics Coordinator/Driver). Work flow is routinely coordinated, and assignments and reporting lines are simple and clear. Case Managers are given substantial autonomy over their sub-projects and, according to those sub-project clients/beneficiaries who were interviewed, there exists a high level of satisfaction with the performance of all CMs, including the COP. Moreover, as will be documented later on, objective indicators reinforce the perceptions of CMs - and clients - as producing results and generally meeting or exceeding targets.

CMs are each assigned sub-projects to manage depending on availability of time and fit. For example, two CMs with IT skills manage IT projects. These tend to be in IR1 so that one CM in fact manages the majority of sub-projects in IR2. However, overlap occurs. Nevertheless, one of the hallmarks of the NEP, both in terms of its management and client relationships, is flexibility. Focus is on results, and the COP makes it clear that organizational and operational rigidities will not be tolerated. Given the demand-led nature of the NEP model, and realities on the ground, this appears to have been a highly effective approach. One client accurately summed up the character the NEP organization as "lean and mean." Staff meetings are held irregularly, limiting to some extent the sharing of information to identify possible project complementarities and exchange ideas and information that would come from scheduled weekly sessions, although much of this occurs informally.

During the first year of project operations, the COP and CMs focused a great deal of their efforts on marketing services. These have included a range of interventions to increase the ability of businesses service companies and organizations to meet SMME needs to enhance productivity and profitability, especially in the use of IT, and to help government agencies reform cumbersome administrative processes that impact the competitiveness of the private sector. Since then the need to market has decreased, as the project has become established and a growing awareness of its presence and services has been developed. CMs concentrate on managing technical assistance and follow-up. Their style is to be hands-on, responding quickly to client requests and needs. They are virtual partners with clients, and maintain close quality control over short-term advisors (STAs). Indeed, several clients indicated that one of the principal strengths of the NEP was the CMs' ability to identify and mobilize quality STAs. A key feature of the NEP model, not so incidentally, is that the client chooses the STA(s), not NEP staff. The CM presents a list of candidates, usually three, and reviews the qualifications with the client who makes the final decision. This makes the client take responsibility and reinforces the notion of ownership, a practice absent in many conventional donor supported projects.

While project files are organized and complete, they tend to vary by CM. There is no uniform process, and that makes data retrieval cumbersome. Similarly, while data on project performance and impact exist, they have been only partially tabulated and updated. In addition, many are organized and maintained by the individual CMs, rather than in any central data repository. Organizing project data in a more orderly and standardized manner would significantly facilitate their retrieval, tabulation and utilization. Moreover, routinely and systematically updating impact and performance data would enhance project management and planning, and give NEP staff and USAID the ability to document performance and impact patterns to make any necessary modifications in approach, and to do it in a timely way.

The management disconnects that do exist are basically between the NEP and the Carana home office. The high rate of turnover of Carana backstop staff has caused needless delays and confusion. Since the beginning of the project there have been eight different home office support/backstop personnel, four different contract specialists and five financial staff with whom the NEP team has interacted. The principal problem is the time it takes for new back stop and other Carana staff to become familiar with the project and its requirements. This can reduce responsiveness, one of the project's hallmarks. As a demand-led initiative, it is essential to keep clients satisfied. And as the interviews with clients have repeatedly shown, responsiveness is highly valued. While this is not a major problem yet, letting it languish could be detrimental.

Another and potentially more serious issue is the delays incurred by Carana in payment of fees and reimbursement of expenses to STAs. It was reported that many STAs have not been reimbursed in a timely way by Carana. One CM reported that all of the STAs he has managed have never been paid on time. The concern is that STAs will not agree to return due to Carana's payment practices. In the same vein, Carana has reportedly lagged in payments to local vendors serving project clients. In some cases, for example the National Land Agency (NLA) and Office of the Registrar of Companies (ORC), vendors (Orion Software and InfoExchange respectively), vendors were said either to have threatened to suspend or suspended their services until payment was made. Late payments to vendors have been reported to have occurred as well in other

instances. Once again, these are not yet major problems, but could compromise the project if left uncorrected.<sup>5</sup>

#### **b. USAID**

Operational relationships with USAID generally have been close, if somewhat uneven, due principally to the fact that there have been three CTOs, two of whom were also Directors of the Mission's Office of Economic Growth (OEG), over a three year period, each with a different operating style and level of authority within the Mission. One issue of concern to both the Mission and project staff has been what they perceive to have been lengthy delays in the approval processes for some sub-projects. Table 1 on the following page illustrates the number of days for approvals to be granted, by project, date and budget amount. While there have been some egregious delays, including the Jamaica Intellectual Properties Office (JIPO) initiative that was finally abandoned, the fact is that the average time to process and approve sub-projects over the life of project (LOP) to date has been 25 days. The extraordinary fluctuations have been principally due to discontinuities caused by the changes of CTOs, repeated requests for more information from USAID and prospective client unresponsiveness (see Appendix II for a chronology of the "Regs and Legs" sub-project that serves as an example of the kinds of problems encountered in the approval process). It might be reasonable to assume that larger value projects may take longer than smaller initiatives. However, while a \$333,000 project took just 29 days to process, a \$68,000 package did not receive USAID's approval for a period of 99 days. Similarly, it took USAID 187 days - over half a year - to approve a project valued at \$220,000, yet it processed another for a little over that amount (\$230,000) in only 17 days. But apart from the five (out of fifty-two) sub-projects that took over two months to process, the mean average time for approvals has been 25 days, the median 10 days and the modal just 2 days. And over the past year the mean average has been reduced to only 10 days. The extraordinary delays did, however, fall into a specific time frame - from August 2001 to June 2002, a period during which there was no permanent CTO present, suggesting a lack of management certainty and continuity that may have been responsible for the delays. Fortunately, the situation has been corrected and working efficiently for the past year.

Both NEP and USAID staff attribute improvements in the approval process largely to the Activity Criteria Selection form (ACS), developed by the last OEG Director and introduced in June 2002. The chronology on Table 1 bears this out to some degree. The ACS is a one page summary (see Appendix III) that determines the eligibility of applicants and the projected risk level of the project. It replaced a tedious and counterproductive process whereby NEP staff had to write a detailed Task Order to be submitted to USAID for approval. After Mission approval, then a Work Order had to be drafted, which was essentially the scope of work that served as the basis for the contract with the sub-contractor. Adapting procedures from the private sector, the OEG Director at the time was able to streamline the application process and reduce the time for approval. The ACS replaced the task order and now, subsequent to USAID approval, the NEP staff draft the work order that is signed off by the client. This, combined with improvements in the time it takes for the Mission to approve projects, has relieved the NEP of excessive paper

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<sup>5</sup> Carana was asked to reply to these reports. As of this writing, no response has been received, although Carana did state in an e-mail from its Executive Vice President that prompt payment is its policy.

work and accelerated the application process, saving time and resources that are now able to be allocated to managing technical assistance and training.

## 2. Impact

As a preamble to the assessment of impact it is essential to keep in mind two caveats: 1) The project is on-going so that the ultimate aggregate impact cannot yet be measured. That is, as already cautioned, most of the *impact* cannot be effectively assessed until enough time has lapsed for the interventions to have been able to attain - or not - their intended objectives. However, many of the *results* may be measured now. That is, efficiencies in government agency processes, for example, have been achieved, but there are few data available yet to indicate how that may have impacted the SMME sector. By contrast, a review of NEP activities shows conclusively that the NEP has surpassed, sometimes substantially, its target; performance and profitability; 2) USAID did not require or request a baseline for measurement to be constructed, thereby circumscribing the ability to determine causality and establish empirically verifiable impact. Still, despite methodological and resource constraints, it has been possible to identify impact trends and draw several important conclusions.

Finally, it is important to point out that one indicator of impact for the NEP project has been "leverage." This is the value attached to the resources, both cash and in-kind, contributed by the clients. Table 1 lists leverage coefficients by project. It is clear that the NEP has had a substantially positive impact in terms of generating \$2.14 for every project dollar spent in providing technical assistance and training. This is another key strength of the demand-led model, which uses projects funds more as investments than expenditures, and actually generates a return on the investment.

**Table 1**

**Length of Time for Sub-Project Approvals and Activities by Total Expenditures**

**New Economy Project - Schedule of Activities**

<b>Client/Project Name</b>	<b>Date submitted</b>	<b>Date Approved</b>	<b>Date Closed</b>
ICT	28-Aug-00	5-Sep-00	31-Dec-00
USAID/IADB ICT	16-Aug-00	5-Sep-00	31-Dec-00
JBA Automated Clearing House	6-Feb-01	6-Feb-01	31-Dec-02
Jamaica Conference Board	1-Mar-01	1-Mar-01	31-Dec-01
JNMCC	12-Mar-01	15-Mar-01	31-Dec-02
CCMB	30-Nov-00	1-Dec-00	31-Dec-01
ORC	1-Mar-01	21-Mar-01	31-Mar-03
JMA (HACCP)	16-Mar-01		1-Apr-02
Lets Investments	16-Mar-01	20-Mar-01	31-Dec-01
FTAA Conference	21-Mar-01	30-Mar-01	31-Dec-01
NEPA Info Systems	30-Mar-01		29-May-01
MCS.com	1-May-01	2-May-01	31-Dec-02
National Land Agency	1-May-01	5-May-01	30-Jun-03
Ja. Credit Bureau	31-May-01	5-Jun-01	31-Dec-01
Competitiveness & Trade Program Development	22-Jun-01	25-Jun-01	31-Dec-01
Pesticide Control Authority - Phase 1	2-Jul-01	6-Jul-01	31-Dec-02
Courts/New Horizon	20-Aug-01	22-Feb-02	
Global Trade Communication - Briefing Room	22-Aug-01	7-Sep-01	
Manchester Chamber of Commerce	2-Sep-01	7-Sep-01	31-Dec-02
Paymaster	1-Oct-01	8-Oct-01	31-Dec-02
Jamaica Central Securities Depository	5-Oct-01	9-Oct-01	31-Dec-02
IBM ASP Service	10-Oct-01	1-May-02	
Emarketing	12-Oct-01		15-Dec-01
Customs e-payment pilot	12-Nov-01	2-Jan-02	
Safeguard Act	30-Oct-01	29-Oct-01	31-Jul-02
Shipping Association of Jamaica (Phase I)	26-Feb-02	14-Mar-02	31-Dec-02
Shipping Association of Jamaica (Phase II)	17-Jul-02	12-Aug-02	
BDO	21-Feb-02	13-Mar-02	
PSOJ	26-Apr-02	3-May-02	28-Feb-02
FTC Phase I	29-May-02	4-Sep-02	
Regs & Legs	13-Jun-02	29-Oct-02	
PriceWaterhouseCoopers EXORDIA	19-Jul-02	11-Sep-02	
FTC Phase II	9-Oct-02	18-Oct-02	
Mona School of Business	22-Feb-03	23-Feb-03	30-Apr-03

Anti Dumping & Subsidies Commission – Phase 1	3-May-02	21-May-02	31-Jul-02
Jamaica Intellectual Properties Office (JIPO)	1-May-02		20-Jun-03
Coffee Industry Board	9-Aug-02	20-Aug-02	
PCA (Phase II)	25-Jun-02	3-Jul-02	30-Jun-03
MICT E-Commerce legislation	9-Aug-02	12-Aug-02	31-Jul-03
Anti Dumping & Subsidies Commission – Phase 2	23-Jul-02	12-Aug-02	
SBAJ	7-Oct-02	8-Oct-02	28-Feb-02
MIND Online (E-Learning pilot)	16-Oct-02	30-Oct-02	
Bev Manley	23-Jan-03	20-Feb-03	
IMP Business Training for SMMEs	10-Feb-03	14-Feb-03	
JMA Business Skills Development Project	14-Mar-03	20-Mar-03	
MCOC- IRAE Convention & Expo	12-Mar-03	19-Mar-03	30-May-03
NLA Phase II	9-Jun-03	19-Jun-03	
ORC Phase II			
JBDC	29-Apr-03	12-May-03	
FTC III	30-Apr-03	1-May-03	
OUR Technical Assistance: Liberalization	17-Jun-03	21-Jun-03	
MoFP Tax Collections	1-Jul-03	3-Jul-03	
GOJ Investment Incentive Regime	1-Jul-03	3-Jul-03	
Trade & Competitiveness Training			
Coffee Climate Control			

a. **IR1 Reducing Constraints to Doing Business in Jamaica**

An impact analysis of changes in legislation, regulations and procedures at this point in the project is somewhat premature. The political and governmental processes, by their nature, are generally slow and open to a wide range of pressures and events. It takes, for example, many steps for a bill to be drafted and read, subjected to testimony and amendments, passed through committee, redrafted and finally signed into law. Similarly, there are relatively lengthy processes for issuing proposed regulations, receiving comments and publishing final rules. Government procedures, too, take time to reform and put in place, partly due to the process of change itself and, in some cases, requirements for statutory amendments. Nevertheless, the NEP has been able to effect some important changes, and continues to do so. Results to date can be seen now and are presented in Table 3. It needs to be underscored that the information in the table has been provided by the clients and is only for projects that have been completed. In addition, conclusions that can be drawn from the data would have been more precise had there been a baseline. Nevertheless, the figures that have been reported show uniform, substantial improvements in government agency processes affecting SMMEs, describing a positive trend is consistent and significant.

For example, NEP recently completed work with the Ministry of Commerce, Science and Technology in drafting e-commerce legislation, the first of its kind in Jamaica and essential to the efficient operation of electronic commercial transactions. Although the bill has yet to be enacted into law, something beyond the control of the NEP, the fact that it has been drafted with project assistance is a major step forward. Similarly, the NEP has been successful in working with the Pesticide Control Agency (PCA) and Jamaica Customs Agency to streamline fee and levy collection processes. In this case some quantitative indicators are available. The PCA reports NEP assistance resulted in reducing the time it takes to register pesticide products from as much as five years to under one year. Similarly, the Office of the Registrar of Companies reported that the NEP supported project to establish a web site to permit on-line registration showed an increase of subscribers from 70 in all of 2002 to 149 in the first quarter of 2003. And the "e-Customs" sub-project with the Shipping Association of Jamaica has established an electronic capacity for processing manifests that is currently being used successfully by 18 out of 20 shipping agents.

It needs to be noted that the measures for assessing IR1 activities do not reflect accurately actual accomplishments. For example, the fact that a project is able to work with counterparts to draft a bill is not counted as a success because it is a "product" and not a "process." Yet without key statutes and regulations (i.e., "products"), other objectives cannot always be met. It may be suggested that the real indicator is enactment of the bill into legislation *and its subsequent enforcement*. However, that is beyond the control and competence of a USAID-funded project. This applies to a lesser degree to regulations, although not necessarily to administrative directives.

Table 2

Client Activities by Budget, Expenditure, IR, Leverage Factor and Sector

New Economy Project - Schedule of Activities

Client/Project Name	Budget	Expended 31-Jun-03	IR	IR Count	Client Investment (* = projected)	Leverage Factor	Sector
New Economy Project							
ICT	\$50,479	\$43,534	1	0	\$0	0.00	Public
USAID/IADB ICT	\$60,637	\$87,721	1	0	\$20,000	0.20	Public
JBA Automated Clearing House	\$333,000	\$333,000	1	1	\$333,000	1.00	Private
Jamaica Conference Board	\$55,257	\$11,192	1	1	\$20,000	1.79	Private
JNMCC	\$93,395	\$116,617	3	17,000	\$777,778	6.67	Private
CCMB	\$95,757	\$51,098	3	0	\$50,000	0.98	Private
ORC	\$202,702	\$207,507	1	5	\$200,000	0.96	Public
JMA (HACCP)	\$0	\$0	1	0	\$0	0.00	Private
LETS Investments	\$79,916	\$61,331	3	244	\$20,000	0.33	Private
FTAA Conference	\$12,049	\$12,049	1	0	\$0	0.00	Public
NEPA Info Systems	\$0	\$0	1	0	\$0	0.00	Public
MCS.com	\$92,057	\$104,472	2	102	\$200,000	1.91	Private
National Land Agency	\$268,598	\$272,578	1	5	\$1,100,00	4.04	Public
Ja. Credit Bureau	\$10,000	\$8,478	3	0	\$10,000	1.18	Private
Competitiveness & Trade Program Development	\$12,050	\$12,050	1	0	\$0	0.00	Public
Pesticide Control Authority - Phase 1	\$33,614	\$33,325	1	1	\$20,000	0.60	Public
Courts/New Horizon	\$220,047	\$122,755	2	356	\$380,000	3.10	Private
Global Trade Communication - Briefing Room	\$230,905	\$232,813	1	1	\$40,000	0.17	Public
Manchester Chamber of Commerce	\$10,995	\$10,194	2	130	\$15,500	1.52	Private
Paymaster	\$156,492	\$151,225	1	1	\$200,000	1.32	Private
Jamaica Central Securities Depository	\$144,192	\$99,764	1	1	\$700,000 *	9.55	Private
IBM ASP Service	\$203,200	\$143,500	2	3	\$236,000	1.64	Private
Emarketing	\$0	\$0	1	0	\$0	0.00	Public
Customs e-payment pilot	\$33,300	\$20,000	1	1	\$285,000	14.25	Public
Safeguard Act	\$1,070	\$9,976	1	0	\$0	0.00	Public
Shipping Association of Jamaica (Phase I)	\$15,918	\$15,917	1	0	\$15,000	0.94	Private
Shipping Association of Jamaica (Phase II)	\$211,000	\$192,081	1	1	\$100,000	0.52	Private
BDO	\$92,285	\$21,594	2	196	\$156,170 *	1.69	Private
PSOJ	\$77,970	\$86,483	1	1	\$220,000	2.54	Private
FTC Phase I	\$69,003	\$11,847	1	0	\$12,400	1.05	Public

Regs & Legs	\$356,000	\$83,808	1	0	\$0	0.00 Public
PriceWaterhouseCoopers	\$113,000	\$78,810	2	0	\$200,000 *	1.77 Private
EXORDIA						
FTC Phase II	\$130,000	\$84,862	1	2	\$30,000 *	0.23 Public
Mona School of Business	\$12,735	\$10,144	1	0	\$0	0.00 Public
Anti Dumping & Subsidies Commission – Phase 1	\$40,228	\$41,331	1	0	\$0	0.00 Public
Jamaica Intellectual Properties Office (JIPO)	\$0	\$0	1	0	\$0	0.00 Public
Coffee Industry Board	\$170,000	\$0	1	2	\$40,000 *	0.24 Public
PCA (Phase II)	\$50,000	\$52,054	1	1	\$3,100	0.06 Public
MICT E-Commerce legislation	\$164,905	\$60,738	1	1	\$20,000	0.33 Public
Anti Dumping & Subsidies Commission – Phase 2	\$270,000	\$82,968	1	1	\$25,000 *	0.09 Public
SBAJ	\$41,237	\$30,000	1	0	\$0	0.00 Private
MIND Online (E-Learning pilot)	\$108,000	\$15,880	2	0	\$240,000 *	2.22 Public
Bev Manley	\$8,159	\$0	2	0	\$9,000 *	1.10 Private
IMP Business Training for SMMEs	\$38,406	\$2,115	2	27	\$78,400 *	2.04 Private
JMA Business Skills Development Project	\$14,873	\$0	2	0		0.00 Private
MCOC- IRAE Convention & Expo	\$5,000	\$0	2	60	\$59,000 *	11.80 Private
NLA Phase II	\$125,000	\$0	1	2	\$250,000 *	2.00 Public
ORC Phase II	\$100,000	\$0	1	0	\$100,000 *	1.00 Public
JBDC	\$65,000	\$0	1	2	\$8,625 *	0.13 Public
FTC III	\$55,000	\$0	1	2	\$63,000 *	1.15 Public
OUR Technical Assistance: Liberalization	\$25,000	\$0	1	1	\$0	0.00 Public
MoFP Tax Collections	\$150,000	\$0	1	3	\$150,000 *	1.00 Public
GOJ Investment Incentive Regime	\$100,000	\$0	1	0		0.00 Public
Trade & Competitiveness Training	\$40,000	\$0	2	0		0.00 Public
Coffee Climate Control	\$45,000	\$0	1	1	\$100,000 *	2.22 Public
TOTALS	\$5,094,431	\$3,025,811			\$6,486,730	
					Average	2.14

**Table 3**

**Selected Sub-Project Impacts by Target and Percent Improvement\***

Sub-Project	Target	Percent Improvement
JBA Automated Clearing House	70% Reduction in time for clearing checks (from 10 days to 3)	70%
Jamaica Conference Board	Production of business confidence indices	100%
ORC	50% Reduction in time taken to access company data	99%
	50% Reduction in time taken to Register Company Names	50%
	50% Reduction in time taken to Register Business Names	50%
	50% Reduction in time taken to Register Company Directors	90%
	50% Reduction in time taken to Register Company Registered Office	90%
National Land Agency	50% Reduction in time taken to access Land Titles	90%
	75% Reduction in time taken to access Real Estate sales data	90%
	50% Reduction in time taken to access Geodetic Survey data	90%
	50% Reduction in access to Land Valuation data	90%
	Access to Cadastral Map search	100%
Pesticide Control Authority - Phase 1	30% reduction in the time required to comply with business facilitation processes	80%
Global Trade Communication - Briefing Room	100 - 200 business executives using trade information as critical inputs into strategic decision-making process	100%
Paymaster**	50% Reduction in time required for updates of the 710,000 Customer accounts.	N/A
Jamaica Central Securities Depository*	50% Reduction in time taken for settlement. Same day settlement instead of 1-3 days	N/A
Customs e-payment pilot	90% Reduction in time taken to process broker payments	99%
PSOJ	A reduction in the time taken to achieve consensus with Government and other public sector agencies on policy and strategic issues	N/A
PCA (Phase II)	Reduce time taken to register locally manufactured goods by 50%.	75%

\*Percentages were reported by clients

\*\*These projects have been suspended

N/A= Not available

Table 4

NEP Sub-Project Targets and Results by IR

IR Count:	Target	Completed	Ongoing	Total
IR:1 No. of processes improved	15	18	19	37
IR:2 No. of SMMEs served	450	874	0	874
IR:3 No. of SMMEs served	7610	17244	0	17244

b. IR2 Strengthening Business Skills

Project impacts at the wholesaler and in particular SMME levels have been difficult to assess due to the fact that few data ever have been generated. True, findings from the personal interviews indicated strong satisfaction with the technical assistance and NEP in general, and some clients were even able to produce information on results and some limited impact, suggesting a favorable trend. However, the ultimate impact measure is at the SMME level (i.e., growth in revenues and profit margins, reductions in costs), and those data have never been collected. A survey questionnaire to measure the impact of training on SMME participants was developed for the evaluation and circulated to the NEP client training organizations.<sup>6</sup> However, the response rate was too low to be able to use the data with any confidence. Unfortunately, neither the NEP nor the clients require SMME sub-project participants to provide data on results of the training and technical assistance interventions.

There was, however, strong consensus on the part of clients/beneficiaries that the technical assistance provided by the NEP "made a difference," as several beneficiaries expressed it. There has clearly been a positive impact on project clients, even if no such measurement could be made of the SMME end-users. This in turn has positive implications for sustainability. The more established the wholesalers are, the greater their ability to sustain the process of offering technical assistance and training services to SMMEs. Moreover, there has been a demonstrable demand for services by SMMEs as evidenced by JNSBC, FSC and MCS, among others (see Table 3).

Although the NEP is organized by IRs, the fact is that most activities overlap. A good example is the MCS BizPay project, Jamaica's first on-line payroll service. This service consists of access to a web site to assist SMMEs, especially at the smaller end of the scale, improve the efficiencies and accuracies in payroll management and complying with tax requirements. The service costs US\$15 per month, which is easily affordable. According to the Manager of MCS, close to 100 packages have been sold since the project was initiated 15 months ago. The goal is to sell 500 units by February 2005. BizPay, while a service to assist SMMEs, also impacts

<sup>6</sup> These included BDO Jamaica, New Horizons Learning Centre, Worldwide Technologies, Jamaica Advanced Computer Systems (JACS) and Manchester Chamber of Commerce.

government by facilitating the accurate and timely payment of taxes. The same can be said of the e-payments for Customs brokers.

### **c. IR3 Improving Access to Finance**

The NEP was established specifically as a demand-led initiative, designed to respond to requirements of the market place. While there was a need for USAID to provide - or project - some broad guidelines in the Scope of Work with respect to the areas in which activities would take place, specifically IRs 1, 2 and 3, the very nature of the project requires that it offer services only where a tangible demand exists. This was not the case with respect to financial services (IR3). NEP staff reported meeting with 16 financial institutions,<sup>7</sup> including commercial, merchant and investment banks, building societies and credit unions. Thirteen indicated no interest in working with the project. Part of the reason was that key commercial banks were undergoing consolidation at the time. For example, Scotia Bank, National Commercial Bank and Union Bank were considering mergers. Citibank was withdrawing from retail operations. And these four institutions were reported to represent about 80 percent of the industry. In addition, interest rates on government bonds and paper were (and still are) very high and offered a more attractive, simple and secure return than revenues generated from loans. Moreover, in Jamaica bond interest income carries no tax liability.

With one exception, the institutions that were willing to work with the NEP were either were not sufficiently capitalized or did not follow through on their initial interest. One important exception to the 16 institutions has been the Jamaica National Small Business Company (JNSBC), which evolved ultimately from the USAID-supported Partners Program, a micro-finance initiative started in 1995, and which is now self-sustaining. Although little demand existed in this IR, the quality of the assistance that was provided was outstanding and easily measured. Short-term technical assistance was provided to help the institution improve its loan management system, upgrading its technology, including the development of an accompanying operations manual. JNSBC reported that once the new system was installed and operational, loan arrears of more than thirty days dropped from 12 percent of portfolio to just 1.26 percent within a twelve month period.

#### **C. *What has been the most successful component or feature of the project?***

Before proceeding to a discussion of the specific “components” of the NEP that have contributed to its success, it is important to highlight aspects of the model that distinguish it from other SMME assistance models, and that basically constitute the core criteria for client selection.

- The potential client must be a “wholesaler,” i.e., a government agency, organization or company that services or impacts a number of SMMEs, such as a management training

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<sup>7</sup> These institutions include: National Commercial Bank, Scotia Bank, CIBC, Citibank, Union Bank, Dering, Bunting and Golding, Victoria Mutual, Cooperative Credit Union League, Issa Merchant Bank, Sigma Merchant Bank, National Development Foundation, City of Kingston Credit Union, LETS, Barita Investments, Mayberry Investments and Manufacturers Merchant Bank.

institution, regulatory agency, financial intermediary or business services company. The idea is to enhance the business service infrastructure, rather than provide assistance and training directly to individual companies, thus creating a multiplier effect. The benefit of this approach is that it allows for greater outreach to the SMME community, creates economies of scale and improves chances for sustainability.

- Despite the high selectivity, some potential clients/projects are chosen in part on the basis of limited risk. The NEP essentially distinguishes between a “risky” project and a “bad” project.
- Project management has been another key to the successes enjoyed by NEP. This takes several forms. First, CMs work closely with clients as partners. Second, CMs are particularly responsive and accessible. Third, the COP delegates substantial authority and responsibility to the CMs, permitting them to be responsive and flexible. At the same time, he holds them accountable. This has proven to be a very effective management style. The quality of the staff, too, has been a significant strength. CMs are skilled, experienced and committed.

### 1. Demand-Led

There is no single component or feature of the project that can be identified as being the “*most successful*.” To the contrary, it has been the integration of several critical features that has contributed to its success, both in its design and management, as well as its uniqueness. The most *significant* feature, however, is that the project was designed to be demand-led,<sup>8</sup> which clearly has been an essential variable in achieving success. It is a welcome departure from conventional “supply-led” donor projects that are essentially imposed on governments and/or the private sector with little to no participation in the design and implementation by host country nationals. The NEP, by contrast, offers a set of services that is market-based. That means that clients actually want the services and are willing to pay for them, demonstrating a seriousness of purpose typically lacking in supply-led initiatives. The model is distinguished by five key parameters:

- **Cost Sharing:** Clients, or potential clients, are free to request technical assistance but must pay for it, at least in part. It is a process of self-selection and a kind of reverse triage, working with organizations most likely to produce results. Payment in most instances is in cash, not just in-kind, although it can be a combination. The notion is that cash is a more serious demonstration of commitment to the assistance.
- **Ownership:** Clients must sign contracts (work orders), once again reinforcing the seriousness of purpose of the assistance. In effect, they “own” the project. That is, the client is really the one who is implementing the assistance. NEP STAs serve as mentors or guides. Each client is required to appoint a dedicated project manager. STAs are

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<sup>8</sup> It should be pointed out that there are and have been other demand led projects supported by USAID, including the highly successful “BOLINVEST” export promotion initiative in Bolivia, and managed by Carana in the early 1990s. What makes the NEP different, is not so much that it is demand led, but that it has successfully combined the other features of the model into an integrated approach.

identified by NEP but the actual selection is made by the client. This is yet another way in which clients are made to take ownership of the sub-projects.

- **Partnership:** NEP staff work with clients as partners. This is partly a factor of the demand-led model, whereby the “donor” does not dictate to the beneficiary, but meets an expressed need. This makes the relationship a business arrangement cemented by the cost-sharing, rather than the conventional, and frequently patronizing, donor-beneficiary configuration,
- **Client-based Priorities:** The client determines his/her own agenda and priorities. Assistance is not based on a preconceived “need” by a donor. Instead, the client expresses his/her own need for assistance, which is reviewed by the NEP. If it is determined that the need is real and appropriate, and meets project selection criteria, the NEP will then negotiate a contract to provide the relevant service. In effect, the project is client-driven.
- **Selectivity:** The NEP works only with clients that are believed to have a maximum chance to succeed. The idea is that it makes no sense to invest in sub- projects/clients that cannot demonstrate basic organizational capacity, which is especially important given that two major objectives are to work with “wholesalers” to achieve a multiplier effect as well as attain sustainability.

## 2. Responsiveness (Timeliness)

The interviews with project beneficiaries showed uniform praise for the responsiveness and timeliness of NEP staff. This was clearly perceived to be one of the prominent strengths of the NEP and its team. Over 94 percent of those responding indicated responsiveness - and accessibility, which was also used to characterize the relationship with NEP staff - to have been in their view a critical project feature. Moreover, responsiveness to client needs was described on several occasions as a kind of partnership between NEP and the client, with a level of respect that was rarely experienced with other, more conventional donor projects. Timeliness, a feature of responsiveness, was also judged to be a significant strength of the NEP. When clients spoke of responsiveness, they were also lauding the NEP for meeting their demands fully and in a timely way - once again, showing the benefits of a market-led approach. While responsiveness by itself does not produce results, it does make it easier to work with clients, thereby enhancing the opportunity for attaining results.

## 3. Flexibility

Flexibility is considered both by beneficiaries and NEP staff alike to be an essential ingredient to success. Given the nature of a demand-based project, by definition there exists a need for flexibility for at least two reasons. First, project initiatives need to be agile enough to accommodate quickly to changes in the market place. Second, particularly in IR1 activities, a shifting political environment requires the ability to adapt to unanticipated events and changes on the ground. NEP staff is aware of this and while the project requires a certain amount of organizational discipline, and clients must live up to prescribed expectations, the demand based nature of the project model allows for - and even encourages - flexibility.

#### 4. Quality

The quality of the interventions has been established by the results achieved to date, and expressions of client satisfaction with both the NEP staff and STAs, ranging from “very good” to “excellent.” Of all those reporting, only one respondent complained about the quality of the assistance. In one case, an STA did not have the appropriate skills, and was terminated and returned home immediately.<sup>9</sup> It may be that part of the high level of satisfaction with the STAs is that the clients themselves actually choose from a list of STA candidates the expert(s) they want. The role of the NEP staff is to identify potential consultants and work with the client in the selection process. But the ultimate choice is the client’s, and he/she has to live with the consequences of his/her decision.

#### 5. Context

Although not explicitly mentioned in any of the interviews, it became apparent that the ability of the NEP team, particularly the long-term advisors (LTA), to function effectively in the local environment and culture can strongly be suggested to have been an additional reason for success. The COP, a Grenadian citizen and Barbadian resident, who has worked extensively throughout the English-speaking Caribbean, knows many of the leading private and public sector actors and brings an intimate knowledge of the culture and business practices of the region. In addition, two of the three CMs are Jamaican, one of who was educated in the U.S. and the other in the U.K. The other CM is British, but had worked several places elsewhere in the Caribbean before joining the NEP team.

##### D. *What aspects of the project have worked best and which have worked least?*

The section immediately above has shown already what aspects of the NEP model have worked and why. But what about those features that have worked the least or not at all? The client interviews were remarkable in that scarcely any criticisms were made of the NEP and its operations. The only suggestion for improvement in the approach was that NEP staff should distinguish more clearly between bad and risky sub-project clients and be prepared to assume more risk than they have. The strongest criticisms were actually internal - from USAID and NEP staff themselves.

- “Cherry picking” (i.e., selectivity), while considered to be a strength in the SWOT,<sup>10</sup> was also identified as a weakness. For reasons discussed in more detail below, it was believed that selectivity had limited the ability of the project to reach out to a larger SMME population, especially at the micro enterprise level.
- Similarly, the client-driven feature of the NEP was felt to be both a strength and a weakness. While it does allow for client priorities to drive the sub-project, it limits the

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<sup>9</sup> This was a STA working on the ORC sub-project. There were two other instances where STAs were terminated prematurely, but that was at the discretion of the NEP staff and not at the request of the client.

<sup>10</sup> An abbreviated SWOT (Strengths, Weaknesses, Opportunities, Threats) exercise to review the project was held with NEP staff and cognizant Mission officials (see Appendix IV for results).

more objective needs assessment of the NEP staff. However, this should be able to be corrected fairly easily. NEP staff should be able to negotiate intervention strategies with the client, as they already do to some extent, in order to help focus the technical assistance on more appropriate objectives. But ultimately it still has to be the client who makes the final decisions.

- A few projects have been “front-loaded.” That is, the NEP has provided resources for the project design and development phase only, leaving it little influence over the client during implementation. The NEP staff is aware of this problem and has taken steps to correct it, moving toward an incentive-based system whereby clients receive payments after achieving specified results.
- In a similar vein, a very few sub-projects have suffered from a lack of client commitment, although on balance this has by no means been a significant problem. IBM is a case that has been pointed to frequently. In this instance, the client has been slow to implement the project as agreed to, and as of yet has not complied fully with the terms of the work order. It could be argued that as a client-driven initiative, the NEP cannot exercise the kind of oversight and management that would otherwise be the case in more conventional supply-driven initiatives. However, there is more than ample evidence showing repeated failures of supply-driven projects where direct management was exercised over “clients” or beneficiaries. Nevertheless, with more due diligence and evidence of prospective client commitment, it may be possible to curb if not entirely eliminate the potential of such problems occurring in the future.

The other project weaknesses were more process than technical, and did not represent an inherent deficiency in the model itself. Specific deficits have included:

- The fact that the Mission did not require a base line to be developed, making measurement of project performance and impact difficult. Among other consequences, it has resulted in no standardized data collection and organization.
- Funding of initiatives under Cooperative Agreements (CAs) directly from the Mission to the Jamaica Chamber of Commerce, specifically the Briefing Room, Conference Board, Automated Clearinghouse (ACH) and the Regulations, Legislation and Process Improvement Project (Regs and Legs) has caused some management disconnects as the sub-projects are partly a NEP responsibility, but their contractual obligations are directly with USAID. With the exception of a positive assessment of the ACH initiative, the other projects have received mixed reviews. There may be little debate over the need for these kinds of initiatives, but the issue is actually whether the Mission should have in effect weakened NEP’s authority over its clients by essentially circumventing agreed upon project procedures.
- The sub-project approval process, which has been addressed in detail, was a problem for the operation of the project.

**E. *Should sustainability be an issue for such a project? Should it be continued even if it is not sustainable?***

The short answer to the first question is yes. But “sustainability” is open to competing definitions based, in part, on the object of sustainability. In the case of the NEP the question

needs to be asked: what is to be sustained? Is it the project, the client organizations, the process or some combination? USAID will not "sustain" any project indefinitely, ruling out that mode as an option. The beneficiary organizations fall into two categories: the "wholesalers" and their clients. The fact of the matter is that the wholesalers have been selected in large measure because they were already determined to be "sustainable." The clients operate in the market place and their "sustainability" depends on their ability to meet demand for their services or goods profitably, without subsidization. That leaves the process - and resources. But that requires some kind of institutional capacity to be sustained. If the project succeeds, it will by implication be sustainable (a tautology, but true). That is, the technical assistance and training will have helped improve the performance of the wholesaler clients to satisfy the demands of the market profitably, and continue the process. Ultimately, however, it will be the market itself that determines sustainability. That is, if there continues to be a demand for the kinds of services provided by the project.

The weakness in the approach is that at the lower end of the SMME scale, many enterprises, especially at the micro level, may not be able to afford unsubsidized services. The demand may well exist, but the means may not. Unfortunately, neither time, circumstances (e.g., many prospective interview respondents were on summer vacation) nor resources permitted a more thorough examination of end-user impact and capacity. This is clearly the kind of information that will be required to make informed decision with respect to development of the Mission's five year strategy.

In the case of IR1 the sustainability issues does not entirely apply, as government agencies do not depend on market demand to be sustained. The question then is really whether or not the Mission should continue the NEP until it has achieved the desired (to be defined) impact. Given the track record to date of both the model and the project, it would be logical for the Mission to extend the project.

Whether or not the project should be continued if it is judged to be not sustainable (a moot issue in light of the evidence to date) is ultimately a decision for the Mission to make based on AID policy and strategy. Nevertheless, there are two key points to be underscored in arriving at any final decision with respect to the future of the project.

- As already mentioned, to a large degree the project already is sustainable, somewhat begging the question. That is the benefit of selectivity.
- Continued work with public agencies is critical if the SO and IR1 are to be achieved. By definition, government agencies are sustainable. What the NEP needs to concentrate on then is sustaining the processes that they help put in place. And that means focusing on leadership, management and technical skills training.

**F. *How appropriate is the method of selecting sub-contractors who carry out the work in the various activities?***

If the proof of the pudding is in the eating, then the method of selecting sub-contractors ("wholesalers") has been very effective. That is, the impact analysis shows, at least with the

evidence available, that the NEP is achieving its goals. It may be suggested that the reasons for this are the following:

- Careful selection of sub contractors who already have a proven record and are likely to succeed.
- Use of high quality STAs
- Hands-on approach to working with clients
- Flexibility and responsiveness - to make adjustments quickly to shifting demands and market conditions

It may reasonably be asked why “cream” or “cherry pick” in the selection process; that these are companies and organizations that would most likely survive and prosper even in the absence of NEP assistance. Indeed, 20 out of 22 respondents who were interviewed specifically reported they would have gone ahead with their individual projects even without NEP assistance. Nevertheless, there is a compelling logic for “creaming.”

First, delays in action and decisions can result in lost opportunities. As beneficiaries indicated across the board, the great value of the NEP was that it permitted them to accelerate their projects substantially. For example, the ORC estimated that to finance and implement its project on its own would have occasioned a delay of a year and a half.

Second, selectivity is an integral part of the wholesale approach. By working with relatively strong companies and organizations, the chances for sustaining the process are greatly enhanced. This is key. Strong wholesalers will be able to provide their services to clients on a sustained and sustainable basis, in effect institutionalizing the project and ensuring a tangible return on USAID’s investment indefinitely.

The greatest disconnect is in the application process. Some sub-contractors are lax in meeting deadlines and unskilled at preparing proposals. Yet these are issues that can be managed without too much difficulty, although in some cases prospective clients have been lost or rejected as the result of their own mismanagement. But that is the market at play, and the responsibility is on the prospective client. A larger problem is the lack of due diligence reviews, which is directly under the control of the NEP management and staff. While the selectivity process has doubtless helped avoid major mishaps, the fact is that due diligence of Paymaster and the Jamaican Central Securities Depository (JCSD) might have averted the problems incurred with those clients. These kinds of reviews absorb resources, but so do failures. Fortunately, so far the successes of the NEP far outweigh the few failures.

One question that has been posed by the Mission and the NEP is whether the project should offer its assistance to fewer but larger sub-projects, or more but smaller initiatives, with the goal of expanding the target population. The review of the NEP suggests that this is a false choice. While it is an important question, the focus should be on *quality and appropriateness* more than scope. There is understandably a desire - and need - to reach out to and strengthen as many SMMEs as possible. But in IR2 wholesalers first need to provide quality services *that will be sustainable* and meet a demand, and then seek to expand their customer base.

By contrast, the impact of IR1 activities is by its nature greater in scope. Improving the efficiency of government procedures and drafting laws and regulations to promote a climate more favorable to SMMEs cuts across the entire sector. But the point is that SMMEs need the benefits of improvements at the company as well as the national level. The Mission may want to consider setting priorities for activities, but other than at the global level, this would defeat the demand-led approach that responds to market signals.

The administrative processes involved in choosing and approving a sub-project have improved in efficiency over the LOP. It is understandable that for the first year or so that USAID was substantially involved in the selection and approval processes. Although it was not labeled as such, effectively the NEP has been a demonstration initiative, in essence testing a new model. However, now that the project has been operational for three years, continued Mission involvement in basically operational details, while not as intense as it had been at times during the past two years, is no longer necessary. The fact is that the Mission has delegated more responsibility to the project, authorizing NEP management to enter directly into sub-contracts with clients. Previously, Task Orders had to be submitted to USAID for approval before the project could begin, and then a work plan negotiated between the client and NEP.

If selectivity is a strength it is also a weakness, as was cited in a SWOT exercise with USAID Mission and NEP staff. The concern is that the more marginal companies and organizations that require technical assistance and services are not reached. If the purpose is to strengthen SMMEs, so the argument goes, then these other entities need to be provided services as well. That is true, and if the project is extended USAID and NEP may want to consider a more focused strategy for extending services to a larger population. However, it is important to keep in mind the design of the current approach which is to reach out to the "retail" level through the wholesaler clients, with respect to IR2. In addition, through IR1 activities, the NEP has been working with government agencies to improve the business environment for all commercial enterprises. So, the project has already reached across the retail level indirectly to some degree, even if most SMMEs have not received direct technical assistance or training. And this has been one of NEP's objectives.

***G. How is the quality and impact of the assistance being provided by NEP perceived?***

As indicated earlier, there is uniform praise for NEP assistance. Of a sample of 22 out of 52 current and past beneficiaries who were interviewed, all indicated that the assistance they received was "excellent" or "very good" in terms of quality and responsiveness. The perception was equally positive among those able to measure or estimate impact. Once again, it is important to restate the caveat that for most sub-projects not enough time has lapsed to be able to measure full impact. In this sense, the jury is still out. But thus far the consensus perception has been very positive.

The few negative judgments on NEP sub-projects came not from clients as from project staff. Moreover, closer examination of the reasons leading to the "failure" of some initiatives to meet their goals shows the circumstances to be less than clear cut. For example, in the case of Paymaster, a project to help design and install a computerized reporting system for a company

that collects bills for other firms, the client experienced a financial crisis half way into the sub-project and was unable to acquire software it needed to enhance its operations. It could be argued that NEP staff should have conducted a thorough due diligence of the client. In fact, that was discussed but never acted upon. In hindsight it would have made sense to take that precaution, but at the time the judgment was to proceed without conducting a review. Another case was the JCSD that never lived up to the terms of the work order, was not prepared to follow through on its commitment, ignored the advice provided by the consultants, and has yet to solve the problems that were identified. But, as already reported, NEP staff almost never conduct due diligence reviews of their prospective clients, especially the larger and more established firms. While the incentive payment process may now be able to help curtail this kind of problem, it is still no substitute for due diligence.

Beneficiaries, perhaps predictably so, were less judgmental in their assessment of NEP deficits. The fact of the matter is that very few "weaknesses" were cited. In one instance the client suggested that more follow-up was needed. In two others the complaint was that the approval processes for the project took too long. Perhaps the most useful criticism, reported by three respondents, was that they felt the NEP was too risk averse and should not "cherry pick" clients. Their argument was essentially that by not taking on more risk, the NEP was limiting the potential of its impact. As one respondent put it: NEP should learn to distinguish between "risky" projects and "bad" projects, although NEP staff believes it already does that. This is a point that the Mission and NEP may want to review in developing the five year strategy, assuming the project is extended, or at least the NEP model continued under another modality. However, there is little question that the selectivity strategy has worked thus far. So the decision may well be "if it ain't broke, don't fix it." On the other hand, if the project is continued and expands the scope of its activities, it may by force of circumstances begin to take on more risk.

## V. Mission Strategy Implications

What are the implications of the NEP's performance and impact to date on USAID/Jamaica's 2004-2009 year strategy? How could or should the NEP fit in? These are key questions for the Mission to consider in the next few weeks as it finalizes its strategy. It seems clear from the foregoing analysis and findings that the NEP has been successful to date in terms of not only performance, but also in its ability to maximize chances for sustainability. The model has been constructed to achieve this critical objective, and current evidence suggests that an extended project will expand the NEP's activities and successes on a sustainable basis.

The value and success of the NEP has been demonstrated. It is difficult to imagine not continuing the project as an integral component of the 2005-2009 Sustainable Development Strategy. As just noted, the model has been designed specifically to be sustainable and the evidence to date shows that it is working. Several of the wholesalers already have systems in place, with the assistance of the NEP, to provide services to SMMEs for unsubsidized fees. And these organizations and companies are already self-sustaining. The major challenge will be to provide affordable services to SMMEs, especially at the micro level. It is likely that some form of subsidy may be required. That could come from a sliding scale, whereby more established enterprises pay higher fees for service, in effect providing a partial subsidy to the less robust SMMEs who would pay a lower fee.

NEP's work with government to develop the legislative and regulatory framework required to improve the business environment (IR1) needs to continue as well, although the issue of sustainability does not apply in the same way as it does to the private sector. While the demand-led approach has been effective in that it has required full agency participation, including cost-sharing, the purpose has been to strengthen the public institutional processes and policy framework, not to develop independently sustainable fee-for-service agencies. Despite the progress made to date in streamlining bureaucratic procedures impacting SMMEs, and drafting legislation to improve the business environment, more needs to be accomplished. It is especially critical that efforts by USAID over the next five years also focus on the *enforcement* of laws, regulations and reformed procedures. That is the ultimate test of success. While this is beyond the scope of work of the NEP, it is nevertheless a critical factor in providing an effective legal and regulatory environment supportive of SMMEs, and the Mission should consider incorporating it into its strategy.

Access to credit did not turn out to be in demand, somewhat surprisingly. However, the lesson here is that a demand-led initiative has by definition to respond to market signals and be able to change its focus and strategy accordingly. That is precisely what has happened in the case of NEP. It may be, then, that there will emerge other and unanticipated demands from the market, and the NEP needs to be prepared to respond accordingly. For example, as the COP has noted, there exist "natural clusters" in the Jamaican economy. Among the most obvious is the shipping industry, where a variety of actors is involved, including, shippers, importers, exporters, agents, teamsters and brokers. Clusters constitute a potential opportunity to expand NEP activities, assuming the demand exists. NEP staff could test the market to gauge the response.

In addition, there is still more to do in IRs 1 and 2. An incomplete count indicates that over 2000 SMMEs have been reported to have received direct training and other services from NEP wholesalers. The number of micro loans at JNSBC was reported to have increased by 10 thousand since the completion of the sub-project. The impact of improved services at NLA will have reached thousands of SMMEs, while improved procedures at the ORC affects the entire formal SMME community.

If the NEP is extended, how should it seek to expand its impact? It can work with new clients, augmenting the number of wholesalers, thereby increasing its impact on SMMEs. But as it reaches out to this target group, it is possible that the quality of the client base may diminish, although the NEP may want to take more calculated risks to expand services to SMMEs. If selectivity works, as it seem to, and provides the basis for sustainability, then the Mission may want to contemplate seeking to expand the sub-project portfolio with existing clients - as well as working with qualified new sub-contractors.

Finally, while not directly part of USAID/Jamaica's strategy, the issue of replicability of the NEP model in other countries needs to be addressed. AID is constantly chronicling "lessons learned" in an attempt to improve its capacity to achieve program goals, including economic growth and development. The successes of the NEP provide the Agency with a model that could and should be replicated, especially in the LAC region, where the preconditions for generating results exist - particularly experience with international trade and working in a market economy. It should be axiomatic that successful projects and/or development models be replicated. One point is critical, however. In order for the model to work, it will be necessary for the implementing USAID mission to be committed fully to the maintaining its integrity.

## VI. Conclusions and Recommendations

This section of the report will address, *inter alia*, the question in the SOW if there are “any adjustments that are necessary in the design of the project.”

- **Conclusion:** While not enough time has lapsed, or data made available, to judge the impact of the NEP definitively, the evidence to date points clearly to a trend suggesting the project is achieving its goals.  
**Recommendation:** The NEP should establish a system for collecting, storing and tabulating data on project performance and impact. This should include requirements for all clients to provide establish a base line and provide data on individual sub-project outcomes and, where feasible, impact on SMME recipients of technical assistance and training. USAID should conduct an impact assessment in June 2004.
- **Conclusion:** The NEP has achieved institutional sustainability through its client wholesaler organizations, which are business service enterprises, established NGOs and government agencies.  
**Recommendation:** In order to sustain the NEP process, meet project and Mission objectives fully, protect its investment and maximize impact, USAID/Jamaica should extend the project at a minimum for three years.
- **Conclusion:** The key features of the NEP model - i.e., demand-led, cost sharing, ownership, partnership, client-based priorities, selectivity, - have been instrumental to its successes, as well as staff and STA responsiveness, flexibility, quality and ability to work effectively in the local context .  
**Recommendation:** As of this time the model itself does not require any modifications. However, it should be monitored over the LOP and open to any changes that can be proven to ensure and enhance the integrity of its performance and impact.
- **Conclusion:** The lack of due diligence reviews increases the risk of failed sub-projects. While fortunately the NEP has experienced few failures, if the project is extended it may increase risk as it enters into sub-contracts with new wholesalers.  
**Recommendation:** The NEP should conduct due diligence reviews on prospective clients. These do not and should not be highly detailed, but establish as best as possible client financial and management viability.

- **Conclusion:** The client selection process is subjective. There are benefits to that in that many if not all of the clients have been “known quantities.”

**Recommendation:** Aside from the due diligence, which would come after the first round (i.e., ACS) of the selection process, it would be useful to assign weights to the criteria in the ACS, providing balance to the subjective judgments that are currently used. This would also have the benefit of countering potential criticisms of the selection process, and by implication the project, and help maintain its positive image.
- **Conclusion:** The quality and mix of the LTAs and STAs have been effective in producing client satisfaction and results.

**Recommendation:** The NEP should maintain the present balance of LTAs and STAs, and continue its current vetting process for advisors.
- **Conclusion:** The mismanagement at Carana has the potential to cause problems for the project.

**Recommendation:** Carana take immediate steps to correct delays in payments to STAs and vendors, and stabilize staff turnover.
- **Conclusion:** Focus should be on the quality and appropriateness of sub-projects, in addition to the expanding the size of the target sectors to be reached, especially with respect to IR2 activities. If the wholesalers are sustainable, then their services will be available to most of the target groups in any event in the market place. By contrast, IR1 activities by definition reach across the SMME sector and discrete target groups.

**Recommendation:** Quality and appropriateness of sub-projects should be given priority in the selection process.

## VII. Lessons Learned

The lessons learned from the NEP are not all necessarily unique or new. However, they are instructive, and if acknowledged could avoid pitfalls in implementing similar (and even not so similar) initiatives.

- The data indicate for now that a demand-led model for SMME development will work and efficiently allocate resources if allowed to respond to market signals. This implies the need for flexibility in altering project tactics as required by events on the ground.
- Client commitment to the services provided is essential to success. Indeed, the NEP staff learned this lesson early on, and requires clients to dedicate a project manager, as well as share costs up front.
- The ultimate test of a demand-led initiative and client commitment is the willingness of the client to share costs.
- Enforceable contracts, specifying exact sub-contractor responsibilities and deliverables, need to be signed between project management and clients.
- A client-driven project runs risks of poor decisions and choices. However, there is no rule that consultants have a monopoly on good judgment, and ultimately the client should be responsible for setting priorities and selecting STAs. The fact of the matter is that in a demand-led initiative, by definition it must be the client that makes the final decisions.
- Strengthening the SMME sector and improving competitiveness requires a parallel strategy working with both the business community and government. While a modern and effective policy, regulatory and procedural framework is essential to creating a more productive and competitive private sector, ultimately it is rigorous and equitable enforcement, coupled with sound management, that will make the difference.
- Responsiveness to client needs is critical to effective project performance. This was borne out consistently. It is necessary for project staff to be responsive, timely and accessible - as well as competent.
- The use of highly qualified (i.e., quality) advisors is critical. This may be a truism, but it is honored a good deal in the breach in many projects.

## APPENDICES

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## APPENDIX IV

### SWOT Analysis Results

#### STRENGTHS

- Responsiveness to market (demand vs. supply) D
- Availability of technical assistance (appropriate match, timeliness) M
- Quality of expertise M
- Client selection of STAs D
- Partnership M/D
- Ownership D
- Methodology/process M/D
- Trust (as result of TA) M
- Open communication among NEP, USAID and Carana) M
- Clear NEP staff understanding of SO and IRs M
- Autonomy from Carana M
- Flexibility M/D
- “Cherry picking” D
- Client driven D
- NEP as catalyst D
- Design flexibility - post implementation D

#### WEAKNESSES

- Clash of operating/project management styles within NEP
- “Special projects” (supply driven)
- “Cherry picking”
- No base line/data
- Client driven

#### OPPORTUNITIES

- On-line skills training
- Work with “natural clusters” (shipping and berthing, ICT, utilities)
- IR1 (demand and institutional development)
- WTO, FTAA, CSME training

#### THREATS

- Losing momentum (funding, demand)

- Potential conflict with regional project (C-Trade)
- Mission strategy change
- Other donors

D= Project design

M=Project management

## APPENDIX I

### PERSONS INTERVIEWED

#### Project Clients

Barned, Belva, Acting General Manager, Jamaica Shipping Association  
Brown, Ruby, Management Institute for National Development  
Chin-Sue, Hyacinth, Registrar, Pesticide Control Authority  
Cocking, Andrew, Deputy Group President, Capital & Credit Merchant Bank  
Collins, Amanda, Administrative Officer, Private Sector Organization of Jamaica  
Davis, Dena, Small Business Association of Jamaica  
Davis, Robert, General Manager, Management Control Systems, Ltd.  
Downer, Richard, Partner, Price Waterhouse Coopers  
Fearon, Trevor, Executive Director, Jamaica Chamber of Commerce /Executive Director, Jamaica Conference Board  
Francis, Patricia, President, JAMPRO  
Grant, Lorenzo, Managing Director, Fiscal Services Limited  
Jenez, Edmundo, General Manager, JETS, Ltd.  
Knight, Garfield, Director of Information and Technology, National Land Agency  
Laidlaw, Cheryl, President, Private Sector Organization of Jamaica  
Lee, Barbara, Executive Director, Fair Trading Commission  
Linton, Andrew, IBM  
Manley, Beverly, Beverly Manley & Associates  
Miller, David, General Manager, Fair Trading Commission  
Moss-Solomon, Jimmy, Mona School of Business, University of the West Indies/Chef Corporate Affairs Officer, Grace, Kennedy & Company  
Parker, Marlene, Director of Research and Financial Services, Private Sector Organization of Jamaica  
Ramlogan-Ching, Judith, CEO, Office of the Registrar of Companies  
Singh, Clyde, Bank of Nova Scotia  
Washington, William, Manager, BDO  
Whylie, Frank, General Manager, IN Small Business Loans, Ltd.  
Williams, Abe, Former President, Small Business Association of Jamaica  
Wright, Franklin, Senior Programme Officer, Institute of Management and Production

## **NEP**

D' Aguilar, Beryl, Office Manager/Accountant  
Duquesnay, Michael, Case Manager  
Hall, Nigel, Case Manager  
Julien, Michael, Chief-of-Party  
Nurse, Cheryl Francis, Case Manager  
Peart, Patricia, Project Assistant  
Wilson, Rohan, Logistics Coordinator/Driver

## **USAID/Jamaica**

Burrowes, Jimmie, Business Development Specialist  
Jordan, Mosina, Director  
Rushing, Kevin, Deputy Director  
Wright, A. John, CTO

## APPENDIX II

### Regs and Legs Project Chronology of Events

1. 30th March 2002. Tony Gomes e-mails the first JCC proposal for the regs and legs project. (NB: The "proposal" is not really a proposal because it consists of half a page of a "modus operandi" that implies that a liaison officer should be hired to interact with government to get GOJ to resolve critical "regs and legs" issues.)
2. 1 April - 20th April 2002. NEP asks JCC to provide more information on the project e.g. objective, inputs, activities, outputs, who is going to manage it, more detailed description of the modus operandi, indicative implementation schedules etc. We meet with JCC's Tony Chang and Tony Gomes on at least two occasions but no additional (written) information is provided to NEP.
3. Last week of April. Michael Julien concludes that no written information will be forthcoming and decides to prepare a concept paper in the form of a Review Questionnaire. The concept paper is based entirely on discussions held with Tony Chang and Tony Gomes.
4. 1st May 2002. NEP faxes the Proposal Review Questionnaire to JCC. (The questionnaire was used to develop concept papers and "task orders" under the old OEG/NEP system).
5. 7th May 2002. Tony Gomes clarifies the questions raised in the NEP fax of 1st May via his e-mail to Michael Julien. Mr. Gomes indicates that Arthur Thompson, a retired civil servant, is the preferred JCC candidate for the Liaison Officer (manager) position.
6. 8th May 2002. Michael Julien sends completed questionnaire form (i.e. concept paper) to John Wright requesting a review and a go/no-go signal prior to meeting with Tony Gomes (Tony Chang is unavailable). No formal response received from OEG.
7. 13th June 2002. NEP again takes the initiative and prepares a draft task order for the project. Michael Julien sends letter with attached draft to JCC asking them to review and submit formal request for assistance to NEP.
8. 24th June 2002. Michael Julien begins discussions with Arthur Thompson and prepares a SOW for the position. At our request, Mr. Thompson provides CV and EBD to NEP. The next planned step: USAID approval and contract for Mr. Thompson to begin work by mid-July 2002.
9. 26th June 2002. JCC sends first formal request to NEP requesting assistance along the lines of the draft task order that NEP sent to JCC on 13th June.
10. End of June 2002. NEP sends task order to OEG for green light on it (i.e. to proceed with the project).
11. 13th July - 4th August 2002. Michael Julien, the NEP Case Manager responsible for the Regs and Legs project, goes on leave for three weeks.
12. 23rd July 2002. JCC holds a separate meeting with OEG sometime in July after which J. Burrowes/OEG calls Mike duQuesnay to specify changes to the task order/project.

13. 24th July 2002. Mike duQuesnay sends memo to OEG confirming the changes that were verbally requested but suggests that the matter be dealt with on MJ's return to work in early August. Note: At that time Michael Julien still on holiday in the UK.

14. 9th August 2002. Following his return to work, Michael Julien sends an ACS (the new submission form) to OEG reflecting the changes requested by OEG as recorded by Mike duQuesnay in his memo of 24th July 2002.

15. 27th August 2002. JCC's Acting Executive Director, Trevor Ferron gets involved in the project. He sends NEP the relevant request to support the ACS. NEP had asked JCC to send this confirmation in early August -before sending the ACS to OEG. However, JCC submits the request "late".

16. 29th August 2002. Michael Julien sends an e-mail to Trevor Ferron asking JCC to identify an interim project manager. The e-mail emphasizes that NEP needs an "active and available" JCC counterpart to work with to get the project started. Would Trevor be the person filling this role?

17. September 2002. JCC attention is focused fully on upcoming national pre-election events involving the private sector. The election is scheduled for 16th October 2002. NEP does not receive a response to the request of 29th August 2002. Michael Julien calls Trevor Ferron about once every 5 -10 days. Trevor confirms by the end of September that not much will be done on Regs and Legs (by JCC) until after the election.

18. 17th October 2002. NEP prepares a draft task order reflecting the ACS information that was sent to OEG. The task order is intended for JCC signature. However it cannot be signed by JCC because it is pending OEG approval of the ACS submitted to OEG dated 8th August 2002.

19. 17th October -27th October 2002. JCC, in separate meeting(s) with government officials and OEG, decides to modify the project for the second time. The revised plan (i.e., the *third* version) is to locate the project at GOJ's Cabinet Office (that is, the office of the Prime Minister). NEP and JCC agree to split design and implementation into two parts -Phases I and II. NEP prepares a revised ACS for Phase I and submits it to OEG for review/approval on 29th October. OEG approves the ACS the same day.

20. November 2002. NEP and JCC spend the month of November on various pre-design activities including identifying consultants, drafting scopes of work and a fixed price contract, and reviewing the proposed survey questionnaire developed by Market Research Limited. The JCC is asked to obtain and make membership lists available from JCC itself as well as other PSOs (e.g. JMA, JEA, PSOJ, tourism etc).

21. 15th November 2002. NEP sends JCC a detailed work order for review and JCC signature. The work order includes Phase I work as well as budget estimates for Phase II (i.e. long term implementation) of the project.

22. 6th December 2002. Patricia Peart, NEP's Project Assistant, sends an e-mail to Tony Chang/JCC to remind him that the work order sent to JCC on 15th November needs to be signed and returned to NEP. (The client must approve the work order prior to NEP hiring consultants and deploying other resources under every NEP activity). As of the date of this chronology, NEP still does not have a signed work order from the client for either Phase I or Phase II.). In the meantime MRL complains to NEP that JCC had not provided the requested membership lists -although repeated requests were made by them for this information over a 2 -3 week period.

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23. 15th December 2002. All the necessary paperwork completed (USAID approval of consultant's rate; final questionnaire approved by JCC, contracts etc). Both MRL and the short-term consultant, Marguerite Orane, begin Phase I work on the project.

24. 15th January 2003. Survey completed by MRL and reviewed by JCC and NEP. Marguerite Orane presents preliminary findings and recommends a private/public sector workshop on the project's modus operandi.

The other objective of the workshop is to obtain consensus on the proposed approach. Also, three candidates are identified for the project manager position (previously the liaison officer post). However, there is growing pressure from JCC and GOJ to identify "low hanging fruit" (i.e. quick hits) that can be worked on immediately. NEP agrees and asks JCC to set up appropriate meetings with the relevant agencies to zero-in on the key issues to be addressed. NEP also agrees to bring in STTA for this purpose. *This would constitute a third major change in project design/start up work.* To date, we are waiting on JCC to set up the relevant meetings. Meanwhile, the workshop was scheduled for 22 January 2003.

Dated: Wednesday, January 22, 2003

## **Project Management Checklist**

The eight-step plan to successful project implementation

1. **Client Letter** asking for technical assistance. The request must be specific and must highlight the benefits of the activity. One or two pages please!
2. **Work Order**. This summarizes the activity/project, inputs required, roles of each contributor, expected output/result, brief description of skills required, time frame for implementation, and budget showing who is contributing what. The WO is prepared by the project manager and agreed/signed by the client.
3. **Project Charter** prepared in working session(s) with client. The project scope restates the work order in much greater detail with the objective being to "nail down" specific client resources and responsibilities as well as the provider's (e.g. NEP's) resource commitments to the project. The project manager prepares this and the client agrees to it in writing.
4. **Scope of Work**. The project manager must prepare this. It is a detailed list of tasks, responsibilities, outputs expected from short-term experts. The SOW is based on the Charter. Note: you must present three consultants to each client for interview/assessment. NEP will identify the consultants via Carana.
5. **Project Plan**, prepared in detail by the project manager and the client. The plan must show who is responsible for getting each task done, timeframe, linked or predecessor tasks, timing of progress meetings etc. The plan is agreed to, preferably by confirmation in writing, by the client. The plan is used in progress (review) meetings for monitoring implementation.
6. **Progress Meetings with the client** held preferably at the start or end of each week and no less than once every two weeks. The client must appoint an internal manager. He/she will prepare agenda and minutes and be responsible for getting his/her team to do their work. These meetings are use to 1) monitor how each active task has progressed and the extent to which each contributor has carried out his/her agreed task(s) or action(s). Microsoft Project is the required software/layout.
7. **Progress Updates to New Economy Project** must be provided verbally and confirmed by e-mail or memo to the NEP case manager on a weekly basis. These updates must highlight 1) progress, 2) proposed/agreed revisions and 3) any other key factor influencing implementation.
8. **Progress Updates to oversight entity** (such as the Regs and Legs Committee). This must be provided in detail in line with the project manager's reporting requirements. Updates must be as specific as possible. Generalized comments are not acceptable. For each project they should highlight 1) exactly what has been accomplished and 2) what is going to be accomplished between the current and the next reporting period.

APPENDIX III

ACTIVITY CRITERIA SELECTION (ACS) FORM

*Client:*

*Project:*

1. What is the requestor's vision?
2. What is the purpose of this assistance?
3. What is the nature and extent of work to be done?
4. How will the assistance improve the present condition? (**Clear results**)
- b.** Critical assumptions are? (**What must exist to achieve results**)
5. Identification/Validation of logical consistency (**causality**) to IRs
6. Detailed technical requirements?
7. What is the time frame for completion of assistance? (**How many phases**)
8. USAID/NEP contribution?
9. Counterpart contribution?
10. Probability of activity success?
- b.** Institution Capacity for activity sustainability?
11. Is there a strong recommendation for the allocation of program and staff resources to this proposed activity?

Chief of Party: _____ Date: _____ Case Manager: _____ Date: _____
Authorized by: _____ Date: _____

## APPENDIX IV

### SWOT Analysis Results

#### STRENGTHS

- Responsiveness to market (demand vs. supply) D
- Availability of technical assistance (appropriate match, timeliness) M
- Quality of expertise M
- Client selection of STAs D
- Partnership M/D
- Ownership D
- Methodology/process M/D
- Trust (as result of TA) M
- Open communication among NEP, USAID and Carana) M
- Clear NEP staff understanding of SO and IRs M
- Autonomy from Carana M
- Flexibility M/D
- "Cherry picking" D
- Client driven D
- NEP as catalyst D
- Design flexibility - post implementation D

#### WEAKNESSES

- Clash of operating/project management styles within NEP
- "Special projects" (supply driven)
- "Cherry picking"
- No base line/data
- Client driven

#### OPPORTUNITIES

- On-line skills training
- Work with "natural clusters" (shipping and berthing, ICT, utilities)
- IR1 (demand and institutional development)
- WTO, FTAA, CSME training

#### THREATS

- Losing momentum (funding, demand)

- Potential conflict with regional project (C-Trade)
- Mission strategy change
- Other donors

D= Project design

M=Project management

**A.4 STATEMENT OF WORK**

The Contractor will carry out the following activities as part of the evaluation exercise:

- Meet with the members of USAID's SO1 team and Mission management.
- Review the following documents: The Carana Task Order, NEP's Work plans and the various project documents.
- Interview key SO partners including project senior managers and key team members plus private sector leaders/partners responsible for projects in which NEP is involved.

The Contractor will submit a report to USAID/Jamaica evaluating the activities described above and should also address a number of critical issues/questions including the following:

- ◆ The extent to which the NEP has been successful in meeting the objectives of the SO.
- ◆ Why?
- ◆ The operation and impact of the New Economy Project.
- ◆ Why?
- ◆ What has been the most successful component or features of the project?
- ◆ What needs improvement?
- ◆ Has NEP been an effective demand-based system to provide targeted TA in a timely manner?
- ◆ How can the model be improved?
- ◆ Does it make sense to continue such a project even if it is not sustainable and, if so, why?
- ◆ Should sustainability be an issue for such a project?
- ◆ What aspects of NEP have worked best and which have worked the least? Why?
- ◆ Is the quality of NEP project management appropriate?
- ◆ How appropriate is the method of selecting sub-contractors who carry out work in the various activities?
- ◆ How is quality and impact of assistance being provided by NEP perceived?
- ◆ Are there any adjustments that are necessary in the design of the project?

**A.5 DIFFERENTIALS AND ALLOWANCES (JULY 1996)**

(This clause does not apply to TCN or CCN employees. TCN and CCN employees are not eligible for differentials and allowances, unless specifically authorized by the cognizant Assistant Administrator or Mission Director. A copy of such authorization shall be retained and made available as part of the contractor's records which are required to be preserved and made available by the "Examination of Records by the Comptroller General" and "Audit" clauses of this contract).

(a) Post differential. Post differential is an additional compensation for service at places in foreign areas where conditions of environment differ substantially from conditions of environment in the continental United States and warrant additional compensation as a recruitment and retention incentive. In areas where post differential is paid to USAID direct-hire employees, post differential not to exceed the percentage of salary as is provided such USAID employees in accordance with the Standardized Regulations (Government Civilians, Foreign Areas), Chapter 500 (except the limitation contained in Section 552, "Ceiling on Payment") Tables-Chapter 900, as from time to time amended, will be reimbursable hereunder for employees in respect to amounts earned during the time such employees actually spend overseas on work under this contract. When such post differential is provided to regular employees of the Contractor, it shall be payable beginning on the date of arrival at the post of assignment and continue, including periods away from post on official business, until the close of business on the day of departure from post of assignment en route to the United

States. Sick or vacation leave taken at or away from the post of assignment will not interrupt the continuity of the assignment or require a discontinuance of such post differential payments, provided such leave is not taken within the United States or the territories of the United States. Post differential will not be payable while the employee is away from his/her post of assignment for purposes of home leave. Short-term employees shall be entitled to post differential beginning with the forty-third (43rd) day at post.

(b) Living quarters allowance. Living quarters allowance is an allowance granted to reimburse an employee for substantially all of his/her cost for either temporary or residence quarters whenever Government-owned or Government-rented quarters are not provided to him/her at his/her post without charge. Such costs are those incurred for temporary lodging (temporary quarters subsistence allowance) or one unit of residence quarters (living quarters allowance) and include rent, plus any costs not included therein for heat, light, fuel, gas, electricity and water. The temporary quarters subsistence allowance and the living quarters allowance are never both payable to an employee for the same period of time. The Contractor will be reimbursed for payments made to employees for a living quarters allowance for rent and utilities if such facilities are not supplied. Such allowance shall not exceed the amount paid USAID employees of equivalent rank in the Cooperating Country, in accordance with either the Standardized Regulations (Government Civilians, Foreign Areas), Chapter 130, as from time to time amended, or other rates approved by the Mission Director. Subject to the written approval of the Mission Director, short-term employees may be paid per diem (in lieu of living quarters allowance) at rates prescribed by the Federal Travel Regulations, as from time to time amended, during the time such short-term employees spend at posts of duty in the Cooperating Country under this contract. In authorizing such per diem rates, the Mission Director shall consider the particular circumstances involved with respect to each such short-term employee including the extent to which meals and/or lodging may be made available without charge or at nominal cost by an agency of the United States Government or of the Cooperating Government, and similar factors.

(c) Temporary quarters subsistence allowance. Temporary quarters subsistence allowance is a quarters allowance granted to an employee for the reasonable cost of temporary quarters incurred by the employee and his family for a period not in excess of (i) 90 days after first arrival at a new post in a foreign area or a period ending with the occupation of residence (permanent) quarters, if earlier, and (ii) 30 days immediately preceding final departure from the post subsequent to the necessary vacating of residence quarters, unless an extension is authorized in writing by the Mission Director. The Contractor will be reimbursed for payments made to employees and authorized dependents for temporary quarters subsistence allowance, in lieu of living quarters allowance, not to exceed the amount set forth in the Standardized Regulations (Government Civilians, Foreign Areas), Chapter 120, as from time to time amended.

(d) Post allowance. Post allowance is a cost-of-living allowance granted to an employee officially stationed at a post where the cost of living, exclusive of quarters cost, is substantially higher than in Washington, D.C. The Contractor will be reimbursed for payments made to employees for post allowance not to exceed those paid USAID employees in the Cooperating Country, in accordance with the Standardized Regulations (Government Civilians, Foreign Areas), Chapter 220, as from time to time amended.

(e) Supplemental post allowance. Supplemental post allowance is a form of post allowance granted to an employee at his/her post when it is determined that assistance is necessary to defray extraordinary subsistence costs. The Contractor will be reimbursed for payments made to employees for supplemental post allowance not to exceed the amount set forth in the Standardized Regulations (Government Civilians, Foreign Areas), Chapter 230, as from time to time amended.

(f) Educational allowance. Educational allowance is an allowance to assist an employee in meeting the extraordinary and necessary expenses, not otherwise compensated for, incurred by reason of his/her service in a foreign area in providing adequate elementary and secondary education for his/her children. The Contractor will be reimbursed for payments made to regular employees for educational allowances for their dependent children in amounts not to exceed those set forth in the Standardized Regulations (Government Civilians, Foreign Areas), Chapter 270, as from time to time amended. (See Standardized Regulation 270)

(g) Educational travel. Educational travel is travel to and from a school in the United States for secondary education (in lieu of an educational allowance) and for college education. The Contractor will be reimbursed for payments made to regular employees for educational travel for their dependent children provided such payment does not exceed that which

would be payable in accordance with the Standardized Regulations (Government Civilians, Foreign Areas), Chapter 280, as from time to time amended.

(See Standardized Regulation 280) Educational travel shall not be authorized for regular employees whose assignment is less than two years.

(h) Separate maintenance allowance. Separate maintenance allowance is an allowance to assist an employee who is compelled, by reason of dangerous, notably unhealthful, or excessively adverse living conditions at his/her post of assignment in a foreign area, or for the convenience of the Government, to meet the additional expense of maintaining his/her dependents elsewhere than at such post. The Contractor will be reimbursed for payments made to regular employees for a separate maintenance allowance not to exceed that made to USAID employees in accordance with the Standardized Regulations (Government Civilians, Foreign Areas), Chapter 260, as from time to time amended. (See Standardized Regulation 260)

(i) Payments during evacuation. The Standardized Regulations (Government Civilians, Foreign Areas) provide the authority for efficient, orderly, and equitable procedure for the payment of compensation, post differential and allowances in the event of an emergency evacuation of employees or their dependents, or both, from duty stations for military or other reasons or because of imminent danger to their lives. If evacuation has been authorized by the Mission Director the Contractor will be reimbursed for payments made to employees and authorized dependents evacuated from their post of assignment in accordance with the Standardized Regulations (Government Civilians, Foreign Areas), Chapter 600, and the Federal Travel Regulations, as from time to time amended. (See Standardized Regulation 600)

(j) Danger pay allowance. (1) The contractor will be reimbursed for payments made to its employees for danger pay not to exceed that paid USAID employees in the cooperating country, in accordance with the Standardized Regulations (Government Civilians, Foreign Areas), Chapter 650, as from time to time amended. (See Standardized Regulation 650)

(2) Danger pay is an allowance that provides additional compensation above basic compensation to an employee in a foreign area where civil insurrection, civil war, terrorism or wartime conditions threaten physical harm or imminent danger to the health or well-being of the employee. The danger pay allowance is in lieu of that part of the post differential which is attributable to political violence. Consequently, the post differential may be reduced while danger pay is in effect to avoid dual crediting for political violence.

## A.6 REPORTS

The Contractor will be required to deliver to the Office of Economic Growth, in Kingston and USAID/Washington, PPC/CDIE/DI, five copies of a report containing the findings of the evaluation together with recommendations for achieving the Intermediate Results. The evaluation should state whether this approach should be maintained for the next strategy as well as the prospects for utilizing this approach in other AID Missions.

## A.7 TECHNICAL DIRECTIONS

Technical Directions during the performance of this task order shall be provided by the Technical Officer as stated in Block 5 of the cover page or his designate, pursuant to Section F of the contract.

## A.8 TERM OF PERFORMANCE

a. Work shall commence on the date noted in Block 7 of the cover page. The estimated completion date is reflected in Block 8 of the cover page.