

ARIES

Assistance to
Resource Institutions
for Enterprise Support

PDWAJ452

SMALL AND MICRO ENTERPRISE SUPPORT INSTITUTION
DEVELOPMENT PROJECT

WORK PLAN FOR YEAR THREE

THE ARIES PROJECT:
ASSISTANCE TO RESOURCE INSTITUTIONS FOR ENTERPRISE SUPPORT

August 1987

TABLE OF CONTENTS

	<u>Page</u>
ASSISTANCE TO RESOURCE INSTITUTIONS FOR ENTERPRISE SUPPORT (ARIES)	1
Introduction	1
The Third Year	2
I. Research on Support Institutions	3
Major Research Activities During Year Three	4
Applied Research in Support of Resource Institutions	4
Activity One: Creation of A Framework for Applied Research in Support of Research Institutions	5
Activity Two: Development of Teaching Cases Relating to Recurrent Problems Identified in Activity One	5
. Tangible Products	6
Activity Three: Analytical Bibliographic Database	7
. Tangible Products	7
Activity Four: Case Teaching Materials Database	8
Activity Five: Network Building Process	8
Plan of Work for Year Three	9
Planned Personnel Levels	12

	<u>Page</u>
II. Training and Curriculum Development	12
Major Training and Curriculum Development During Year Three	13
Resource Institution: Strategy Development	14
Resource Institution: Credit Management	14
Resource Institution: Financial Management	15
Resource Institution: Personnel Management	15
Resource Institution: Staff Training and Development	16
Micro Entrepreneur Training	16
III. Technical Assistance	17
A. Subject Focus	17
Organizational Development	17
Sector Approaches	19
Financial Innovation	20
Women in Development	21
Case Study Approach	22
Training Materials Development	22
B. Other Aspects	22
Geographic Coverage	22
Integration	23

	<u>Page</u>
C. The Role of ATI in Year Three	25
D. Evaluation and the TRB	25
IV. Dissemination and Institutionalization	26
A. Topical Seminars	26
B. Institutional Relationships	27
Table 1. Mission Funding for ARIES Project: Technical Assistance Activities - Budget	29
Table 2. Level of Support (Mission)	30
Table 3. Core Funding for ARIES Project - Budget	31
Table 4. Level of Support (Core)	32
Appendix: Principles and Objectives Guiding the Overall ARIES Project	i-1

ASSISTANCE TO RESOURCE INSTITUTIONS
FOR ENTERPRISE SUPPORT
(ARIES)

Introduction

The ARIES Project is intended to improve support services available to promote small and micro enterprises (SSEs) in developing countries. The project achieves this purpose through three closely related outputs:

- . Provision of short-term assistance to AID Missions, LDC governments, PVOs, and other institutions supporting SSE development in the design, implementation, and evaluation of assistance programs to small- and micro-enterprises
- . Developing an improved understanding of SSE support by carrying out field-oriented research to document and analyze recent experience with support to SSE development
- . Building the capacity of private voluntary organizations (PVOs) by developing and field testing training packages to develop their strategic, technical, administrative, and communication skills and to improve their ability to transmit these skills to their client enterprises

The ARIES Project builds on the substantial experience of AID and others in developing programs to promote the

3

growth of small and micro enterprises in developing countries. As symbolized by the working name that we have chosen for the project, it owes a particular debt to the experience of the PISCES Project, which produced a wealth of information on small-enterprise support and the challenge of SSE development.

In this way, ARIES represents the end of a long-term AID involvement in developing an approach to small-scale enterprise development (Small Enterprise Approaches to Employment (SEAE - 931-1090). In earlier phases like PISCES I and II, the merits and possibilities of small and micro enterprise were clearly established. In the present phase, ARIES is establishing the institutional approaches, while EEPA (as sister project) is exploring the policy alternatives for cost-effective small enterprise development.

At the conclusion of ARIES, strategic approaches and training materials should be in place to support cost-effective AID-supported small-scale enterprise development programs.

On presenting the Work Plan for Year Three, we have chosen not to restate some of the main principles and objectives guiding the overall project in the main text. They are found in an attached appendix.

The Third Year

The third year of the five-year ARIES project naturally represents a period both for consolidation and advance. We expect to:

4

1. Complete the work already undertaken, especially in the research and technical assistance areas, which establish the general direction of the Project:
 - . The Strategic Overview Paper, case studies, and underlying database (HIID)
 - . The summation of the state of knowledge on subjects explored by field teams through seminars and resulting papers (RRNA)
 - . The preparation of several initial training packages for field testing and application (CDC)
2. Institutionalize and disseminate what we have learned:
 - . For the HIID products, this will be both by publication and exploring institutional ways to continue developing the case approach and database.
 - . For the summations of the state of knowledge by RRNA, this will be both through further field work and the release of a set of state-of-the-art memoranda.
 - . For the CDC training packages, this will be through extensive adaptive field testing.
3. Moving forward through further field assignment and training needs assessment and program development along the lines set out in the first two years. Emphasis in sectoral approaches, institutional development and evaluation, WID approaches, and financial innovations will be retained and refined.

By the end of the year, the HIID research program will be completed with all the scheduled products (actually 16 versus 12 promised case studies, and a bibliographic

7

database in addition to those promised), and the funds budgeted for research will have been used as scheduled.

Work will have been started on all presently scheduled CDC training packages, though some change of plans may ensue on the mid-year review which is scheduled.

It is impossible to project precisely what point the technical assistance activity will reach since this is dependent on discrete Mission buy-ins. We would hope to field between 10-15 missions, primarily involved in evaluation and program development tasks, but with especial attention to institutional development, women entrepreneurs, and financial innovation and markets.

I. Research on Support Institutions

The research program is being implemented by the Harvard Institute for International Development under the overall supervision of Robert R. Nathan Associates, Inc., and with the cooperation of Control Data Corporation and Appropriate Technology International. The research program is being directed by Charles Mann, the HIID Coordinator, who will assign the staff needed to produce the outputs defined below.

Major Research Activities During Year Three

Applied Research in Support of Resource Institutions

A principal objective of the ARIES Project is to assist resource institutions to develop their own capacity to design and implement more effective small and micro

8

enterprise development programs. The applied research component of the ARIES Project consists of three major interrelated activities and an integrative process through which the resource institutions build a sense of ownership of these activities and their associated products.

Activity One: Creation of
A Framework for Applied Research
in Support of Research Institutions

Based upon discussions with research institutions' management and staff, field visits, and literature review, major "recurrent problems" of research institutions have been identified and categorized. As one part of building capacity is developing the ability to see these problems within a broader context, an overall conceptual framework has been developed which places these problems in such a context. The framework and supporting literature review are set forth in the Strategic Overview Paper, which in its draft form has served as an important vehicle for discussion with the management and staff of the resource institutions. The draft was finalized during the second year of the project, and will be published in book form during the third year.

Activity Two: Development of
Teaching Cases Relating to
Recurrent Problems Identified
in Activity One

One purpose of this is to provide suitable materials for management training workshops; a second one is to generate new knowledge about enterprise development programs.

A whole range of approaches to small enterprise development is apparent in the programs of various sorts of resource institutions. One of the key strategic decisions facing research institution management is creating, staffing, and managing a program appropriate to the institution's own goals and capabilities; well-suited to the needs of the clientele identified; appropriate to the social, cultural, and economic context within which the research institution works. Research institution managers generally are familiar with various models of enterprise development; the Grameen model, the Carvajal model, the ACCION model, etc. However, there are many insights to be gained by examining the key decisions which shaped these models to their present form. Knowing how the models differ is relatively trivial; understanding why they differ is the foundation of knowledge about enterprise development across a wide variety of cultures, institutions, and situations. Therefore, Activity Two is developing a series of cases and associated teaching notes highlighting key turning points in the evolution of at least seven major resource institutions.

Tangible products: The ARIES Case Development Plan revision two reflects comments from research institution managers and staff and information collected in field visits to prospective subject institutions.

The following cases have been commissioned:

- . ACCION/UNO (Brazil)
- . ADEME (Dominican Republic)
- . Carvajal Foundation (Colombia)
- . Dominican Development Foundation (Dominican Republic)

- . FUCODES (Costa Rica)
- . KAOLACK (Senegal)
- . BRAC (Bangladesh)

The following cases are under discussion:

- . IIRR (Philippines)
- . CARE (Philippines)
- . Grameen Bank (Bangladesh)

All cases will be completed during Year Three.

Activity Three: Analytical
Bibliographic Database

Effective managers do not carry in their heads all the information they need, but they are able to quickly and surely get access to it as needed. The literature of small enterprise development is the main source of accumulated knowledge about the subject, but field managers have limited knowledge of it and even less access. The power of the personal computer, appropriate software, and skillfully annotated bibliographic entries can place in the hands of the field manager an enormously rich knowledge source. The "recurrent problem" framework created in Activity One provides a convenient way to organize this information in a way relevant to the needs of practitioners. As of the beginning of October, there were 465 entries from 300 items drawn from a total bibliography of 1,170.

Tangible products: ARIES AskARIES Database; Concepts and User's Guide. IBM PC compatible data diskettes

containing the AskARIES database itself. Requires Notebook II software, available at low cost to collaborating resource institutions under Harvard University's site license, or, if manufacturer's support is desired, directly from the Pro-Tem Software. These are all now available, and will be further enlarged and disseminated in Year Three.

Activity Four: Case Teaching
Materials Database

While the numbers are not large, there are teaching cases other than those developed by ARIES which address both issues facing managers of resource institutions and issues facing micro entrepreneurs, which are useful in training resource institution staff. ARIES staff continue to review the abstracts of large numbers of existing cases and have already selected about 100 for more detailed review. The case teaching workshop means that the number of cases being written and coming to our attention is expanding rapidly.

Tangible products: ARIES Overview of Existing Teaching Cases; IBM PC compatible data diskettes containing the ARICASE database which lists cases and their abstracts. Uses the same Notebook II software as AskARIES above. This base will also be enlarged and disseminated in Year Three.

Activity Five: Network
Building Process

The resource institutions, collectively, are the source of most of the useful knowledge about effective enterprise development programs; they also are the main potential consumers of this knowledge. Therefore, almost as much thought has been given to the applied research process as to

the substance of the research itself. The idea is not to make a one-shot delivery of a research product, but to create an ongoing applied research and training capacity at the service of the resource institutions. Thus, in creating all of the products described in Activities One through Four, ARIES staff has worked hard to involve staff of resource institutions, and of case-oriented management training institutions, particularly the Asian Institute of Management, INCAE in Central America, and the Economic Development Institute at the World Bank. The research framework has been thoroughly discussed and reviewed by research institution staff and revised in light of their suggestions and comments. The proposed case development plan was shared widely within the resource institution community. A most important outcome of this was the resource institution proposal for a case teaching and writing workshop for resource institution staff. The objective is to empower them to use the case method effectively themselves within their own training programs; equally importantly, to enable them to organize their own knowledge generation through case method research. One of the most exciting potential long-range ARIES outcome may be the creation of a self-sustaining knowledge generation and transmission network rooted in the resource institutions themselves, linked informally to university and management training institute programs. Nurturing the growth of such institutional capacity requires as much attention to process as to product.

Plan of Work for Year Three

Activity One

The HIID ARIES subcontract calls for a final project document in a form suitable for publication. Working from

the base represented by the Strategic Overview Paper, HIID ARIES staff will add material developed from the case research and from ongoing literature analysis to make a more comprehensive document which can be submitted to a publisher. The cases themselves will become a part of this document. The tentative title is: "Managing Micro and Small-Scale Enterprise Development: Framework and Cases."

Activity Two

Work will continue to bring to completion the scheduled cases (see pages 6 and 7) outlined above. With accompanying teaching notes, these will be distributed first in draft form through the network described under Activity Five above. Experience from using the cases in teaching situations sponsored by members of the network will be incorporated and the cases and their notes revised accordingly. Ultimately, these will become part of the publication described above.

Activity Three

By the end of year two, the major input to the AskARIES database has been completed. In year three, the major tasks will be to refine it, to comb it carefully for errors and omissions, and to write up clear documentation and tutorial materials for end users. ARIES staff will work with some resource institutions who wish to adapt this database management system to managing their own document collections. There may be enough demand for the database to develop a workshop for interested research institution staff. Institutionally, ARIES staff will be discussing with USAID, PACT, and others appropriate mechanisms for continued maintenance and distribution of the database.

Activity Four

To date, selection of potentially relevant cases has been done from lists of abstracts. In year three, promising cases will be reviewed in detail and those which seem the most appropriate will be annotated within the ARICASE database.

Activity Five

Networking activity (as reported on pages 8 and 9) will continue. One important opportunity may be the possibility of using some of the case materials in the ARIES/CDC credit management workshop planned for the winter of 1988. Other opportunities are expected to come out of the ongoing deliberations of the Case Writing and Teaching Workshop steering committee and/or the SEEP project group. The Bangladesh AID Mission plans a case teaching workshop for Bangladeshi PVOs in Bengali in 1987-88, possibly involving a visit by ARIES associate Professor Lou Wells, and using two people trained at the ARIES workshop. HIID would be anxious to assist other Missions in running such workshops on a buy-in basis. HIID ARIES cases will be used in a PACT/SEEP workshop on credit management and in CARE and CRS workshops for their program managers. Other networking/applied research opportunities may arise through technical assistance activities managed by RRNA and training activities carried out by Control Data Corporation. Close coordination with both will continue to be an important project feature.

Planned Personnel Levels

Charles K. Mann	Project Coordination, 6 months Applied research, 4 months
Parker Shipton	Research in support of cases and work on final project publi- cation, 4-8 months
Merilee Grindle	Work on cases, associated teach- ing notes, and final project publication, 3-4 months
Lou Wells	Case Workshop, Case Review, 2 weeks
Rajesh Pradhan	Research and project assistance, 12 months
Student Assistants	Part-time basis: 40 hours per week Summer: 2 full-time (35 hours a week for 13 weeks)

II. Training and Curriculum Development

The Training Materials Plan outlines a set of materials that will be assembled, adapted, or developed to meet SME support institution training needs and provides a schedule for producing and field testing those training packages. The plan will be implemented by Control Data Corporation.

As discussed in the original project proposal, training packages will be prepared for training PVOs and SSEs. We expect that some will be directed to PVOs for internal use, and some to support institutions for use in training SSE personnel. In each set, the materials will cover the major issues identified by ARIES thus far: strategy development, administrative and financial management, information management and communications, and technical and operations

management. The training package to be done this year will include:

1. Resource Institution: Strategy Development
2. Resource Institution: Credit Management
3. Resource Institution: Financial Management
4. Resource Institution: Personnel Management
5. Resource Institution: Staff Training and Development
6. Micro Entrepreneur Training

A second important aspect of the training and curriculum development strategy is an emphasis on the performance of needs analyses prior to prescribing or adapting existing training materials or developing new training packages. These needs analyses will be done with the collaboration of the target institution, and in some cases, to reduce costs, they will be done exclusively by the target institution. The Training Needs Analysis Handbook, developed in Year One, will provide the consistent structure necessary for institutions to perform their own needs analyses.

Major Training and Curriculum
Development Projects during
Year Three

In Year Three of ARIES, the training development will accelerate, with an objective of completing five additional packages, bringing the total completed to six by the end of FY 1988 (details follow). In addition, one new package will begin its development and be continued in Year Four.

The following packages will be completed in Year Three:

Resource Institution:
Strategy Development

This package was started in Year Two with a training needs analysis and preliminary design completed with CARE. Upon completion of further needs analysis conducted with CARE country mission directors, final design and development will take place, with a view of completing the package by January 1988. CARE will present the first workshop in the spring of 1988 at a regional meeting in Africa of its East and West Africa country directors and staff. Two additional field trials will be conducted in Asia and Latin America, although the dates for these have not been determined.

The CARE workshop will address the questions and concerns of the field directors as they prepare to reorient the organization's program to include small enterprise development as a sectoral focus.

Resource Institution:
Credit Management

In June of 1987, a training needs assessment was conducted to determine the requirements for a workshop on credit management directed at U.S. PVO staff. The analysis indicated a need for a "state-of-the-art" workshop on credit management programs, an opportunity for PVO small enterprise staff to share experiences and benefit from each other's expertise and knowledge. It is anticipated that this workshop will be two to three days in length and will be presented in the U.S. in early 1988.

18

Resource Institution:
Financial Management

Another critical need expressed in the credit management needs analysis was for training in the technical skills involved in the financial management of not only credit programs but also in organization itself. Thus a one-day seminar will be developed to teach financial concepts and skills such as commercial analysis of enterprises; cash flow analysis; breakeven analysis; loan fund analysis and administration; record keeping and financial control; income statements; and balance sheets. Most of the materials used for this training will be adapted from existing tools. This semester will be packaged with a facilitator's guide and take-away materials so that it can be easily replaced.

Resource Institution:
Personnel Management

Another issue raised in the credit management needs analysis, but worthy of consideration separately because it applies to the management of the organization as a whole, is that relating to selection and management of appropriate personnel to work with small enterprise development. The issues to be covered in this package are identifying and hiring personnel with appropriate skills for small enterprise projects; avoiding turnover; compensation; motivation and career paths; and staff training. Unlike the financial management training, there are relatively few existing materials relating to personnel management for small enterprise programs appropriate for this training, so new development will probably be necessary. However, this seminar will be constructed similarly to the financial management

seminar, with a facilitator's guide and take-away materials for easy replication.

Resource Institution:
Staff Training and
Development

In November 1987, we will conduct the first stage of a training needs analysis for credit staff of the Swanirbar organization in Bangladesh, at their request. This first visit will be spent introducing the process and tools for training needs analysis and assisting the Swanirbar management with the development of a training needs assessment instrument. In Year Three, a follow-up visit is planned, to review the results of the analysis and to assist them with the design of a training program for their credit management staff.

In Year Three, the focus will begin to shift from resource institution internal training to the development of tools for intermediaries to use to train micro entrepreneurs.

Micro Entrepreneur
Training

The first initiative in training of micro entrepreneurs is planned for Year Three. In conjunction with staff of the Institute of Small-Scale Industries at the University of the Philippines, a training needs analysis is planned for a target group of micro entrepreneurs selected by ISSI. Based on the results of that needs analysis, a training standard will be developed outlining the skills and knowledge recommended for that target group, and a set of performance standards and assessment tools will be proposed. From this

training standard, a curriculum guide will be developed, drawing from existing entrepreneur training materials in the Philippines (and elsewhere, if appropriate). Development of the curriculum guide will, however, depend on a survey of materials in the Philippines for which buy-in funds will have to be secured.

Other CDC activities in Year Three include continuing evaluation of existing training materials and participation in the field testing of selected training packages.

III. Technical Assistance

It is estimated that 85 months of professional time will be used in technical assistance activities during year three.

A. Subject Focus

Technical assistance activities in year three will continue to be focussed in areas where the ARIES Project has a comparative advantage and has developed specific expertise and things to teach. As the project has unfolded, we have identified several critical areas where we can intervene to assist in strengthening SSEs and their intermediaries. Marketing efforts are now directed toward making known ARIES' capabilities for meeting Mission needs in these areas of focus. The areas include:

Organizational Development

Organizational and management of SSE support institutions has been a strong area of emphasis under ARIES' technical assistance in previous years, and is expected to

remain so in Year Three. Organizational development is, in fact, an area which involves all three components of the ARIES Project: research, training, as well as technical assistance. Our technical assistance efforts have given us a good opportunity to analyze organizational development problems, and to relate these problems to the ARIES research and training agendas.

In addition to ongoing technical assistance efforts, program evaluations, and management advisory services in Year Three that will include organizational development as an area of emphasis, we are hoping to develop a series of working papers on seminars which will focus more specifically on the lessons learned in organizational development and SSE support institutions. These efforts will attempt to pull together what is being done under ARIES, as well as involve other PVOs and their experiences with different SSE support agencies and programs.

Depending on resources and priorities, this program may get underway later in Year Three and carry over into Year Four. Issues and subjects to be addressed might include:

- . Design and implementation of improved budgeting and accounting systems
- Design and implementation of improved project planning, monitoring, and evaluation systems
- Analysis of staff resources and development requirements
- Analysis of MIS requirements and systems implementation
- Use of cost-effectiveness analysis as a tool for organizational development

Organizational and policy issues facing institutions in transition from social welfare to development agents

Sector Approaches

We hope to continue our work in sector surveys of the small-scale enterprise sector and project development in accordance with the best practice in the area of small-scale enterprise development. Further efforts will continue to emphasize:

The necessity to reconcile and harmonize commercial and social rationales in promotional institutions

The need to examine the commercial viability of enterprise promotion

Relevant micro policies which restrict the sector

Mainstreaming of women, where possible, into general efforts

Encouraging of linkages with formal financial institutions and the private sector, as with the trade credit guarantee in Jordan

Cost-effectiveness of training and extension

Possibilities for financially sustainable programs

The diagnostic inventory, which was developed by Robert R. Nathan Associates, is being used in assessing the relative impact of government policies on the small enterprise sector.

Financial Innovation

The use of informal structures as promotional tools, especially informal financial markets, has gained increased attention over the last several years, as noted by major research studies by the Asian Development Bank, OECD, and the United Nations Secretariat, as well as USAID-sponsored work out of Ohio State University. The Project has been involved in the various multilateral research projects through its director, as well as asked by the USAID Mission to supervise its collaborative funding of these projects in Bangladesh.

The Project has paid particular attention to traditional financial institutions and markets, and more broadly traditional social institutions for their potential as support institutions, or in combination with support institutions in assisting small enterprises. It is generally agreed that "business groups" (Leff) and Resource Networks (Sharma) are important explanations of success of small businessmen in many developing countries. Limited efforts have been made to harness or copy these groups, but more characteristically, efforts have either ignored or opposed them. So far, the efforts in which we have been involved include only study of existing markets and are parts of broader international efforts sponsored by the Asian Development Bank and the OECD, but we hope to move on to involvement with specific experimentation soon. The obvious candidates for this experimentation are in Africa, in many countries of which the formal sector institutions have abandoned the rural areas and small-scale sector, and in which a large number of rotating and cooperative credit arrangements exist.

24

Women in Development

Women's integration into enterprise development continues to be a major focus both of central ARIES activity and of three specific assignments in Jordan, Somalia, and Bangladesh. In all cases, proposals were outlined that would permit women to play a fuller role in the enterprise promotion activities planned. In the Jordanian case, this was to be through emphasizing the kinds of enterprises in which women are more likely to be found, as well as securing women access to training programs and credit. In the Somalian case, the types of enterprise to be promoted for women were judged to need some consideration, and more profitable agriculture deemed to have more potential than unviable handicrafts. In Somalia, it was found that a more decentralized structure would permit the local women's group to exercise some of their own entrepreneurial abilities, rather than depend on distant central office direction. In Bangladesh, during the first year, means to integrate women with overall small enterprise development were explored.

RRNA will continue to develop its expertise under the ARIES Project in gender concerns and issues in SSE development. The policy inventory technique developed under RRNA's Agricultural Policy Analysis Project has been adapted to the small-scale enterprise sector as a tool to assess the policy, legal, and regulatory environment which affects female entrepreneurs. This policy inventory can be applied to WID/SSE efforts worldwide, and will be useful in the development of PIDs, PPs, and CDSS.

Of particular interest for future ARIES activities is potential collaboration with ILO in its efforts to establish worldwide entrepreneurship development training programs for

women. The ongoing development of training materials under the ARIES Project could include packages which focus on the particular needs of female entrepreneurs.

In Year Two, reports generated from the studies undertaken in Jordan, Somalia, and Thailand will be made readily available as briefing materials for teams going out to conduct similar studies. In addition, these reports will be distributed as part of a marketing package to demonstrate the expertise available under the ARIES Project in the area of women in small-scale enterprise development.

Case Study Approach

The use of business school case studies as a diagnostic and research tool in institution building is a particularly promising area. This is one of the key focuses of the HIID research effort. Some Harvard cases will be available for use this year, and we anticipate some Mission buy-ins to further case study management training.

Training Materials Development

Testing and provision of training needs analysis and training to organizations will continue to grow in importance as more CDC packages are finished. The activities here are dealt with elsewhere in the report.

B. Other Aspects

Geographic Coverage

In year three, efforts will continue to broaden the geographic coverage of the Project. So far, missions have

been undertaken in El Salvador, Costa Rica, Honduras, the Eastern Caribbean, Ecuador, Bangladesh, Jordan, the Philippines, Zaire, Somalia, Yemen, Thailand, and South Africa, and individual evaluations have involved trips to Indonesia, Ghana, Nepal, Sierra Leone, and Thailand. Cases have been written, in addition, in Senegal, the Dominican Republic, and Colombia. Work is presently under discussion in Zambia, North Yemen, and Malawi. Related assignments involving ARIES core staff have been undertaken in Haiti and Kenya. The director has given lectures in Nepal. A marketing trip may be required concentrating on untapped markets, especially in Egypt, Sri Lanka, and Pakistan. We hope that the dissemination activities referred to in Part IV of this report will draw greater attention to the Project.

Integration

We view the technical assistance program as binding the Project's components together and linking them to the Project's target beneficiary group -- the SSE support institutions. Consequently, it is critical that the technical assistance program be managed in a way that maximizes the opportunities for cooperation and interchange among the project components and between the project and SSE programs in developing countries. To achieve this aim, the technical assistance program emphasizes the establishment of long-term relationships with SSE programs where a package of project assistance can make a major contribution to the program concerned through sustained involvement in design and implementation. This model stands in sharp contrast to the "IQC" mode of assistance, which is not conducive to a project learning process. It is most similar to the collaborative assistance mode used in Title XII programming, which offers an opportunity to build on an initial collaboration

during design to support implementation and continued cooperation over a several-year period.

The one aspect in which the original project paper and the work plan have proved unrealistic is in projected totals for Mission buy-ins for subcontractors. Though Missions have expressed interest in subcontractor staff, the personnel systems of all three subcontractors are such that it has been difficult to schedule them into technical assistance missions. Some progress is being made, however. For example, ATI is making changes in its staffing system which will allow them to participate in year three.

We anticipate that as training materials become available for field testing, and as Missions more fully appreciate the potential uses of case studies, more subcontractor services will be requested by the Missions. Buy-in goals for subcontractors are, therefore, being retained in the budget projections.

Since integration has not been achieved by the inclusion of research and training personnel in the technical assistance teams, it has had to be sought by other means, primarily follow through on technical assistance assignments. Technical assistance team members have been intensively briefed on the project's research and training materials components and particular emphases they should pursue, and have routinely debriefed HIID and CDC, as well as concerned AID offices, after their assignments. It is planned that this debriefing will continue to be a routine part of project activity. We will also continue seeking opportunities for including training and research components

28

into Mission buy-ins. This is likely to prove easier as the Project goes on.

More importantly, the seminars planned under the dissemination program in Part IV will permit integrating the observations of field Missions with other data to provide new statements of the state-of-the-art on the important issues in institutional development for small enterprise promotion.

C. The Role of ATI in Year Three

During the third year, ATI involvement will take three forms:

1. Participation in Technical Assistance Programs on a buy-in basis. ATI has reorganized its personnel system so that it will be able to participate more easily in these efforts than in the first year.
2. Participation in core project activities such as Project Board and TRB meetings and workshops, advising other consortium members, and reviewing project outputs.
3. Providing specific Technical Assistance to other Project participants on a request and approval basis. The assistance with the entrepreneurial training packages has already been arranged, as is mentioned above.

The budget for ATI is now divided into three categories, accordingly.

D. Evaluation and the TRB

The Project will undergo a joint evaluation during the third year, permitting some reassessment of its overall

direction. The precise arrangements will be worked out with the sponsoring sections of USAID.

Two meetings of the TRB, our outside review panel, will be held -- one in February, addressed to the HIID cases, CDC training packages, and the completed technical assistance mission reports; the second one will be focussed on evaluating the total plan for the training packages and seeing if reorientation is required and on the working papers that have been produced by the Project.

We anticipate that these various reviews will enable us to assess the direction the Project has taken and make mid-term corrections as needed. Two Project Board meetings of Project Coordinators will be held in connection with the two TRB meetings to consider these questions.

IV. Dissemination and Institutionalization

As far as the HIID research and CDC training materials components are concerned, dissemination is discussed earlier in the work plan.

A. Topical Seminars

For the Project as a whole, it is planned to conduct a series of four to six seminars and produce a series of working papers on major issues which the Project has addressed. The first seminar is scheduled for October 22 on "The Prospects for Micro Enterprise Promotion in Africa." In view of considerable skepticism about the prospects for cost-effective promotion of micro enterprise in Africa, the actual experience of promotional projects will be examined, including the results of the ARIES assessment of the

Somalian Women's Democratic Organization and reviews of projects in Senegal, Liberia, Burkina Faso, Chad, and Kenya (by the ARIES Technical Officer).

The second seminar and paper will be on "Financial Innovation for Micro Enterprise Promotion," and will discuss ARIES work on informal financial markets and trade credit guarantees, as well as the different models surveyed in ARIES research and training work.

A third seminar will be conducted on "Women in Enterprise Development."

Others will be announced as ready.

B. Institutional Relationships

As a project with a limited life span, ARIES' impact is clearly dependent on its ability to transfer its knowledge to the institutions which actually support small and micro enterprise growth: PVOs, governments, AID Missions, and donors. We have sought long-term relations with all of these, and are particularly happy with the dialogues we have established with the SEEP group of American-based PVOs working in enterprise support, PADF, CRS, CARE, the ILO, and a number of third world PVOs and AID Missions. The relations have obviously been strengthened in those countries where we have been involved in developing overall strategy with AID Missions -- Honduras, Costa Rica, El Salvador, Jordan, Yemen Arab Republic, Bangladesh, the Eastern Caribbean, and Zambia. We have also been able to sustain some relationships in other countries as well, based on specific assignments or research and training activity.

ARIES intends to devote considerable attention during the third year -- the last one of heavy central financing -- to cementing these relationships through active participation in meetings and exchange of materials with these institutions and AID Missions. Some travel is planned this year in connection with field assignments and marketing trips to further familiarize AID Missions and others in the field with the ARIES Project's outputs. ARIES will also continue to brief interested sections of AID/Washington on its findings and activities.

MISSION FUNDING FOR ARIES PROJECT:
TECHNICAL ASSISTANCE ACTIVITIES

Table 1. Budget

	Planned Year 1	Actual Year 1	Planned Year 2	Estimated actual Year 2	Projected Year 3	Remain- ing
Total	529,910.00	625,030.00	811,962.00	612,894	928,713.00	1,709,320

Table 2. Level of Effort (Mission)

	Planned Year 1	Actual Year 1	Planned Year 2	Actual Year 2	Planned Year 3	Remain- ing
RRNA	38.0	46.2	60.0	58.7	62.0	93.1
ATI	8.0	0.0	10.0	-	9.0	47.0
CDC	2.0	0.0	2.0		2.0	16.0
HIID	7.5	0.0	7.5		12.0	15.0
Total	55.5	46.2	79.5	58.7	85.0	171.1

CORE FUNDING FOR ARIES PROJECT

Table 3. Budget

Classification	Planned Year 1	Actual expenditures Year 1	Planned expenditures Year 2	Estimated actual expenditures Year 2	Planned expenditures Year 3	Budget remaining
Salaries and wages	115,964.00	121,586.60	118,059.00	129,188.56	113,150.00	146,814.84
Fringe benefits	28,065.00	29,244.63	28,570.00	31,277.15	27,382.00	35,697.22
Overhead	68,846.00	72,095.40	70,089.00	70,165.45	67,174.00	93,780.15
Consultants	-0-	1,829.86	-0-	2,589.43	-0-	- ^e
Travel/transportation/per diem	70,688.00	12,109.25	15,405.00	10,027.00	47,727.00	168,842.75
Subcontractors	334,942.00	314,374.00 ^a	477,339.00 ^t	435,157.00 ^c	423,262.00 ^d	176,429.00
Other direct costs	18,448.00	42,290.46	13,800.00	41,359.00	15,700.00	- ^e
G&A	55,163.00	51,918.83	62,634.48	82,988.74	60,138.00	30,513.43
Total estimated costs	692,116.00	645,449.47	785,896.48	802,752.33	754,533.00	627,284.70
Fixed fee	33,821.00	32,659.72	39,766.37	40,619.26	36,871.00	28,142.00
Grand total S&T Funding	725,937.00	678,108.72	825,622.85	843,371.59	791,404.00	655,426.80

a. ATI: \$4,000; CDC: \$110,033; HIID: \$200,341.

b. ATI: \$32,585; CDC: \$137,988; HIID: \$306,766.

c. ATI: \$9,674; CDC: \$120,690; HIID: \$304,793.

d. ATI: \$35,000; CDC: \$130,067; HIID: \$258,195.

e. We will approach the Contracting Officer to allocate surplus travel/transportation/per diem funds to these budget line items of expenditure.

Table 4. Level of Effort (Core)

Firm	Planned Year 1	Actual Year 1	Planned Year 2	Estimated actual Year 2	Planned Year 3	Total Planned
RRNA	37.5	32.8	39.0	49.0	37.0	168.5
ATI	6.0	.5	6.0	.5	6.0	20.0
CDC	9.0	13.8	9.0	11.5	9.0	37.0
HIID	27.0	38.5	40.0	54.0	31.5	94.5
Total	79.5	85.6	94.0	125.0	83.5	320.0

APPENDIX. PRINCIPLES AND OBJECTIVES GUIDING
THE OVERALL ARIES PROJECT

Strategies for Project Implementation

The annual work plan for the third year of the Small and Micro Enterprise Support Institution Development Project (ARIES Project) has been developed on the basis of the following five principles for "strategies":

- . Project sequencing: Achievement of the Project's objectives requires that the research program, and, to a lesser extent, the curriculum development component, should be "front-loaded," that is, activities should be heavily concentrated in the first three years so that results can be disseminated and incorporated into the technical assistance program in later years.
- . Interaction among components: Close coordination among all three of the Project's main programs is critical to ensuring the quality of the products produced; in particular, development of training materials must be tightly linked to the research program and the technical assistance program, both of which provide necessary inputs into curriculum development.
- . Sustained involvement in field activities: Although the Project should provide service to a wide range of Missions and small-scale enterprise programs, the Project is strengthened by establishing longer-term close working relations with a limited number of programs, as

the basis for refining and evaluating training materials, developing case materials, and improving Project understanding of small enterprise development.

- . Close working relationships with AID and SSE resource institutions: Throughout the Project, personnel will continue to work to establish and maintain collaborative relationships with other institutions involved in SSE development. These include not only AID, the other donors, and implementing agencies for other SSE projects, but also support institutions in the developing countries, particularly management training institutions serving the public and private sector.
- . Flexible planning: In order to take advantage of accumulating Project experience and new opportunities for involvement in field work, Project planning is carried out on a rolling basis that balances the need for planned allocation of resources with the equally important need for flexibility and learning. The planning process thus emphasizes detailed specification of the steps to be taken in the near-term, with a more strategic approach to planning for future period, rather than detailed "blue-printing" of actions through to project completion.

This plan reflects each of these strategies. While the implications of the final two points above -- close coordination with others and flexible planning -- are self-evident, additional discussion of the first three points above may be useful as a context for the activity-specific discussions in the remainder of the plan.

Project Sequencing

The research program is heavily concentrated in the first three years of the Project, during which the majority of case study research will be done, as well as the synthesis of

findings in small and micro enterprise development. While these products will be revised during the remaining two years of the Project, the emphasis on early outputs from the research program permits the Project to establish the technical assistance and curriculum development activities on a methodologically sound base.

Interaction among Components

Close integration of technical assistance, research, and training is built into the Project, at the personnel level, the organizational level, and the substantive level. Analysis of the needs in this area has led us to conclude that sustained involvement in field projects is the most effective mechanism to achieve this goal, given the Project's structure and requirements.

The primary mechanism for Project coordination has been the common focus of research, technical assistance, and training activities on four issue areas that are critical for improved support to SSE development. These issue areas, which reflect both the capacity of the support institutions and the needs of the SSE clientele, are strategy development, administrative and financial systems, information management and communication, and technology.

There are several specific points, however, where integration will be important in ensuring high-quality Project outputs:

Training and research are linked by two activities: (1) through the forwarding of materials from the research to the training team and vice-versa; and (2) through mutual guidance

provided by the Strategic Overview Paper and the Training Materials Plan.

- . Training and technical assistance have been linked through the use of technical assistance and the Project's core management teams to provide input into the Project's understanding of training needs and into identification of specific opportunities for developing and testing training materials.
- . Technical assistance and research are linked through the feedback from technical assistance teams, further described below, which aid in identifying case study and technical assistance opportunities, as well as in the analysis of support institutions, and through the preparation of the cases themselves, which bring members of the research team into the technical assistance process, and vice-versa.

Sustained Involvement in the Field

Supporting the development of small-scale enterprises, particularly micro enterprises, is a demanding task. The success of ARIES will be due in no small measure to our ability to establish close, collaborative working relationships with support institutions based on mutual commitment. This type of relationship takes time to nurture, and is best served through a sustained involvement with a particular project or program from initial design through implementation and evaluation. Such a long-term relationship might begin with technical assistance for program design or early implementation, but over time, it would typically involve use of the Project's training materials and possibly preparation of a case study.

Sustained involvement is necessary, not only because it improves our understanding of small-scale enterprise development, but also because the nature of the research and

curriculum development program virtually demands it. The preparation of case studies and testing of training programs requires cooperation from small-scale enterprise support institutions. This cooperation can only be expected if the Project is providing them with valuable assistance in the form of technical expertise on a sustained basis.

Moreover, sustained involvement in particular field projects will provide a much better basis than one-time interventions for validation of the Project's training materials and verification of findings on SSE support institutions. This field validation process is central to maintenance of quality control in the Project's core activities.

Consequently, the ARIES Project gives a high priority to the identification of opportunities for the Project to become directly involved in small-scale enterprise programs being implemented by a variety of support institutions. This does not mean that the Project itself implements projects to provide assistance to small-scale enterprises, since this would not be consistent with its focus on support institutions. Nor does it mean that requests for technical assistance are turned down unless there is a likelihood of sustained involvement, since this would be inconsistent with providing as much support to Mission programming as possible with the resources available. Rather, it means that the Project actively seeks opportunities to play a major supporting role in SSE institutional projects by providing a package of technical assistance and training services. We believe that the availability of Project support services will encourage Missions to place greater reliance on in-country institutions for project implementation, thus directly supporting the Project's purpose of building up these organizations.

41

Organizational Strategy for Research

The organizational strategy for the research component is based on the following elements:

Use of four themes as an organizing principle, as discussed in the proposal for this Project. The strategic overview and, as appropriate, the cases, will be organized around four issue areas: strategies for SSE development, administrative and financial management of SSEs and SSE support institutions, information management and communication, and technologies for SSE development and support. The relevance of these themes will be re-examined during preparation of the strategic overview, and, if needed, modifications will be proposed for incorporation into the remainder of the Project's implementation cycle.

Efficient handling of information by establishing a computerized database to organize the SSE bibliography of research material. A database will be available to major support institutions for specific AID-supported SSE activities.

Application of the Harvard Case Study methodology, which has been proven to be an effective method for conducting research on organizational and management issues; and for presenting the research in a form that lends itself to training as well as academic use. Materials developed for the case studies will also be presented in the annual research synthesis papers.

Cost-effective use of scarce expertise by forming research teams supervised by senior HIID personnel and staffed by less senior personnel from Harvard as well as both senior and junior personnel from developing country research and management institutions.

Close coordination of research and technical assistance through participation of research staff in technical assistance activities, where appropriate, to ensure that the research is well-grounded in field realities and to provide

a mechanism for channeling research findings into the field with a minimum delay. This has proved difficult to arrange, as noted earlier, but we will continue to attempt it.

Substantive collaboration with curriculum development by utilizing the field testing of training materials as an opportunity to test the case studies and by supporting the curriculum development program through the strategic overview, particularly regarding previous experience with efforts to build up support institution capabilities through training and other assistance.

The strategy for developing a research methodology builds on these elements to form an interactive two-stage process. In the first stage, previous and ongoing research on SSE support is being reviewed to identify major findings and to make a preliminary identification of issues that have emerged from past research as key to strengthening support institution capacity. In the second stage, the case study method is used to generate teaching cases related to these priority questions in collaboration with in-country institutions. The case research and ongoing review of other SSE research provides the basis for the annual updating of research findings, leading to the final report on SSE research and feeding into the ongoing case study program.

Organizational Strategy for Training and Curriculum Development

The organizational strategy for training and curriculum development is based on the need to begin field testing of training packages as early as possible, both to complete the curriculum development program within the time available, and to provide for maximum feedback from the field into the development of additional packages. To meet this need, the

Project will initially focus on packages that can be readied for the field based on minimal modification of existing materials, and on packages that can be developed and field tested quickly. In addition, the training needs analyses conducted in Year Three will also serve as field tests of the Training Needs Analysis Handbook. This will ensure that the Handbook functions correctly and consistently before it is released to institutions to perform their own training needs analyses.

The importance placed on field testing in this methodology underlines the need to move rapidly in organizing the technical assistance activities since technical assistance to AID Missions and ongoing projects will serve as the main avenue for identifying field trial opportunities. Overall coordination of field testing activities will be provided by RRNA, with CDC being responsible for the development of training packages, with additional technical input from ATI. HIID's strategic overview of research findings will be incorporated into the selection process for identification of training needs, SSE support institutions, and resources.

Although we believe that most of the Project's training activities should be conducted in the field, we will also explore the possibility of conducting field tests in the Washington area by arranging training sessions attended by Mission and SSE support institution personnel from several countries, such as the Credit Management Workshop. This approach would enable the Project to get reactions to the training materials from a wide audience for a relatively modest expenditure, supplementing the results of tests in particular countries or regions. The feasibility of this

H4

approach will depend on the Missions' willingness to fund