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**A Midterm Evaluation
of the Entrepreneurial
Training for
Disadvantaged
Africans Project in
South Africa**

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Prepared for the U.S. Agency for International
Development under contract number PDC-1096-I-14-5049-00

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DAI

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PREFACE

This midterm evaluation of the Entrepreneurial Training for Disadvantaged Africans Project was commissioned by the Agency for International Development and conducted over a five-week period in March-April 1987. This project is a collaboration between Birch & Davis, a U.S. technical assistance contractor, and the National African Federated Chamber of Commerce (NAFCOC), a confederation of Black business groups throughout South Africa. The three-person evaluation team comprised Susan Goldmark and John Hannah from Development Alternatives, Inc. (DAI) in Washington, D.C., and Martin Sebesho from Controlled Management Dynamics CC (COMAD) in South Africa.

The evaluation's scope of work was to

determine the degree to which project start-up, initial participant training and counseling, establishment of regional training and counseling centers, ongoing training and counseling, and commodity procurement activities are proceeding in relation to the original plan. Recommendations will be made concerning necessary improvements or adjustments to the project design, implementation schedule, contractor and NAFCOC activities, and budget. The evaluation will emphasize methods to maximize the effectiveness of training and counseling during the last two years of the project.

(See Annex A for the complete scope of work.)

DAI team members spent the first week in discussions with Birch & Davis project management, trainers, and consultants and reviewed all pertinent documents. At the same time, Martin Sebesho conducted preliminary interviews and read background documents in South Africa. The entire team met in Johannesburg on March 23, 1987, and, after a briefing with AID/Pretoria as well as the AID/Washington project manager, attended a two-day NAFCOC agricultural meeting in Potgietersrus. This meeting allowed the team to observe NAFCOC's impressive lobbying efforts and meet with NAFCOC management, trainers, and entrepreneurs who had participated in the pilot training sessions. The team traveled with NAFCOC's Training and Education Manager, E.F.T. Maahlo, for the next week to Tzaneen, Durban, Pietersburg, and other towns to interview members of NAFCOC's Management and Education committees, staff of other institutions that offered similar assistance to Black entrepreneurs, volunteer trainers, and entrepreneurs who had participated in the pilot training program. After conducting these interviews and site visits, evaluation team members met again with Dr. Sam Motsuenyane, NAFCOC's President, to share our preliminary findings and elicit his views on the project.

These discussions indicated that substantial changes in the management and implementation of the project were needed for it to achieve its objectives. Two choices existed. The team could proceed with its original schedule, report NAFCOC grievances and suggestions to AID/Pretoria, debrief Birch & Davis upon the return of team members to the United States, and then write a final report based upon each party's observations. The alternative was for the evaluation team to play a more active, catalytic role by convening a meeting among NAFCOC, Birch & Davis, and

AID project managers to discuss the issues that had been identified during the evaluation and decide on joint recommendations for action. NAFCOC, AID/Pretoria, AID/Washington, and evaluation team members decided that the second alternative was preferable. On extremely short notice, Birch & Davis's President traveled to South Africa to participate in a roundtable discussion that was attended by NAFCOC's senior management staff, Birch & Davis's Project Coordinator, AID representatives, and the evaluation team. Most of the recommendations cited in this report are an outgrowth of that meeting.

Before its departure, the evaluation team presented AID/Pretoria and the AID/Washington project manager a summary of our findings and recommendations. All three team members returned to Washington, D.C., to write the final report and to debrief Birch & Davis management during April 13-21. Although individual team members took responsibility for writing discrete sections of the report, each section was thoroughly discussed, agreed to, and edited by all three individuals. Thus, we view this as a product of the team as a whole rather than of individuals.

The evaluation team would like to thank several individuals who greatly assisted this effort. Dr. Sam Motsuenyane, NAFCOC President, graciously spent much of his precious time providing the team with his insights on the project. His comments during the two-day roundtable discussions were of critical importance. We would also like to thank Stan Khubeka, NAFCOC Executive Director, for his assistance and E.F.T. Maahlo, Training and Education Manager, for arranging and accompanying the team on site visits. Willy Davis, Birch & Davis's President, and Dianne Felton, Birch & Davis's Project Manager, were both extremely helpful and cooperative throughout the evaluation. Finally, the team would like to thank Tim Bork, Mark Johnson, and Stafford Baker of AID for their insights and assistance. This report, however, reflects the team's findings and recommendations rather than those of the U.S. government.

Susan Goldmark
Team Leader

April 1987

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EXECUTIVE SUMMARY

OVERVIEW OF EVALUATION PROCESS

The evaluation process took the form of personal interviews with most of the people who were involved in project implementation, including:

- Birch & Davis's President, Project Director, Project Coordinator, consultants, and trainers;
- The National African Federated Chamber of Commerce's (NAFCOC) President, Executive Director, Education Manager, Trainers, Public Relations and Coordination Manager, and chief Accountant;
- members of NAFCOC's Executive and Regional Education committees;
- Volunteer trainers and trained entrepreneurs;
- Other institutions offering similar assistance to Black entrepreneurs; and
- AID staff involved in project supervision.

Furthermore, the evaluation team reviewed project literature and documents such as project contracts between AID and Birch & Davis, and AID and NAFCOC. Minutes of meetings of the NAFCOC Education Committee and correspondence between NAFCOC and Birch & Davis formed part of the resource materials for the review process. After the evaluation team identified its preliminary findings, a formal meeting was held among NAFCOC senior management staff, Birch & Davis's President, AID representatives, and the evaluation team members. The major findings and recommendations that are covered in the Executive Summary were discussed with all parties.

PROJECT SUMMARY

The objective of the project is to provide management training and counseling services to Black entrepreneurs throughout South Africa to enable them to participate in the national economy of the country.

The project is a collaborative effort between Birch & Davis, the U.S. technical assistance contractor, and NAFCOC, a confederation of predominately Black business groups throughout South Africa. Birch & Davis has a four-year contract to develop curricula and materials, train local instructors and counselors, strengthen the institutional capability of NAFCOC to deliver and sustain the management training and counseling services, and provide project management and support. With funds provided in the U.S. technical assistance contract, NAFCOC is responsible primarily for setting up and staffing four regional centers to coordinate and deliver training and counseling services to Black entrepreneurs.

SUMMARY OF FINDINGS

Project Purpose and Design

1. The purpose of the project, to train and assist Black entrepreneurs in management skills and operations, is valid and responds to a significant and growing demand.
2. The basic strategy of developing appropriate materials, training instructors who in turn train entrepreneurs, and following up the training with direct counseling assistance to entrepreneurs appears to be valid, achievable, and directly responsive to the type of assistance Black entrepreneurs need.
3. NAFCOG is the appropriate organization to implement project activities given its recognized long-standing commitment to Black business development, its national organization and membership base, and its established leadership role in representing and advocating the rights and interests of the Black business community in South Africa. Furthermore, education and counseling activities appropriately serve the objectives of increasing membership and, in turn, strengthening NAFCOG as an organization.

The Development of Curriculum and Training Materials

Birch & Davis is responsible for preparing and producing three sets of training materials: for training entrepreneurs, for training instructors, and for training counselors. To date, the contractor has completed a basic business skills curricula and introductory-level course materials in marketing, accounting, and general business. The materials for the introductory-level operations management course and intermediate-level marketing, accounting, and general business courses are expected to be completed within the next two months. An advanced-level curricula is expected by December 1987.

Guidelines and materials to assist instructors to teach the basic and introductory-level courses are completed. The contractor has not as yet started to prepare specific materials for training counselors.

1. The completion of curricula and training materials for entrepreneurs, instructors, and counselors is more than one year behind schedule. Delays in the preparation of materials have pushed back instructor training and, in turn, the training of entrepreneurs.

Although the original time schedule for materials development (two months) was overly optimistic, other factors played a significant role. Only limited use was apparently made of available materials in South Africa as well as the United States as the contractor focused on developing a completely new and unique set of materials for NAFCOG. More important, the task of developing materials was delegated to four outside consultants whose time and schedule were defined by teaching responsibilities. Consultants' work schedules and products to a very significant extent have delayed the progress and pace of project activities to date.

2. In terms of quality, the materials are well presented and cover appropriate subject areas. However, interviews with members of NAFCOC's Education Committee as well as trainers and entrepreneurs indicate that these materials may be too sophisticated for as many as 60 percent of Black entrepreneurs. This is primarily because of the prevailing educational levels of the majority of business persons. In this respect, the materials, including the basic skills course, are more appropriate for trainers (most of whom have a Standard 10 level of education) than for the entrepreneurs themselves.

If the current materials are to be used to train entrepreneurs, some subject areas will need to be simplified, for example, to teach how to set up basic cash books instead of more elaborate accounting systems and procedures. This might include developing more simplified materials that address widespread needs such as bookkeeping, or ensuring that instructors can modify existing materials to the level of particular classes. In either situation, instructors indicate they will need assistance in simplifying the existing materials as part of their training preparation.

3. The current materials are structured for presentation in two- to three-week sessions. Entrepreneurs indicate that they are unable to be away from their businesses for more than three days or so. Therefore, the structure of materials may also need to be modified so they can be presented in self-standing modules of much shorter sessions.
4. There is a significant demand among entrepreneurs for training; therefore, project activities should move as quickly as possible from developing materials and training trainers to training entrepreneurs. NAFCOC is also concerned that the training of entrepreneurs begin as quickly as possible to demonstrate its ability to meet the needs of its membership.

Selection and Training of Trainers

NAFCOC is responsible primarily for recruiting and selecting instructors and counselors to be trained. Two groups of instructors receive training: instructors employed by NAFCOC in the regional centers, and "volunteers" who have expressed a willingness to conduct the training. For both groups, the selection criteria emphasized a Standard 10 level of education (matric degree).

1. NAFCOC has employed two full-time instructors who are going through the training. Several other full-time staff members are also taking the training. In an effort to recruit volunteer instructors, however, individuals were selected who may not be likely candidates to train entrepreneurs. For example, several are unemployed and see the training as a means to obtain a job. Among these, some indicated they would leave the training as soon as they found a job. Others are individuals with limited education or business experience who may not have the potential to be effective instructors.

2. The probability that volunteer instructors will be available to train is untested. NAFCOG will not have control over their participation. Those most likely to actually train will do so because of perceived self-interest, for example, a bookkeeper who sees the training as a means of identifying new clients. However, it does not appear that volunteer instructors were selected with a clear understanding of the skills they would bring to the training or to what extent their self-interest might be served.
3. As training of instructors is dependent on the completion of training materials, this phase of the project is also significantly behind schedule. According to the contractor's most recent schedule, the training of instructors through Level II courses will not be completed until the end of the contract period. In addition, there have been extended gaps in the training, waiting for materials to be completed and for instructors to come from the United States. In addition to delaying the training of entrepreneurs, this prolonged activity has resulted in a loss of interest and some attrition among the local instructors.
4. Greater utilization could be made of qualified individuals in South Africa to train instructors if funds were made available to pay for them and if more initiative were taken by NAFCOG staff and the U.S. contract team to recruit these individuals. Using more local expertise should reduce costs as well as accelerate the training if the materials are available.
5. Practical, on-the-job experience is to be given to instructors, in addition to the "pilot" training they conduct to improve their training skills. One instructor, in the Johannesburg office, now spends some time visiting businesses together with NAFCOG counselors. This aspect of instructor training seems important, given that few of the trainers have had prior business experience.

Counselor Development Strategy and Program

Birch & Davis is responsible for developing and conducting a counseling skills course for counselors employed by NAFCOG and assigned to each of the four regional centers. The counselors, once trained, will provide technical assistance to entrepreneurs. In addition, NAFCOG is responsible for setting up a practical training program for the counselors as a follow-up to their skills development course.

1. Entrepreneurs as well as business professionals stress counseling as extremely important given the relatively low levels of development in the Black business community. As a follow-up to training, this activity not only helps to solve specific problems but also helps to ensure that the training remains relevant and targeted to the practical needs of entrepreneurs.

2. NAFCOC has employed two-full time counselors in its Johannesburg and Durban regional offices. In addition to having their matric, the individuals have received one year of training in industrial management under a program conducted by the government of Germany. However, both individuals are young and without prior business experience. These factors call attention to the need for a carefully thought-out approach to enable counselors to receive the practical training essential to establishing their credibility.
3. Because the U.S. contractor's counselor training package is not yet ready, the two individuals are receiving the instructor training. While this body of knowledge is relevant, it does not address their need for problem-solving skills and practical experience. Instructors are being trained to transfer knowledge to entrepreneurs. The counselor training is to focus on identifying and analyzing business situations and formulating cost-effective and workable solutions.
4. NAFCOC's Counseling Committee has come into being because of a recognized need for such services and the willingness on the part of experienced (often retired) business professionals to assist emerging Black businesses. Representatives from several programs existing in South Africa are members of the Counseling Committee. There has not been much effort to date within the project to tap these resources as a basis for developing a strategy, timetable, and budget required to implement this project activity.

Training of Entrepreneurs

Birch & Davis is primarily responsible for developing the training materials; training those who will deliver services to the entrepreneurs; and assisting NAFCOC, especially the Training and Education Department, to develop the capabilities to market, organize, and deliver the services to entrepreneurs.

1. The project's technical assistance philosophy is defined as developing a body of knowledge that is passed on to instructors who, in turn, make it available to entrepreneurs. Consistent with this philosophy, each subsequent activity is dependent upon the completion of the preceding activity. This rather fixed, sequential approach, as opposed to a more flexible, dynamic one, has slowed the pace and momentum of the project in delivering services to entrepreneurs. More specifically, delays in preparing materials have delayed the training of instructors, thus delaying the training of entrepreneurs.
2. NAFCOC is increasingly concerned that it is taking so long to deliver services to entrepreneurs and strongly suggests that much more attention within the project be directed to this goal.
3. A few entrepreneurs have received some training by attending the pilot courses set up so that trainers can gain more practical training experience. Some specific benefits have resulted. For example, a shopkeeper reported learning how to improve the profitability of some underutilized floor space. Entrepreneurial-level training is starting in the Orange Free State with a modest program of courses planned over the next month.

4. The project has not formulated as yet a strategy, timetable, or estimate of resource requirements for delivering training to entrepreneurs.

Project Management

Although Birch & Davis is primarily responsible for managing project activities, including funds designated for NAFCOC expenses, both organizations are required to establish procedures to ensure coordination and monitoring of all project activities.

1. The Steering Committee to coordinate planning and monitoring of project activities between the U.S. contractor and NAFCOC has not been established. Although informal planning and work scheduling have occurred, primarily through periodic visits by the U.S. contract team, formal planning and monitoring procedures have not been established to the extent necessary to keep the project on a reasonable schedule. Without jointly developed work plans and schedules, it has not been possible to monitor project performance and take corrective actions as necessary.

An important factor contributing to inadequate planning and monitoring is that NAFCOC, particularly, was not aware of the importance of the U.S. contractor's scope of work or the work plan contained in the original grant agreement, although copies of the Birch & Davis contract (not including budget information) were made available. Nor has NAFCOC been aware of the financial resources available to the organization under the technical assistance contract. This unfamiliarity with basic project information, combined with NAFCOC's posture of assuming that the U.S. contractor was fully responsible, has resulted in NAFCOC taking a much less active role in project management than is required if the project is to achieve its objectives.

2. The U.S. contractor's Project Coordinator position does not appear to be well utilized under this project. He has no clear authority, and his relationship with NAFCOC is unclear.
3. NAFCOC has suffered serious cash flow problems that began under its original grant agreement and that have continued under the technical assistance contract. This has caused some bitterness among NAFCOC senior management staff. The situation has been exacerbated by NAFCOC's not having established adequate financial systems to prepare and submit vouchers accurately in a timely fashion. This has resulted in gaps as long as seven months between submission of vouchers and reimbursement.
4. Project management time in Birch & Davis headquarters appears to be more than required given the level of activity to date and the existence of a South Africa-based Project Coordinator.

Institutional Strengthening and Project Sustainability

NAFCOC is responsible for delivering and sustaining training and counseling services begun under the project. Birch & Davis has responsibility for providing assistance to NAFCOC to enable the organization to deliver and sustain these services.

1. NAFCOC's Training and Education Department does not have sufficient capacity to assume the increased management role that will be required to deliver training and counseling services on a national basis. The leadership of this department needs to be reinforced and supported, and the management responsibilities and authority of the regional training staff needs to be clarified and strengthened.
2. NAFCOC's current level of financial resources will not be adequate to continue to support the training and counseling activities when AID funding ends, nor can it be expected that educational activities will fully recover real costs.
3. Although NAFCOC's management staff has begun a process of long-range planning (that is to include strengthening its financial base) and a further management review is anticipated, adequate attention thus far has not been given to defining and planning for the increased role NAFCOC will be expected to assume to maintain its educational programs.

Project Budget

1. At the time of contract negotiations, the AID Contract Officer and Birch & Davis management agreed that there would be flexibility among the line items of the contract budget.
2. At current levels of effort, funds for direct labor and other direct costs will be exhausted by May 1987. Therefore, all concerned parties will need to agree on how remaining funds will be reallocated.

RECOMMENDATIONS

The following recommendations include those that have been agreed upon by NAFCOC senior management and Birch & Davis senior management during meetings held on April 7-8, 1987, as well as additional suggestions from the evaluation team. The latter group of recommendations will be identified with an asterisk.

The Development of Curriculum and Training Materials

1. Existing training materials need to be modified to meet the needs of the majority of Black entrepreneurs:

- NAFCOOC, in concert with Birch & Davis and NAFCOOC's Education Committee, will take responsibility for developing training modules for Black entrepreneurs; and
 - NAFCOOC will need both U.S. and local technical assistance to modify training materials for Black entrepreneurs.
2. Level III training is an important objective. However, the immediate priority should be to deliver training to Black entrepreneurs. This priority should be reflected in the time and money allocated to completing the Level III program and materials.
 3. Birch & Davis should complete the Level II course materials as quickly as possible. It should abandon plans to develop Level III advanced course materials if their completion and the training of trainers in the advanced level will require a significant investment of scarce resources. NAFCOOC should investigate the need for its trainers to receive advanced courses and, if such need exists, identify local universities and other institutions to provide this training.

Selection and Training of Trainers

1. The training of trainers schedule should be accelerated and completed in a cost-effective manner:
 - Appropriate and affordable local instructors should be identified to help conduct the training of trainers;
 - The Port Elizabeth and Cape Town training staff should be hired at the same time;
 - Training of trainers should begin in August 1987. The Port Elizabeth and Cape Town offices should open after these individuals have completed their training; and
 - The training of trainers should be conducted over a concentrated block of time, and all trainers should complete Basic, Level I, and Level II training by December 1987. (Newly hired staff would complete Basic and Levels I and II in accounting, general management, operations management, and marketing. NAFCOOC staff from the Johannesburg and Durban offices who have completed some training courses would join this training at their appropriate levels.)
2. Trainers should receive practical, on-the-job training experience as part of their training experience. NAFCOOC and Birch & Davis will assume responsibility for planning, implementing, monitoring, and evaluating a practical, on-the-job training program.

3. Additional volunteer trainers should be carefully selected according to their potential training ability, skills, educational level, and likelihood that they will train entrepreneurs after their own training has been completed. Special attention should be given to bookkeepers and other professionals who already have some expertise in the subject matter and a strong self-interest to offer introductory training to Black business people -- a potential market for follow-up services to be offered by such private individuals. Rather than requiring volunteers to undergo the full training course, consideration should be given to developing a more flexible and cost-effective approach that trains experts in specific subjects.

Counselor Development

1. NAFCOC counselors can be trained to be qualified counselors, but their training should include a period during which they serve as interns to a counseling service:
 - The project's counselors need to be attached to a counseling service for a long time before they can act as independent counselors;
 - NAFCOC's Counseling Committee and Birch & Davis should develop a strategy and work plan for the project's counseling component; and
 - Project counselors should be responsible for identifying local experts (in particular, experienced business people) who could be available to serve as counselors to Black entrepreneurs. The counselors should serve as intermediaries who match the needs of individual entrepreneurs with appropriate counseling experts.

Training of Entrepreneurs

1. During the next year of project implementation, its focus should be shifted from the training of trainers to the training of Black entrepreneurs.
2. Regional Education Committees should advise the Training and Education Department of the training needs of local Black entrepreneurs. The Training and Education Department should use these recommendations to develop appropriate schedules and training modules.
3. NAFCOC's Training and Education Department and Birch & Davis should develop a written strategy, plan, and timetable for implementing the program to train entrepreneurs.
4. NAFCOC staff, Birch & Davis consultants, and local experts should be involved in modifying existing materials and developing new appropriate training materials for entrepreneurs.

5. NAFCOC should develop a plan by which to evaluate the effectiveness and impact of the entrepreneurial training. Results should be used to modify the training courses.

Project Management

1. NAFCOC and Birch & Davis should revise the existing project implementation plan to reflect current priorities.
2. NAFCOC and Birch & Davis should undertake strategic planning sessions on a regular basis. They should jointly develop annual work plans and quarterly schedules. Birch & Davis should submit quarterly reports to AID on progress toward achieving these objectives, and obstacles encountered.
3. NAFCOC and Birch & Davis should establish a subcommittee that would meet each month to monitor the project's progress.
4. NAFCOC's Training and Education Department and the four regional units should develop annual, quarterly and monthly plans and schedules that clearly define the regional units' authority, responsibilities, and priorities. The regional units should submit monthly reports on progress toward achieving the work plan, obstacles encountered, and suggested modifications for the next reporting period. One of the two trainers in each unit should be appointed to manage the office. Eventually, when funds permit, new staff members may have to be hired to manage the four units.
5. Birch & Davis's Accountant should assist NAFCOC's Accounting Department to improve its financial systems and controls.
6. NAFCOC should reconcile the \$10,600 discrepancy in its records regarding the \$150,000 grant from AID.
7. NAFCOC and Birch & Davis should develop a budget for NAFCOC costs and commodities under the remaining two years of the contract. NAFCOC should monitor on a monthly basis its expenses against this budget.
8. NAFCOC should telex the required information on project expenditures to Birch & Davis at the end of each month. Formal vouchers to back up this information should be mailed at the same time. Birch & Davis should reimburse NAFCOC for these expenditures 15 days within receipt of this telex.
9. The roles of NAFCOC's Training and Education Manager and the Birch & Davis Project Coordinator should be clarified and revised to avoid duplication and improve efficiency.
10. Project oversight responsibilities should be shifted from AID/Washington to AID/Pretoria staff to reflect the change in project planning, management, and monitoring responsibilities from the United States to individuals based in South Africa. *

11. Funds remaining in the project should be reallocated according to the proposed budget shown in Chapter Seven. The funds remaining to NAFCOG under the line item "Other NAFCOG Costs" should not be reallocated to cover Birch & Davis costs (direct labor, overhead, other direct costs, and consultants) unless NAFCOG fully realizes the implications of this reallocation and concurs with the decision. The proposed commodities budget of \$250,000, which was developed during the roundtable discussions among NAFCOG, Birch & Davis, AID representatives, and the evaluation team, seems reasonable. AID should reallocate the difference between the amount remaining in this line item and the \$250,000 amount required to cover Birch & Davis's costs (direct labor, overhead, other direct costs, and consultants). *

Project Sustainability

1. NAFCOG should re-examine the strengths of its various departments to see how each may be enhanced. An outside expert from Birch & Davis should conduct a management audit, provided it meets project priorities and available funds, that would analyze the strength and weaknesses of each department and recommend ways to upgrade performance and institutional capacity. This management audit should begin in early July 1987 to coincide with NAFCOG's annual conference.
2. All concerned parties including AID should determine whether it is necessary to wait until a formal management audit is completed before acting to enhance the institutional capacity of the Training and Education Department. Those deciding upon the advisability of this activity should also take into consideration the priorities of the project and its resource allocation implications. *
3. NAFCOG should consider whether it should hire another senior-level staff person with strong management skills to help plan and manage its training program. If such needs exists, AID should consider providing a grant to NAFCOG to cover the costs of this individual. *
4. Birch & Davis should consider placing a full-time U.S.-based staff member to work as a counterpart to the top manager of the training program. Ideally, this individual should be familiar with the project, have strong management skills, and have experience in training trainers. If remaining project funds are inadequate to fund a full-time Birch & Davis counterpart, AID should consider providing additional funds to cover these costs. *
5. NAFCOG and Birch & Davis should begin immediately to explore alternative strategies to ensure the financial viability of this project after AID funds are fully disbursed. NAFCOG's Fund-Raising Committee members should be involved in this process.
6. An outside expert might be required to help NAFCOG plan and implement these strategies. *

CHAPTER ONE

PROJECT CONTEXT

BLACK BUSINESSES IN SOUTH AFRICA

Black businesses contribute relatively little to the economy of South Africa. Several factors have caused this situation, paramount among them being the apartheid government policies that deliberately make it difficult for Blacks to participate meaningfully in the country's economy. (When capitalized, the term "Blacks" is used in South Africa to include blacks, coloreds, and those of Asian origin.) The goal of apartheid is not only to separate Blacks from whites but also to remove from blacks any claim of citizenship in the country by relegating them to the so-called homelands, which are almost completely dependent on white-controlled South Africa. This policy has ensured that 83 percent of the country's land remains in the hands of whites, who make up 14 percent of the population.

Until the late 1970s, Black businesses were not allowed to incorporate legally, thereby further stymieing their growth. Blacks are still not allowed to own or lease land for personal or business reasons in white-designated areas, except by concession. There are a myriad of other laws controlled by local and homeland authorities that affect the development of Black business. These laws ensure that Black businesses can develop and grow only according to the dictates and the designs of government policies.

Although some of these laws have been less rigidly applied in recent times, these changes have not significantly helped the development of Black businesses. Recently, Blacks with permanent residential rights in the designated areas have gained the opportunity to receive land under the 99-year leasehold system. Within the homelands, they are permitted to engage in almost all types of business activity. These concessions are significant in what they have not provided. Blacks still do not have freehold rights. Black entrepreneurs do not have the right to operate businesses in white areas except by concession. And the community councils and homeland governments are still dominated by white administrators.

The homelands policy has effectively divided South Africa into two countries -- one developed and the other underdeveloped. Black townships near white cities are also largely underdeveloped. The white-dominated economy is unique in Africa in the degree of its sophistication and industrialization. It is a modern, western-type, cash-oriented economy that offers a high standard of living and per capita income for the white minority. The homelands and many parts of various townships, in contrast, have all the characteristics of a Third World economy -- poverty, illiteracy, overcrowding, and malnutrition. The per capita income of Blacks living within the homelands is less than one-tenth that of the average white South African. The unemployment rate among Blacks living in townships near metropolitan areas is estimated at 50 percent, while in the homelands it is even higher.

Reforms, such as removing statutory and traditional barriers to Black advancement in the work place, have been constrained by decades of state neglect of Black education. Although the government recently has increased state spending on Black education, it has publicly rejected calls for integrating the national education system.

The development of Black business in South Africa has been hindered further by legal constraints, lack of access to financial resources, and limited technical skills.

Although many legal constraints have been removed or reduced in terms of severity of application, two all-embrasive pieces of legislation still hinder freedom of mobility and ownership of property among Blacks -- the Group Areas Act and the Land Act. The Group Areas Act reserves certain areas for specific racial groups, and it is only within those areas that they can operate and conduct business. The location, size, and desirability of sites in the Black areas are extremely limited. Because of these restrictions, Blacks have little opportunity to take advantage of normal cost-saving business practices such as bulk buying. The location of many of these businesses does not allow them to compete for the best business opportunities.

The Land Act prohibits Blacks from owning land, particularly for farming. As a result, South Africa has virtually no Black commercial farmers. All available land is linked to the homelands or to tribal land tenure.

The second, more subtle, constraint on the development of Black businesses is the lack of financial resources for further development. Most banks apply stringent conventional banking conditions that require land or other immovable assets as security for a loan. Few Blacks can fulfill these conditions because of the prohibitions against owning land.

The third principal constraint that affects the development of Black businesses is the lack of technical skills among entrepreneurs. This is a result of limited experience and education. It is estimated that about 60 percent of all Black business people have less than a primary education. Since South African corporations have severely restricted upward career advancement for most Blacks, few have developed the business skills needed to manage a successful enterprise. Few Black entrepreneurs have had experience in managing a business prior to establishing their own, and few businesses have existed for more than two generations.

THE EVOLUTION AND ROLE OF THE NATIONAL AFRICAN FEDERATED CHAMBER OF COMMERCE

The National African Federated Chamber of Commerce (NAFCOC) is a legally recognized organization that represents formal and informal Black businesses in South Africa. Although this Black business organization dates back to the early 1940s, NAFCOC was formally established in 1964 to protest the observer status to which the government had relegated Blacks in the economic activity of South Africa. The objectives of the organization are to:

- Organize, promote, and build a spirit of unity and cooperation among Black businesses in both the rural and the urban areas;
- Serve as the sole official body representing Black business nationally with power to make representations to local and national government authorities;
- Defend the interests of Black business and take appropriate actions to oppose any measure that threatens the survival, progress, and development of its members;
- Encourage the establishment and maintenance of commercial colleges and sponsor candidates for commercial training; and
- Collect and impart information on all matters of commercial interest to members.

NAFCOC has developed into a formidable voice of Black business in South Africa. Besides encouraging the development of strong cooperation among Black business people, NAFCOC has succeeded in pressuring the government to listen to the needs of Black entrepreneurs, particularly in areas of land ownership, business licensing practices, availability of credit, and expansion of business opportunities. Few major decisions are taken on issues that affect Black businesses without consultation with the organization. NAFCOC is represented in most Black business development organizations and enjoys political acceptance both locally and internationally.

Although it is difficult to establish accurately the number of Black businesses in South Africa, according to the *Financial Mail* of February 22, 1978, there were about 35,000 registered traders (both retailers and manufacturers) and perhaps 65,000 unregistered traders. More accurate statistics on the number and distribution of Black businesses are still unavailable. NAFCOC estimates that it has about 15,000 members, or a significant percentage of South African Black businesses. This membership includes retailers, manufacturers, and farmers. Some of these members, however, are inactive and have lapsed in their payment of dues.

At present, NAFCOC is composed of 18 regional Chambers of Commerce, which are affiliated to the national organization. These regions comprise both rural and urban groupings. NAFCOC is a three-tier body consisting of individual members in branches, branch affiliation in regions, and regional affiliation in the national body. Each branch and region is led by elected members who are voted into office every second year.

The organization provides a number of services to its members, the most important of which are lobbying and advocacy, education and training, and legal representation. The services and activities are coordinated by various committees composed of NAFCOC staff and members. These committees include the Finance Committee, Legal Committee, Strategy Committee, Transport Committee, Scholarship Committee, Agricultural Committee, Education Committee, and the Secretariat.

The membership of NAFCO and some of the activities of the organization have been directly affected by the instability within the country. Courses in some areas have had to be cancelled because entrepreneurs could not leave their businesses during periods of political disturbance. The Natal Regional Chamber of Commerce has threatened to secede from the National Chamber because of a difference in views about foreign investment. The National Chamber at its 1986 Annual Summit adopted a neutral position on foreign investment. The Natal Chamber of Commerce, as a result of the influential position of the Kwa-Zulu homeland government, supports foreign investment in South Africa.

OBJECTIVES OF THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT IN SOUTH AFRICA

The U.S. government's assistance program in South Africa is committed to the establishment of a non-racial, democratic form of government. The program provides resources only to those disadvantaged and oppressed by apartheid to implement projects that they view as critical to promote social, political, and economic change through non-violent means. The goals of U.S. government assistance are to:

- Build bridges between the United States and the legally disadvantaged;
- Promote communication and cooperation within and between the Black communities and between Black communities and whites in South Africa;
- Aid the development of future South African leaders;
- Assist, in the most direct way feasible, Black organizations and institutions to undertake sound and effective programs and projects; and
- Avoid the pursuit of programs that are solely economic in nature and the rightful responsibility of the South African government and that are financed or controlled by it.

All financing decisions are based on the following criteria:

- Black Priorities: All projects should respond to priorities as perceived and expressed by the Black community and its leaders;
- Black Participation: All projects should maximize Black participation in policy making, management, and implementation. Priority is given to projects that enhance Black leadership and experience through active participation at all levels;
- Community Consultation and Accountability: Projects should be accountable to beneficiaries during their implementation to ensure that they remain relevant and maintain community support;

- Non-Governmental: AID/Pretoria does not fund projects or organizations that are owned, financed or controlled by the South African government, or by the government of the so-called independent states; and
- Political and Social Impact: All activities should contribute to dismantling apartheid, establishing a nonracial democratic society, or providing the foundations for nonracial institutions for a post-apartheid South Africa.

The AID program began in 1982 with funding for external scholarships, labor union training, human rights activities, and entrepreneurial training. In 1985, AID obligated about \$19.6 million for FY 1986 and requested \$25 million for its FY 1987 program. Three full-time staff professionals working within the U.S. embassy in Pretoria manage the AID portfolio. However, some projects, such as Entrepreneurial Training for Disadvantaged South Africans, predate the establishment of an AID office in Pretoria and, therefore, still are managed by AID/Washington staff. This project also predates the AID mission's current emphasis on funding projects that are managed principally by Black South Africans rather than relying upon U.S. contractor support.

CHAPTER TWO

PROJECT DESCRIPTION, PROGRESS TO DATE, AND SUMMARY FINDINGS

PROJECT SUMMARY

The goal of the four-year entrepreneurial training project is to improve the level of management skills among Black entrepreneurs to increase their ability to participate in the South African economy. The project purpose is to strengthen and expand NAFCO's capability to provide management training and counseling services to Black business persons in the major regions of the country.

The project is structured as a collaborative effort between NAFCO and Birch & Davis, the U.S. technical assistance contractor. NAFCO is responsible primarily for setting up and staffing four regional offices to coordinate and deliver training and consulting services to Black entrepreneurs. Birch & Davis's responsibilities are to develop basic, intermediate-, and advanced-level training materials for entrepreneurs, to train local instructors and business counselors, to assist NAFCO strengthen its institutional capability to deliver educational and counseling services, and to coordinate project management activities. The project's tasks and implementation schedule are summarized in Table 1.

During the four-year project life, 2,300 entrepreneurs are to be trained and approximately 500 businesses are to receive counseling assistance. As a result of project assistance, NAFCO is expected to have the capacity to train and counsel at least 1,000 Black business persons a year.

A grant agreement with NAFCO was signed in September 1983 providing \$150,000 in start-up funds for the first 10 months of the project. A contract was signed in February 1985 with Birch & Davis, an established 8(a) consulting firm located in Silver Spring, Maryland. This contract provided \$2.753 million for technical assistance as well as additional funding for NAFCO support. The grant agreement work plan and contractor's scope of work comprise the basic description of how the project is to be carried out. The two documents are complementary in that the grant agreement provides the activity timetable, the contractor's scope of work, and a detailed plan for implementing the various activities.

SUMMARY OF PROGRESS TO DATE

NAFCO has established two of the four regional units, one in Johannesburg to provide training and counseling services in the Transvaal and the Orange Free State and the other in Durban to coordinate and deliver services in Natal. The offices in Cape Town and Port Elizabeth are scheduled to open in August 1987 and January 1988, respectively.

An instructor, counselor, and secretary have been hired in Johannesburg and in Durban. The two instructors and two counselors have received training in a basic business course and introductory-level marketing, general business, and accounting

TABLE 1
PROJECT IMPLEMENTATION SCHEDULE

TASKS	ELAPSED TIME BY YEAR IN MONTHS																							
	YEAR 1												YEAR 2											
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
TASK 1--Project Start-up	[Timeline bar from month 1 to 24]																							
TASK 2--Develop Curricula For Entrepreneurial Training	[Timeline bar from month 2 to 3 with ▲ at month 3]																							
TASK 3--Develop Instructor Training Curricula	[Timeline bar from month 2 to 3 with ▲ at month 3]																							
TASK 4--Develop Counselor Training Curricula	[Timeline bar from month 2 to 3 with ▲ at month 3]																							
TASK 5--Conduct Instructor/Counselor And Counselor Training	[Timeline bar from month 4 to 12]																							
TASK 6--Conduct Entrepreneurial Training	[Timeline bar from month 10 to 12]																							
TASK 7--Develop Statistical Profile Of Disadvantaged Businesses	[Timeline bar from month 6 to 8 with ▲ at month 8]																							
TASK 8--Arrange For U.S. Training	[Timeline bar from month 4 to 12]																							
TASK 9--Supplementary Study	[Timeline bar from month 4 to 12]																							
TASK 10--Assist In Institution Building	[Timeline bar from month 4 to 12]																							
TASK 11--Help Establish Units And Publicize Training And Counseling Programs	[Timeline bar from month 4 to 12]																							
TASK 12--Project Management And Reporting	[Timeline bar from month 1 to 24 with ▲ at every month]																							

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▲ - Deliverables

TABLE 1 -- Continued

TASKS	ELAPSED TIME BY YEAR IN MONTHS																							
	YEAR 3												YEAR 4											
	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48
TASK 1--Project Start-up																								
TASK 2--Develop Curricula For Entrepreneurial Training																								
TASK 3--Develop Instructor Training Curricula																								
TASK 4--Develop Counselor Training Curricula																								
TASK 5--Conduct Instructor/Counselor And Counselor Training																								
TASK 6--Conduct Entrepreneurial Training																								
TASK 7--Develop Statistical Profile Of Disadvantaged Businesses																								
TASK 8--Arrange For U.S. Training																								
TASK 9--Supplementary Study																								
TASK 10--Assist In Institution Building		▲																						
TASK 11--Help Establish Units And Publicize Training And Counseling Programs																								
TASK 12--Project Management And Reporting		▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲

▲ - Deliverables

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taught by U.S. instructors. In addition to the four staff instructors and counselors, approximately 40 "volunteer" instructors have participated in these courses. The NAFCOC instructors and counselors are teaching "pilot" courses to entrepreneurs to gain additional practice in delivering the course materials. The counselor assigned to the Johannesburg unit spends some of his time visiting businesses with representatives of the Norton/Barlow Rand Industrial Counseling Service.

Approximately 86 entrepreneurs have received training as part of the pilot courses designed to test course materials and give instructors practical experience. At the time of this evaluation, NAFCOC was just beginning to organize training courses for entrepreneurs in the Orange Free State.

Birch & Davis has completed a three-week introductory course in Business Basics for Entrepreneurs. It has also completed three of four introductory-level courses for entrepreneurs in marketing, accounting, and general business. Drafts of an introductory-level operations management course and intermediate-level accounting, marketing, and general business courses are now being completed. All intermediate-level materials are expected to be completed by September 1987. Work on advanced-level materials have not yet started, but the contractor anticipates that this material will be available by December 1987. Advanced training for selected entrepreneurs in the United States has not yet been planned.

In addition to the course materials for entrepreneurs, Birch & Davis has developed trainer guides for each course that include suggestions on how to conduct the training, visual aids, and discussion guidelines. The contractor has not yet begun to develop special training materials for counselors.

Birch & Davis's scope of work included conducting a management study of NAFCOC's operations and developing a statistical profile of the Black business community. In March 1986, NAFCOC decided to contract one of these special studies to a South African firm. Controlled Management Dynamics completed the management assessment in July 1986, and the results are being reviewed by NAFCOC's Management Committee. AID contracted with another local firm, Consumer Behavior Limited, to compile a profile of the Black business community. This study will be completed in late April 1987.

NAFCOC expended the initial \$150,000 grant in October 1986. As of February 1987, \$1,459,231 of the \$2.753 million remains in the Birch & Davis contract. However, certain line items including direct labor, overhead, and other direct costs will be exhausted by May 1987.

GENERAL FINDINGS

The project's purpose, to train and assist Black entrepreneurs in management skills and operations, is valid and responds to a significant and growing demand among Black business people for assistance in improving and expanding their enterprises.

The original strategy to develop appropriate training courses, train instructors who in turn teach entrepreneurs, and follow up the training with direct counseling services appears to be valid, achievable, and directly responsive to the type of assistance Black entrepreneurs require.

NAFCOC is the appropriate organization to implement the project activities, given its long-standing commitment to Black business development, its national organization and membership bases, and its established leadership role in representing and advocating the rights and interests of the Black business community. Education and counseling activities are part of its current priorities, and the further strengthening of these activities should directly contribute to institutional growth.

CHAPTER THREE

THE DEVELOPMENT OF CURRICULUM AND TRAINING MATERIALS

ORIGINAL PLAN

The project provides technical assistance to develop training courses and materials that will give Black entrepreneurs the knowledge and practical skills needed to establish and operate businesses successfully. In addition to preparing materials for training entrepreneurs, the contract team is responsible for developing courses and materials for training NAFCOC instructors and counselors. These courses are to include practical techniques for conducting training and providing consulting services.

Training Materials for Entrepreneurs

A project objective is to strengthen the educational program of NAFCOC by improving its existing courses and developing additional ones to meet a broad range of training needs among entrepreneurs. The project plan calls for the U.S. contractor, with assistance from NAFCOC, to develop training courses and materials for entrepreneurs at three levels. These are:

- Introductory courses for an estimated 65 percent of Black business people who have recently established, or who are in the process of setting up, business activities. These courses are to teach basic business principles at the grassroots level and include such subjects as start-up of a business, banking and finance, bookkeeping, marketing and merchandising, procurement, contracts, personnel management, and setting goals and priorities;
- Intermediate-level courses for an estimated 30 percent of entrepreneurs having a working knowledge of business principles. These courses are to include such subjects as accounting, banking and finance, marketing, personnel, general management, organizational structure, and business communications; and
- Advanced-level courses for the estimated 5 percent of business owners and managers who have considerable experience as well as education. Courses at this level are to include such subjects as financial planning, business policy and decision making, accounting and financial controls, and microcomputer applications.

As described in the project plan, the average length of each course is expected to be three days, with some courses requiring only one day and others five days or more. For example, an accounting or bookkeeping course might require considerably more time to teach than a course on how to get a business license. Because of the unlikelihood that entrepreneurs can be away from their businesses for more than one day at a time, the courses are to be designed so that they may be taught in one-day modules.

The contractor's scope of work, written by Birch & Davis as part of its proposal, sets out a detailed and comprehensive plan for developing the training courses and materials. The principal steps in the plan include:

- Collecting information in South Africa on training needs, existing training courses, and appropriate training methodologies;
- Developing procedures for accessing South African training and counseling resources;
- Conducting a literature search to locate materials that could be used in the project training;
- Assembling a curriculum design team and developing a timetable for materials development that is consistent with the project training schedule;
- Defining the training objectives for each course;
- Developing course designs, including methods to be used, instructional modules, and time required for teaching each module;
- Developing a trainee manual for each course to be used in the training and as a resource for future reference by entrepreneurs;
- Reviewing the trainee manuals established by NAFCOG and other South African sources;
- Preparing audio-visual materials;
- Developing evaluation materials;
- Pre-testing courses with entrepreneurs and making revisions as necessary; and
- Reproducing the final training materials.

Materials for Training Instructors and Counselors

In addition to developing materials for training entrepreneurs, the U.S. contractor is responsible for developing courses and materials to train NAFCOG instructors and counselors. The success of the project depends to a large degree on the effectiveness of these individuals. They are primarily responsible for the quality of training and consulting given to entrepreneurs. They also play a key role in strengthening NAFCOG's institutional capability to provide ongoing educational services.

The contractor's scope of work specifies a plan and a process for designing and developing materials for the following courses:

- A basic skills development course to teach instructors how to deliver the business courses to entrepreneurs. As part of the materials for this course, a trainer's manual will be written to serve as a reference guide for the instructors; and
- A counselor training course to provide the knowledge and skills required to provide consultation and problem-solving assistance to individual entrepreneurs. This course will include different case studies and other practice materials for the manufacturing counselors and the non-manufacturing counselors to reflect the different requirements of their future clients.

In addition to the course materials, the scope of work required the development of self-assessment instruments and other materials to evaluate the competencies of instructors and counselors in delivering training and technical assistance to entrepreneurs.

It was assumed in the scope of work that the contractor would be able to develop much of the training materials by using or adapting existing courses and materials from South Africa and elsewhere. For this reason, it was planned that the introductory- and intermediate-level courses for entrepreneurs and the courses for training instructors and counselors would be completed by the end of the third month.

PROGRESS TO DATE

Birch & Davis has completed the following curricula and course materials for the training of entrepreneurs:

- A basic introductory and overview course on marketing, accounting, general business, and operations management, entitled Business Basics for Entrepreneurs;
- Introductory (Level I) courses in accounting, marketing, and general management;
- Drafts of Level I course in operations management and intermediate-level (Level II) accounting, marketing, and general business courses; and
- Trainer guides for the basic business and Level I courses, including visual aids and course evaluation materials for instructors to use in delivering these courses.

NAFCOC members and representatives of other training groups in South Africa have reviewed the business basics and Level I courses, and NAFCOC's Education Committee has approved these materials. Some of the materials have been pre-tested in pilot training programs attended by entrepreneurs.

The contractor's curriculum development team, composed of three Howard University professors, expects to complete the intermediate-level materials by September 1987. This team is being assisted by the two Birch & Davis trainers. Birch & Davis has begun to discuss ideas for the advanced-level courses, but work on these materials has not yet formally started.

Birch & Davis indicates that it expects to prepare a counselor training program and associated course materials after the other course materials are completed.

FINDINGS AND RECOMMENDATIONS

Plan and Schedule for the Development of Materials

The development of training courses, although an important aspect of project activities, was not intended to be the predominant and resource-consuming activity that it has become. Birch & Davis's scope of work was to develop courses for entrepreneurs by using or adapting existing materials. Birch & Davis, however, is involved in developing a totally new curricula. In addition, the materials are being developed as a general resource for NAFCOG rather than, as intended, a set of specific courses to meet the particular training needs of entrepreneurs. To justify this new approach, Birch & Davis describes its objective as developing a body of knowledge that can be used by NAFCOG instructors to train entrepreneurs. NAFCOG has generally supported Birch & Davis's approach. An increasing number of private and university-affiliated groups provide training programs for Black entrepreneurs today, and NAFCOG is particularly interested in having its own, unique program.

The decision to develop a new and unique set of materials has required the contractor to allocate significantly greater resources than planned to this activity. This decision has also caused a substantial delay in training instructors and counselors and, most critically, in delivering services to entrepreneurs.

The completion of curricula and training materials for entrepreneurs, trainers, and counselors is now more than a year behind schedule. NAFCOG is expressing growing concern about the delay in beginning training entrepreneurs.

Birch & Davis has not yet started to develop advanced-level materials. It is generally believed that the vast majority of entrepreneurs will benefit most from introductory- and intermediate-level training. Although advanced-level training remains an important objective for NAFCOG, the organization wishes that the focus of project activities should now shift to training entrepreneurs. Therefore, discussions with Birch & Davis and NAFCOG on April 7-8, 1987, concluded that Birch & Davis should complete the Level II materials as quickly as possible. It should abandon plans to develop Level III materials if their completion and the training of trainers in the advanced level require a significant investment of scarce resources.

Appropriateness and Relevance of Materials

NAFCOC's Education Committee and others in South Africa have reviewed the basic and introductory-level course materials. The evaluation team also spoke with NAFCOC and volunteer trainers as well as a number of entrepreneurs about the quality, appropriateness, and relevance of training materials. These sources generally describe the materials as being relevant in terms of the subjects covered, but too sophisticated for as many as 60 percent of Black entrepreneurs. Written comments on the introductory basic business course given to NAFCOC by one small business advisory bureau, for example, stated that:

The level of this course, bearing in mind that it is an introductory course aimed at potential businessmen who have not owned a business before, is far too high. Too many aspects are also dealt with in too little detail. This will only confuse the potential small businessman. Often the idea is created that an American manual is compiled for local purposes. To reach the course attendants, we should adapt to local standards.

Based on evaluation team interviews, the materials appear to be more appropriate for instructors (most of whom have a Standard 10 education) than for entrepreneurs. Birch & Davis views its task as producing materials for the instructors. However, its scope of work states that the technical course materials are to be developed for entrepreneurs. Currently, trainers photocopy sections of the materials to give to entrepreneurs in the pilot training.

For these materials to be most useful for entrepreneurs, they will need to be simplified. The materials, as currently organized, also need to be restructured into modules that can be taught in less time than the two to three week sessions. Entrepreneurs confirm that they are unable to be away from their businesses for more than about three days. Thus, the training sessions will need to be structured into two to three day courses, as recommended in the project identification document. The trainers indicate that they will require additional assistance to simplify and restructure the materials into shorter teaching modules.

At the April 7-8 meetings at NAFCOC, it was agreed that NAFCOC, in concert with Birch & Davis, will take responsibility for developing modules to train entrepreneurs. NAFCOC will need both U.S. and local technical assistance to fulfill this responsibility. The evaluation team urges that this process begin as soon as possible.

CHAPTER FOUR
SELECTION AND TRAINING OF INSTRUCTORS

ORIGINAL PLAN

The grant agreement and technical assistance contract provide funds for hiring and training additional NAFCOOC instructors. The success of the project depends to a very large degree on the effectiveness of these instructors. They organize and conduct the training programs for entrepreneurs and provide on-site, follow-up assistance to help entrepreneurs apply their training to specific business operations. The schedule for selecting and training instructors also determines when the training of entrepreneurs can begin.

NAFCOC is responsible for selecting one instructor for each of the four regional units established under the project. The U.S. contractor is responsible, with assistance from NAFCOOC, for training the instructors.

The project plan calls for the instructors to be hired as each of the four regional units open in months 1, 13, 19, and 25. Each instructor/counselor is expected to train "approximately 300 entrepreneurs during each twelve month period of full-time instruction." Each instructor is supposed to "participate in a training and orientation program which will be approximately six months in duration."

The instructors' training program is to be designed in "response to the calibre of instructors and counselors who will be recruited." Trainers are to receive training in the functional areas of business to be covered in the introductory- and intermediate-level courses. Course materials are to include manuals, case studies, and textbooks. The grant agreement specifies that

special emphasis will be placed on how to teach people who have little or no formal education. The approach to training instructors will include methods such as role playing, case studies, and lectures. Additionally, each instructor trainee will participate in on-the-job training by observing and assisting experienced instructors in actual teaching and follow-up situations.

The contractor's scope of work further specifies the process by which instructors will be trained. It states that the contractor will:

- Train instructors in a basic training skills course;
- Train instructors in selected technical course materials;
- Observe each instructor deliver technical course materials;
- Give feedback to the instructor on his or her strengths and problems, and work with the instructor to resolve problems; and

- Approve the instructor for solo training or recommend a specific plan for strengthening instructor competencies.

The last four steps are to be repeated for each new technical course.

Neither the grant agreement nor contractor's scope of work specifies how many instructors are to be trained or what criteria should be used to select instructors.

PROGRESS TO DATE

NAFCOC has been responsible primarily for recruiting and selecting instructors. Birch & Davis has been in charge of scheduling and conducting the instructor training courses.

NAFCOC has employed two full-time instructors thus far, one in its Johannesburg office and the other in Durban. To increase the cost-effectiveness of the instructor training as well as the numbers of entrepreneurs that could be trained, NAFCOC and Birch & Davis decided to open the instructor training to other NAFCOC staff members and volunteers, in addition to the full-time instructors employed by the project. In Johannesburg, 17 instructors attended the business basics course and 26 individuals participated in the introductory-level marketing and general management courses taught by Birch & Davis trainers. In Durban, 20 individuals attended the business basics and introductory marketing and general management courses.

NAFCOC attempted to select instructors with some business background or academic training in business administration and a Standard 10 level of education (matric degree). However, the educational requirements were relaxed for individuals attending the first instructor training course in Johannesburg in May 1986. According to NAFCOC officials, they were given insufficient notice to find candidates for training. Thus, they included individuals who had less than a Standard 10 level of education. Feedback received during this course indicated that the training materials were too sophisticated and the pace of the course was too fast for those with lower educational levels. Thus, only candidates with at least a Standard 10 education level were accepted for the instructor training courses held later in Durban. Those with a matric degree who were interviewed by the evaluation team believed that the materials were appropriate to the training of instructors. All the instructors interviewed believed that the Birch & Davis trainers were excellent teachers.

As of April 1987, the following instructor training courses have been conducted by Birch & Davis:

Johannesburg

Business Basics	May 5-23, 1986
Marketing I	May 26-June 13, 1986
Management and Personnel I	May 26-June 13, 1986
Accounting and Finance I	July 14-August 1, 1986

Durban

Business Basics	September 22-October 10, 1986
Marketing I	January 26-February 13, 1987
Management and Personnel I	January 26-February 13, 1987
Accounting and Finance I	November 3-21, 1986

Table 2 illustrates the schedule used to train instructors in the business basics course.

As part of their training in the technical course materials, instructors practice teach segments of the courses to their peers and receive feedback and evaluations from the Birch & Davis trainers. Instructors who demonstrate potential in the technical courses are selected to teach in pilot courses, where they present parts of the technical course materials to entrepreneurs. NAFCOC's Training and Education Department staff attend these courses to evaluate and give feedback on each instructor's performance. This process is being used to qualify instructors to train entrepreneurs.

The two full-time NAFCOC instructors for the Port Elizabeth and Cape Town units have not yet been selected since these offices have not opened. NAFCOC and Birch & Davis expect the Port Elizabeth office to open in August 1987 and the Cape Town office in February 1988.

The program for supervised follow-up assistance to entrepreneurs to give instructors practical experience in helping business people apply the training to business operations has not yet been developed.

FINDINGS AND RECOMMENDATIONS

Selection of Instructors

The strategy of training additional instructors (both volunteers and NAFCOC non-project staff) is a potentially cost-effective method to reach larger numbers of Black entrepreneurs. However, this assumes that these instructors will be qualified and available to conduct the training.

Instructors have not been selected according to a well-defined strategy. Instead, particularly during the first training session, there was a greater emphasis on filling the classroom than on selecting the most appropriate individuals to serve as instructors. In an effort to recruit volunteer instructors, individuals were selected who may not be likely candidates to actually train entrepreneurs. Others are individuals with limited education or business experience who may not have the potential to be effective instructors.

The instructors that have been trained under the project can be divided into three distinct subgroups:

TABLE 2

**SCHEDULE FOR TRAINING
(BUSINESS BASICS)**

		MORNING SESSION (9-12)	AFTERNOON SESSION (1-4)
WEEK 1	Monday May 5	Preparations For Training	
	Tuesday May 6	Introduction Overview Of Program	Presentation Of Introductory Chapter Assignment: Study Chapter One
	Wednesday May 7	Review Of Introductory Chapter Presentation Of Chapter One (Group Discussion)	Test On Chapter One Student Presentations Of Chapter One Assignment: Study Chapter Two
	Thursday May 8	Review Of Chapter One Presentation Of Chapter Two	Continue Presentation Of Chapter Two
	Friday May 9	Test On Chapter Two Student Presentations Of Chapter Two	Student Presentations Continued Assignment: Study Chapter Three
WEEK 2	Monday May 12	Review Chapter Two Presentation Of Chapter Three	Test On Chapter Three Student Presentations Of Chapter Three Assignment: Study Chapter Four
	Tuesday May 13	Review Of Chapter Three Presentation Of Chapter Four	Test On Chapter Four Student Presentations Of Chapter Four Assignment: Study Chapter Five
	Wednesday May 14	Review Of Chapter Four Presentation Of Chapter Five	Test On Chapter Five Student Presentations Of Chapter Five Assignment: Study Chapter Six
	Thursday May 15	Review Chapter Five Presentation Of Chapter Six	Test On Chapter Six Student Presentations Of Chapter Six
	Friday May 16	Review And Discussion Of Chapters Four, Five, And Six	Student Presentations Of Chapters Four, Five And Six Assignment: Study Chapter Seven
WEEK 3	Monday May 19	Presentation Of Chapter Seven (Costs)	Test On Chapter Seven (Costs) Student Presentations Of Chapter Seven (Costs) Assignment: Study Chapter Seven (Sales And Cash)
	Tuesday May 20	Review Chapter Seven (Costs), Presentation Of Chapter Seven (Sales/Cash)	Test On Chapter Seven (Sales/Cash) Student Presentations Of Chapter Seven (Sales And Cash) Assignment: Study Chapter Seven (Accounting)
	Wednesday May 21	Review Chapter Seven (Sales and Cash) Presentation Of Chapter Seven (Accounting)	Test On Chapter Seven (Accounting) Student Presentations Of Chapter Seven (Accounting) Assignment: Review Chapter Seven
	Thursday May 22	Review And Discussion Of Chapter Seven	Student Presentations Of Chapter Seven
	Friday May 23	Course Overview And Completion	

- **NAFCOC staff members:**
 - Trainer/counselors and counselors hired for the project, and
 - Other NAFCOC staff members who may assist in training entrepreneurs;
- **"Volunteer" entrepreneurs:**
 - Bookkeepers and other professionals who provide services to Black businesses,
 - Owners and managers of Black businesses, and
 - Employees of larger Black businesses; and
- **Unemployed educated young people.**

NAFCOC trained not only those individuals who were hired specifically for the project, but also members of its administrative, accounting, and legal staff.

The NAFCOC staff members category is the only group that NAFCOC can control directly. The other two groups are unpaid volunteers who may not be available to train entrepreneurs when actually called upon. Since the training of entrepreneurs has not yet really begun, the hypothesis that these volunteers will leave their businesses to conduct training courses on a regular basis is still untested. Many of the volunteer trainers manage their own small businesses and, thus, may not be able to devote a great deal of time to training others. Discussions held between the evaluation team members and volunteer trainers indicate that certain types of entrepreneurs may be more likely to conduct training than others. It appears that those with the highest probability of serving as trainers will do so because of perceived self-interest. For example, bookkeepers may view training entrepreneurs as a means of identifying new clients. However, it does not appear that volunteer instructors were selected with a clear understanding of the skills they would bring to the training or the extent to which their self-interest might be served.

The third group of trainers -- unemployed educated youths -- appears to have the highest probability of drop-outs from the program. Many of the unemployed individuals apparently view the training as a means to increase their chances of obtaining a job. A few in the Johannesburg group thought that NAFCOC would offer them a job if they performed well during the training sessions and were disappointed to learn that this would not occur. Some of the unemployed individuals indicated they would leave the training as soon as they found a job and would not serve as volunteer trainers.

Given the high cost of training instructors (U.S. trainer salaries and travel and participant per diem costs), the evaluation team recommends that NAFCOC develop a more clearly defined strategy to attract and select qualified individuals who are most likely to be available to train entrepreneurs. Additional volunteer trainers should be carefully selected according to their potential training ability, technical skills, educational level, and likelihood that they will actually train entrepreneurs after their own training has been completed. Special attention should be given to

bookkeepers and other professionals who already have some expertise in the subject matter and a strong self-interest to offer introductory training to Black business people -- a potential market for follow-up services to be offered by such private individuals.

Rather than requiring trainees to undergo the full training course, consideration should be given to developing a more flexible and cost-effective approach that trains experts in teaching specific subjects. For example, rather than having bookkeepers undergo the full training course, it might be more efficient to train them only in how to teach accounting. And instead of training NAFCO's lawyer in how to train entrepreneurs in accounting, it might be much more cost-effective to build upon his comparative advantage and have him focus only on how to train entrepreneurs in understanding government rules and regulations. Given the importance of his legal function within the organization, his time should be carefully managed so that it serves NAFCO's most pressing interests.

Training of Instructors

The process of training instructors is significantly behind schedule. In part, this is because it has taken longer than expected to recruit volunteer instructors, and in part because the political unrest in the country has required NAFCO to postpone at least one of the courses. But more important, the instructors are unable to complete their training until the course materials are available. At present, instructors trained in the Level I courses are waiting for the Level II courses to be completed. There have been extended gaps also in the training, waiting for materials to be finished and for instructors to come from the United States. In addition to delaying the training of entrepreneurs, this prolonged activity has resulted in a loss of interest and some attrition among the volunteer trainers.

As of late March 1987, the contractor's schedule indicated that the training of instructors through Level II courses will not be completed until February 1989 or essentially when the technical assistance contract ends. This schedule includes extended gaps between individual training courses and numerous trips from U.S.-based, Birch & Davis staff and consultant trainers. Table 3 shows the contractor's past and projected training schedule.

At the April 7-8, 1987, meeting it was agreed that the focus of the project should shift during the third year of project implementation from developing curriculum materials and training instructors to training entrepreneurs. The general consensus was that the training of instructors should be accelerated and completed in a more cost-effective manner so that trainers could start to train entrepreneurs. To achieve this, it was recommended that:

- The Port Elizabeth and Cape Town training staff should be hired at the same time;
- Training of instructors should begin in August. The Port Elizabeth and Cape Town offices should open after these individuals have completed their training; and

TABLE 3

TRAINING SCHEDULE

COURSE	JOHANNESBURG	DURBAN	PORT ELIZABETH	CAPE TOWN
Business Basics	May 5 - 23, 1986 (Mensah/Robinson)	Sept 22 - Oct 1986 (Mensah/Nelson)	Sept 14 - Oct 2, 1987 (Mensah/Nelson)	Jan 25 - Feb 12, 1988 (Mensah/Nelson)
Marketing I	May 26 - June 13, 1986 (Johnson)	Jan 26 - Feb 13, 1987 (Mensah)	Nov 9 - Nov 20, 1987 (Mensah)	April 18 - April 29 1988 (Mensah)
Management I	May 26 - June 13, 1986 (Murphy)	Jan 26 - Feb 13, 1987 (Nelson)	Nov 9 - Nov 20, 1987 (Nelson)	April 18 - April 29 1988 (Nelson)
Accounting I	July 14 - Aug 1, 1986 (Robinson/Mensah)	Nov 3 - 21 1986 (Robinson/Monye Mangene)	March 21 - Apr 8, 1988 (Van Rooyen)	Sept 12 - Oct 1, 1988 (Mensah/Nelson)
Operations Mgt.	April 27 - May 5, 1987 (Henderson/Mensah)	May 7 - May 15, 1987 (Henderson/Mensah)	Oct 31 - Nov 8, 1988 (Henderson)	Nov 10 - Nov 18, 1988 (Henderson)
Marketing II	June 15 - July 3, 1987 (Johnson)	July 13 - July 31, 1987 (Johnson)	June 13 - July 1, 1988 (Johnson)	July 11 - July 29, 1988 (Johnson)
Management II	June 15 - July 3, 1987 (Murphy)	July 13 - July 31, 1987 (Murphy)	June 13 - July 1, 1988 (Murphy)	July 11 -- July 29, 1988 (Murphy)
Accounting II	Sept 14 - Oct 2, 1987 (Van Rooyen)	Nov 2 - Nov 20, 1987 (Van Rooyen)	Sept 12 - Sept 30, 1988 (Van Rooyen)	Jan 28 - Feb 10, 1989 (Van Rooyen)
Operations Mgt. II				

- The training of trainers should be conducted over a concentrated block of time and all trainers should complete Basic, Level I, and Level II training by December 1987. (Newly hired staff would complete Basic and Levels I and II in accounting, general management, operations management, and marketing. NAFCO staff from the Johannesburg and Durban offices who have completed some training courses would join this training at their appropriate levels.)

In addition to accelerating the training of instructors through the courses developed by Birch & Davis, consideration should be given to training the instructors, particularly the full-time instructors, to deliver NAFCO's other training courses. In addition to more productively using the time they have available, this would add to their experience as well as provide the opportunity to publicize and begin organizing the training for the new courses.

Although Birch & Davis has made some efforts to recruit South Africans to serve as trainers, these efforts have not yet borne fruit. Greater use could be made of qualified individuals in South Africa to train instructors if funds were made available to pay for them and if more initiative were taken by NAFCO staff and the U.S. contract team to recruit these individuals. Using more local expertise should reduce costs as well as accelerate the training as long as the schedule for completing materials also is accelerated.

NAFCO staff, Birch & Davis management, AID project staff, and the evaluation team have agreed that appropriate and affordable local instructors should be identified to help conduct the training of instructors.

The NAFCO grant agreement specifies that instructors should receive practical, on-the-job experience in addition to the pilot training they conduct to improve their training skills. This aspect of instructor training seems important for at least two reasons. First, few of the instructors have had much prior business experience. By spending time at business sites, they will have an opportunity to understand better how to relate the training to specific business problems. Second, on-site visits provide perhaps the most accurate way of gauging the appropriateness and relevance of the training materials so that any necessary revisions to existing materials can be made as well as identifying what new courses might be needed. It was agreed that NAFCO and Birch & Davis will assume responsibility for planning, implementing, monitoring, and evaluating a practical, on-the-job training program.

CHAPTER FIVE
COUNSELOR DEVELOPMENT PROGRAM

ORIGINAL PLAN

Project activities are intended to expand NAFCO's counseling services significantly by training instructors and counselors to provide follow-up assistance to entrepreneurs who participate in the technical courses as well as other business people who are engaged in manufacturing and non-manufacturing enterprises.

Follow-up Assistance

The four counselors hired by each of NAFCO's four training units are expected to provide follow-up services to those entrepreneurs who have undergone NAFCO training courses. The grant agreement specifies that

When, for reasons of availability or magnitude, it is not practical to use instructors for an approved counseling assignment, an attempt will be made to use the services of qualified counselors attached to local universities If a situation should arise wherein the counseling expertise to resolve a specific problem of project participant is not available through the project's counselors or a local university, such expertise will be provided by the U.S. contractor . . .

The grant agreement specified that:

- The average length of time per counseling engagement will be five days;
- Each instructor/counselor will provide counseling services to approximately 20 entrepreneurs during each 12-month period of full-time instruction;
- During each instructor/counselor's first year of employment, he or she will counsel 50 percent of the projected total for full-time instruction; during the first year of the project, this amount will be 25 percent; and
- Approximately 148 non-manufacturers will be counseled during the life of the project.

Counseling Services to Manufacturers

The project provides funds and assistance to employ and train these four counselors to give on-site consulting assistance to Black manufacturers. These manufacturers, estimated to number 30,000, operate in a somewhat different and more complex environment than do entrepreneurs engaged in other types of business activities. In addition, many manufacturers are illiterate, or with very little formal

education. These factors, together with some of the complexities (such as purchasing, operations, distribution, and selling) associated with any manufacturing enterprise, require that special assistance be provided this group of entrepreneurs.

The grant agreement assumes that:

- The average counseling engagement would last four days;
- Each manufacturing counselor will assist about 50 businesses during each period of full-time instruction after his or her first year of instruction;
- During a counselor's first year on the job, he or she will assist at least 25 manufacturers, except during the first year of the project when about 12 manufacturers are assisted; and
- About 370 manufacturers will be assisted during the life of the project.

The project assumed that experienced counselors would not be easily found. Thus, those who were to be recruited were to receive special training in consulting skills and techniques in addition to the technical training they receive.

The contract for Birch & Davis specifies that it will:

- Train counselors in a basic counseling skills course;
- Train counselors in all or selected technical courses;
- Arrange for a local expert to participate in the counselor's initial site visits to observe performance and assist with any technical problems;
- Immediately following site visits, have the expert give feedback to the counselor on his or her strengths and problems and work with the counselor to resolve problems; and
- Have the expert certify the counselor for solo site visits.

Birch & Davis's contract details the steps by which:

- A counselor training curricula will be designed;
- A plan for supervising and monitoring counselor site visits will be developed;
- Materials for counselor training will be written; and
- Counselors will be trained.

PROGRESS TO DATE

NAFCOC has hired two manufacturing counselors, one for the Johannesburg region and the other for the Natal region. In addition to having their degrees in accounting and commerce, both counselors have received training under a grant that was awarded to NAFCOC by the German government in 1984. The Johannesburg counselor has been attached to the Norton/Barlow Rand Industrial Counseling Service in an effort to gain experience while waiting for project activities to begin. No plan has been developed to expose the Durban-based manufacturing counselor or future manufacturing counselors in Port Elizabeth and Cape Town to on-the-job training with local manufacturers.

Birch & Davis has not yet begun to develop the counselor training program and has not located local experts to accompany counselors on-site visits. The instructors have not yet provided follow-up services to entrepreneurs attending the pilot or actual training courses nor have the manufacturing counselors received or provided any counselor assistance as part of this project.

FINDINGS AND RECOMMENDATIONS

As identified in the grant agreement and Birch & Davis contract, counseling services are an important part of this project. Most entrepreneurs who attend NAFCOC's three-day training course will need follow-up counseling by the trainers. These services help to ensure that entrepreneurs are appropriately applying the techniques they have learned. Without such services, entrepreneurs may misinterpret or misapply the theoretical techniques to their actual situations. Similarly, small-scale manufacturers need advice from counselors with experience in their field of activity.

NAFCOC has one counselor as part of its pre-project staff. This individual is on a study leave in the United States until June 1987. He normally travels around the country and assists approximately 50 manufacturers per year. With the increase in the number of manufacturers in the various regions of South Africa and the amount of time it takes for a counselor to serve one manufacturer, the need for more counselors to complement the one permanent counselor already employed by NAFCOC is very great. Thus, the training of additional counselors should begin at once.

To date, Birch & Davis has provided only technical training to the counselors. Although this body of knowledge is relevant and fulfills the program requirements, it does not address their need for problem-solving skills and practical experience. Instructors are trained to transfer knowledge to entrepreneurs while counselors need to be trained in analyzing business situations and formulating cost-effective and workable solutions.

The importance of starting the counselor training process was reaffirmed during the April 7-8, 1987, meetings. It was agreed that:

- Because of limited work experience of the counselors who have already been employed, they should spend a minimum of three months with the Norton/Barlow Rand Industrial Counseling Service or a similar group to get on-the-job exposure to counseling techniques and on-the-job training;
- The selection and hiring of the counselors for Port Elizabeth and Cape Town should be completed before August 1987. Their training should begin immediately so that they may begin to counsel entrepreneurs by January 1989;
- More emphasis should be placed on selecting volunteer counselors who have business skills. Volunteer instructors with an accounting background should be recruited to undergo counselor training, particularly when full-time counselors are not available. This approach will assist NAFCOC to address the needs of its members located in areas that are not easily accessible to the permanent staff. The selection of these volunteers will be linked to the regional distribution of the chamber to ensure an equal spread of services;
- Because of the delicate nature of counseling activities and the lack of business experience and youth of counselors already employed, these individuals will not counsel entrepreneurs alone until all parties are satisfied with their level of development. Until this time, these counselors will be used to identify local experts and serve as intermediaries who match the needs of individual entrepreneurs with appropriate counselor experts; and
- The NAFCOC Counseling Committee and Birch & Davis should develop a strategy and work plan for the design and monitoring of the counselor training program. When these plans are ready, the counseling coordinator should help to manage these activities.

It was also recognized that field visits by instructors and manufacturing counselors in the Natal region could not begin until problems between NAFCOC and the regional Chamber of Commerce were resolved. NAFCOC's senior management is negotiating to ease this tense situation.

CHAPTER SIX
TRAINING OF ENTREPRENEURS

ORIGINAL PLAN

The project's primary purpose is to provide training and counseling services to Black business people. Approximately 2,300 entrepreneurs are to participate in introductory-, intermediate-, and advanced-level training courses during the life of the project.

NAFCOC is responsible for implementing the training courses for entrepreneurs. This responsibility includes scheduling the courses, assigning instructors, recruiting participants, and handling the necessary administrative and logistical arrangements. The U.S. contractor is responsible for supporting the training at three different levels. At the technical level, the contractor is responsible for developing the training materials to be used in the courses and for training the instructors. At the institutional level, the contractor is to assist NAFCOC to strengthen the capacity of its Training and Education Department to organize, conduct, and support the training programs. And at the implementation level, the contractor is to provide technical assistance in planning the training programs, primarily through the on-site assistance of the Project Coordinator.

The number of entrepreneurs to be trained in the project is estimated as follows:

YEAR	INTRODUCTORY	INTERMEDIATE	ADVANCED	TOTAL TRAINED
First	50	25	10	85
Second	300	150	20	470
Third	700	350	30	1,080
Fourth	800	400	40	1,240
Total	1,850	925	100	2,875

An attrition allowance of 20 percent was made, resulting in a projected total of 2,300 entrepreneurs trained at the end of the project. An additional eight entrepreneurs were supposed to be trained overseas at an advanced level.

PROGRESS TO DATE

As a result of delays in producing training materials and training trainers, few entrepreneurs have been trained by the project. Most of the training that has occurred has been through pilot courses, which have been developed to provide more practical training experience for NAFCOC staff and volunteer trainers. A list of

these pilot courses and the number of entrepreneurs who received training as of April 1987 are shown below. Each course covered three subjects during a three-day training period.

<u>COURSE</u>	<u>NUMBER TRAINED</u>
<u>Location: Givan</u> Financial Statements Financial Planning Journals	21
<u>Location: Pietersburg</u> Managing Your Business Sources of Finance Financial Management	7
<u>Location: Kroonstad</u> Personal Requirements for Planning and Operating Your Own Business Operations Management Financial Management	32
<u>Location: Bultfontein</u> Personal Requirements for Planning and Operating Your Own Business Operations Management Financial Management	21
<u>TOTAL NO. OF ENTREPRENEURS</u>	81

In November 1986, the instructors in the Johannesburg office began to train entrepreneurs in the Orange Free State. Trainers in this and the Durban office are expected to continue these courses until the next Birch & Davis training course begins.

Other factors have also inhibited the provision of training courses to entrepreneurs from the Durban office. NAFCOG has not been able to begin field training in the Natal region as a result of political differences between the Natal Chamber and the national office of NAFCOG that have been discussed in Chapter One. Another more practical problem is that, until recently, neither the trainer/counselor nor the manufacturing counselor had drivers licenses. One received her license in early 1987, and the other is undergoing drivers' education training.

FINDINGS AND RECOMMENDATIONS

The main goal of this project is to train entrepreneurs. This activity was supposed to begin in the first year of the project. NAFCO is increasingly concerned that it is taking so long to deliver services to entrepreneurs, and its senior management strongly suggests that much more attention within the project be directed to this goal. These delays have seriously affected the image of NAFCO among its members. NAFCO's president expressed very strong feelings about the delay in training entrepreneurs. For the last two years he has had to apologize to the membership at national conferences and explain why the program has not reached various regions.

The project has not as yet formulated a strategy, timetable, or estimate of resource requirements for delivering training to entrepreneurs. It is important that NAFCO quantify its resource requirements in carrying out the training and counseling of entrepreneurs; otherwise, underbudgeting may result, which would severely affect the organization's ability to implement the entrepreneurial training program.

Entrepreneurs have indicated that, in general, they cannot afford to be away from their business for more than three days at a time. Thus, the training courses have been condensed so that, for example, a few topics from the three-week financial accounting course attended by trainers is presented during a one-day seminar. However, rather than developing a new, simplified one-day module that is geared to entrepreneurs' most pressing needs in this subject, the Durban trainers literally copy chapters from the trainers' manual and distribute to the entrepreneurs without toning them down. The reason given for this practice is that the pilot training is not aimed at actually training entrepreneurs or testing the relevance of the training materials, but at testing the training capabilities of the trainers.

Discussions with members of NAFCO's Regional Education Committee, trainers, and entrepreneurs indicate clearly that the material distributed to the trainee entrepreneurs is above the competence level of most trainees. This seems to be a radical departure from the provisions of the grant agreement. Given the trouble that entrepreneurs experience in arranging for relief during their absence and that they have not been told that they are going to be used as testing ground for trainee trainers, it is highly recommended that pilot courses be redesigned to train entrepreneurs as a first priority and to test the competence of trainers as a second objective. Trainers will need assistance in developing these materials for entrepreneurs.

The evaluation team has found, through interviews with entrepreneurs participating in the pilot training courses, that some specific benefits have resulted from the training. For example, a shopkeeper reported learning how to improve the profitability of some underutilized floor space. Another started to compare her prices with those of her competitors and adopted a strategy by which to compete more effectively. However, these discussions also revealed that it is absolutely essential for NAFCO to provide follow-up services after training. Some entrepreneurs were confused by certain concepts such as depreciation. Others, who had never maintained financial records, needed reassurance that the cash books they had established since the course were correct.

One main recommendation of the April 7-8, 1987, meeting was that during the next year of project implementation the focus should be shifted from the training of trainers to the training of Black entrepreneurs. Unless this emphasis is shifted, the project will not achieve its objective of training 2,300 business people and counseling 500 entrepreneurs.

It was specifically recommended that NAFCOC's Training and Education Department and Birch & Davis develop a written strategy, plan, and timetable for implementing the training of entrepreneurs program. Unless the plans and strategies are agreed to by both parties, the ability of NAFCOC to monitor the achievement of training objectives will be elusive.

Given the differing needs of Black entrepreneurs, greater efforts should be made to develop courses that meet the most important needs for the greatest number of entrepreneurs. Regional Education Committees should advise the Training and Education Department of the training needs of local Black entrepreneurs. Currently, very little information exists about the specific needs of entrepreneurs in the various regions. This situation is worsened by the lack of empirical data about NAFCOC's membership -- including educational levels, subsectors, and scale. With guidance from the regional committees, the Training and Education Department will be in a better position to develop appropriate schedules and training modules as well as budget requirements.

After the Regional Education Committees have offered their advice on what training is required, NAFCOC staff, Birch & Davis consultants, and local experts should be involved in developing appropriate training materials for entrepreneurs. Training materials need to be simplified while retaining their high quality.

The use of local experts was an original requirement and an essential feature of this project. It is anticipated that this aspect is important not only in giving the project a higher level of acceptability among Blacks but also in ensuring that the training remains relevant to the needs of local entrepreneurs. Furthermore, the problems experienced by Birch & Davis when it tried to recruit local experts to conduct training will be reduced if these individuals are also involved in designing the contents of the training materials. With an active role played by local experts, a more effective follow-up will be achieved particularly in some of the areas that NAFCOC will not have the resources and time to reach.

Some regions have access to other training resources that NAFCOC does not want to utilize, primarily because they have government connections. This includes the University of the North's Small Business Advisory Bureau and the Kwa-Zulu Development Trust. NAFCOC should clarify what relationship it wishes to have with these institutions since they serve the regions by offering courses to NAFCOC membership. At a minimum, NAFCOC may wish to certify competing or complementary services that its Training and Education Department and Regional Education Committees believe meet their high quality standards.

Finally, NAFCOC should develop a plan by which to evaluate the impact and effectiveness of the entrepreneurial training. Monitoring of results is an essential element of any training and development efforts. For NAFCOC this is particularly important as the results will not only give NAFCOC feedback about the program

progress but will also serve as a strong foundation for any institutional strengthening plans. Furthermore, the results should be used to modify the training courses as the needs of the entrepreneurs change.

CHAPTER SEVEN
PROJECT MANAGEMENT

ORIGINAL PLAN

Project activities are funded through two interrelated agreements: a \$150,000 grant from AID directly to NAFCOG and a \$2.753 million contract between AID and Birch & Davis. The former provided start-up funds for NAFCOG to cover the first 10 months of project costs. Specifically, the grant agreement paid for the salaries for the instructor, counselor, and secretary in the Johannesburg office; office rent; travel; publicity; and commodities. After the \$150,000 grant was spent (estimated to cover only the first 10 months of project implementation), funds to cover NAFCOG expenses in the four regional units were channeled from AID through Birch & Davis. In addition to reimbursing NAFCOG for some of the costs incurred under this project, the Birch & Davis contract included funds for project management, development of curriculum materials, training of trainers, and some other direct costs. AID decided to channel funds to cover NAFCOG costs through a U.S. contractor rather than providing those funds directly to NAFCOG so that project inputs would be well coordinated.

The grant agreement states that NAFCOG will have primary responsibility for implementing the training and counseling activities of the project. The management support of NAFCOG for this project, as discussed in its grant agreement, includes:

- Education and Counseling Committees: These committees are to serve in an advisory capacity to NAFCOG. Their responsibilities include advice on the structure and format of training courses and counseling services and regular review of training and counseling results. During the first six months of the project, each committee shall meet at least once per month to advise NAFCOG on start-up procedures and to review its progress. After the project's sixth month, they shall meet every three months.
- Training Counselor/Manager: This individual is to be responsible for overseeing and coordinating all aspects of the actual training and counseling of entrepreneurs. His specific duties are to:
 - Supervise instructors and counselors;
 - Prepare and submit monthly reports on the status of training and counseling aspects of the project to the U.S. contractor;
 - Identify and hire instructor/counselors and manufacturing counselors;
 - Interact with short-term specialists who will conduct theoretical training program for instructors and counselors
 - Make arrangements, and coordinate on-the-job training, for instructors and counselors;

- Secure specific training sites;
 - Develop and coordinate training and counseling schedules;
 - Visit each training unit quarterly and observe actual training and counseling sessions; incorporate findings in regular programmatic reports; and
 - Coordinate publicity for the project.
- **Instructor/Counselors:** The project will identify, hire, and train four instructor/counselors -- one for each of the four training units. In addition to their training and business counseling responsibilities, they have the following management duties:
 - Submit monthly reports to the training/counseling manager that will include assessments of (1) the number of entrepreneurs trained and counseled, (2) evaluation forms to be completed by participating entrepreneurs, (3) training and counseling schedule for the succeeding three-month period, and (4) identification, and plan for the resolution, of any problem areas;
 - Submit a monthly financial report that will include a full accounting of all project-related expenditures; and
 - Serve as senior officer and manager of his or her respective regional training unit.
 - **Manufacturing Counselors:** The four manufacturing counselors stationed in the four training units have the following management responsibilities:
 - Submit monthly reports to the Training/Counseling Manager that will include (1) the number and types of manufacturers counseled during the preceding 30-day period; (2) evaluation forms, which will have been completed by participating manufacturers; (3) schedule for manufacturing counseling to be conducted over the succeeding three-month period; and (4) identification, and plan for the resolution, of any problem areas; and
 - Submit a monthly financial report that will include a full accounting of all project-related expenditures.

The U.S. contractor is responsible for providing institutional support and technical assistance to NAFCO in the areas of training instructors and counselors, curriculum development, and project coordination. Specifically, the grant agreement calls for the American contractor to provide the following personnel to supervise and manage the project:

- **Executive Officer:** The project will be supervised and controlled by a high-ranking officer of the firm. The primary purpose of this position will be to establish project policy from the firm's perspective, review all key deliverables, and interact with NAFCO executives;

- **Project Director (USA):** The project director's responsibilities include interaction with NAFCOC and AID/Washington, overall management of all project resources, and responsibility for meeting the project's objectives;
- **Fiscal Officer:** The primary purpose of this position will be to control and manage all project finances;
- **Project Coordinator (South Africa)** This individual will be responsible for working with NAFCOC to ensure the proper and proficient overall coordination of the project. The individual hired for this position will be a resident of South Africa with successful prior experience with training and counseling of disadvantaged entrepreneurs; and
- **Short-Term Specialists:** These experts will provide specialized assistance to the project in areas such as curriculum development, training of instructors and counselors, development of criteria for program evaluation, and development of a profile on disadvantaged businesses in South Africa. They will be based in the United States and travel to South Africa on an as-required basis.

The principal management tasks highlighted in Birch & Davis's contract are:

- **Liaison with AID:** The Executive Director and Project Director are expected to meet regularly with the Project Officer and other designated officials for joint planning, problem solving, and activity review;
- **Liaison with NAFCOC:** The contractor is to serve as a technical resource to NAFCOC and liaison and communication will be continuous. This process includes (1) a series of meetings involving the Executive Officer, the Project Director, the Project Coordinator, and NAFCOC officials during months 1, 14, and 37, coincidental with the Steering Committee meetings and (2) structured meetings between the Project Coordinator and NAFCOC staff, weekly during year one and bi-monthly thereafter; and
- **Participation in the Steering Committee:** The Executive Director and Project Director are to participate in such meetings to plan, review activities, and establish project standards.

The Birch & Davis contract agreement further specifies that

before any AID funds are released to NAFCOC, Birch & Davis will ensure that appropriate financial controls are in place. If current financial procedures are deemed to be adequate, no modifications will be made. Given the existence of any deficiencies or abnormalities in the financial management system, Birch & Davis will advise NAFCOC of the policies and procedures which need to be instituted.

The contract states that "a Steering Committee will be established representing NAFCOC, the contractor, AID/W and the U.S. Embassy/Pretoria." This committee is to serve "as a joint forum for discussing significant issues, making major decisions, and facilitating communication and cooperation among all parties."

Since AID did not have an office in Pretoria when this project began, project supervision responsibilities were assigned to an officer in AID/Washington.

PROGRESS TO DATE

After signing its grant agreement with AID, NAFCOG appointed the head of its Training and Education Department to serve as the Training/Counseling Manager for this project. An instructor/counselor, a manufacturing counselor, and a secretary in the Johannesburg unit began to work under this project in January 1984. An AID contract officer visited NAFCOG after the grant agreement was signed to explain how to prepare vouchers for AID.

Although the expiration of the NAFCOG grant agreement was supposed to coincide with the beginning of AID's contract with the American contractor, in reality a significant gap between the two occurred. NAFCOG's grant was supposed to cover from October 1983 to July 1984; however, Birch & Davis's contract was not signed until February 1985. Because the Durban unit was opened later than planned, some expenses were lower than projected, NAFCOG grant funds were not depleted until October 1986. It was then that Birch & Davis assumed the responsibility of reimbursing NAFCOG for costs incurred by the project.

The Executive Officer of Birch & Davis has been significantly involved in managing this project. At the project outset, he conducted a promotional campaign that included television appearances to publicize this project. He also reviewed NAFCOG's financial procedures and records to verify that they conformed to AID standards. He and the Project Manager have visited NAFCOG offices about once each quarter, a total of 10 trips as of April 1987, and they have maintained verbal contact with the AID/Washington project officer on a regular basis. As of April 1987, the Executive Officer estimated that he and the Project Director were spending about 50 and 75 percent, respectively, of their time on the project. The Project Coordinator was hired in May 1985 and received three weeks of orientation at Birch & Davis headquarters in September 1987.

Soon after the contract was signed, Birch & Davis hired four consultants to develop the curriculum materials, three of whom are professors at Howard University. One of these consultants has left the project, leaving the three Howard University faculty members on the curriculum development team. As the consultants are full-time faculty members and are not on the Birch & Davis staff, it has been difficult for Birch & Davis management to exercise the level of control over their schedule necessary to ensure the completion of materials on time. Two full-time trainers were hired in January 1986. At first their duties primarily included conducting the training sessions; but more recently, they have become involved in modifying and writing some parts of the training materials in an effort to speed up the production process.

Birch & Davis has not adhered to a regular schedule in submitting written reports on project activities and progress. According to its contract, Birch & Davis is supposed to submit monthly written reports to the AID/Washington project officer.

Instead, quarterly reports were prepared in April 1985, July 1985, September 1985; a one year gap then occurred until the next report was filed in September 1986. The most recent report was submitted in late January 1987.

In June 1986, NAFCOOC commissioned a management audit to be conducted. The findings included:

- Some members of NAFCOOC's staff were underemployed as a result of unclear job descriptions and lack of quantifiable targets;
- NAFCOOC staff salaries are well below prevailing comparative rates in similar organizations;
- Decision making within the organization is overly centralized; and
- Criteria used to hire staff need to be consistent with the organization's needs.

To date, NAFCOOC has not acted on the findings and recommendations of this study.

AID's management of the project has suffered from frequent changes in supervisory personnel. During the first two years of project implementation AID appointed a succession of five project managers based in Washington, D.C. These changes in personnel have made it difficult for AID to monitor contractor and project activities on an ongoing basis.

FINDINGS AND RECOMMENDATIONS

Management Systems and Personnel

Although Birch & Davis is primarily responsible for managing project activities, including funds designated for NAFCOOC expenses, both organizations are required in their respective AID contracts to establish procedures to ensure joint planning, coordination, and monitoring of all project activities. The evaluation team has not found any evidence that NAFCOOC and Birch & Davis have established appropriate procedures required to manage this project effectively. Although informal planning and work scheduling have occurred, primarily through periodic visits by the U.S. contract team, formal planning and monitoring procedures have not been established to the extent necessary to keep the project on a reasonable schedule. Many project activities, such as the completion of the curriculum materials, have slipped far behind schedule with little accountability and insufficient action to remedy this situation. Without jointly developed work plans and schedules, it has not been possible to monitor project performance and take corrective actions as necessary. Specifically:

- The Steering Committee to coordinate planning and monitoring of project activities between the U.S. contractor and NAFCOOC has not been established;

- The NAFCOG Training Counselor/Manager does not prepare and submit monthly reports on the status of the project to Birch & Davis, as required in NAFCOG's grant agreement; and
- The instructors do not submit monthly written reports to the Training/Counseling Manager that are to include a training and counseling schedule for the succeeding three-month period.

An important factor contributing to inadequate planning and monitoring is that NAFCOG was not aware of the importance of the U.S. contractor's scope of work or the work plan contained in the original grant agreement although copies were made available. Nor has NAFCOG been aware of the financial resources available to the organization under the technical assistance contract. This unfamiliarity with basic project information combined with the assumption of NAFCOG that the contractor was responsible caused it to rely overly upon the contractor's direction. NAFCOG, correspondingly, is taking a much less active role in project management than is required if the project is to achieve its objectives. NAFCOG appears to have assumed a more responsive posture while Birch & Davis bore most of the planning responsibilities. If, in fact, this project is to become more of a joint effort with NAFCOG and Birch & Davis as equal partners, NAFCOG needs to assume a greater role in the planning, implementation, monitoring, and evaluation process with a full awareness of the funding implications of the decisions that are taken.

Another factor that has inhibited cost-effective management of this project has been the relatively small role played by the Birch & Davis Project Coordinator. He has no clear authority, and his responsibilities toward Birch & Davis as well as NAFCOG are unclear. Because his job description is very similar to that of NAFCOG's Training and Education Manager, he is viewed as a potential threat rather than as an ally and resource by some NAFCOG staff members. As a result of the diminished role of the Project Coordinator, project management responsibilities have been heavily centralized in Birch & Davis headquarters. This has greatly increased the cost of managing the project.

The Project Coordinator spends much of his work time performing administrative tasks -- such as arranging logistics for the instructor training courses and photocopying course materials. He has also been involved in interviewing prospective counselor/trainers and evaluating trainers during the pilot training course. As currently implemented, the position is not a full-time job. Given the history of his relationship with Birch & Davis and NAFCOG, it is uncertain whether this individual will be able to assume the authority and responsibilities required for this position to be fully effective.

During the April 7-8, 1987, meeting, participants agreed to adopt the following recommendations to enhance project management:

- NAFCOG and Birch & Davis should revise the existing project implementation plan to reflect current priorities and future targets;

- NAFCOOC and Birch & Davis should hold project planning and monitoring sessions on a regular basis. This activity should include developing annual work plans and targets and quarterly activity schedules. As part of this process, particular attention should be given to delegating more responsibilities to project staff in South Africa as a means of encouraging more initiative and greater utilization of staff resources;
- NAFCOOC and Birch & Davis should establish a subcommittee that would meet each month to monitor the project's progress;
- NAFCOOC's Training and Education Department and the four regional units should develop annual, quarterly, and monthly plans and schedules that clearly define the regional units' authority, responsibilities, and priorities. The regional units should submit monthly reports on progress toward achieving the work plan, obstacles encountered, and suggested modifications for the next reporting period. One of the two trainers in each unit should be appointed to manage the office. Eventually, when funds permit, new staff members may have to be hired to manage the four units;
- Birch & Davis should submit quarterly reports to AID on progress toward achieving plans and schedules as well as obstacles encountered. These reports should incorporate the information provided in NAFCOOC's reporting process from regional units to the Training and Education Department; and
- The roles of NAFCOOC's Training and Education Manager and the Birch & Davis Project Coordinator should be clarified and revised to avoid duplication and improve efficiency.

By encouraging more formal planning and monitoring activities, such activities will allow for more flexibility in how project activities are carried out. There is considerable rigidity now in the way project activities are implemented. For example, staff assigned to the two regional units could productively spend some of their available time in identifying local instructors, assembling resource materials to be used in training and counseling, and identifying appropriate ways to publicize and organize the training of entrepreneurs. At present, they are essentially waiting for the next instructor training courses to be scheduled. By helping them to establish a work plan and schedule, more activities could be undertaken that directly support the objectives of the project.

In addition, the evaluation team believes that Birch & Davis should consider placing a full-time U.S.-based staff member to work as a counterpart to the top manager of the training program. Ideally, this individual should be familiar with the project, have strong management skills, and have experience in training trainers. If remaining project funds are inadequate to fund a full-time Birch & Davis counterpart, AID should consider providing additional funds to cover such costs.

The evaluation team also recommends that project oversight responsibilities be shifted from AID/Washington to AID/Pretoria staff to reflect the change in project planning, management, and monitoring responsibilities from U.S. to South African individuals. If necessary, AID/Washington might continue to provide liaison support to Birch & Davis headquarters management.

Financial Management

NAFCOC has suffered serious cash flow problems that began under its original grant agreement and have continued under the technical assistance contract. This has caused some bitterness among NAFCOC senior management staff. NAFCOC senior management believed that AID would hand over the entire \$150,000 of their grant upon signing the grant agreement. AID procedures allow non-profit organizations to receive advances. Although NAFCOC was entitled to an advance, the procedures by which to initiate the process of receiving advances rather than the more normal practice of receiving reimbursements for expenses were not well understood by NAFCOC management. Since NAFCOC never submitted a formal letter and the appropriate documentation required to receive an advance, AID did not provide NAFCOC with an advance.

The cash-flow situation of NAFCOC has been exacerbated by its not having established adequate financial systems to prepare and submit vouchers accurately in a timely fashion. This has resulted in gaps as long as seven months between submission of individual vouchers. In addition, according to NAFCOC's financial records, the organization received about \$160,600 from AID rather than the \$150,000 original grant amount. AID/Washington records, however, show that NAFCOC received only what was due to it. The fact that this discrepancy exists and that the NAFCOC chief Accountant does not understand why underscores that NAFCOC's financial systems need improvement. In addition, in two submissions to AID, there is a total discrepancy of \$17,247 between what was claimed versus what was received by NAFCOC. Yet NAFCOC's Accountant cannot explain why certain expenses were not reimbursed by AID. It is due to this lack of information that the evaluation team was unable to compare the original budget line items with how AID grant funds were actually spent.

The following recommendations were adopted at the April 7-8 meetings:

- Birch & Davis's Accountant should assist NAFCOC's Accounting Department to improve its financial systems and controls;
- NAFCOC should reconcile the \$10,600 discrepancy in its records regarding the \$150,000 grant from AID;
- NAFCOC and Birch & Davis should develop a budget for NAFCOC costs and commodities under the remaining two years of the contract. NAFCOC should monitor on a monthly basis its expenses against this budget; and
- NAFCOC should telex the required information on project expenditures to Birch & Davis at the end of each month. Formal vouchers to back-up this information should be mailed at the same time. Birch & Davis should reimburse NAFCOC for these expenditures 15 days within receipt of this telex.

Project Budget

At the time of contract negotiations, the AID contract officer and Birch & Davis management agreed that there would be flexibility among the line items of the budget. At current levels of effort, funds for direct labor and other direct costs will be exhausted by May 1987. Thus, all concerned parties need to agree on how remaining funds will be reallocated.

During the April 7-8, 1987, meeting NAFCO, Birch & Davis, and the evaluation team enumerated a budget for commodities to be purchased during the remaining two years of project implementation.

The evaluation team recommends that funds remaining in the project should be reallocated according to the proposed budget shown in Table 4. The funds remaining to NAFCO under the line item "Other NAFCO Costs" should not be reallocated to cover Birch & Davis costs (direct labor, overhead, other direct costs, and consultants) unless NAFCO fully realizes the implications of this reallocation and concurs with the decision. The proposed commodities budget of \$250,000, which was developed during the roundtable discussions among NAFCO, Birch & Davis, AID representatives, and the evaluation team, seems reasonable. AID should reallocate the difference between the amount remaining in this line item and the \$250,000 amount required for NAFCO commodities to Birch & Davis to cover its direct labor, overhead, other direct costs, and consultants.

TABLE 4

PROJECT BUDGET VERSUS ACTUAL EXPENDITURES

COST ITEMS	ENTIRE PROJECT	ACTUAL REMAINING <i>(February 1987)</i>	PROJECTED BUDGET ESTIMATES		TOTAL
			ESTIMATED YEAR 3	ESTIMATED YEAR 4	
BIRCH AND DAVIS COSTS:					
B&D DIRECT LABOR & OVERHEAD	752660	70234			
OTHER DIRECT COSTS	174400	6170			
CONSULTANTS	208000	117066			
B&D SUBTOTAL	1135060	193470			374879
NAFCOC COSTS:					
COMMODITIES	431309	431309	196200	53700	249900
- Vehicles			60000	0	60000
- Vehicles Maint.			3600	5200	8800
- Office Equipment			12500	0	12500
- Office Supplies			25200	35000	60200
- Training Equipment			10000	0	10000
- Facilities Rental			3000	12000	15000
- Per Diem for Trainers			81900	1500	83400
OTHER NAFCOC COSTS	619245	515712			515712
- Salaries					
- Office Rental					
- Travel/Per Diem					
- Program Publicity					
SUBTOTAL NAFCOC COSTS	1050554	947021			765612
G&A and FEE	567386	318740			318740
TOTAL	2753000	1459231			1459231

CHAPTER EIGHT**INSTITUTIONAL STRENGTHENING OF THE NATIONAL AFRICAN
FEDERATED CHAMBER OF COMMERCE****ORIGINAL PLAN**

The project is intended to be a strong stimulus to NAFCOC's growth and development. Financial and technical assistance are provided to strengthen NAFCOC's capability to provide training and counseling services as well as to support other targeted areas of need that are identified by the Steering Committee and between NAFCOC and the U.S. contractor.

The contractor's scope of work identifies some possible activities that might be undertaken to strengthen NAFCOC as an organization. These include:

- Facilitate access to international resources for entrepreneurial development;
- Develop regional resource centers in the units; and
- Provide ad hoc technical assistance in such areas as financial and organization management, strengthening linkages with other local institutions, on-the-job training for NAFCOC staff, and membership development.

One function of the Project Coordinator is to assist NAFCOC identify specific areas in which technical assistance may be required and to convey these needs to the U.S. contractor. To the extent possible, NAFCOC and the contractor will seek pro bono assistance from experts in South Africa to provide the technical assistance, although it may be necessary to use contractor staff or consultants in special cases.

PROGRESS TO DATE

Most of the institution-building activities thus far support NAFCOC's education activities. Project funds have been used to set up and staff two regional units to coordinate and deliver training and counseling services. The four professionals assigned to these units, as well as several other NAFCOC staff, have received training in the technical courses being developed for entrepreneurs. In addition, the contractor has discussed possible fund-raising activities with NAFCOC management to identify sources of income to support the educational program.

As a basis for identifying specific organizational needs, a local consulting firm completed an assessment of NAFCOC's administrative capabilities in July 1987.

FINDINGS AND RECOMMENDATIONS

Strengthening NAFCOOC's Education and Counseling Capability

As a result of project assistance, NAFCOOC is expected to provide training and counseling assistance to approximately 1,000 Black entrepreneurs a year. This represents a substantially larger program than NAFCOOC has undertaken in the past. Currently, there is one management person who directs the Training and Education Department. Additional management resources may be required to provide the leadership necessary to guide the regional unit staff and to involve the regional and local education committees directly in publicizing, scheduling, and organizing programs.

NAFCOOC, with assistance from Birch & Davis, should begin to formulate a strategy for fully implementing the training and counseling services. This strategy should consider the need for an additional senior management person in the division as well as identify the support required by regional and local educational committees. Consideration should also be given to accessing the experience of U.S. trade associations that are successfully managing national education programs. One way to do this is to send a senior NAFCOOC representative to the United States to consult with these associations on the management and delivery of educational programs to their memberships.

NAFCOOC's current level of financial resources will not be adequate to continue to support the training and counseling activities once project assistance ends. This includes NAFCOOC's ability to retain the regional unit staff and offices. Furthermore, it should not be assumed that educational activities, even if tuition rates are substantially increased, will become self-supporting. The Business Advisory Service associated with the University of the North, for example, charges considerably more than NAFCOOC for educational and counseling programs but recovers only 40 percent of its costs from tuition.

NAFCOOC and Birch & Davis should begin immediately to explore alternative strategies to ensure the financial viability of this project after AID funds expire. NAFCOOC's Fund-Raising Committee should be involved in this process. An outside expert might be required to help NAFCOOC plan and implement these strategies.

Strengthening NAFCOOC as an Organization

NAFCOOC has established itself in a leadership role in representing and advocating the rights and interests of the Black business community in South Africa. As evidenced in a conference attended by the evaluation team, NAFCOOC provides much-needed forums for constructive dialogue between the Black business community and the government. Its continued leadership role in these areas should be strongly supported.

In two areas, support could be most effective at this time. One is to assist NAFCOOC improve its management and administrative effectiveness in achieving current program objectives. The recent outside management audit that focused on

administrative operations is a start in this process. Further assessments may be required to examine the capabilities of the various departments to determine how they might be enhanced, as well as how NAFCOOC staff support to regional and local members can be strengthened. Particular attention should be given to the Training and Education Department, given the much greater role this department will be assuming.

A second area supports NAFCOOC's forward-looking planning initiative. A special committee has been formed recently within NAFCOOC to look at the organization's future direction and goals. This is a particularly timely exercise given the assumption that NAFCOOC's current president may retire in the next year or so. As part of this process, the committee will look at ways to strengthen the organization's financial resources. Although the committee is just beginning its work, several ideas are being discussed. These include significantly expanding and strengthening the educational activities of NAFCOOC through the establishment of a Management Training Center, strengthening its support of education and advocacy by establishing a research department, and further developing its linkages with outside sources of support and assistance through a representative office in the United States. The efforts should be actively supported to help carry the process forward.

Finally, NAFCOOC appears to be in an excellent position to receive support, including financial assistance from the private sector in South Africa and from businesses as well as donor organizations outside the country. To attract this assistance, however, NAFCOOC must continue to demonstrate momentum toward clearly defined and constructive objectives. In part, this can be evidenced by proceeding as quickly as possible with delivering quality training and consulting services to the business community.

ANNEX A
SCOPE OF WORK FOR EVALUATION TEAM

EVALUATION SOWENTREPRENEURIAL TRAINING FOR DISADVANTAGED SOUTH AFRICANS(690-0220)BACKGROUND:

The project supports a management training and counseling program for disadvantaged South Africans, implemented by the National African Federated Chamber of Commerce (NAFCOC), with the assistance of Birch & Davis Associates, Inc.

The goal of the project is to improve the level of management skills of disadvantaged South African business persons in order to maximize their abilities to participate in, and benefit from, the South African economy. The project's purpose is to strengthen and expand the existing organizational capability of NAFCOC to provide disadvantaged entrepreneurs with management training and counseling assistance.

The grant agreement with NAFCOC was signed on September 30, 1983, but most project activities did not commence until the signing of the Birch & Davis contract in February 15, 1985. Birch & Davis is responsible for most project activities including development of training materials, training of NAFCOC trainers and assisting in the establishment of NAFCOC regional training centers. The Birch & Davis contract expires on February 14, 1989.

Recent field visits and contractor reports suggest that project activities are significantly behind schedule. At the same time, expenditures for contractor direct costs are ahead of schedule. At a minimum, the contract budget needs to be amended, and a redesign of the project and modification of contractor activities may also be required.

GENERAL OBJECTIVES:

This evaluation combines the first "in-house" and "major program" evaluations planned in the project paper. The evaluation will therefore determine the degree to which the project start-up, initial participant training and counseling, establishment of regional training and counseling centers, ongoing training and counseling, and commodity procurement activities are proceeding in relation to the original plan. The contractor's performance to date

will be evaluated. Reasons for any delays in project activities will be determined. Equally important will be a qualitative review of project outputs as a means to accomplish the project purpose as projected in the original design. Recommendations will be made concerning necessary improvements or adjustments to the project design, implementation schedule, contractor and NAFCOG activities and budget. The evaluation will emphasize methods to maximize the effectiveness of training and counseling during the last two years of the project.

SPECIFIC EVALUATION ISSUES:

1. Organization and Administration

The degree to which mechanisms and procedures have been established and implemented by the contractor, NAFCOG and AID to effectively manage and control the project's inputs. Special attention to required and needed reporting procedures, routine monitoring and adjustment, AID/W and USAID/SA overview responsibilities, and the heavy reliance on support from the Birch & Davis home office.

2. Realization of Project Outputs

(a) The appropriateness of selection procedures for NAFCOG instructors and counselors, the quality and capability of the new NAFCOG staff, and the appropriateness of the training programs developed for them.

(b) The appropriateness, cost effectiveness and relevance of the training materials and courses developed for entrepreneurs (e.g. the extent to which existing materials were utilized; English as the language of instruction; the division into introductory, intermediate and advanced levels; the coverage provided by the geographic locations of training centers, etc.).

(c) The quality, access to and utilization of the business counseling program.

(d) The degree to which instructor, counselor and entrepreneur training programs have been conducted in accordance with established schedules; problems and obstacles that have limited accomplishment of planned outputs; implications for achieving project objectives within the life of the project.

(e) Progress on the statistical profile of businesses owned by disadvantaged South Africans.

3. Attainment of Project Goals and Purpose

The degree to which: (a) participating entrepreneurs have been assisted by the project (e.g. the extent to which training and counseling services have increased access to credit); and (b) NAFCOC's institutional capability to provide management training and counseling to disadvantaged business persons has increased. Explanations for any shortfalls in attainment of objectives.

4. Adherence to Financial Plan

The effectiveness with which Birch & Davis and NAFCOC have managed the project's financial resources. Over or under utilization of budget line items with respect to the implementation schedule and level of effort projections in the contract. Implications for the balance of the project.

5. External Factors

The impact of external events such as South Africa's economic recession and State of Emergency on project implementation. Implications for the project.

6. Sustainability

The cost effectiveness of the training materials and courses. The impact of additional staff and the new regional training and counseling centers on NAFCOC's recurrent budget. NAFCOC's ability to raise funds or charge actual costs to continue the training and counseling programs.

7. Recommendations

Mid-course corrections to project design, and/or amendments to contract scope of work and budget, necessary to improve project administration and insure achievement of planned outputs and attainment of project objectives.

ADDITIONAL INFORMATION:

The evaluation team will consist of a Training Evaluation Specialist, a Project Development Specialist and a Management Specialist. The Training Evaluation Specialist and the Project Development Specialist will be contracted by AID/W through an IQC mechanism. A Management Specialist from South Africa will be contracted by USAID/SA and will join the team for field work in

South Africa. The Management Specialist will travel to the U.S.A. with the IQC team members to participate in the preparation of the final report.

The team will be led by a Specialist provided by the IQC firm. The team will receive guidance in AID/W from the Project Development Office responsible for South Africa. In South Africa, the team will work under the guidance of the USAID/SA Counselor for Development Affairs (Mission Director) and Supervisory Project Development Officer.

Specific responsibilities are:

Training Evaluation Specialist - Conducting Washington, D.C. field work at the Birch & Davis and AID/W offices; reviewing training curricula and programs; interviewing project staff and participants in South Africa; preparing written reports on "Realization of Project Outputs" and "Attainment of Project Goals and Purpose".

Project Development Specialist - Participating in Washington, D.C. field work; interviewing project staff and participants in South Africa; preparing written reports covering Birch & Davis and AID "Organization and Administration", Birch & Davis "Adherence to the Financial Plan" and "Recommendations".

Management Specialist - Facilitating and conducting interviews with training participants and NAFCOG staff; preparing written reports covering NAFCOG "Organization and Administration", NAFCOG "Adherence to Financial Plan", "External Factors" and "Sustainability".

The designated Team Leader will also be responsible for supervising the team, writing the executive summary and face sheet for the evaluation, and assembling and editing the reports prepared by the other team members.

The team will prepare draft reports for USAID/SA review in South Africa, and will then return to Washington, D.C. for AID/W review and the preparation of the final report.

Work in Washington, D.C. will begin in February or early March 1987. The evaluation schedule is expected to be:

Week One

Washington, D.C. field work,
travel to South Africa (SA)

Week Two	SA field work
Week Three	SA field work, draft reports
Week Four	USAID/SA review of draft reports, travel to U.S.A.
Week Five	AID/W review of draft report, preparation of final report

QUALIFICATIONS:

Training Specialist - An advanced degree in education, business or related field. Extensive experience in training and private sector development in developing countries. AID project evaluation experience. Experience in South Africa would be useful.

Project Development Specialist - An advanced degree in education, economics, business, management or related field. AID project development and evaluation experience. Experience in South Africa would be useful.

Management Specialist - Diploma or Bachelors degree in business, marketing, management or related field. Several years experience in collection and analysis of data. Knowledge of the black business sector in South Africa.

ANNEX B

PROJECT CHRONOLOGY

PROJECT CHRONOLOGY

- 9/83: Grant Agreement with NAFCOC signed (7/30/83)
- 6/84: Birch & Davis proposal submitted
- 9/84: NAFCOC U.S. Business Study Tour
- 10/84: Birch & Davis selected as U.S. Contractor; Davis and Felton initial visit to RSA to review needs, discuss project
- 2/85: Contract with Birch & Davis signed (2/15/85); second visit by Davis and Felton to RSA to hire Project Coordinator
- 4/85: Course design and materials development activity started; course outlines developed for Accounting, Marketing, Goal Setting and Strategy Development, Personnel Management, Organization Management, and Policy Development
- 5/85: Third visit by Davis and Felton to RSA to publicize training, promote project, and hire Project Coordinator
- 6/85: Three Course Development Specialists visit RSA with Davis (2 weeks)
- 8/85: Fifth visit by Davis and Felton to RSA to attend NAFCOC Conference
- 9/85: Project Coordinator visit to Birch & Davis headquarters (4 weeks) to learn administrative procedures and begin procurement; draft of Business Basics course completed, reviewed by Project Coordinator, and forwarded to NAFCOC for review; Course development started for Level I Marketing, Management, Accounting, and Operations Management
- 1/86: Sixth visit to RSA by Davis and Felton to set up first training program; Birch & Davis trainers (Mensah and Nelson) hired
- 5/86: Basic Business course presented in Johannesburg (5/5-5/23) to 30 participants; seventh visit to RSA by Davis and Felton to observe training; Level I Marketing course presented in Johannesburg (5/26-6/13); Level I Management course presented in Johannesburg (5/26-6/13)
- 6/86: NAFCOC regional office in Durban opened

- 7/86: Eighth Davis and Felton visit to RSA accompanied by President of Maxima Corporation who addressed NAFCOC Conference; Level I Accounting presented in Johannesburg (7/14-8/1); Level I Operations Management course scheduled (7/21-8/8) but postponed
- 9/86: Ninth visit by Davis and Felton to RSA to review project activities; Business Basics course presented in Durban (9/22-10/10)
- 11/86: Level I Accounting course presented in Durban (11/3-11/21)
- 1/87: Level I Marketing presented in Durban (1/26-2/13); Level I Management course presented in Durban (1/26-2/13)
- 2/87: Tenth visit by Davis and Felton to RSA to look at Durban Center and potential site for Port Elizabeth center
- 3/87: AID Evaluation of project