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STATE-OF-THE-ART PAPER FOR SSE EVALUATION METHODOLOGY PROJECT

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by

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with the assistance
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THE FOLLOWING IMPACT EVALUATIONS
WERE STUDIED IN THE COURSE OF PREPARING THIS PAPER:

Note: "*" signifies evaluation is devoted to small-scale enterprise.

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PREFACE

A widely-held belief within the international development community is that the promotion of small business and industry is an effective way to generate new employment and income opportunities for the poorest populations in developing countries. Despite this interest in small-scale enterprise (SSE) those who are seeking to create new opportunities in the SSE sector, including the Agency for International Development (AID), other donor agencies and host countries, are faced with the frustrating realization that knowledge about this sector's composition, dynamics, and net contribution to development is severely limited. Accordingly, quidance as to where and how to intervene in order to assist this sector is not always clearly in evidence; hence, projects may not be well-founded.

In short, it is perhaps easier to catalogue what we do not know about SSEs -- especially their net income and emplcyment generating capabilities, their impact on income distribution and their utility as contributors to the development process -- than it is to identify explicitly their unqualified advantages. AID, as well as the World Bank, the Inter-American Development Bank, and most other donor organizations, are pursuing disparate programs of assistance to this sector, despite their inability to be certain of the wisdom of such projects, especially in terms of opportunity costs to other sectors. These observations are not intended to belittle or

to criticise any of these activities; rather they are to point up the acute need to evaluate some of these programs, in order to confirm their utility empirically and to determine those elements that are consistent with the Agency's development goals. Since some assistance modes inevitably must be "better" than others in yielding benefits, it is important to know the comparative merits of alternative small enterprise assistance strategies, in what terms they can be measured, whether a widely applicable methodology for evaluating SSE assistance programs can be devised, and if this information can be fed back into the programming process so that future projects will be as well-designed as contemporary knowledge will allow.

To assist in the development and application of methodologies to evaluate small-scale enterprise projects, AID's Office of Urban Development (DS/UD) has contracted with Development Alternatives, Inc. (DAI). The contractor's objectives are essentially two in number. First, a review of AID, and to the extent possible, other donor agency SSE-assistance projects (of differing nature -- e.g., financial, technical, managerial, organization assistance) will be undertaken, principally from the point of view of methodology. The intent, in effect, is to review the state-of-the-art of SSE project evaluation, particularly from the point of view of assessing these projects' impacts on job creation and income generation among their pre-designated target populations.

The state-of-the-art study will deal with these and related technical and conceptual issues, and will draw upon relevant SSE background literature, interviews with current SSE promoters, and impact evaluations, both SSE-specific and those in other fields with methodological applications for SSE evaluation.

In connection with this state-of-the-art review and as a link to the second major task of this procurement (which is to design a methodology for evaluating the impact of SSE projects) the contractor will examine alternative evaluation methodologies in various field settings.

The results of these field examinations, plus the analysis based on the state-of-the-art and program review, will be synthesized into a set of guidelines for assessing the employment, income, and other impacts of SSE-assistance projects.

This document is intended to achieve the project's first objective, namely, review the state-of-the-art of SSE project evaluation. It is based upon a synthesis of:

- A series of interviews with relevant development professionals (Appendixes A and B);
- A review of relevant background literature (Appendixes C and D);
- A reivew, following an initial screening, of the best available SSE project and program evaluations (list following Table of Contents); and
- Detailed analyses of selected SSE impact evaluations (Appendix E).

CHAPTER ONE

METHODOLOGICAL CONSIDERATIONS

INTRODUCTION

Evaluation activities share certain important characteristics with bricklaying. Both:

- Take time;
- Require skilled manpower;
- Are expensive; and
- Should be customized to suit each task.

These characteristics suggest that a good deal of up-front planning is warranted. Such planning is usually carried out before any bricks are laid. In contrast, evaluation activities have frequently been carried out with little attention having been given to these important characteristics. In the design of any evaluation, some primary issues should be addressed:

- What <u>purpose</u> the evaluation is intended to achieve;
- What sort of evaluation <u>budget</u> is available for the task;
- What the field conditions are, and how the evaluation activity should be <u>tailored</u> to these conditions; and
- Who should be <u>involved</u> in the evaluation and what specific role each party should play.

PURPOSE

Summative versus Formative

The primary purpose of an evaluation might be to draw conclusions over whether a project or program has succeeded or failed. Such evaluations are called summative, and they have important uses that are discussed in the following section. Alternatively, an evaluation might be undertaken to assess whether a project or program is working in the best possible manner to the attainment of its goals. Such evaluations are called formative, and their primary purpose is to determine whether changes in ongoing project/program activities are needed.

This distinction is important in that different evaluation approaches are called for, depending on whether the objective is formative or summative. If the objective is formative, experience suggests that project/program staff should be thoroughly involved in the evaluation so that they can directly share perceptions with the outside evaluators concerning what changes, if any, are warranted. Formative evaluations can often be useful even if they stop short of impact measures and focus on the process by which evaluation activities are being carried out.

In contrast, summative evaluations require measures of project/program impact. Their primary purpose is not to influence the on-going activities of specific projects on programs but rather to influence future project and program designs. The critical audiences for summative evaluations are policy-makers and those responsible for designing projects and programs; in the case of formative evaluations, the critical audiences are project/program staffers and their immediate supervisors.

There is another important contrast. The purpose of formative evaluations is usually to determine whether a project or program is following the strategy set forth in the design paper. Summative evaluation can look at the broader question of whether strategies built into project/program designs are appropriate for achieving the intended objectives. Twenty-nine of the thirty-five studies reviewed for this paper (list following Table of Contents) are summative.

Project, Program and Policy

There is a second important "purpose" dimension. It is important to know whether an evaluation activity is intended to serve project, program or policy needs. Let us describe what is meant by project, program and policy needs. It is legitimate to ask whether an SSE project, i.e., a project that focuses primarily on increasing income and employment

through an expansion of SSE activities in succeeding or is likely to succeed.

It is also legitimate to ask whether an SSE program, involving the use of one or more strategies to stimulate SSE activities in a series of project circumstances is likely to work, is working or has worked.

Policy evaluation is a review of development strategies at the highest level of meaningful generality: For example, how do the benefits resulting from SSE activities compare with similar investments in other types of development activities and what does this comparison suggest concerning the appropriateness of a relative expansion or contraction of one or more activity.

For project purposes, the primary question is whether the strategy being employed is leading to an expansion of SSE activities. For programmative purposes, the need is for a comparative assessment of the alternative strategies being employed to bring about SSE expansion. At the policy level, the question is how well SSE initiatives compare on impact grounds with programs to increase agricultural production, to build rural roads, and/or to install potable water systems.

Very different methodologies and budgets are required, depending on whether the evaluation is intended for project, program or policy needs.

A programatic evaluation should examine a number of SSE projects in a comparative framework. The evaluation budget here should bear some relation to overall project costs. There is no necessity for evaluations to focus on projects that the agency is supporting. Indeed, the aim should be to examine the comparative merits of all interesting SSE project strategies without regard to the funder.

In the case of policy evaluation, there is a need to develop comparative yardsticks across functional activities; i.e., how well do SSE projects do relative to rural infrastructure, population control programs, etc. Here, the budget should be in some relation to overall agency expenditure levels.

All of the evaluations reviewed articulate evaluation objectives, across a wide spectrum of specificity. For example, Lewycky examines the impact of a specific project in Botswana; the AID project impact evaluation series is the first stage of a variety of sector program assessments; and Barclay undertakes a policy review of the development impact of working through private voluntary organizations (PVOs). However, most of the evaluations do not identify their intended audiences, and have multiple, often contradictory objectives, such as the Dimond evaluation, which attempts to evaluate a specific project's implementation and impact, its programmatic replicability, and AID's overall PVO policy.

Moreover, few of these organizations prioritize the relative importance of their specific projects, evident for example in the United Nations Capital Development Fund's collection of project evaluations, which leads to an attempt at according all projects equal attention. Programmatic and funding decision cannot be made for an organization's project en masse -- project differentiation is needed before difficult tradeoffs among projects can be executed and overall policy formulated. Projects of different sizes and strategic importance merit different degrees of fiscal and human resources, but when all projects are treated as equal, a manager is greatly hindered in efforts to selectively enhance his overall program.

BUDGET

Budgetary considerations should play an important part in the selection of an evaluation methodology. Putting this point somewhat differently:

> ...it is within the state of the art to prescribe an unassailable methodology to evaluate the impact; the real challenge comes in compromising the ideal 1/ to suit particular circumstances and a budget constraint.

1/ For one statement of the ideal, see H. W. Riecken and R. F. Boruch, eds., Social Experimentation: A Method for Planning and Evaluating Social Interventions, New York: Seminar Press, 1974.

Remarkably little has been written on choosing the optimal evaluation strategy for a given budget; by the same token, little attention has been given determining in any systematic fashion how much money should be set aside from various evaluation purposes. In fact, a common complaint of organization personnel interviewed is that everyone loves evaluation, especially donor agencies, but no one will budget funds specifically itemized for evaluation purposes. On the question of determining an optimal evaluation strategy, there is a wide range of possible options to be considered. The unassailable strategy entails the development of a representative sample and a control group; in laboratory terms, one wants two groups that are the same except that one group received a "treatment" while the other did not. Such a situation permits one to draw inferences concerning the effects of a treatment. Tremendous sums can be devoted to approximating the laboratory ideal in field circumstances, and compromises are usually necessary.

With some sacrifice in the certainty of findings, less expensive methodologies are available, and recent attention has been given to legitimizing their use in Third World field settings.1/ Indeed, budget limits and local circumstances

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1/ For example, the following papers presented to the Conference on Rapid Rural Appraisal held at the Institute of Development Studies, Sussex, 4-7 December 1979: Nick Abel and Michael Stocking, "Rapid Aerial Survey Techniques for Rural Areas;" D.G.R. Belshaw, "Theoretical Foundations of

call for considerable activity in selecting the proper evaluation methodology.

One can also turn the question around and ask how much should be budgeted for evaluation activities. While little work has been done on establishing such criteria, it is reasonable to think that evaluation costs should bear some relation to the costs of the activity it is intended to influence. So, for example, if an evaluation is being made of a project solely to influence the direction of that project, the evaluation budget should not be more than some small fraction of project costs. If on the other hand, an ex post programmatic evaluation is being undertaken as a preliminary to initiating a new program, the evaluation costs should be some small fraction of the anticipated program cost. If an evaluation is intended for policy purposes, a larger budget would seem warranted.

A review of evaluations undertaken to date has revealed no discernable pattern of evaluation cost by evaluation type -- other factors appear to be more critical determinants of evaluation expense (see the following section, "Economizing").

Data-Economising Appraisal Procedures, with Applications to Rural Development Planning;" R. A. Boxall, "The Use of Rapid Appraisal Methods in the Assessment of Post-Harvest Losses;" Anthony Ellman, "Cost Effectiveness of Rapid Appraisal for Rural Project Preparation;" and George Honadle, "Rapid Reconnaissance Approaches to Organizational Analysis for Development Administration."

However, there has been a fairly common ratio within each organization of total evaluation expenditure to total program expenditure: one percent or less. For example, AID spends approximately $17 million per year on evaluation compared to a program budget of roughly $2.7 billion; in the last ten years Technoserve has spent approximately $50,000 on evaluation, compared to a program budget of about $5 million. A comparison of evaluation with project costs of those evaluations presented in Appendix F is as follows:

TABLE ONE

EVALUATION COSTS
COMPARED WITH PROJECT COSTS

Evaluation Title	Evaluation Cost	Project Cost	Evaluation Cost / Project Cost
Boyle	$20,000	$ 3.75 million	0.53%
World Bank/Bangladesh	$30,000	$ 3.00 million	1.00%
Dimond	$30,000	$ 3.40 million	0.88%
Kawbaker	$ 7,000	$ 1 million plus	<0.70%
PPC/Sierra Leone	$20,000	$11.70 million	0.17%
Schreiber	Not available	$ 1.21 million	------
Lewycky	Not available	$ 1.21 million	------
Technoserve	$15,000	$126,000	11.90%
Daines/Haiti	$50,000	$ 2.00 million	2.50%
Barclay	$64,000	$ 8.48 million	0.75%

Although this paper stops short of an in-depth analysis of the economics of evaluation, one pattern seems apparent: there seems to be economies of scale in evaluation work, i.e., the ratio of evaluation to project cost decreases as the evaluation's domain widens. Figures suggest that the most expensive type of evaluation relative to expenditure is a single-project evaluation; a sector or regional evaluation is comparatively less costly; and a broad policy review is least expensive relative to project costs.

ECONOMIZING

Introduction

What can be done to minimize data collection and analysis requirements? There are several guidelines:

- Decide what information and analyses are needed for the evaluation;
- Develop a data collection and analysis strategy in accordance with the above needs; and
- Review these against the budget available for the evaluation.

Frequently the budget will not appear adequate for the task. In the sections that follow, suggestions are made on how resources required for the evaluation can be minimized.

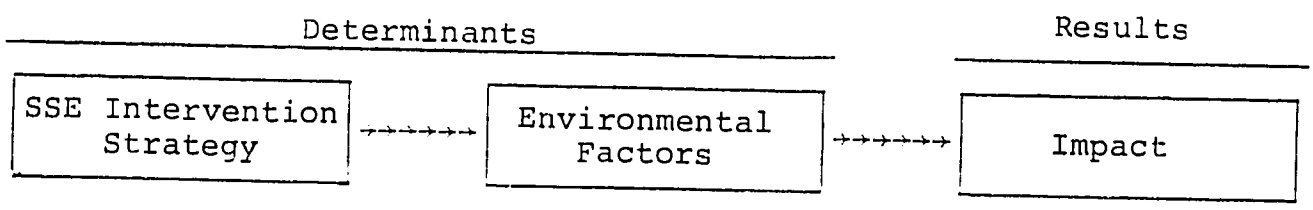
Modeling

If AID were simply interested in a "final report" on individual projects, the effort could be limited to the collection of information that measured project impact; but, for programmatic purposes, AID needs to know more: it needs to know what worked, what did not, and why. Comparative assessments are needed:

- Impact data must be collected;
- Data on the most probable determinants of impact must be assembled; and
- Comparative analysis must be performed wherein actual impact determinants are identified.

What does this call for operationally? First, a conceptual model must be developed. This model should describe how the SSE intervention should lead to intended benefits. Such modelling should incorporate the empirical realities of attempting to carry out an SSE project. For this, descriptive case study essays by participant observers can be most useful. Failing this, having people with SSE field experience on the conceptual team should be seen as a sine qua non.

Most simply, the resulting model might be represented as:



However, although most organizations currently promoting SSE development articulate, in general terms, principal intervention strategies to overcome perceived environmental constraints, none of these organizations has yet to model the precise process they hope to effect, or narrow the ambiguity of the role they expect to play in this process; and example of necessary further model delineation is presented in the following section.

Impact Measurement

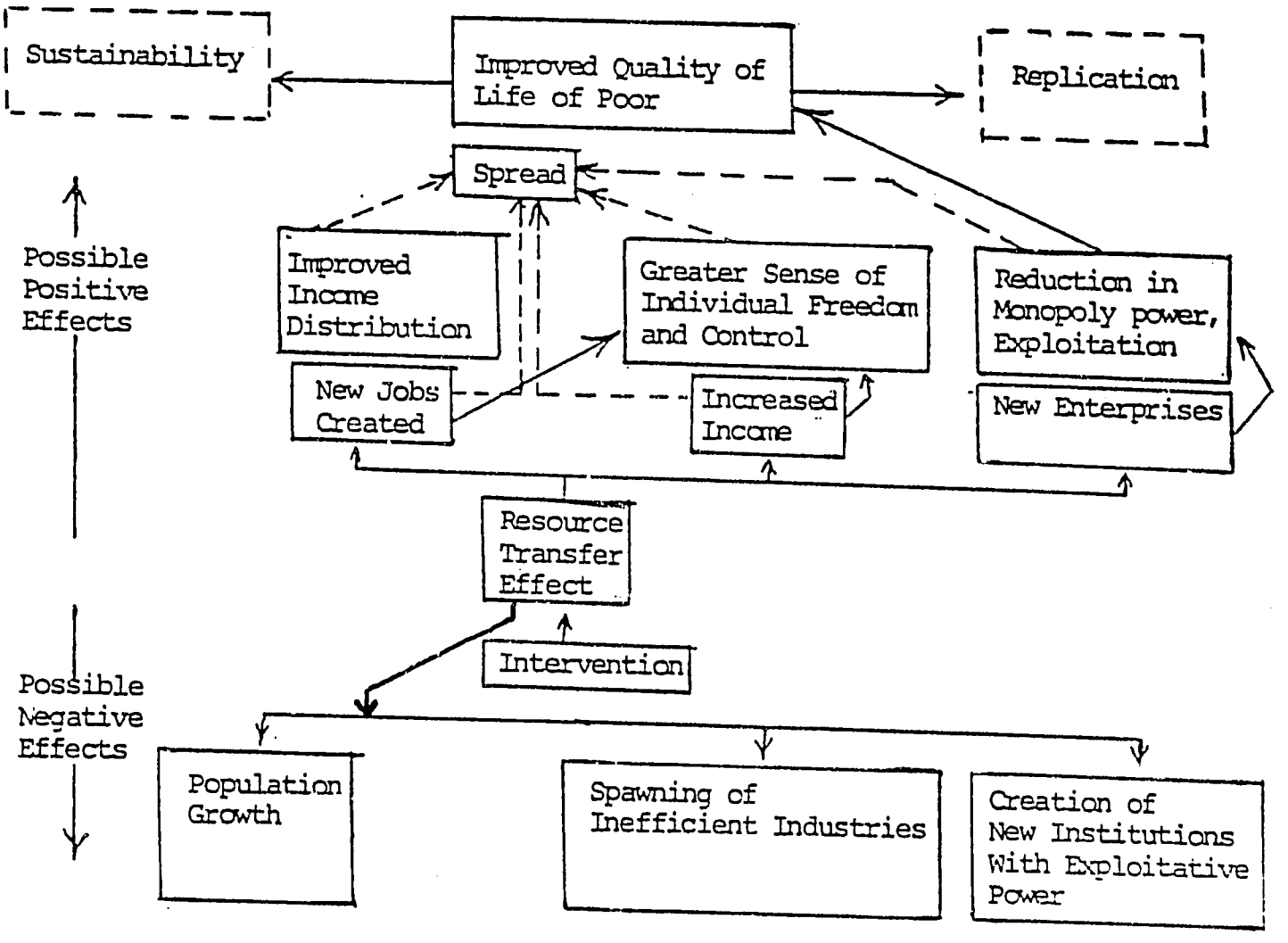
Further conceptual work is needed on each box of the model appearing at the bottom of the preceding page. First, consider "Impact." As Figure One suggests, "Impact" is likely to be multi-dimensional in both horizontal and vertical senses. For example, an SSE intervention might lead to the creation of expansion of a variety of enterprises. That in itself might be considered a positive effect. To the extent that the enterprises are different in type, it might be said that there has been a horizontal impact. Proceeding vertically, such institutions may increase employment (thereby reducing income inequalities), increase income, increase the ability of the poor to control their own destinies, and perhaps at the highest level, increase the quality of life of the urban and rural poor. In trying to measure impact, it is necessary

to focus on one horizontal level; failure to do so may result in omissions or double-counting.1/

An illustrative "impact hierarchy" is presented in Figure One. This hierarchy is quite complete and may serve as a reference in developing an impact measurement approach.

FIGURE ONE

IMPACT HIERARCHY



1/ It should be noted that this presentation on impact structure is compatible with the logical framework approach.

How should one decide what questions to ask and the level of accuracy that is acceptable? This really depends on the purposes that the evaluation is intended to serve. Far less is needed if, say, the purpose is to give the Administrator and Congress some overview of project success within functional areas than if the purpose is to test and refine a new development strategy.

How is the evaluation question being phrased? It makes a tremendous difference from the standpoint of time and effort required. To illustrate this point, let us consider the following set of questions:

- What evidence of impact is there?
- Is the impact result consistent with national objectives?
- Is the impact being achieved at a reasonable cost when compared with alternative development efforts?

Each of these questions is legitimate. One clearly has to have answers to the first before the second and third can be addressed. Most of AID's evaluation work is currently focusing on the first question.

It is not altogether clear that positive project impacts are necessarily desirable when seen in the context of national objectives. Perhaps the clearest example of this problem comes from work being done on the population effects of development activities. There is now both solid theoretical and

empirical information to suggest that development activities, particularly those concentrating on health and nutrition, cause a significant increase in population growth rates.1/

Similar inconsistencies between project-level impact and national objectives can be imagined for SSE projects. An example might be a successful SSE project which served as a population magnet for an area that was already overcrowded. Alternatively, an SSE project might have a high impact at the expense of employment in some other enterprises, sectors, or regions.

The third question is closely related to the first and second in that it allows one to see tradeoffs in terms of opportunity costs. In the broadest sense, one might ask how an SSE project compares with other possible development initiatives from the standpoint of both costs and benefits. For example, an SSE skeptic might argue:

> ...All this work on enterprise development is a lot of hogwash. Government has not been able to foster much small business development in the United States...what reason is there to think it will work any better abroad? It would be far better for AID to put its money into education and physical infrastructure.

1/ See David Morawetz, "Basic Needs Policies and Population Growth," World Development, Vol. 6, (Nov./Dec. 1978), pp. 1251-1260, and Rural Development Programs and Their Impacts on Fertility: State-of-the-Art, Summary Report, prepared by the Research Triangle Institute and the South East Consortium for International Development under AID contract #931-1170, 1979.

This might be a legitimate point. At least, one can say that every development initiative should occasionally be assessed against other possibilities.

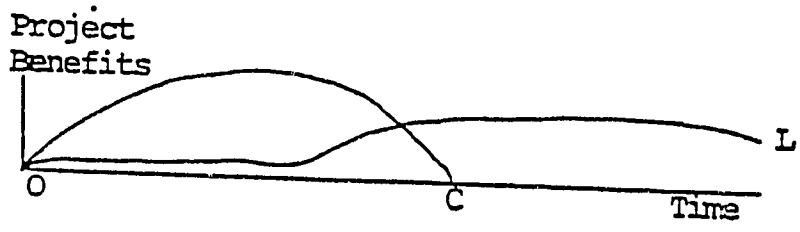
It should be obvious that an evaluation designed to address the third type of question will be more expensive and take longer than project-specific evaluations. An important question concerns how one develops project-level information in a manner that facilitates such comparisons.1/

Timing

Another problem related to impact measurement concerns timing: how long after project startup is it appropriate to undertake an evaluation? Perhaps the issue can best be seen graphically. In Figure Two, project benefits are portrayed vertically, while time is measured on the horizontal axis.

FIGURE TWO

IMPACT MEASUREMENT: TIMING



1/ For one approach, see E. R. Morss, "Cross-Cutting Issues," AID Program Evaluation Working Paper No. 24, June 1979.

These transfer benefits will cease when foreign assistance ceases (at time C in the figure). Lasting benefits are likely to follow a different time profile. As Line OL in Figure Two suggests, they are not likely to even start to manifest themselves until considerable time after the foreign assistance has commenced and probably not reach "full bloom" until several years after foreign assistance has ended.

Clearly, different "benefit profiles" or "gestation periods" exist than the one portrayed in Figure Two: the important point is that whatever the profiles are, when a project is evaluated may make an important difference on how the project appears to be doing. It is possible for experienced development professionals to anticipate with a reasonable degree of accuracy what the profiles will look like and base their evaluations on these anticipations.1/ It would, however, also help if AID would commission some studies on what these profiles look like for different project types.2/

1/ It has recently been estimated that as a general rule, 18-22 months after outputs have been delivered is the earliest legitimate time to start measuring impact (Practical Concepts, Inc., "The Feasibility and Desirability of Ex Post Evaluation in the Agency for International Development," Draft Report, September 1979).

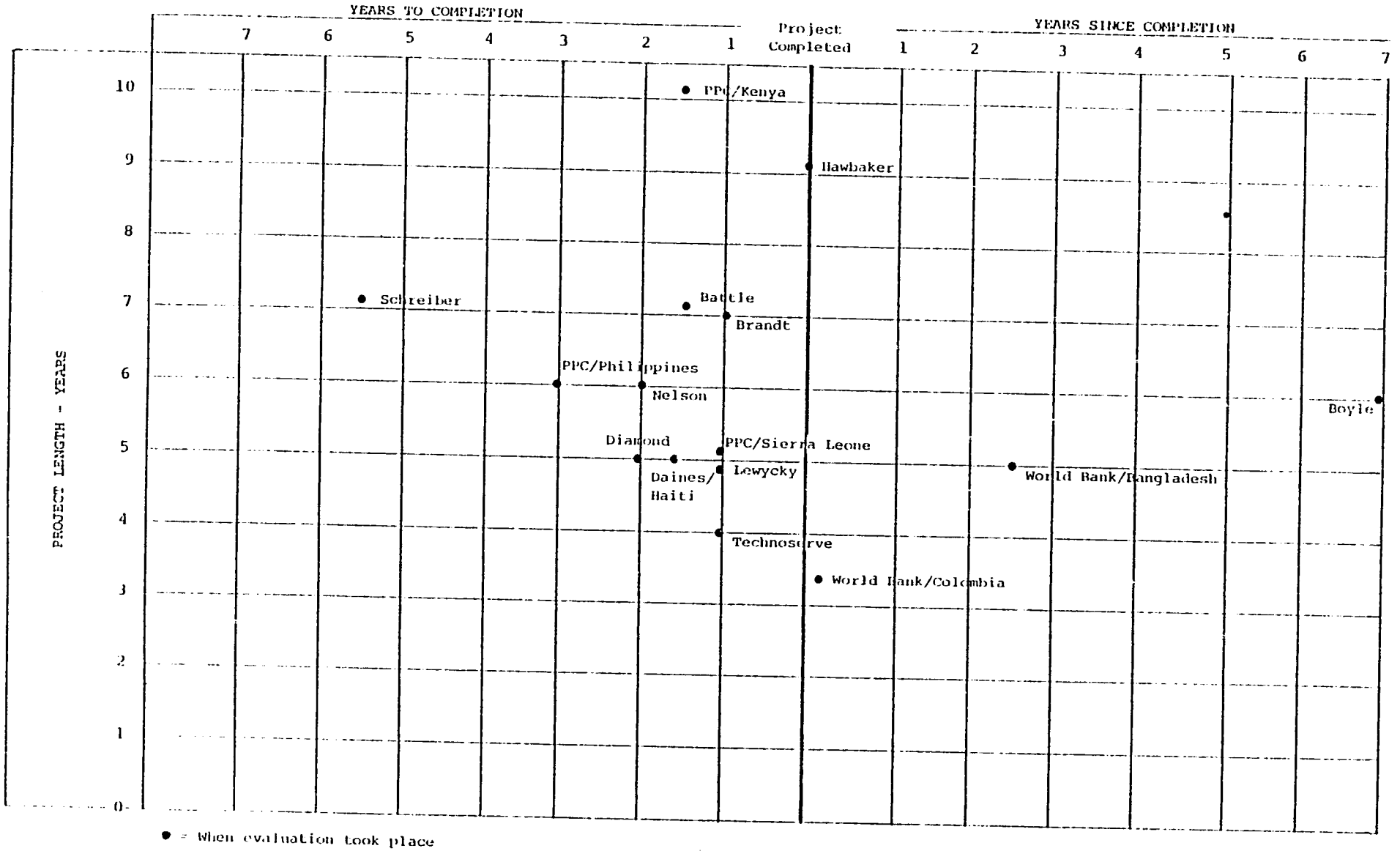
2/ Several years ago Development Alternatives, Inc., proposed that such a study be undertaken by the Agency. For details on the methodology to be employed, see "A Proposal to Study the Time Profile of Benefits to Small Farmers," submitted to the Office of Technical Assistance, February 1975.

Many of the evaluations examined state that the nurturing of a self-sustaining development process is a major project goal, implicitly recognizing that a resource injection by itself is merely a short-term fix rather than a long-term solution.1/ However, with the exception of the Boyle study, and perhaps the World Bank/Bangladesh report, none of the evaluations reviewed were conducted long enough after project completion to separate the effects of resource transfers from those of self-induced development, as is illustrated by Figure Three, a representative sampling of the timing of specific evaluations. Note that, with the exception of three studies, all evaluations are either on or to the left of the center, vertical line: regardless of the project's duration, external funds were still being applied while the evaluator was attempting to gauge the project's socioeconomic impact. Moreover, the effects of differeing time frames in evaluating project impact is rarely mentioned, and in no instance are funds allocated for conducting an impact evaluation several years after an organization has discontinued its involvement in the project under review.

1/ For example, one interviewee commented, "If you give a man a fish, you feed him for a day, but if you teach him how to fish, you feed him for a lifetime."

FIGURE THREE

TIMING OF SPECIFIC EVALUATIONS



● = When evaluation took place

Impact Determinants

Assuming that an acceptable conceptual frame for impact has been developed, and decisions regarding accuracy, focus, and timing have been reached, the next question concerns impact determinants. Why do some SSE activities have positive impacts while others do not? Earlier, SSE intervention strategies and environmental factors were listed as impact determinants.

In order to get a fix on SSE intervention strategies now being promoted in the field, staff from 38 organizations were interviewed.1/ These investigations revealed that current SSE promotion strategies consist of the provision of various types of technical assistance, sometimes coupled with financial aid in the form of a grant, loan, or investment equity. Examples of technical assistance currently offered include:

- Accounting, bookkeeping, and general financial skills;
- Entrepreneurial training, such as management skills;
- Labor relations;
- Marketing policies;
- Product quality control;
- Appropriate technology generation and adaptation; and

1/ See Appendixes A and B for specific listings of the organizations consulted.

- Feasibility studies for possible business formations or expansions.

When these organizations were questioned about hindrances to the successful implementation of the basic SSE promotion strategies, commonly cited environmental constraints were lack of:

- Access to traditional capital markets;
- Skilled manpower availability, especially indigenous entrepreneurs, technicians, and managers;
- Awareness of local business potential;
- Reliable supply of product inputs;
- Adequate market distribution channels;
- Supportive physical infrastructure;
- Indigenous cultural traditions encouraging SSE development;
- Social integration into a national economic environment; and
- Macroeconomic policies conducive to private enterprise growth.

Through a comparison of the impacts of SSE projects using different intervention strategies, some conclusions might be drawn concerning the relative merits of the different strategies.1/

1/ See Chapter Two for an illustrative critique of SSE intervention strategies.

Let us relate this discussion of determinants to the simple model presented above. Here, we are talking about the SSE intervention strategy and the environment (constraints to SSE development) boxes. A given type of SSE intervention will have some chance of succeeding if it addresses the major constraints to SSE development. If the intervention does not deal with the constraint bottlenecks it has little chance for success.

While little is really known about the real constraints to SSE development, a set of hypotheses can be developed. For example, an SSE intervention might offer accounting skills on the premise that the absence of these skills is a primary bottleneck to SSE development. SSE evaluation should allow for the testing of a number of such hypotheses. If it is found that focus on certain presumed constraints had a high positive impact, it can be presumed that these were real constraints. By the same token, if other interventions focusing on the removal of other presumed constraints had little impact, it can be inferred that they did not focus on a complete set of real restraints.

If the costs of evaluation are to be kept within reason, it is important that such hypotheses are developed in advance; data collection can then be limited to what is needed to test these hypotheses.

Of course, the hierarchy presented in Figure One is oversimplified. It should be noted that evaluation will, because of budgetary and time constraints, necessarily focus on only a limited segment of this oversimplified picture. In evaluation work, oversimplification is necessary; it is critical that whatever oversimplification is made, it is recognized as such. The development of a picture, such as Figure One, can be useful in such matters.

An important question in any impact evaluation concerns the cut-off point, i.e., how far do you go in looking for impacts? For example, indirect effects can be broken out under at least five analytically distinct headings:

- Catalyst: project activities serve as a spur for project participants to take on additional development activities;
- Spread: persons not part of the project imitate project and project-related activities;
- Backward linkages: project activities provide incentives for new activities early in the "production" cycle, e.g., project activities create a market for the production of labor-intensive farm tools;
- Forward linkages: project activities provide incentives for new activities late in the production cycle, e.g., the project increases production thereby justifying the construction of a processing plant; and
- Replicability: somewhat related, the project generates a level of benefits at a low enough cost to warrant widespread replication elsewhere.

Once again, how far one goes depends largely on the evaluation purpose, resources available, and time. It is, nevertheless, important to be aware of decisions that are made, and why. For example, most of the impact evaluations reviewed not only have little, if any, input from targeted beneficiaries, but they also lack any explanation as to why this does not invalidate many of the evaluation's findings.1/

Focusing the Task

Critical to the cost, complexity and timing of any evaluation is the level of accuracy required. While one cannot be as concise in this as in the natural sciences, the lack of attention it gets is remarkable. Rather than focusing narrowly on what is needed and deciding what collection technique to use from the standpoints of cost and the risk of being wrong, the unspoken criterion is all too often that more information is better.

For most of AID's programmatic needs, very accurate information is usually not needed and is nearly impossible to collect. This should say something about appropriate evaluation strategies, but this rarely happens, partly because scopes of work are so general when it comes to methodology that the issue never comes up.

1/ Two notable exceptions are the Lewycky and Technoserve evaluations.

Indeed, the problem is usually that:

- The scopes of work for evaluations go to different technical groups before being issued;
- Each technical group asks its own set of questions;
- The evaluator is then asked to address a set of questions that, given time and resource constraints, no legitimate evaluation methodology could be employed to address; and
- Ultimately, the evaluator ends up doing a little bit of everything without providing sound documentation on the "bottom-line" questions (assuming the technicians have remembered to include the latter in the scope of work).

Analysis

Once impact dimensions have been specified and hypotheses concerning their determinants have been developed, some time should be spent on the types of analysis to be employed to test the various hypotheses. A first issue concerns sampling. A set of observations is needed, and the question of whether longitudinal or cross-sectional data are appropriate must be addressed. Because accurate longitudinal (time-series) data are rarely available in developing countries, attention will necessarily focus on the type of cross-sectional data to collect. For project evaluation purposes, local control groups must be identified. For programmatic purposes, it is possible that inter-country or inter-regional data would be more appropriate.

Assuming that some form of comparative analysis is to be performed, the qualitative/quantitative issue must be addressed. Quantitative analysis is more expensive, more time consuming, and demands simplification. However, quantitative data are more easy to analyze than qualitative data.

The following section assumes some form of quantitative analysis is to be performed. We will come back to the specific types of analysis to be performed later.

From Models to Indicators

Above, it is argued that modeling is useful to focus attention on what is critical as distinct from "nice-to-have" information. Assuming that an acceptable conceptual frame is developed. the next step is to turn this into something that is useful for field data collectors. Clearly, it is not possible to collect information on concepts, dimensions or categories. What is needed, and this may be possibly the most creative part of evaluation design work, is the development of a set of indicators that can both serve as proxies for the model categories and are also reasonably inexpensive to develop. Here, issues of cost and the need for accuracy must be equally faced. A judicious use of indicators will often make or break an evaluation effort.

Frequently, it will take more than one indicator to represent any model category. What we then end up with for data collection purposes is the following construct:

- Various impact dimensions, extending both horizontally and vertically;
- Various determinants that possibly explain impact; and
- One or more indicators for each impact and possible determinant thereof.

To make any sense out of this large array of indicators, some aggregation will be required. Again, there is no a priori set of rules to determine the manner in which these indicators should be aggregated. Perhaps the most useful point to make is that there is nothing sacrosanct about a one-to-zero weighting scheme. A weight should be assigned in terms of the indicator's overall importance as an indicator of the dimension it represents.

With computers readily available, one need not settle on a single weighting scheme. Simulations using different weights should be tried. This exercise makes it easy to see which weighting assumptions are critical and which are not. Further attention can then be given to the appropriateness of weighting assumptions made for the most sensitive indicators.1/

1/ Except for Barclay, no weighting schemes are employed in the evaluations reviewed, and the Barclay study assigns all

It should be stressed again that coming up with the right indicators -- those that hit the proper balance between accuracy and expense -- is a most difficult and important task. There are examples of cases in which ingenious approaches have been successfully employed.2/ By the same token, there are some very popular indicators that have serious shortcomings. A classic example of a widely-used impact indicator with serious problems is the "jobs created" measure. This measure is nearly always constructed by simply counting the number of people employed in project-associated activities; rarely, if ever, are efforts made to measure net new jobs created, which is clearly what one should be after. Beyond this, no allowance is made for where, in the project cycle, one is. It is not difficult to employ people when grants are being received from the outside. The real test of a project is what happens when foreign assistance is withdrawn -- will these new jobs be maintained or will they have to be terminated because of fund shortages? Despite these serious

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impact dimensions an equal weight of one. To date, weighting schemes have usually been used in determining the distributional benefits of development projects as part of traditional social cost/benefit analyses.

2/ For example, see Eugene J. Webb, et al., Unobtrusive Measures: Noncreative Research in the Social Sciences, Chicago: Rand McNally, 1966. For a more recent look at the matter, see George Honadle, "Rapid Reconnaissance Approaches to Organizational Analysis for Development Administration," published as Working Paper No. 1 of Development Alterantives, Inc., December 1979.

problems, jobs created continues as one of the most popular measures in use. Other impact indicators used in the evaluations reviewed are:

- Enterprise profitability (dividends, capital gains, profits to sales ratios, profit margins, and asset turnover);
- Project return on investment;
- Labor income benefit streams;
- Cost per job created;
- Product output and quality;
- Plant capacity utilization;
- Number of requests for technical assistance, and amount of technical assistance offered (number of consultations held, seminars conducted, and the like);
- Number and size of loans granted;
- Socioeconomic status of loan recipients;
- Secondary project effects and project spin-off activities;
- Changes in standard of living, judged by consumer purchasing patterns, housing quality, and similar indications; and
- Income distribution effects.

It is important to note that many of the above impact indicators are monetized and in accordance with traditional Western perceptions of enterprise success, thereby arguably inappropriate when applied to a significantly different cultural context.

Impact indicators employed in the evaluations reviewed are grouped in Table Two by evaluation, into seven generic categories: monetary, standard of living/quality of life, employment, production, activities, participation/use, and externalities.

TABLE TWO:

IMPACT INDICATORS EMPLOYED IN EVALUATIONS REVIEWED

PROJECT	MONETARY	STANDARD OF LIVING/QUALITY OF LIFE	EMPLOYMENT	PRODUCTION	ACTIVITIES	PARTICIPATION/ USE	EXTERNALITIES
Boyle	• Dividends • Capital Gains • Recovery of Promotional and Development Costs • Cost & Labor-Income Benefit Streams • Net Profits/ Sales • Profit Margin • Return on Investment • Asset Turnover	• Community Changes	• Worker Turnover • Worker Welfare	• Product Quality	----------	----------	----------
World Bank/ Bangladesh	• Total Fixed Costs • Costs/Job • Loan to Equity • Sales • Gross Profits • Loans Sanctioned, Disbursed, Realized • Amount overdue, fell due, and ratio	----------	• Number of Employees	• Output • Capacity Utilization	----------	----------	----------

continued

TABLE TWO (continued)

PROJECT	MONETARY	STANDARD OF LIVING/QUALITY OF LIFE	EMPLOYMENT	PRODUCTION	ACTIVITIES	PARTICIPATION/ USE	EXTERNALITIES
Dimond	----------	----------	----------	• New Crops Grown	• Number of Extension Visits • Number, Type of New Farming Techniques Adopted • Number of Demonstration Plots • Number of Self-Help Projects Begun and Completed • Number of Associations Formed	• Number of New Association Members	----------
Hawbaker	• Gross Sales • New Investments • Number and Size of Approved Loans	----------	• New Employment	• Number and Type of New Products Developed	• Number of Visits by Outsiders • Number of Seminars Held • Number of Consultations Held • Number of Feasibility Studies	----------	----------
PPC/ Sierra Leone	• Cash Value of Marketed Crops	• Vehicle Ownership • Level of Village Construction and Commercial Activities	----------	• Amount and Variety of Marketed Crops • Length of Fallow Periods • Extent of Swamp Rice Cultivation	• Extension Agent Visits • Fertilizer Use	• Traffic Level, Composition, Origin, and Destination	• Environmental Degradation • Rural-Urban Migration

continued

TABEL TWO (continued)

PROJECT	MONETARY	STANDARD OF LIVING/QUALITY OF LIFE	EMPLOYMENT	PRODUCTION	ACTIVITIES	PARTICIPATION/ USE	EXTERNALITIES
Schreiber	• Social Internal Rate of Return (SIIR) • SIIR Frequency Distribution • SIIR Sensitivity	----------	----------	----------	----------	----------	----------
Lewycky	• Sales and Profits Growth • Secondary Income Transfers • Amount Loaned by Factory for Village Development	• Village Consumerism • Housing Quality	• Number of Employees • Employee Benefits • Secondary Employment Creation • Worker Socio-economic Status, Sex and Tribe	----------	• Expatriate Visitors to Factory	• Factory Worker Ownership	• Project Spinoffs
Techno-Serve	• Farmer Return on Investment • Project Return on Investment	----------	----------	• Average Milk Production/Cow • Average Milk Production/Cow/ Type and Amount of Feed Intake • Milk Production/ Breed of Cow	----------	• Co-op Size • Co-op Membership Participation	• Project Spinoffs

continued

TABLE TWO (continued)

PROJECT	MONETARY	STANDARD OF LIVING/QUALITY OF LIFE	EMPLOYMENT	PRODUCTION	ACTIVITIES	PARTICIPATION/ USE	EXTERNALITIES
Daines' Haiti	• Net Farm Income • Per Capita Income • Off Farm Income • Net Income/ Arable Hectare • Credit Distribution, Availability, Demand, Dues, Burden, and Delinquency • Internal Rate of Return on Cash Crops • Gross Value of Output/Farm	• Housing Value, Roof Quality, Number of Rooms • Number of Livestock	• Labor Share Indices	• Cereal Yield Patterns • Sources of Increased Production • Land Use Intensity and Productivity • Coffee Production Yield, Technology, Marketing, and Prices	• Number of Extension Visits	• Land Tenure	• Farmer Opinions on Ways to Improve Coffee Income
Barclay	• Monetized Benefits • Value of Benefits/ Participant/ Year • Recurring Cost/ Participant/ Year • Net Benefits/ Cost	• In-kind Benefits • Individual Farm or Household Modernizing Improvements	----------	----------	----------	• Number of Beneficiaries • Participation, Use of Project Services • Local Decision-making • Participant Contributions • Project-Mobilized Resources • Adoption of Recommended Practices	• New Activities Beyond Project

Alternative Data Collection Methods

Until recently, the only way to avoid criticism from the "methodologists" entailed collecting information on random samples drawn from target and control populations (cross-sectional) over time (longitudinal) in developing country settings. There are many instances where such an approach to data collection is simply neither feasible nor cost effective. SSE programs, for example, often deal with multiple, very small, highly inaccessible units, and are undertaken in a total data vacuum; the effort and expense such a comprehensive task would entail could not be justified relative to programmatic expenditures. Indeed, even when the time and resources have gone into implementing such approaches, little use has been made of the resulting data.1/

At the other extreme of a hypothetical continuum of data collection methodologies is the complete reliance on the intuitive judgment of an outside expert after a whirlwind tour through a project site. Although much less time consuming and expensive than the first method discussed, it can easily degenerate into a quick and dirty "tourist trek."2/

1/ For examples of this phenomenon, see Development Alternatives, Inc., Information for Decisionmaking in Rural Development (two volumes), May 1978.

2/ An interesting discussion of the abuses of this method can be found in Robert Chambers, "Rural Development Tourism: Poverty Unperceived," presented at the Conference on Rapid Rural Appraisal, Institute of Development Studies, University of Sussex, 4-7 December 1979.

As a consequence, there has been increasing attention devoted to the development of alternative data collection strategies; that is, methodologies which retain much of the vigor and objectivity of the scientific experiment, but also incorporate the exigencies of field work in developing countries. These alternative data collection techniques seek to maximize accuracy, minimize cost, and enhance data utility and accessibility.1/ Examples of such methods are:

- High technology, such as aerial photography;
- Utilization of published sources, and concurrent surveys in the same area or in similar locales;
- Employment of indigenous staff for most or all of in-country field work;
- Operationalizing daily activities of project staff to include the recording of relevant project data;
- Targeting selected areas or populations;
- Random or purposive sampling, using repertory grids transects, and the like;
- Focusing data needs;
- Using proxy indicators;
- Ensuring evaluation team professional diversity and rotated pairings;
- Working in informal settings, and participating/observing, organizing games, and chatting casually;

1/ For interesting discussions of these and other alternatives to traditional data collection methods, see: Honadle, Mickelwait, et al., New Directions in Development: A Study of U.S. Aid, Boulder, Colorado: Westview Press, 1979, Chapter 7; and papers delivered at the Conference on Rapid Rural Appraisal, Institute of Development Studies, University of Sussex, 4-7 December 1979.

- Using group interviews, meetings, and panels; and
- Making special efforts to balance inherent or common biases, by straying away from roads and project sites, making unscheduled stops, seeking out poorer residents, area malcontents, and project nonparticipants, maintaining a low profile, and cross-checking data.

In addition to the above alternative data collection techniques, Samual Daines claims that an inexpensive approximation of the classical laboratory experiment is feasible in the field, if proper care is given to data needs from a project's inception. His methodology for impact measurement is based on two types of comparison: (1) between the same population before and after project participation; and (2) between a participating population after project involvement and a control group which did not participate. Daines' principal means of economizing is through sample surveys, that is, carefully selected subgroups of target beneficiaries whose resemblance to the total population "can be predicted with standard and well practiced statistical techniques." Three sample selection techniques proposed by Daines are list basis, area frame, and clusters.1/

1/ Detailed discussions of this methodology can be found in two recent Daines publications: Impact Evaluation of the Haiti Small Farmer Improvement Project, January 1979; and Agribusiness and Rural Enterprise Project Analysis Manual, March 1979. Both studies are published by Practical Concepts, Inc., for the Agency for International Development.

More time and attention clearly needs to be spent developing low-cost data collection techniques. However, one generalization can be drawn even at this early stage of alternative methodologies evolution: the more reliant a methodology is on rapid rural reconnaissance and individual intuitive judgment, the greater the field background experience demanded of the evaluator. There is a trade-off between traditional techniques and more eclectic approaches, with the second type requiring an evaluator to have intimate knowledge of the development setting to insure the same degree of data accuracy as is characteristic of more structured, classical methods.

Conclusions

The previous paragraphs have provided a brief survey of some of the most important methodological issues with which anyone doing SSE evaluations will have to deal in one way or another. It should be clear that generalizations concerning the proper evaluation strategy are difficult to make because so much depends on particular circumstances.

It has been emphasized in this section that, for costs and other reasons, efforts should be made to limit attention to a small set of critical data. Because a lot remains to be learned about SSEs, it would be useful to test alternative hypotheses concerning constraints to SSE development. To this end, the next section addresses what is known and not known about SSEs.

CHAPTER TWO

CRITIQUE OF SSE PROMOTION STRATEGIES

INTRODUCTION

Methodological considerations in the design, implementation, and use of SSE evaluations, and their implications for maximizing accuracy and cost-effectiveness, were presented in Chapter One. Another approach to delineating and economizing SSE evaluations is to examine the "Achilles heels" of SSE intervention strategies, thus enabling the evaluation to concentrate on the weak links of SSE promotion, and intended intervention objectives. Chapter Two will offer a critique of SSE intervention strategies now being employed in the field, both to highlight critical points meriting evaluation foci, and to relate evaluation customization to the needs and characteristics of specific intervention strategies.

SSE Promotion

Small-scale enterprise development is now seen as one item on a disturbingly short list1/ of "bottom-up" approaches to deal with unemployment and poverty in developing nations. While country success stories in the expansion of SSE can be pointed to, there is little evidence to suggest that this

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1/ Its bedfellows include participation, the development of local organizations and appropriate technology.

approach has great potential for developing nations. There is even less reason to believe an outside donor can play a useful role in reinforcing the approach to SSE development.

But then, one can ask, what should be tried? If approaches that smack in any way of "trickle-down" are ruled out by foreign assistance legislation, and if programs to curb population growth cannot be pushed because of host country reluctances, there is little indeed to work with. In these circumstances, it is altogether fitting for a market-oriented country such as the United States to promote small-scale enterprise. This does not, however, justify enthusiastic but unthinking "promo" efforts, nor does it warrant blatant non-sequiturs, such as suggesting that because SSEs have been successful in certain countries, they offer salvation for others:

> Where any have been successful, small-scale industries generally require lower investment costs per job, use labor more intensively, have lower capital requirements and make use of more local resources and materials than large industries. Small-scale industrialization can thus serve as the base for a strategy of attaining more equitable distribution of income, overcoming regional disparities and transforming stagnant rural villages into more viable and productive economic communities.1/

Instead, it calls for a critical assessment of what is known about increasing SSE activities and its effects.

1/ Dennis A. Dondineeli, "Small Industries in Rural Development: Assessment and Perspective," Productivity News, Vol. 16, No. 12, 1979, p. 21. (The underlining is the emphasis of the author of this report.

What is Known?

Our reivew of the literature indicates this is not an area that has been over-researched. Indeed, it would be more accurate to characterize it as an area where many potential "solutions" are being tried even though the factors constraining SSE expansion continue to be discussed. Evaluative technologies are truly needed to assist in problem definition and resolution. The following paragraphs sketch out current activities in a "hypothesis-to-be-tested" context.

Importance of SSE

Liedholm and Chuta have documented the importance of off-farm employment for at least the rural sector of a diverse set of developing nations (see Table Three). This is promising, for it means that even a small percentage increase in SSE activities can have significant effects.

But given the importance of SSE activities, the question is whether they can be increased in a cost-effective manner that generates additional employment, income and other benefits to the urban and rural poor. Beyond this, the question is whether there is a role for AID or foreign donors in general to play in such an expansion.

TABLE THREE

PERCENTAGE OF RURAL LABOR FORCE WITH PRIMARY EMPLOYMENT IN RURAL NON-FARM ACTIVITIES

Country	Year	Coverage	Percentage of Rural Labor Force Primarily Employed in Non-Farm Sector
Guatemala	1964	All rural	14
Thailand	1970	All rural	18
Sierra Leone	1976	Male-rural	19
South Korea	1970	All rural	19
Pakistan	1970	Punjab only	19
Nigeria	1966	Male-3 dist. W. State	19
India	1966	All rural	20
Uganda	1967	Four rural villages	20
Afghanistan	1971	Male-Paktia Region	22
Mexico	1970	All-Sinaloa State	23
Colombia	1970	All rural	23
Indonesia	1971	All rural	24
Venezuela	1969	All rural	27
Kenya	1970	All rural	28
Philippines	1971	All rural	28
W. Malaysia	1970	All rural	32
Iran	1972	All rural	33
Taiwan	1966	All rural	49

Source:

1. Guatemala: World Bank (1978a)
2. Thailand: Thailand (1973)
3. Sierra Leone: Byerlee, et al. (1977)
4. Korea: Korea (1972)
5. Pakistan: World Bank (1978a)
6. Nigeria: Mueller and Zevering (1970)
7. India: World Bank (1978a)
8. Uganda: Brandt, et al. (1972)
9. Afghanistan: Gerken (1973)
10. Mexico: World Bank (1978a)
11. Colombia: World Bank (1978a)
12. Indonesia: Leiserson (1974)
13. Venezuela: World Bank (1978a)
14. Kenya: I.L.O. (1972)
15. Philippines: I.L.O. (1974)
16. West Malaysia: World Bank (1978a)
17. Iran: Dhamija (1976)
18. Taiwan: Ho (1976)

Enyinna Chuta and Carl Liedholm, "Rural Non-Farm Employment: A review of the State of the Art," MSU Rural Development, Paper No. 4, Michigan State University, Department of Agricultural Economics, East Lansins, Michigan, 1979.

Evaluation Implications of Constraints to SSE Development

A review of current activities suggests that somewhere something is being tried to deal with almost all of the problems cited above.1/ Often this is being done in a piecemeal fashion (this might hopefully be characterized as the "bottleneck first" approach; less hopefully, it might turn out to be the "wrong medicine for the wrong patient" approach); in other circumstances, attempts are being made to offer various types of assistance.

Generally, there are three potential problems with the direct "solution" programs being attempted in the field:

- They are not focusing on the critical constraints to SSE expansion;
- They are focusing on the proper constraint, but the assistance strategy is inappropriate;
- The problems are intractable; there is nothing that can be done to remove the constraints in the short- and medium-term.

As was illustrated in Chapter One, a large number of technical services are being offered SSEs. Among them, greatest attention is probably being devoted to training and assistance in accounting and financial management. It is apparent that

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1/ See Chapter One for a discussion of various SSE intervention strategies and constraints to their successful implementation.

accounting and financial management capabilities are sorely lacking in SSEs; it remains to be seen whether providing these services is both a necessary and sufficient condition for SSE growth. Given that this form of assistance is a major component of SSE development assistance, it would be extremely useful to have some assessments made of what follows from such assistance. A priori, it seems most reasonable to hypothesize that:

- There are better and worse ways to provide finance and accounting training/assistance;
- In most cases, such training/assistance is needed but is not a sufficient condition for significant SSE expansion;
- Some of the training and accounting practices being introduced are inapporpirate when seen from the standpoint of potential beneficiaries.

This list provides a good starting point for any evaluative work relating generally to the introduction of a constraint-removing activity and, in particular, to accounting and financial practices.

Another type of technical service concerns appropriate technology. Right now, many developing nations do not have the capacity to know when they are using inappropriate technologies and to work for the introduction of appropriate technologies. The introduction of appropriate technologies might entail the establishment of SSEs to produce the required machinery. There are a number of steps in the appropriate

technology "chain" running from the identification of inappropriate technology use through to the adoption of appropriate technologies. In this chain of events, leading possibly to the establishment of SSEs, there is need for evaluation activity at every "link."

Technical assistance is also being provided to examine the macroeconomic policies of countries -- in particular, to determine how these policies might discriminate against SSEs. The generation of such information is useful only insofar as it leads to:

- Changes in macro policies that eliminate discrimination activities;
- The tailoring of SSE objectives and activities to take greatest advantage of government policies.

These actions are clearly not ends in themselves but are useful intermediate actions "holding promise."

Credit programs are one of the most frequently employed strategies to spur the development of SSEs. The common arguments for such programs which warrant far more scrutiny than they have received to date go something as follows:

> Traditional financial institutions discriminate against SSEs; as a result, SSEs are undercapitalized, do not grow rapidly and borrow at excessively high interest rates from private money lenders, or a combination of the above.

There are clearly instances when credit programs are warranted and make a major contribution to the sound development of an SSE sector. On the other hand, the behavior of traditional financial institutions and private money lenders should not be dismissed as necessarily discriminatory and exploitative behavior. In many cases, SSEs will be high-risk situations and the administration of a number of small loans to SSEs is far more costly than the administration of a smaller number of larger loans. In short, there may be sound economic reason why SSEs cannot obtain loans from a country's financial institutions: it might simply be inefficient and a misuse of the nation's resources to provide credit to the SSE sector. It might only be economical for these loans to be made at higher rates as is done by the private lenders.

Such issues are rarely addressed when credit programs are initiated, and such generation should be built into evaluations of SSE credit programs. Of course, these questions should be asked along with other important questions:

- Did the credit go to the target groups?
- Was the credit used for the right things?
- Did an expansion in SSE activities result?
- What were the effects of these activities?
- At what cost per job did all of the above happen?

Various types of management training and assistance programs have been undertaken to spur the growth of SSEs. There is no question that here, as with the other activities discussed above, there is a need for management assistance. But here, as in the above cases, the questions are:

- Was the needed assistance provided?
- Were the necessary management capabilities transferred such that SSE staff could do what was needed in the future?
- Did SSE activities expand with concomitant beneficial effects?

In addition to single-purpose programs corresponding to the areas discussed above, there have been attempts to provide a more comprehensive set of activities so that various constraints can be tackled at the same time. In contrast to the programs discussed earlier, there is the danger here that too many activities will be pushed too soon, leading to the requirement for a high level of technical support, that cannot be maintained in the absence of outside funding. And, of course, with the multifaceted program, there are all the problems of timing and coordination that frequently plague development efforts.

At this point, very little attention has gone to developing entrepreneurial talent. In part, this is due to a controversy over how and whether people can be trained to be entrepreneurs. There is no question that a good business school training will assist one to perform management and other

business-related functions. But as regards having the vision or idea for a money-making activity and the drive to bring it into being, there is considerable disagreement.

Clearly, an environmental element is involved. In countries where markets are controlled and in situations where exploitation is likely to occur, there is simply no incentive for people to think or act as entrepreneurs. The empirical evidence on this issue is fragmentary. It is worth noting that in one of the few successful domestic programs directed at developing small business, entrepreneurs were brought in from the outside because:

> The region's (eastern Kentucky) low educational levels, poorly developed technological base and stagnant economy would produce few forward-looking entrepreneurs.1/

CONCLUSIONS

This section has pointed out that little systematic research has been performed on the constraints to SEE development or on the customization of generic evaluation methodologies to specific intervention strategies and environments. At the same time, every SSE project is either implicitly or

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1/ Neal R. Pierce and Jerry Hagstrom, "Aiding Entrepreneurs: A New Approach to the Old War on Poverty," National Journal, August 25, 1979, p. 1407. For a more optimistic view, see Wayne G. Broehl, The Village Entrepreneur: Change Agents in India's Rural Development, Cambridge, Mass., Harvard University Press, 1978.

explicitly focusing on the elimination of what is assumed to be a critical constraint to SSE development. Ideally, prior to the initiation of any major development activities, an SSE project should attempt to determine the major constraints to SSE development. Given that this was not done in the past, such an investigation would appear to be a good starting point for any SSE evaluation: was the project conceived to address what are, in fact, the critical constraints to SSE development? If the answer to the question is yes, the evaluation can be adapted to the intervention strategy's idiosyncrasies, and then go on to assess how well the project addressed these constraints, and at what cost. If the answer is no, the next question is whether the project was modified to address these constraints.

Of course, little can be done without some good measures of project impact. It is in the diagnostic area that questions such as those raised above make sense.

CHAPTER THREE

BEHAVIORAL CONSIDERATIONS

INTRODUCTION

Interviews with promoters of SSE programs have revealved a growing appreciation of the importance of certain "non-technical" factors in getting good evaluation work done and used. The following paragraphs will describe these considerations and how they relate specifically to SSE evaluation personnel and activities.

GETTING GOOD EVALUATION WORK DONE

In the last ten years, there has been a marked increase in the attention given to the importance of good evaluation work within the canvassed development community. Operationally, this has been reflected in the budget figures and organizational charts of most donor organizations. This evaluation interest has also been reflected in project designs -- specifically, project management units (PMU) having wide-ranging information responsibilities that include the monitoring and evaluation of project activities are now incorporated in many new project designs.

To date, these units have not realized their hoped-for potential in doing evaluation work. It appears that project managers and other key project policy makers find it difficult to specify in advance what information they need to monitor and evaluate project activities; furthermore, they are oriented to solving current problems and can rarely sustain an interest in the design of an information system. This task then falls to so-called "information experts," who then take it upon themselves to construct the information systems. Often, this is the beginning of the end; the information specialist designs the system in a vacuum and it becomes irrelevant from the standpoint of potential users' perceived needs. Moreover, the specialist is usually outside the organization's primary power structure, and thus possesses little internal leverage.

Frequently, an expert is paid to design a project information system, but not for system execution. Under these circumstances, it is not surprising that the expert spends more time than he should conceptualizing rather than customizing information systems for specific applications, and that information system designs often err on the side of being too complex and costly to be implemented (for example, for five person-weeks of work, it is "safer" to submit a 30-page data collection document than a one-page document, even if the latter is more appropriate in light of available project resources).

Many times, information system designs are far more complex and costly than warranted for another reason. Insufficient attention has been given to limiting the information to be collected and analyzed to what is critical for anticipated policy needs. It is far easier to require information "related to policy issues" than to require information "relevant to policy decisions." Granted, not all information needs can be anticipated; however, cost considerations suggest that information collection should be limited to information needs as expressed by project managers.

These comments are relevant to the question of why good information is not generated by the field for evaluations. A second reason why good evaluations do not get done is that formal monitoring and evaluation activities can be seen as a threat by project managers. The situation is clearly depicted in the following quote from an expert on information utilization:

> Organizations invariably respond to factors other than the attainment of their formal goals. Even rudimentary knowledge of organizational behavior indicates the salience of the drive for organizational perpetuation, personnel's needs for status and esteem and their attachment of the practice skills in which they have invested a professional lifetime, conservation and inertia and fear of the unknown consequences of change, sensitivity to the reactions of various publics, costs, prevailing ideological doctrines, political feasibility, and the host of other considerations that affect the maintenance of the organization. Evaluation's evidence of program outcome cannot override all the other contending influences.

> A fascinating example of resistance to utilization can be borrowed from military history. In 1940-41 the RAF Bomber Command refused to accept the evidence of aerial photography on the failure of its missions. Photographs indicated that only one of every four aircraft reporting an attack on target had actually gotten within five miles of it. An officer who passed on to his chief an interpretation showing that an attack had missed its mark found it later on his desk with a note scrawled across it in red: "I do not accept this report." The author of the account of these events states, in words that will echo familiarly to social evaluations, "it was very natural that many of those whose work it affected jumped to the comforting conclusion that something must have been wrong with the camera of the photographs or the man who wrote the report. 1/

To a greater or lesser extent, formal project information systems will threaten project management. The threat will be greater if the information system emphasizes summative evaluation rather than problem identification and resolution.

While project managers interviewed are understandably threatened by formal evaluation systems, there is a perhaps more fundamental reason why these project managers find ways to use PMU's for purposes other than good evaluation:

- Good project managers will develop reliable, low-cost, informal information channels; and
- Bad managers will not see the need for such channels.

1/ Carol H. Weiss, "Utilization of Evaluation: Toward Comparative Study," appearing in C. H. Weiss (ed.) Evaluating Action Programs: Readings in Social Action and Education, Allyn and Bacon, Boston: 1972, pp. 319-320.

In both cases there is little reason to believe that information activities of the PMU will get a high priority from project managers. This is especially true since project managers spend much of their time and derive much enjoyment from the natural outgrowth of the above situations, crisis management, i.e., dealing with unanticipated events in crisis settings.

Of course, one can also question whether project staff can be adequately objective about progress in their own project to be given a primary evaluation responsibility.

It can be argued that at the very least, the PMUs should have the responsibility for assembling certain baseline information against which the progress of the project could be measured. Once again, however, progress has not been remarkable. Baseline surveys have been conducted by PMUs and often with the express intent of serving as a basis for progress measurement. What has happened? Evaluators have come in at a later stage and have concluded the baseline data are of little use because:

- The wrong baseline information was collected;
- The data are not in a form that is easily accessible;
- The evaluators do not have the time or resources to replicate the data collection and analysis required to measure progress against the baseline information.

It must be concluded from the interviewed SSE community that unless incentive structures and other factors can be changed, it would be unwise to expect good evaluation work out of project staffs. At the very least, the work of project staffs should continue to be supplemented heavily by outsiders when it comes to evaluation activities.

One might now ask a more general question: in reviewing recent evaluation work, is there reason to be satisfied with what has been done? The answer is an emphatic no. In our review of the state-of-the-art, we found a very small portion of evaluations technically valid and/or relevant to issues of development impact, a finding unanimously confirmed by the interviewed SSE community. Also, last year, Samuel Daines reached similar conclusions in finding that only 4 or 5 out of 600 evaluations he randomly reviewed focused on development impact, and of these only 2 were technically rigorous.1/ Moreover, although most organizations have some sort of internal reporting/monitoring system, what they label as an "impact evaluation" is usually an assessment of an organization's effect on a project, not the developmental impact of this project on its intended beneficiaries.

A wide disparity exists between technical knowledge on evaluation methodology and what is currently done in the

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1/ This observation was the byproduct of a project involving the review of a large number of rural development projects. Daines, as do these authors, defines project impact as income and quality of life effects on the project's target beneficiaries.

developing world. This suggests that a simple focus on the technical issues is not nearly as important as focusing on timing, budgeting and the behavioral constraints to living up to high-quality technical standards.

EVALUATION UTILIZATION

Technically sound evaluations offer no guarantee for effective use. There is a burgeoning literature and an active dialogue on utilization of evaluation, and a few conclusions from this literature and these discussions are relevant here.

First of all, there is need for an institutional structure to make use of evaluations. Someone should be responsible for reviewing the evaluation findings objectively, and someone has to be in a position to effect changes in on-going projects, project designs or agency policy, if appropriate. Without such a structure, which includes a detailed plan for the introduction of new information systems, positive uses of evaluation will be few and far between.

However, even with such a structure in place, there are barriers to the effective use of good evaluation work. Evaluations frequently are not used because the results do not come in until after the policy decision for which the evaluation

was undertaken has been made. The scenario unfolds as follows: Policy makers, unable to anticipate their information needs in advance, commission evaluations at the last minute. The evaluation designs do not take into account the policy makers' time constraints. The resulting activity then is a waste.

The tale is often told of a problem Coca-Cola encountered many years ago when the vending machine price had to be raised from five cents because of inflation. After a lengthy and expensive study of the problem, a consulting firm came in with the recommendation to increase the vending price for a bottle of Coke to seven and one-half cents.

Evaluations are sometimes not used because the recommendations are beyond the power of policy makers to implement. Recommendations are not followed at times because they are not compatible with the constraints and/or other objectives of policy makers. Finally, recommendations are not used because they are either not understood or not trusted by policy makers.

If project funds must be spent in a predetermined way, there is no point in investing resources in a monitoring and evaluation system that tells how to redesign the project to improve project performance. While such inflexible project designs do exist, we doubt that such rigidities would stand up to solid documentation, provided by a good monitoring/evaluation system, that changes are needed. Going even

further, many organizations have too large a stake in a predetermined ideology or development theory to have much capacity to absorb unfavorable evaluation findings.

The reasons that information systems are not used stem from either or both of two primary causes:

- Project management has insufficient appreciation of the potentials of a monitoring/evaluation system; and/or
- The system design does not reflect the needs of and/or constraints under which the project operates.

The following tentative recommendations are offered in concluding this chapter:

- Increase the ratio of customizing to conceptualizing time.
- Build the information system into the project design so that project management has the responsibility to deliver on this mandate from the outset.
- Don't try to introduce an information system into an ongoing project unless project management is thoroughly involved as well as interested in making the system useful to the project.
- Where various information systems are already in place in the project area, try to rationalize them to your needs rather than create a new and perhaps redundant system.
- Allow an evaluation system sufficient implementation and utilization time, along with realistic budgetary resources, to permit ample opportunity for field adaptation and assessment, rather than embark on perpetual evaluation redesign.

EPILOGUE

This paper started with a review of current SSE evaluation activities. It was concluded that the activity level is rising but that much remains to be done on the methodological front. Specifically, it was found that little impact evaluation work has been undertaken and that less ambitious evaluation efforts have employed a rather elective set of methodological approaches.

In the second chapter of the paper, it was concluded that work on what constitutes appropriate SSE intervention strategies has not been subjected to any form of comparative assessment. Indeed, it is not as yet clear what promise SSE Development initiatives hold.

The final chapter pointed to the importance of behavioral issues in the structuring, carrying out, and utilization of evaluation work. Once again, this area demands more attention than it has received to date.

This paper constitutes a first cut at what SSE evaluation activities are needed and are currently being performed. It is hoped that by the end of this contract, a more complete picture on both subjects can be presented.

APPENDIX A

ORGANIZATIONS CONTACTED

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ORGANIZATIONS CONTACTED

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APPENDIX C

SELECTED SSE BACKGROUND LITERATURE

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SELECTED SSE BACKGROUND LITERATURE

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APPENDIX D

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APPENDIX E

EVALUATION ABSTRACTS

TITLE: Rural Industrialization Technical Assistance (RITA) Program.

DESCRIPTION: The RITA project was a demonstration pilot effort to test one model of rural/urban (commercial centers and intermediate towns in rural areas) grassroots industry development in the Northeast of Brazil. The project's primary thrust was rural investment promotion through the matching of U.S. university teams of professors and graduate students in business administration, engineering and economics with counterpart teams from local Brazilian universities to work in designated rural areas to: 1) identify small and medium industrial opportunities; 2) organize local companies to exploit these possibilities; 3) assist across-the-board in getting the new companies into sustained operation; 4) provide technical assistance to counterpart university faculty and students in development entrepreneurship, promotion, and related areas; and 5) involve local citizens in the process of industry formation, ownership, and management.

LOCATION: Six states in the Northeast of Brazil: Ceara, Rio Grande do Norte, Paraiba, Pernambuco, Alagoas, and Bahia.

SPONSOR: U.S. Agency for International Development; Government of Brazil.

IMPLEMENTOR: U.S. Agency for International Development; Government of Brazil.

COST: $3.75 million (1965 dollars).

DURATION: 1962 to 1968.

FUNDS SPENT AT TIME OF EVALUATION: All.

ELAPSED TIME: Project completed seven years prior to evaluation.

Evaluation Specifics

TITLE: An Evaluation of the Rural Industrialization Technical Assistance (RITA) Program, Northeast Brazil, 1962 to 1968; World Bank Science and Technology Report No. 15.

SPONSOR: Office of Science and Technology, World Bank.

EVALUATOR: Neil Boyle, Consultant to World Bank and former Chief of Party/RITA Project, Alagoas.

DATE: 3 March 1976.

LENGTH: 55-page text, 8-page annex.

COST: Approximately $20,000.

DURATION: Three months (two in Brazil and one in the United States).

PURPOSE: Assess the RITA program model of rural/urban industry development in northeastern Brazil and recommend elements which might go into a new rural/urban industry development program in this region.

METHODOLOGY:

Data Collection - The evaluation is based primarily upon a field mission to the Northeast of Brazil in August and September of 1975, during which: 1) consultations were held with government officials and technical assistance groups and with former American and Brazilian members of the RITA program; 2) the evaluator visited four of the six field sites and collected data on nine of the nineteen known and twenty-five reported RITA firms; and 3) a data base for these firms was developed through interviews with owners/managers, observations of plant facilities and operations, analysis of documents, and the restructuring of balance sheet and income statements based on current costs and prices. These nine firms were chosen because they were the only firms of the thirteen surveyed which had sufficient data on which to base an analysis, they were located in an area which did not require doubling back on travel plans, and they were located in an area which contained most of the firms. The USAID Final Report (1969) listed fifteen plants in operation in 1969; two had closed by the end of 1975 (although one of these was scheduled to reopen shortly), and five new RITA or RITA spin-off firms had been established. The evaluator's sample does not appear to be biased by the nature of the selected firms, i.e., size, location, product line, and the like.

Data Analysis - Analysis of the program employs a mixture of financial capital budgeting techniques and socio-economic investigation. Firm-specific data on performance and impact indicators, and postulated critical variables

of success, are compiled in charts utilizing a cross-firm format and accompanied by succinct narratives outlining the author's main assumptions, data derivation methodologies, and findings. Brief case descriptions of sample firms are included in an annex.

Key assumptions are: 1) viable combinations of the factors of production, including untapped resources of local capital, exist in underindustrialized rural communities of northeastern Brazil that can be organized into sustained and profitable local industrial firms; 2) universities can play a catalytic role in motivating the human and material resources of rural communities for the purpose of industrial development; and 3) local community citizens can be motivated by outside intervention, and with experiences in capital formation, entrepreneurship, resource institutions and technology into owning and managing these industrial firms. Program performance and impact are perceived in light of the above premises, and other contextual factors which might provide alternative explanations for the evaluator's findings are not articulated. Key neutral descriptors are, on a firm-specific basis: product, output (metric tons and U.S. dollars), total investment, debt per total investment, sales per total investment, credit sources and repayment, local equity and leverage, capital to output ratio, capital to job ratio, number of employees, ownership, number of stockholders, market reach, linkages, multiplier effects, degree of subsidization, type of technology, training and university participation, and socioeconomic background of beneficiaries.

Key success indicators are, on a firm-specific basis: product quality, dividends and capital gains, recovery of promotional and development costs, worker turnover, worker welfare, community changes, cost and labor-income benefit streams, net profits to sales ratio, and profitability estimates (profit margins, return on investment, asset turnover). Key variables hypothesized to affect the above two groups are, on a firm-specific basis: size (investment and employees), location, type of product, capital to labor ratio, market reach, source and class of entrepreneur/manager, business training of entrepreneur/manager, source of critical inputs, enterprise management style, and community development strategies and applied behavioral science skills.

CONCLUSIONS: The RITA project has benefited the development of the Northeast of Brazil; the expenditure of 16% over capital costs for technical assistance and promotion is indispensable to successful grassroots rural industry development, given the low risk and innovation profiles entrepreneurs are likely to have in rural communities of the Northeast;

promotion costs are not excessively high when related to the labor-income stream measured over a ten-year period; capital costs per job created for the smaller RITA firms have not significantly increased over the ten-year period since production began; rural/urban industry in the Northeast can be labor-intensive and competitive; industrial plant size for rural/urban areas should not exceed U.S. $425,000 in total investment when based entirely on local factors of production; the most profitable RITA firms are those which are small, produce for local markets, produce basic necessity products, depend on local inputs, have a personalized relationship with their factor and product markets and which use a team approach to management; limited amounts of equity capital for new rural/urban industry development exist in towns which are already commercial centers in the Northeast; and equity investments by the local community are probably a key factor in motivating local entrepreneurs.

Project Synopsis

TITLE: Rural Industrialization Technical Assistance (RITA) Program.

DESCRIPTION: The RITA project was a demonstration pilot effort to test one model of rural/urban (commercial centers and intermediate towns in rural areas) grassroots industry development in the Northeast of Brazil. The project's primary thrust was rural investment promotion through the matching of U.S. university teams of professors and graduate students in business administration, engineering and economics with counterpart teams from local Brazilian universities to work in designated rural areas to: 1) identify small and medium industrial opportunities; 2) organize local companies to exploit these possibilities; 3) assist across-the-board in getting the new companies into sustained operation; 4) provide technical assistance to counterpart university faculty and students in development entrepreneurship, promotion, and related areas; and 5) involve local citizens in the process of industry formation, ownership, and management.

LOCATION: Six states in the Northeast of Brazil: Ceara, Rio Grande do Norte, Paraiba, Pernambuco, Alagoas, and Bahia.

SPONSOR: U.S. Agency for International Development; Government of Brazil.

IMPLEMENTOR: U.S. Agency for International Development; Government of Brazil.

COST: $3.75 million (1965 dollars).

DURATION: 1962 to 1968.

FUNDS SPENT AT TIME OF EVALUATION: All.

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Evaluation Specifics

TITLE: An Evaluation of the Rural Industrialization Technical Assistance (RITA) Program, Northeast Brazil, 1962 to 1968; World Bank Science and Technology Report No. 15.

SPONSOR: Office of Science and Technology, World Bank.

EVALUATOR: Neil Boyle, Consultant to World Bank and former Chief of Party/RITA Project, Alagoas.

DATE: 3 March 1976.

LENGTH: 55-page text, 8-page annex.

RECOMMENDATIONS: The author's recommendations revolve around implications for the World Bank in designing a RITA-type program in 1976 rather than in the early 1960s. In sum, the author recommends that the RITA prototype be reorientated to generate grassroots industrial firms which have capital costs substantially below the $7,085 figure the RITA projects ended up with in 1975, can distribute income more effectively to the 40% rural poor income bracket, can decentralize industry more effectively to the interior regions of the Northeast, and can develop new products that have high income, input and output linkages with agriculture, industry and government.

EVALUATION USE: 300 copies requested to date; the Bank is now actively promoting SSE development in northeastern Brazil; the evaluator is a consultant for the Bank, with the responsibility of planning, implementing, and evaluating SSE projects, that is, following these projects through their full life-cycles.

Project Synopsis

TITLE: Bangladesh - First Small-Scale Industry Project (Credit 353-BD).

DESCRIPTION: International Development Association (IDA) loan to the Government of Bangladesh, essentially the transfer of an earlier credit of a like amount to East Pakistan following the war of independence. The credit was designed to operate through the medium of commercial banks to provide foreign exchange and technical assistance to small-scale enterprises. The Bangladesh Small Industries Corporation (BSIC) was responsible for screeing subloan applications, appraising the technical, financial, and economic viability of subprojects, approving them for finance by the commercial banks, and supervising subproject implementation and operations; a consortium of the six nationalized commercial banks was to assess the creditworthiness of clients once subprojects were approved by the BSIC, disburse funds, and collect repayments; risks were split 50:50 between BSIC and the commercial banks. Small-scale industries were defined as units with fixed assets not exceeding Tk 1.5 million (about U.S.$210,000), although the limit was raised to Tk 2.5 million (about U.S.$330,000) in October 1973.

LOCATION: Subprojects located primarily in and around Dacca and Chittagong, Bangladesh.

SPONSOR: International Development Association, World Bank.

IMPLEMENTOR: Bangladesh Small Industries Corporation, consortium of nationalized commercial banks, and the International Development Association.

COST: U.S.$3 million.

DURATION: Approved, December 1972; effective May 1973; closed, December 1977.

FUNDS SPENT AT TIME OF EVALUATION: All but U.S.$8,945 (cancelled).

ELAPSED TIME: 2½ years.

Evaluation Specifics

TITLE: Project Performance Audit Report: Bangladesh - First Small-Scale Industry Project (Credit 353-BD).

SPONSOR: Operations Evaluation Department, World Bank.

EVALUATOR: Phiroze Medhora, Senior Evaluation Officer, Industry and Development Finance Companies Division, Operations Evaluation Department, World Bank.

DATE: 14 May 1980.

LENGTH: 26-page text, ten pages of tables.

COST: Approximately $30,000

DURATION: Evaluator - 6-8 weeks;
Local university research team (6-8 people) - 2-3 months;
Home-office support - 4-6 weeks.

PURPOSE: Standard operating procedure to evaluate every Bank loan at project's completion to assess project design, implementation, and impact, and to draw lessons for future Bank projects.

METHODOLOGY:

Data Collection - The data for this evaluation is derived from two sources: 1) a trip by the evaluator to Bangladesh in February 1979, during which time he had discussions with Government and central bank officials, project personnel, and representatives of the commercial banks; and 2) the Project Completion Report (PCR) prepared by the South Asia Regional Office, based on two Bank missions, and a specially commissioned study by Dacca University's Institute of Business Administration.

Data Analysis - The data are analyzed in two forums, a 6-page Project Performance Audit Memorandum and a 28-page attachment, the Project Completion Report. The Memorandum is essentially a summary of the Attachment, which discusses, in paragraph outline form: the project's sector, policy, and institutional contexts; the project's objectives, components, and design; the ex-post experience of subprojects financed, and the performance of their implementing agencies; and lessons learned. Key assumptions underlying the above analysis are that the principal reason for small industry's slow growth in Bangladesh is limited access to foreign exchange to import equipment and machinery, as well as the paucity of entrepreneurs with technical expertise, and the lack of outside technical assistance to help improve the efficiency of small industry. The explicit objectives of the project were thus to develop management capabilities, broaden industry ownership, and provide foreign exchange to small enterprises. Key neutral descriptors in the evaluation are, by subsector: location, amount sanctioned (and percent of total subsector), number of projects, cost distribution of projects, type of activity, total fixed cost, total fixed cost excluding land, equipment cost, foreign equipment cost and source, percent of foreign equipment over total equipment cost, and percent of imported raw material consumption over total raw material consumption. By division (region): number of projects, sanctioned amount, equity contribution, total fixed cost, and employment.

Key success indicators are, by subproject, and presented as actual against planned: total fixed costs, number of employees, costs per job, loan amount in relation to equity (actual only), production output, sales, profits before tax, capacity utilization, and problems encountered (actual only). By bank: number of projects, amount sanctioned, amount disbursed, amount realized, amount overdue, amount fell due, and amount overdue as a percent of amount fell due. Key variables hypothesized to affect the above two groups are: 1) environment - the consiserable social, political, and economic turmoil which followed the war of independence; 2) project design - inefficiencies, conflicts, and ambiguities resulting from the division of appraisal and financing responsibilities between BSIC and the commercial banks; unclear objectives and subproject eligibility criteria; and 3) project implementation - BSIC's weak appraisal and follow-up capabilities.

CONCLUSIONS: The project was inadequately designed, and as a result, particularly given the difficult environment in which it was implemented, ran into delays and difficulties in the implementation period. The number of subprojects covered was smaller and the average financing larger than originally envisaged, and the number of jobs created smaller than projected. Also, procurement did not always conform to the credit agreement requirements, and the subprojects ran into repayment problems. However, the evaluators point out that Credit 353-BD was the first SSE project for both Bangladesh and the Bank, and the lessons it offers will aid the design of future small-scale industry projects.

RECOMMENDATIONS: Appraisal/financing responsibilities should not be split between BSIC and commercial banks; appraisal and follow-up skills should be built into the banks; clear subproject priorities and loan eligibility requirements need be established; the IDA should provide a clear project design, and regular, direct technical assistance and encouragement to implementing agencies; IDA financing and disbursement should include local as well as foreign exchange costs since this would reduce bias toward subprojects intensive in imported equipment; credit and technical assistance to existing enterprises should receive at least as much attention as new enterprises; institutions responsible for project identification and appraisal should develop their capabilities in assessing alternative technologies; location on industrial estates should be optional for industries manufacturing products with regular marketing channels, and should be discouraged for most agro-processing and service industries; SSE projects should include cottage/informal enterprises to help achieve employment generation at low costs; and follow-up and collection procedures should receive major attention.

EVALUATION USE: Many of the above recommendations were incorporated into the design of the Second Small Industry Project for Bangladesh (Credit 825-BD), approved in June 1978.

Project Synopsis

TITLE: Farmer Association and Agribusiness Development (FAAD).

DESCRIPTION: The project's primary objective is to achieve wide-scale improvements in the quality of life in selected rural areas of Ghana by developing farmers associations and rural-based business enterprises. The project is designed to implement AID's "New Directions" mandate by working through private voluntary organizations, and thus consists of seven subprojects: 1) integrated rural development in four regions of southern Ghana; 2) building and stocking of a centralized Farm Service Center in Tamale to provide scarce farm inputs to agricultural stations and training centers in northern Ghana; 3) building and stocking of an Agricultural Service Center in Tamale to serve as a wholesale store to provide scarce commodities and services to nine agricultural stations in northern Ghana; 4) provision of managerial and technical skills for members of cooperatives and farmers associations country-wide; 5) establishment of a training/consultancy facility in Atebubu District to assist village leaders and organizations in identifying local development projects; 6) development of self-help sugar agribusinesses; and 7) provision of management training for members of indigenous craft associations.

Note: The above subprojects henceforth will be referred to by the shorthand titles "Integrated Rural Development," "Farm Service Center," "Agricultural Service Center," "Cooperatives," "Local Development Projects," "Sugar Agribusiness," and "Craft Associations."

LOCATION: Ghana.

SPONSOR: U.S. Agency for International Development Mission to Ghana.

IMPLEMENTOR:
1) Integrated Rural Development - Ghana Organization of Voluntary Assistance (GOVA);
2) Farm Service Center - Catholic Relief Services (CRS);
3) Agricultural Service Center - Christian Service Committee (CSC);
4) Cooperatives - Ghana Rural Reconstruction Movement (GhRRM);
5) Local Development Projects - Association of People for Practical Life Education (APPLE);
6) Sugar Agribusiness - Technoserve, Inc.; and
7) Craft Associations - Young Men's Christian Association (YMCA) and Rural Enterprise Guidance Association (REGA).

COST: $3.4 million.

DURATION: August 1977 thru June 1982.

FUNDS SPENT AT TIME OF EVALUATION: $1.67 million.

ELAPSED TIME: 2 years, 8 months.

Evaluation Specifics

TITLE: FAAD (Farmer Association and Agribusiness Development) Mid-Project External Evaluation.

SPONSOR: U.S. Agency for International Development Mission to Ghana.

EVALUATOR: Frank Dimond, Office of Development Planning, Bureau for Africa, USAID; Marian Fuchs-Carsch, PVO Expert, New TransCentury Foundation; and D.M. Warren, Anthropologist, Iowa State University.

DATE: May 1980.

LENGTH: 87 pages of draft manuscript.

COST: $30,000.

DURATION: 2½ weeks.

PURPOSE: To determine the benefits and limitations of working through PVOs, as opposed to working directly through Government of Shana units, to reach the small-scale farmer and the rural poor; to examine the advantages and disadvantages of extending the FAAD project into a second phase; and to evaluate the FAAD project's suitability as a model for replication by other USAID missions.

METHODOLOGY:

Data Collection - The evaluation team spent seven days visiting one or more project sites for each of the seven PVOs involved in the FAAD project. During these visits, the team met with PVO field staff and representatives of various beneficiary groups, and observed project activities and achievements, as well as PVO-beneficiary field relationships. In addition, data were collected from baseline and annual field surveys required by contract of each PVO.

Data Analysis - The authors first isolate factors extrinsic and intrinsic to the project by describing the Shanaian, AID, and PVO contexts (extrinsic) and a dual logical

framework model (intrinsic) paralleling FAAD and PVO operational processes. A brief review of project background and financial status follows, as well as summary profiles of the PVOs' inputs, outputs, purposes, and goals. The analysis concludes with a description, by subproject, of subproject goals, indicators of progress toward objectives, strategies for improved efficiency, and recommendations. The evaluators' assumptions are that if project goals are well articulated and project tasks properly designed to meet these ends, then indications of these project activities are sufficient measure of project impact and adequate criteria for evaluating project success. Hence, the analysis is essentially a performance appraisal comparing initial project goals with field achievements to date. The evaluation does not deal with individual or aggregate community income effects, does not mention social impact and benefit distributional effects, does not compare the subprojects with each other, does not present the data in a standardized or comprehensive format, and does not detail the source of its data nor does it predict the reliability of these data. The evaluation contains no neutral descriptors of subproject nature or activity, but rather, background characteristics of each PVO, such as organizational structure, operating style, methodology of intervention, purposes, and goals. Success indicators, matched against project objectives, revolve around degree of project activity, i.e., number of extension visits, number and types of new farming techniques adopted, new crops grown, number of demonstration plots, number of self-help projects begun and completed, number of associations formed and number of new association members, and the like. The evaluators do not hypothesize as to key variables responsible for the above effects, other than the inclusion of a section listing the advantages and disadvantages of working through PVOs.

CONCLUSIONS: The evaluators arrive at two principal conclusions: 1) PVOs have varied widely to date in delivery of outputs, in part due to different starting dates and different degree of severity of obstacles, and no conclusion is yet possible; and 2) PVOs are an effective and efficient vehicle for implementing rural outreach programs.

RECOMMENDATIONS: The evaluation team is unanimous in recommending there be a Phase II of the FAAD project and the FAAD model be considered for replication at other AID missions. Some minor recommendations are also presented for the improved implementation of Phase I and the greater utilization of PVO expertise.

EVALUATION USE: The evaluation is currently under review within AID.

Project Synopsis

TITLE: Indigenous Industrial Development Project (#620-15-910-714).

DESCRIPTION: A project to develop and strengthen Nigerian private enterprise in the small industry sector by helping Nigerian businessmen to start, expand, or improve their businesses. This was to be accomplished through three institutions called Industrial Development Centers (IDCs), located in three different areas of the country. Five small-scale industries were selected for primary attention: woodworking, metalworking, leatherworking, auto repair, and textiles. Assistance was in the form of technical, managerial, and accounting instruction initially, but later included financing after the program was integrated with the Ford Foundation's Small Industry Credit Project.

LOCATION: Eastern (Owerri), northern (Zaria), and western (specific site not yet choosen) Nigeria.

SPONSOR: U.S. Agency for International Development; Government of Nigeria; the Ford Foundation.

IMPLEMENTOR: U.S. Agency for International Development; Government of Nigeria.

COST: Credit - Approximately $1 million; Operations - Not available.

DURATION: 1962 - 1971.

FUNDS SPENT AT TIME OF EVALUATION: All appropriated U.S. assistance.

ELAPSED TIME: 9 years (evaluation undertaken at conclusion of U.S. involvement in project).

Evaluation Specifics

TITLE: Developing Small Industries: A Case Study of A.I.D. Assistance to Nigeria, 1962-1971.

SPONSOR: Program Evaluation Office, Bureau for Program and Policy Coordination, Agency for International Development.

EVALUATOR: George D. Hawbaker, Private Enterprise Officer, USAID/Nigeria; H. Howard Turner, Private Enterprise Advisor, USAID/Nigeria.

DATE: 1971.

LENGTH: 39-page text; 11 pages of appendixes.

COST: Approximately $7,000.

DURATION: 6 weeks in Washington, D.C.

PURPOSE: The evaluation has two main purposes: 1) to assess the design, implementation, and effects of AID's small industry project in Nigeria; and 2) to describe the policies, programs, and procedures which evolved through the field implementation of this project, to offer instruction for similar projects elsewhere.

METHODOLOGY:

Data Collection - As the principal evaluator was intimately involved with the project for several years, most of the report's findings are derived from the evaluator's personal recollections and familiarity with the project. It should be noted that most early project papers were destroyed during the Nigerian civil war which transpired during the course of the project's implementation.

Data Analysis - The evaluation is essentially a case history written in a narrative, historical format. It describes the project's theoretical underpinnings, implementation process, and results, all in general, aggregated terms occasionally supported by specific figures.

Key project assumptions center on the tapping of underutilized entrepreneurial potential through the application of "essential elements" of SSE development: 1) an introduction to machine-type operations; 2) the development of prototypes on which improved design and quality can be based; 3) access to loan financing; 4) preparation of feasibility studies; and 5) assistance with project implementation.

The only neutral descriptors used in the evaluation are qualitative backround descriptions.

Success indicators employed include: number of outsider visits to entrepreneurs, number of seminars held, number and type of new products developed, number of consultations held, gross sales generated, new investments induced, number of feasibility studies undertaken, number and size of approved loans, and new employment induced by the project. It should be noted that only these categories of indicators are recounted, not specific project data.

Variables hypothesized to affect the project's success are: time lags from the request for to the delivery of project assistance, degree of industry and geographical diversification of selected projects, size and complexity of assisted businesses, tailoring of assistance to local environment, Nigeria's concurrent overall economic boom, and the caliber of project staff.

CONCLUSIONS: The project results demonstrate that AID advisors and their colleagues have learned enough about development principles to apply them effectively to the promotion of indigenous small industry. The Nigerian project has produced a successful approach to small industry development, and a project design has emerged from this experience which can be replicated at other AID missions.

RECOMMENDATIONS: The evaluator's recommendations are contained in the report's closing chapter, "Guidelines for Undertaking a Similar Project Elsewhere," and in the appendix titled "Self-Help Management Techniques." No major changes are proposed in the implementation of the project under review.

EVALUATION USE: General circulation within AID.

Project Synopsis

TITLE: CARE/Sierra Leone Rural Penetration Roads Projects (AID Projects 636-0101, 636-0111, 636-0126).

DESCRIPTION: An AID-designed project to support Integrated Agricultural Development Projects (IADPs) funded by the World Bank. Implemented in two phases, the project was designed to construct a projected 1,300 miles of feeder roads in Sierra Leone to increase small farmer access to IADP services, namely improved crop varieties, fertilizer, extension advice, and better marketing outlets.

LOCATION: Sierra Leone's Eastern, Southern, and Northern Provinces.

SPONSOR: Agency for International Development (AID), Cooperative for American Relief Everywhere (CARE), Government of Sierra Leone (GOSL), Peace Corps, U.K. Voluntary Services Organization (VSO), and the World Bank.

IMPLEMENTOR: Cooperative for American Relief Everywhere (CARE).

COST: $11.7 million.

DURATION: FY 1975 to FY 1980.

FUNDS SPENT AT TIME OF EVALUATION: Approximately $8.7 million.

ELAPSED TIME: Approximately four years.

Evaluation Specifics

TITLE: Effectiveness and Impact of the CARE/Sierra Leone Rural Penetration Roads Projects (AID Projects 636-0101, 636-0111, 636-0126): Project Impact Evaluation No. 7.

SPONSOR: Office of Evaluation, Bureau for Program and Policy Coordination, Agency for International Development.

EVALUATOR: G. William Anderson, Economist, Office of Evaluation, Bureau for Program and Policy Coordination, Agency for International Development.

DATE: June 1980.

LENGTH: 15-page summary; 79-page detailed report.

COST: Approximately $20,000.

DURATION: Sierra Leone field work - 12 days; Washington - 6 weeks.

PURPOSE: This evaluation is one of a series of approximately thirty impact evaluations in six sectors now in various stages of completion. These evaluations, when finished, will result in sector summary papers, and will contribute to an overall AID internal program and policy review. Thus, the evaluation was undertaken as a preliminary part of AID's assessment of the impact of its rural roads program. Also, being one of AID's first project impact evaluations, it was to offer lessons on carrying out future evaluations of this nature.

METHODOLOGY:

Data Collection - The data for this evaluation is derived from two principal sources: 1) socioeconomic surveys carried out in 1977 and 1978, and being conducted in 1979 while the evaluator was in-country, as part of AID's annual project evaluations;* and 2) a two-week field trip to Sierra Leone by the evaluator as part of the annual evaluation team, during which time he met with CARE staff, officials of the Ministry of Development and Economic Planning, the Ministry of Works, and the Ministry of Agriculture (all in Freetown), as well as travelled up-country (to Makeni, Bo, and Kenema) to inspect roads, visit equipment maintenance workshops, confer with Anthony Airey (the social scientist carrying out the socioeconomic surveys on the roads' impact), and interview officials of the IADPs.

*Over the three years, Airey used local university students of the same tribal group as the interviewees to interview more than 400 individuals. In the 1977 survey, a pretested questionnaire was administered to 47 village headmen in randomly selected villages that were both affected and unaffected by CARE road construction. In 1978 and 1979, Airey continued in this mode, but shifted to interviewing randomly selected individual households in preselected villages. The 1979 survey was also the first examination of the CARE roads over time, for the Daru area covered was the same area Airey surveyed in 1977.

Data Analysis - Impact analysis relies entirely upon an attempted interpretation of the socioeconomic survey data generated by Airey, and is supplemented by an evaluation of project implementation performance (derived from project annual reports) and shortcomings of the impact evaluation in question. Project assumptions are that as Sierra Leone mineral exports continued to decline throughout the 1970s, agricultural production needed to expand and diversify. This was to be achieved as IADPs provided farmers with increased and continued access to agricultural inputs and market outlets, the provision of which was to be facilitated by the construction of all-weather penetration or feeder roads in the areas to be served.

The evaluation contains no neutral descriptors. Success indicators are used to gauge: 1) CARE's project implementation performance; and 2) the benefits of the project itself. Indicators of CARE's performance are comparisons between projected and actual project funding, miles constructed, and cost per mile, as well as less quantitative indicators of field experimentation and innovation, such as machinery used, road structures built, involvement of local chiefs and villagers, and criteria for feeder road alignment selection. Indicators of project impact are extension agent visits, fertilizer use, cash value, amount and variety of marketed crops, signs of environmental degradation, length of fallow periods, extent of swamp rice cultivation, rice availability, traffic level, composition, origin and destination, vehicle ownership, degree of roadside commercial activity, level of village construction and community services, rural-urban migration, and ownership of consumer goods.
Variables hypothesized to affect CARE's project performance are unrealistic project goals and timetables, uneconomical use of rehabilitated construction equipment, use of Peace Corps and VSO volunteer engineers and technicians, the GOSL's insistence that the CARE feeder roads be built to Class IV standards, delays in AID funding and GOSL selection of sites, and degree of field innovation. The only variable believed to account for project impact (or lack thereof) is road construction.

CONCLUSIONS: Regarding CARE's performance, the evaluator concludes that in spite of delays, faulty assumptions, and poor planning, CARE has coped about as well as could be expected in organizing and carrying out the project, and has been successful in constructing feeder roads complementing rural development schemes in Sierra Leone. Regarding project impact, the evaluator concludes that villages served by CARE roads receive more frequent visits by extension agents than those not served, the roads have led to substantially increased traffic (some diverted from poorer roads), and CARE-serviced villages have higher vehicle ownership rates, cement use in construction, proportion of income spent on basic consumer goods, and degree of government and private health services than non-CARE villages. Also, CARE-affected communities have a shorter range of fallow periods of upland rice fields, more shortage of rice, and greater swamp rice cultivation than farmers not served by CARE roads. Indications of other possible positive and negative project effects do not lead to clear conclusions.

RECOMMENDATIONS: The evaluator recommends utilizing Phase III of the CARE Rural Roads Project to institutionalize feeder road maintenance and construction, continue investigating the impacts of CARE roads and future new interventions which future impact studies may suggest, and further study labor intensive construction in Africa. The evaluator also makes several recommendations

regarding the design of future AID road projects, and future AID impact evaluations: send a team with a single purpose, independent ability to question beneficiaries and collect information, and necessary mix of expertise; allow sufficient time for preparation, field work, and report write-up; and develop quick, simple indicators of project impact.

EVALUATION USE: Many of the evaluator's suggestions were incorporated into a follow-on Sierra Leone road project, and into the design of subsequent AID impact evaluations.

Project Synopsis

TITLE: UNO (União Nordestina de Assistência a Pequenas Organizações, Northeast Union for Assistance to Small Organizations).

DESCRIPTION: An experimental program aimed at providing the urban micro-entrepreneur with credit and technical assistance. To achieve this objective, UNO sends its technicians to the field to establish individual credit and technical assistance needs, a plan is drawn up and submitted to one of the program's participating banks, the bank analyzes the project and either grants or denies the loan, if the loan is approved UNO guarantees it, and UNO provides technical assistance throughout loan utilization. The program's goals are to: 1) increase the number of jobs in different sectors of the economy, particularly in the low-income populations; 2) increase the access of low-income groups to the means of production and thereby encourage a more equitable distribution of income; 3) increase the management/technical capacity of small businessmen and stimulate the development of small organizations in non-traditional sectors of the economy; 4) open new sources of credit for small enterprises; 5) develop methodologies and models which, once tested, may be applied by other organizations on a larger scale and in other areas; 6) document all aspects of the undertaking; 7) familiarize participating organizations with technical consulting services; 8) modify the fatalistic attitude of the micro-businessman; 9) obtain a greater participation of small businessmen in community activities; and 10) contribute to making the families of the businessman and his employees more stable.

LOCATION: Metropolitan Recife, northeastern Brazil.

SPONSOR: ACCION International/AITEC; Oxfam; local banks.

IMPLEMENTOR: UNO.

COST: Credit - $871,000;
UNO - $340,000.

Note - Both figures approximate as of March 1976.

DURATION: July 1973 - Present.

FUNDS SPENT AT TIME OF EVALUATION: Credit - $312,000;
UNO - $125,000.

Note - Both figures approximate; Cr$6.22 = U.S.$1 (1974).

ELAPSED TIME: 1½ years.

Evaluation Specifics

TITLE: Small Business Development in Brazil: A Study of the UNO Program.

SPONSOR: ACCION International/AITEC.

EVALUATOR: José Gentil Schreiber.

DATE: Spring 1975.

LENGTH: 49-page text; 6 pages of appendixes.

COST: Not available.

DURATION: Not available.

PURPOSE: Assess the social and economic benefits generated by the project, and weigh these gains against project costs.

METHODOLOGY:

Data Collection - The data for this evaluation are derived entirely from project files and bank financial records.

Data Analysis - The evaluation is essentially a socioeconomic cost-benefit analysis, and non-pecuniary data and discussions are omitted entirely.
The project's key assumption is that the channeling of credit to small enterprises, combined with technical assistance and training, is an efficient way to improve the economic and social conditions of low-income populations in urban areas, and subsequently in the interior communities of the Brazilian Northeast. Evaluation assumptions include an imperfect market, no full employment, the need to correct market prices on the basis of empirical observation, a social cost of labor of 60% of the minimum regional salary plus welfare taxes, market price value of inputs and outputs, direct taxes as transfers, a 20% opportunity cost of capital, and the inclusion of all indirect taxes and benefits.
Key neutral descriptors are 1974 adjusted operational costs, aggregate cash flows, approved projects by sector and value (number and percentage), and loans (value and percentage).
Key success indicators are the social internal rate of return (SIRR), a SIRR frequency distribution, and SIRR sensitivity analyses.
No hypotheses are formulated as to the variables responsible for the above results.

CONCLUSIONS: The program, with an internal rate of return of 143%, is a success; the time horizon sensitivity analyses confirm the validity of the choosen time period of five years; and the solvency of the UNO beneficiaries is normal and acceptable in terms of credit risk.

RECOMMENDATIONS: No recommendations are offered, other than on fine methodological points in calculating internal rates of return.

EVALUATION USE: Unknown.

Project Synopsis

TITLE: Lentswe la Oodi Weavers (Proprietary) Limited.

DESCRIPTION: A project to: 1) train and give employment to about 50 people in a small weaving factory; 2) subsequently give employment to at least another 150 people at this factory and in various smaller production units; 3) improve and increase the agricultural production of the factory's village site and raise the village's standard of living; and 4) use this experience as a model for replication in other villages.

LOCATION: Lentswe la Oodi Weavers draws workers from the villages of Odi, Modipane and Matebele, but the factory itself is located in Odi, Kgatleng District, southeastern Botswana.

SPONSOR: Botswana Christian Council (BCC); Botswana Development Corporation (BDC); and the Canadian University Services Overseas (CUSO).

IMPLEMENTOR: Company Board of Directors, composed of representatives from BCC, BDC, and CUSO, Kgatleng District, and the factory workers, as well as the project manager, Peder Gowenius, a Swedish consultant.

COST: BCC - R10,000 grant;
CUSO - R34,300 grant;
BDC - R30,000 loan.

Note - 1 South African Rand = U.S.$1.31

DURATION: 1973 - 1978.

FUNDS SPENT AT TIME OF EVALUATION: Factory self-sustaining.

ELAPSED TIME: Four years.

Evaluation Specifics

TITLE: Tapestry - Report from Oodi Weavers, National Institute for Research in Development and African Studies - Documentation Unit Working Paper No. 11.

SPONSOR: University College of Botswana, University of Botswana and Swaziland.

EVALUATOR: Dennis Lewycky.

DATE: August 1977 (reprinted December 1978).

LENGTH: 258-page text; 36 pages of appendixes (all typed manuscript).

COST: Not available.

DURATION: Not available.

PURPOSE: Describe and evaluate the design, implementation, and socioeconomic impact of one rural small-scale enterprise primarily from the perspective of the people directly affected by this development project, namely the factory workers and the inhabitants of Odi, Matebele and Modipane.

METHODOLOGY:

Data Collection - Village and project details, as well as project participants' perspectives, are collected from the following sources: 1) a quantified socioeconomic survey of factory workers; 2) five months' residency in Odi by the evaluator; 3) two days of discussions by the factory workers, first in small groups, later en masse; and 4) five months of open-ended interviews of seventy area residents (forty of these extensive interviews) by the evaluator, using a translator and a tape recorder - each interviewee was visited at least three times, and the interviews usually took place at the respondent's home or lands.

Data Analysis - The survey data, coupled with the evaluator's knowledge and impressions of the area, are used to provide a narrative of project and village backround and specifics, and the survey questionnaire is presented in an appendix along with percentage tabulated responses. The workers' evaluation is summarized in a thematic narrative with the same name. Fifteen of the extensive interviews are published; interviews which seemed most articulate or ornate in description and provided the most information were selected. These narratives were edited slightly to accomodate differences in language style and enhance readability, the questions were removed, and occassional inserts of backround information were added, but attempts were made to maintain the Setswana character of speech, and no efforts were made to correct misrepresentations of events or apparent contradictions. Two additional segments of the report are an interview with the project manager, and a concluding summary evaluation. Most of the evaluation's financial data are included in an appendix titled "Auditor's Report."

This project's key <u>assumptions</u> are that the injection of external expertise and financial resources, combined with active recipient participation in all subsequent activities and evaluations, can lead to increased incomes and improved quality of life if the development project is an economically viable, income generating, worker owned and operated enterprise.

Neutral descriptors used are village socioeconomic characteristics and factory specifics, such as number of employees, number of sales, market breakdown, factory visitors, and the like.
Success indicators include number of employees, employee benefits, factory worker ownership, sales and profits growth, number of expatriate visitors to the factory, project spin-off activities, amount of money loaned by the factory for village development projects, village consumerism (size and proportion of local purchases), secondary employment creation and income transfers, housing quality, and worker socioeconomic status, sex, and tribe.
Variables hypothesized to affect the outcome of the above are market access, factory personnel problems, external pressures and animosities, time lag, available amount and quality of information, local social values, and degree of government support.

CONCLUSIONS: The evaluator concludes that after three years of full production, the Lentswe la Oodi Weavers project has clearly achieved its first intended objective of establishing a small factory and employing over fifty people. However, he also concludes that the project's record so far in stimulating broad village development via village production units and spreading the project to other Batswana villages has not been as good.

RECOMMENDATIONS: The evaluator makes no specific recommendations.

EVALUATION USE: This evaluation, intended primarily for those currently promoting small-scale enterprise programs and for the development community in general, has stimulated substantial discussion regarding both enterprise development and participatory research, and has led to a reprinting of the evaluation.

Project Synopsis

TITLE: Cooperative Association of Agricultural Production of San Gerardo (ACOOPARSANGE).

DESCRIPTION: Provision of integrated technical assistance to a small group of relatively isolated farmers to: 1) establish and manage a cooperative for the leveraging of outside resources (credit, agricultural inputs, and further technical assistance) into the area; found and run the town's first industry, a mill producing cattle feed concentrate; and 3) expand co-op services, and develop co-op capacity for self-sustained operation and growth.

LOCATION: San Gerardo, El Salvador (northeastern region of the country, fifteen kilometers from the Honduran border).

SPONSOR: Technical assistance was provided by Technoserve, Inc. in the form of a heavily subsidized service contract with ACOOPARSANGE; the feed mill was financed through equity contributions by ACOOPARSANGE, a grant from the U.S. Agency for International Development (El Salvador Mission), and a loan from the Banco de Fomento Agropecuario.

IMPLEMENTOR: ACOOPARSANGE, with assistance from Technoserve, Inc.

COST: Technoserve's project assistance (actual) - $96,000; Feed mill - $30,000.

DURATION: ACOOPARSANGE legally constituted in February 1976;
ACOOPARSANGE-Technoserve letter of understanding signed in May 1978;
Technoserve to withdraw its ongoing management and and livestock extension services in May 1980.

FUNDS SPENT AT TIME OF EVALUATION: Technoserve's project assistance (actual) - $81,000; feed mill constructed and operating.

ELAPSED TIME: Technoserve's involvement - approximately two years; Total - approximately four years.

Evaluation Specifics

TITLE: San Gerardo Case Study (tentative).

SPONSOR: Technoserve, Inc.

EVALUATOR: Susan Goldmark, Program Officer - Evaluations, Technoserve, Inc., with assistance from Technoserve field and home office staff.

DATE: 1979.

LENGTH: 94-page text; 22 pages of appendixes (both draft manuscript).

COST: Approximately $15,000.

DURATION: Field history data collection - 10 days;
Field survey - 1 month;
Field profile interviews - 2 months;
Home office write-up - 1 month.

PURPOSE: To evaluate the role, effect, strengths and weaknesses of Technoserve's assistance to one rural Salvadoran enterprise, and that enterprise's impact upon the surrounding community. The evaluation, Technoserve's first attempt to an in-depth study of one of its projects, was to serve both internal needs and external demands: internally, it was to assist future organizational programming and project management by beginning to assess, after ten years of operations, the impact of Technoserve's interventions and the validity of its development hypotheses; externally, it was to begin to meet donor demands for a systematic evaluation of the socioeconomic impact of Technoserve's projects, as well as test the degree to which private voluntary agencies like Technoserve can empirically evaluate their projects in an objective, cost-effective manner.

METHODOLOGY:

Data Collection - The co-operative's history was written in Technoserve's home office, with major input from Technoserve's El Salvador staff; the history was drawn from the personal recollections of Technoserve and co-op staff members, and project files. The survey, designed to assess empirically the impact of the co-op's feed concentrate on milk production, was conducted in May 1979, four months after feed concentrate sales began, and lasted for one month. At that time, only 34 families living within 10 kilometers of San Gerardo used the concentrate, and each of these families was matched with a family not using the concentrate; after finishing an interview with a feed concentrate user, the interviewer was instructed to find a non-concentrate user with approximately the same (plus or minus 50%) amount of land and cattle. The same questionnaire was administered to test and control group members: each respondent was asked to recall what the total milk production of all milking cows had been on a normal day in December (prior to concentrate sales) and on the day prior to the interview. Anonymity was assured the farmers, and the interviewers were drawn from the San Gerardo region. The detailed family profiles, although written by the evaluator, were derived from two months of field interviews by Technoserve's project advisor to ACOOPARSANGE.

Data Analysis - The evaluation employs a multidisciplinary approach: 1) the first section is a historical recounting of the process by which the cooperative was established and developed, to highlight the key ingredients and contraints of project implementation - it is presented in the form of a chronological narrative with backround area information and project details periodically interlaced with this narrative; 2) the second section is devoted to a classical survey of feed concentrate users and non-users, to examine a single variable (the effect of feed concentrate use on milk production) and to gather socioeconomic information about project participants - it explains the survey's design, qualifies survey findings, and then presents and discusses these findings; 3) the last section is composed of a series of in-depth family profiles, to present human insights into residents' thoughts, concerns, perceptions, and overall mentality - it is presented in paraphrased monologues and neutral backround portraits.

Key assumptions of this project and subsequent evaluation are that self-help enterprises are an effective means of improving the economic and social well-being of low-income people, and that properly introduced and appropriately applied injections of external technical assistance and fiscal resources can lead to increased standards of living and initiate the momentum of self-sustaining community development.

Key neutral descriptors are: national statistics (income and land distribution, land use characteristics, employment figures); San Gerardo backround information (history, terrain, population, land use, economic activities); project specifics (chronology, cooperative details, financial data, spin-off activities); and socioeconomic characteristics of project participants (cattle and land ownership, income, family size, features of home).

Key success indicators are, when seasonally adjusted and compared between test and control groups: average milk production per cow, average milk production per cow according to type and amount of feed intake, milk production per breed of cow, farmer return on investment, return on investment for total project costs (net present value computed over twenty years), spin-off activities; co-op size; and co-op membership participation.

Key variables hypothesized to affect the project's outcomes are: quality and amount of feed concentrate used; cow's diet balance; cattle management practices; breed of cow; general health of cow; access to water; Technoserve's responding to local initiative, and subsequent establishing of professional relationship with co-op; and socioeconomic composition of co-op's membership.

CONCLUSIONS: Generally, the evaluation concludes that although the project has been quite successful in many dimensions, the sustainability of this success is uncertain. Specifically, the project has: increased milk production among cows fed the concentrate; increased the income of concentrate users; strengthened the co-op both socially and financially; and provided the momentum and means for spin-off activities in San Gerardo. Projected long-run benefits also include: a return on Technoserve's project costs, over a twenty-year period at an annual discount rate of 20%, of five times these expenses; higher milk production in the rainy seasons; healthier cows and higher quality milk; longer lactation periods; increased calving rates; and healthier calves. Projected long-run difficulties include: shortages of critical inputs if El Salvador's current political crises deepens; internal management difficulties caused by Technoserve's planned withdrawal and high employee turnover within the co-op; and farmer misuse of the feed concentrate through lack of technical understanding.

RECOMMENDATIONS: The evaluation suggests that Technoserve should maintain a consultancy relationship with the co-op for the next couple of years, the co-op should make extension services an integral part of its activities, the mill might experiment with different concentrate formulas, guidelines for the training of new co-op staff should be prepared, and the project should be re-evaluated several years after Technoserve's withdrawal.

EVALUATION USE: An extension of Technoserve's service contract with the cooperative has been signed, a stronger emphasis is now placed on providing livestock extension services as well as management assistance to feed mill enterprises, and Technoserve project managers have begun to report upon "social outreach" activities on a bi-weekly basis. Also, a second such detailed case study is now near completion.

Project Synopsis

TITLE: Haiti Small Farmer Improvement Project.

DESCRIPTION: A project to provide credit and technical assistance to small Haitian coffee farmers through regional credit and technical assistance centers. The objectives of the project are to: 1) increase small farmer income and standard of living through increased production; 2) increase the quality and quantity of coffee produced in Haiti; 3) improve the Government of Haiti (GOH) balance of payments through increased exports; 4) increase GOH revenues generally; 5) capitalize and support an agricultural credit system; 6) seek to establish a network of coffee producer organizations; and 7) seek to increase GOH investment in agricultural development activities.

LOCATION: Haiti.

SPONSOR: Agency for International Development.

IMPLEMENTOR: National Coffee Institute (IHPCADE); Agriculture Credit Office (BCA).

COST: Approximately $2 million.

DURATION: 1974 - 1979.

FUNDS SPENT AT TIME OF EVALUATION: Not available.

ELAPSED TIME: 3½ years.

Evaluation Specifics

TITLE: Impact Evaluation of the Haiti Small Farmer Improvement Project.

SPONSOR: Agency for International Development Mission to Haiti.

EVALUATOR: Samuel R. Daines, Senior Economist, Practical Concepts Inc.

DATE: 1978.

LENGTH: 54-page text; 36 pages of appendixes.

COST: Approximately $50,000.

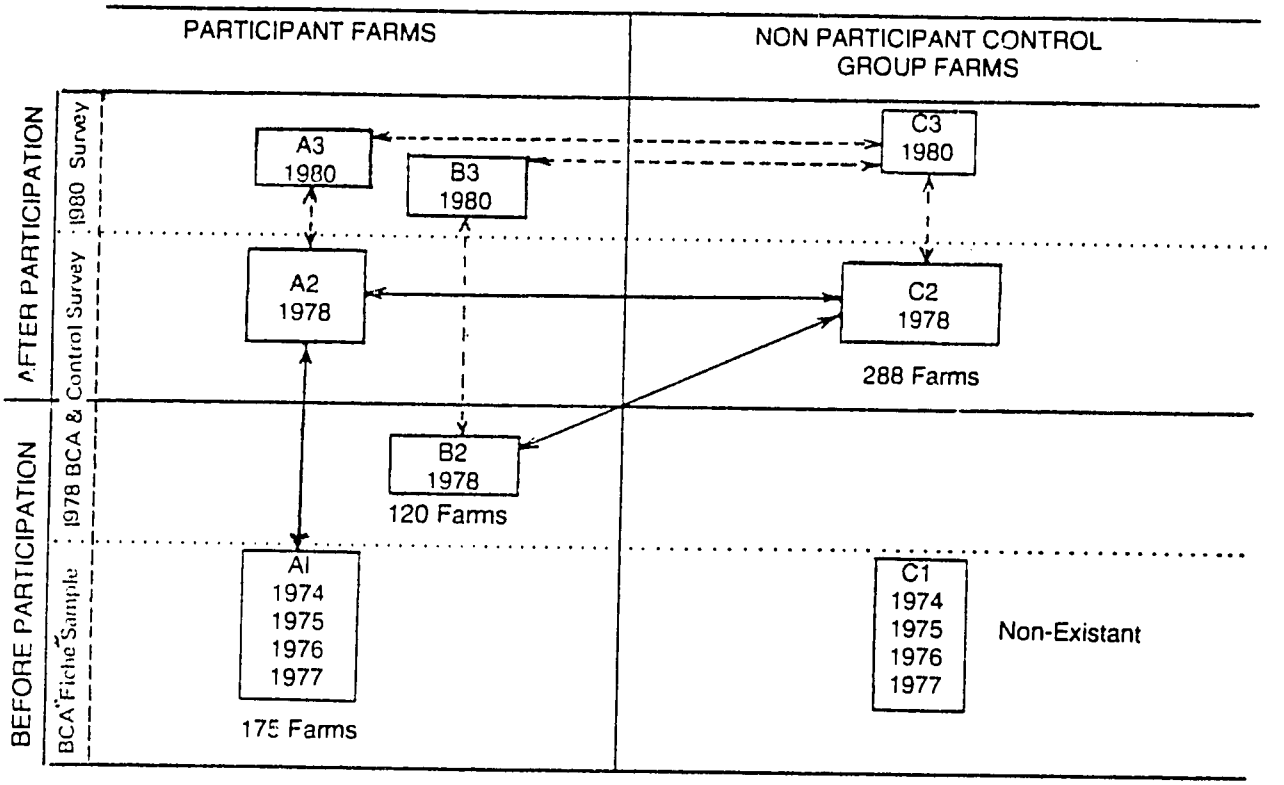
DURATION: 6 person-months.

PURPOSE: To estimate final income, production, and standard of living impact of the project on its participant farms and families.

METHODOLOGY:

Data Collection - Data for the evaluation are derived from two sources, "Fiches d'Information" and a field survey, for three groups, Group A, Group B, and Group C. Fiches d'Information are BCA forms which elicit limited baseline information from borrowers, such as borrower's age, number of dependents, area farmed, crops grown, tenure status, value of assets, and amount of debt. These forms are supposed to be filled out prior to every BCA loan, but in practice are usually completed after the first loan only, and often incorrectly. The survey used a Creole questionnaire, and was administered by enumerators who had completed secondary school, were familiar with rural areas, and had previous survey experience in rural Haiti. A sample of 40 borrowers was selected from each of ten regions; the sample in each consisted of an equal number of borrowers from each of 4 categories: 1) new 1978 borrowers; 2) first loan borrowers in 1977; 3) second loan borrowers in 1977; and 4) third loan borrowers in 1977. The 40 borrowers per region, selected randomly when possible, were matched in the field with 40 producers not participating in the project as the enumerator moved in a clockwise spiral pattern from the interviewee's home until finding a non-participant producer operating approximately (50%) the same quantity of land planted in coffee. A total of 2,694 households were contacted in this manner, interviews were completed with 372 of the 400 participants selected from project files, 2,322 households were contacted in attempted matchings, and 364 successful matches were made; thus, a grand total of 736 interviews were completed. Questionnaires were checked by the field supervisor each evening for inconsistencies, missing information, and highly suspect responses in order that a re-interview could take place the following day if it proved necessary. Group A is made up of 175 project participants with loans starting before 1978; Group B is composed of 120 new BCA borrowers in 1978; and Group C is the control group, consisting of 288 farms.

Data Analysis - The evaluator's principal means of impact measurement is a cross-sectional comparison of participants. Two separate longitudinal samples are used to check and modify these cross-sectional results, and a comparison is made between the selected group of new participants and the matched control group to test the accuracy of this control group match. This survey design for impact comparisons can be diagrammed as follows:



The project's key assumptions are: 1) the increased production of improved coffee will increase the income and standard of living of the Haitian small farmer, as well as result in significant improvements in the balance of payments and revenue accounts of Haiti; and 2) production will rise and coffee quality improve through the effective delivery of a package of improved technology, fertilizer, credit, training, and organizational guidance. The key assumptions underlying the evaluation are that the evaluation's effectiveness depends on: 1) the degree to which project intends to achieve; and 2) the degree to which the evaluation directly addresses impact on those particular objectives. The evaluation contains no neutral descriptors. Success indicators used include: welfare measures of income (net farm income, per capita income, off-farm income); efficiency measures of income (labor share indices, net income per arable hectare); non-income standard-of-living indicators (housing value, housing roof quality and number of rooms, number of livestock); production (gross value of output per farm, internal rate of return on cash costs, coffee's proportion of impact, sources of increased production); physical yields (cereal yield patterns); land use intensity, tenure, and productivity; coffee production; coffee production technology (fertilizer, variety, age of stand); coffee marketing and prices; extension and technical assistance (number of extension visits, farmer opinions

on ways of improving coffee income); credit distribution and availability; credit demand; proposed use of additional credit; and credit burden and delinquency. There is also a short analysis of agriculture credit and technical assistance in non-coffee areas. Key variables hypothesized to affect project success are: project interventions; general price increases; faulty farmer recall (data reliability).

CONCLUSIONS: The evaluator concludes that: the project has achieved substantial increases in the incomes of approximately 70% of its participants; the poorest farms are the ones achieving the largest improvement; housing quality has improved significantly; total farm production impact estimates range from an increase of 87% on 0-3 hectare farms, to a decrease of 9% on farms over 5 hectares in size; two-thirds of the production impact is attributable to increases in coffee; coffee production appears to have increased by approximately 40% on participant farms; the project reduced the dependence of participants on coffee brokers and family lending sources; delinquency appears to be a growing problem of serious dimension; non-coffee lending has had no income, and only very slight production impacts; and farmers ranked alternative rural projects, in descending order, roads, schools, and health facilities.

RECOMMENDATIONS: The evaluator recommends that in the future, the project should focus more exclusively on smaller farms.

EVALUATION USE: Although the study is highly thought of by many professional evaluators, is extensively cited and discussed, and is now the model of a similar evaluation being conducted of a SSE program in Paraguay, it has not been well received by the AID Mission to Haiti. The explanation officially cited is that the evaluation is technically flawed because the different sampling frequencies were not weighted. However, the evaluator later weighted them in response to this criticism, and footnoted the minimal effect on evaluation results (about 5%). Another explanation proffered for the evaluation's poor reception and limited distribution is personality and political clashes within the evaluation team.

Project Synopsis

TITLE: Bushiangala Harambee Water Project; Kandara Water Scheme; Katothya Harambee Water Project; Katyethoka Harambee Water Project; Interchurch Seed Project; Diocese of Maseno South Rural Development Program; Kyuso Agricultural Improvement Scheme; Rural Enterprise Extension Service and Rural Loar Scheme; Kawangware Human Development Project; Center for Development of Rural Artisanry and Agricultural Machinery; Liboré Livestock Fattening Project; Maggia Valley Reforestation Project; Talak Plain Development Project; Project Oasis Aïr; Sudan Interior Mission Rural Development Program; Project Tchin Tabisgine; and Telemces Area Project.

DESCRIPTION: The above projects fall into four categories: 1) four are self-help rural water projects (Bushiangala, Kandara, Katothya, and Katyethoka, all in Kenya); 2) seven are rural development projects emphasizing agricultural productivity (Interchurch, Maseno South, and Kyuso in Kenya, and Oasis Aïr, SIM/Maradi, Tchin Tabisgine, and Telemces in Niger); four are projects with a strong skill formation and training thrust and a focus on income generation (REES/RMLS and Kawangware in Kenya, and CDARMA and Liboré in Niger); and two are projects mobilizing community labor for conservation of the natural and economic base (Maggia and Talak, both in Niger).

LOCATION: Throughout Kenya and Niger.

SPONSOR: U.S. Agency for International Development; Governments of Kenya and Niger; and various private and voluntary organizations (PVOs).

IMPLEMENTOR: Various PVOs.

COST: The aggregate cost to date of all 17 projects is approximately $8.48 million.

DURATION: Not available.

FUNDS SPENT AT TIME OF EVALUATION: See cost figure above.

ELAPSED TIME: Six years - 2 projects;
Five years - 1 project;
Four years - 2 projects;
Three years - 7 projects;
Two years - 5 projects.

Evaluation Specifics

TITLE: The Development Impact of Private Voluntary Organizations: Kenya and Niger (Final Report).

SPONSOR: Office of Private and Voluntary Cooperation, Agency for International Development.

EVALUATOR: A.H. Barclay, Jr., Project Director; and Marilyn W. Hoskins, Wambui K. Njenga, and Robert B. Tripp. Conducted under the auspices of Development Alternatives, Inc.

DATE: 2 February 1979.

LENGTH: 97-page text, 82 pages of annexes.

COST: $64,000.

DURATION:

Pre-trip preparation	- 2 weeks;
Kenya fieldwork	- 5 weeks;*
Niger fieldwork	- 4 weeks;*
Report write-up	- 4 weeks.

*A larger team size, and the need to refine field methodology, resulted in an average commitment of eight person-days per project in Kanya; the average time commitment was slightly over three person-days per project in Niger.

PURPOSE: The evaluation has two primary purposes: 1) assess the developmental impact of 17 PVO development projects in Kenya and Niger, and relate these impact findings to environmental factors and to the different strategies and approaches adopted by the PVOs concerned; and 2) develop an accurate and cost-effective field methodology for the comparative assessment of the impact of PVO programs.

METHODOLOGY:

Data Collection - Preparation for the evaluation began with visits to the home offices of ten U.S.-based PVOs. Information was gathered on the policy focus of each organization, and on planning and evaluation procedures already in use or currently being developed; simultaneously, advice and recommendations were sought regarding projects that might be visited. The bulk of the time in the field was spent in discussions with project participants, either in group sessions or individual interviews. The team developed a structured document for recording the data gathered on each project, but this did not take the form of a standard questionnaire. Instead, each member of the team utilized open-ended questioning techniques, taking written notes on the spot in those situations where it was appropriate to do so, or writing up notes later the same day from informal conversations that had yielded useful information. At the conclusion of the field visit, the accumulated field notes from all team members were used to assemble basic data for the structured collection document.

Data Analysis - The standardized data is divided into three analytically discrete variables:

1) Benefits - Direct benefits generated by the commitment of PVO resources, standardized for difference in project costs;

2) Benefit Continuation - The potential that those benefits will be sustained after the donor's resources are exhausted or withdrawn; and
3) Benefit Growth - The prospects for future development in related activities by the same participant population, based upon the success of the present project.

This analytical model treats the above development impact dimensions as dependent variables, which are a function of two categories of independent variables: PVO strategy variables, and project environment variables. The model is then used to relate PVO strategy, project environment, and developmental impact, and to examine the principal policy considerations arising from these findings. Two key assumptions that underpin the continuation of AID's support to PVOs are: 1) the character and/or scale of certain projects may be better suited to involvement by particular PVOs than to direct participation by major donors; and 2) PVO experience contains, and will continue to generate, lessons of potential relevance to bilateral programs, particularly those with a "New Directions" thrust. Key evaluation assumptions are: 1) this type of empirical study must be geared to producing comparative assessments; 2) a compilation of existing evaluation reports would not be sufficient, nor would a collection of case studies; and 3) the task requires standardization of data points and indicators. Key neutral descriptors used include: short project descriptions (name, location, PVO, and function); characteristics of PVO intervention strategy (PVO profile, nature of PVO assistance); and details of project environment (physical resource base, preexisting development trends, organization base, societal differentiation, and host country government resources). Key success indicators are geared to measure developmental impact, and include: direct benefits (in-kind, monetized, number of beneficiaries, value in dollars of benefits per participant per year, annual recurring cost per participant, project cost per participant to date, and ratio of net benefits to cost); participation and use of project services (excluding indirect beneficiaries); benefit continuation (local organizations and project decisionmaking, participants' contributions to project, and project-related mechanisms for mobilizing resources); and benefit growth (adoption of practices recommended by project, individual farm or household level modernizing improvements, and new activities beyond project undertaken at community level). See above discussion for variables hypothesized to influence project impact.

CONCLUSIONS: The evaluator uses an equal weighting scheme to determine each project's level of overall impact, and then ranks the 17 projects. No clear pattern emerges in the relationship between this ranking and either magnitude of project investment or type of activity undertaken; however, consistent relationships between project impact and both PVO intervention strategy and environmental factors are found. Other conclusions reached are: all projects in the sample could be credited with generating at least some positive benefits for the participating populations; the PVO community is very diverse and heterogeneous; projects examined have been implemented in situations where conventional mechanisms of development assistance have not been able to deliver benefits at the required leve; the PVOs reviewed are devoting serious attention to the problem of benefit continuation; and many questions still remain unanswered and hypotheses untested.

RECOMMENDATIONS: No recommendations of a "go/no-go" nature are proposed, but hypotheses of a more general nature are offered on the importance and means of discriminating between more and less successful approaches. Suggestions for future studies are also offered.

EVALUATION USE: The evaluation was presented at an AID-sponsored meeting of PVOs, during which the study's mechodology and findings were discussed. However, the evaluation has failed to achieve its objective of stimulating dialogue within the evaluation community due to AID's limited distribution of the report; distribution was restricted in response to the PVO assertion that comparative assessment is inappropriate.