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UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

CATHOLIC RELIEF SERVICES - USCC

000009

INSTITUT SUPERIEUR DE COMMERCE ET D'ADMINISTRATION

006011

SMALL SCALE ENTERPRISE MANAGEMENT OUTREACH PROGRAM

SECOND INTERIM EVALUATION

March 12 - April 3, 1988

Evaluator: Oren E. Whyche

DOUGLIT, WHYCHIL & COMPANY, INC.

006012

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PROJECT DATA SHEET

1. Country: Morocco
2. Project Title: Small Scale Enterprise Management Outreach Program
3. Project Number: Grant # 608-0187-S-00-5045-00
4. Project Dates:
 - a. Project Agreement: September 24, 1985
 - (1) First Amendment: April 10, 1986
 - (2) Second Amendment: December 8, 1987
 - b. Final Obligation: FY 1988
 - c. Project Assistance Completion Date (PACD): August 30, 1988
5. Project Funding:

| | |
|-----------------------------------|------------|
| a. USAID Bilateral Grant: | \$ 300,000 |
| b. Catholic Relief Services(CRS): | 133,900 |
| c. Government of Morocco: | 86,900 |
| TOTAL: | \$ 520,800 |
6. Mode of Implementation: USAID direct contract with CRS
7. Project Design Team: USAID/Rabat, Catholic Relief Services, and the Institut Supérieur de Commerce et d'Administration des Entreprises (ISCAE).
8. Responsible Mission Officials:
 - a. Mission Director: Charles Johnson
 - b. Program Officer: Kenneth Schofield
 - c. Project Officer: George Callen
9. Responsible CRS Officials:
 - a. Country Representative: Daly Belgasmi
 - b. Morocco Economist: Mark Smith
10. Responsible ISCAE Officials:
 - a. ISCAE Director: A. E. El Alami
 - b. Project Manager: Fadela Labbabi
11. Previous Evaluation: February 1987
12. Present Evaluation:
 - a. Evaluator: Oren E. Whyche
Doggott, Whyche & Company, Inc.
 - b. Dates Undertaken: March 14 - April 8, 1988
 - c. Contract No.: 608-0187-S-00-8017-00

EXECUTIVE SUMMARY

The goal of the SSED Project is to promote the long-term growth of small businesses in Morocco through the introduction of better management skills. It is anticipated that the SSED Project will provide assistance to the Moroccan private sector that was complementary to services being provided by other Moroccan institutions. Having two beneficiaries of the Project - the Moroccan small business and the consulting sectors, the SSED Project was to provide management extension outreach to forty small firms in the Casablanca area through five consultants who will be chosen from recent Moroccan business school graduates.

As planned, the initial phase of the project was to consist of the selection of the Project Manager and Assistant Manager, and the selection of the three target subsectors. The second phase of the Project was to consist of the selection of Project Oversight Committee members from the business community and academic community, and the selection and training of the management consultants. The third phase would focus on the selection/analysis of and assistance to the participating small businesses.

The sum of U.S. \$88,997 was designated as a Development Fund whose purpose was to provide participating small businesses partial funding for access to assistance beyond that which the Project is able to provide directly and for which the small business is unable to itself afford.

CRS and ISCAE entered into an agreement on October 10, 1985 stipulating the specific responsibilities of each of the organizations with respect to the SSED. A detailed plan for the institutionalization of the consultancy services supported under the Project was required to be developed by ISCAE prior to the completion of external donor assistance activities.

It was anticipated companies would be removed from the active list if after a period of participation, the company had solved the various management problems diagnosed. Company graduation required concurrence of the Project Oversight Committee and approval of the Project Manager. Each graduating company would be replaced by a new company drawn into the active pool. In all events, contact was to be maintained over the life of the Project by the staff and consultants with all companies which had participated in the Project.

As of this evaluation, the Project has been in operation for over two years. The Project has suffered continual set-backs, delays and unanticipated modifications due to a lack of specificity and a divergence of sponsor objectives. Initial Project design indicates several areas of weakness. First, the

stated objectives were too ambitious. It is somewhat unrealistic to anticipate that given the time and financial limitation of the Project it would be able to make inexperienced business school graduates into "small business consulting specialists", to remove internal and external constraints to small business development, or to create a permanent management outreach facility in the Moroccan government apparatus. Second, there are no clearly defined criteria to measure the relative success or lack of success of the Project. In addition, inconsistency of definition has led to some difficulty in the selection process and misunderstanding by government officials of the Project's target group.

The differences of opinion on both philosophical as well as design and operation of the project expressed by the counterparties at the conceptual phase of the project were never truly resolved and continued to have a significant impact on the implementation and management of the project. It is to these differences and the underlying agreements of the project - that of USAID/CRS and CRS/ISCAE - that much of the implementation problems of the Project can be traced.

In spite of a host of problems, the Project has been reasonably successful in its outreach activities with the participating small businesses. A number of the small businesses have experienced increases in revenues and productivity, gained access to new markets and bank credit, and have created new employment. And, as a result of participation in the trade fairs, several companies are exploring export opportunities. From interviews with the consultants, it is clear that they have undergone a substantial learning experience over the last two years. Although not yet "specialists" in small business development and promotion, they have gained knowledge in each of their subsectors that should be capitalized.

Unfortunately, the Project has had virtually no impact on the Moroccan economy outside of the limited operating gains and modest employment increases experienced by some of the forty participating small businesses. There has been a conspicuous lack of public relations and publicity-related activities undertaken by the management of the Project. And to date, no detailed institutionalization plan has been developed for the future of the Project.

It is recommended that the present SSED Project not be extended but instead that strong consideration be given to the design and implementation of a new small business project which would incorporate the lessons learned as well as the strengths of this first project.

Evaluation Purpose and Approach

The purpose of the second interim evaluation of the Small Scale Enterprise Development Project (SSED) as defined in the USAID/CRS Grant Agreement is to "determine how well the Project has achieved its goals and whether the project needs a second outside evaluation upon completion." In addition to the purpose stated in the Grant Agreement, the evaluation reviewed the feasibility of an extension of the Project and if so, under what conditions.

The specific issues addressed by the evaluation are (1) whether or not the Project has successfully provided management capabilities to the participating firms, (2) has the Project operated as anticipated under the Grant Agreement, (3) whether there is a plan for the institutionalization of the SSED and how feasible is the plan, and (4) what extent does the future viability of the SSED depend on continued levels of assistance from USAID, CRS and other donors.

The approach undertaken to evaluate the Project used the following techniques: (1) visits to approximately half of the participating firms and interviews with the owners of the firms, (2) interviews with the SSED Project management, (3) review of records and documentation of the Project, (4) individual interviews with the consultants, and (5) interviews with representatives of relevant government ministries and agencies as well as with Moroccan banks and business organizations.

I. PROJECT BACKGROUND

Due to the number of social and economic problems - inflation, high unemployment, budget and trade deficits, rural migration to urban areas, and continuing population pressure - that have plagued the Moroccan economy over the last decade and the increasing acknowledgment by government officials that these problems cannot be solely addressed by the public sector, there has been greater focus and support given to the development of the private sector, in general and the small and medium enterprise sector specifically.

The Moroccan government has sought through the establishment of small scale enterprise promotion programs to encourage the expansion of the small scale sector. A number of programs have been instituted through agencies in the Ministry of Commerce, such as the Office for Industrial Development (ODI), the Center for the Promotion of Exports (CMPE), and the Unite d'Assistance Technique a la Petite et Moyenne Industries. Initiatives also have been made by financial institutions and professional organizations to support and provide assistance to small and medium businesses.

CRS having gained experience in providing management assistance to small businesses in a similar program in Tunisia and encouraged by the Tunisian project's success, decided to study the viability of launching a small business project in Morocco. A feasibility study was conducted which indicated that such a project could be successfully undertaken in the Moroccan environment. CRS prepared and submitted to USAID-Rabat a proposal for the funding of a three year pilot project. The proposal was approved and on September 24, 1985 the USAID/CRS grant agreement was signed.

II. PROJECT DESCRIPTION - USAID/CRS GRANT AGREEMENT

A. Project Rationale and Objectives

The goal of the SSED Project is to promote the long-term growth of small businesses in Morocco through the introduction of better management skills. To achieve this goal, at least four objectives for the Project have been specified in the grant or other related supporting documentation. The first and principal short-term objective is to provide owners of small businesses with better management capabilities to deal with both internal and external constraints to long-term growth. The second short-term objective is to develop a cadre of management specialists familiar with small businesses. The long-term objectives of the Project are (1) to increase long-term viability and growth potential of small businesses by removing external and internal constraints to growth, and (2) the creation of a management outreach facility in the Moroccan government apparatus.

B. Anticipated Project Achievements

It is anticipated that the SSED Project will provide an assistance and service to the Moroccan private sector that is complementary to similar services being provided by other Moroccan institutions. Specifically, it is anticipated that the SSED Project will address the management needs of Moroccan small businesses in a manner which is more flexible and responsive than that which presently exists.

As stated in the USAID/CRS Grant Agreement, there are two major beneficiaries of the Project - the Moroccan small business and the consulting sectors. Improved management systems will provide small businesses the opportunity to become more profitable in the long-term by allowing them to more effectively address business constraints. The Moroccan consulting sector is to gain a new outreach center to train business consultants in the practical aspects of consulting. Both sectors are to benefit from favorable policy modification resulting from Moroccan government observation of and involvement in the SSED Project.

C. Project Structure

As designed, the SSED is to be a pilot Project to provide management extension outreach to forty firms in the Casablanca area through five consultants chosen from Moroccan business school graduates.

The SSED is jointly sponsored by the U.S. Agency for International Development (USAID), Catholic Relief Services USCC

(CRS), and the Institut Supérieur de Commerce et d'Administration des Entreprises (ISCAE).

The SSED management organization consists of a Project Manager (Chef de Projet), an Assistant Project Manager (Chef de Projet Adjoint), five management consultants, and a Project Oversight Committee (Comite Conseil).

D. Project Implementation Plan

The initial phase of the Project consisted of the selection of the Project Manager and Assistant Manager, and the selection of the three target subsectors.

The second phase of the Project was to consist of the selection of the Project Oversight Committee members, and the selection and training of the management consultants. The Project Oversight Committee was to be composed of four professors from ISCAE, and a professional from each of the following: Office de Developpement Industriel (ODI), the Banque National de Developpement Economique (BNDE), and the Confederation Generale Economique Marocaine (CGEM).

The selection of the five ISCAE graduates who ultimately were to be the SSED management consultants was to be made by the Project Manager, the Assistant Project Manager, and the Directors of ISCAE and CRS. The consultants were to be trained for period of three months. The training was to consist of lectures and seminars as well as trips to interview and recruit enterprises for the Project. The curriculum of the training program was to be divided into three broad categories: (1) analysis of small business problems, (2) the psychology of the small business owner, and (3) the institutional constraints and incentives to small business in Morocco. A small business simulation game also was to be used in the training process.

The third phase planned was the selection/analysis of and assistance to the participating small businesses incorporating the use of the Development Fund.

Forty small business participants in the Project are to be selected using the following criteria:

1. The willingness of the small business owner/manager to participate in the Project.
2. The number of permanent employees of the business (ranging between a minimum of 7 and a maximum of 20).
3. The level of the small business owner/manager's formal education.

4. The number of employees involved in the small business' administration.

5. The amount of capital in the small business.

6. The number of years of operation of the small business.

7. The level of annual sales.

8. At the time of selection, the small businesses were to be required to legally register if they have not already done so.

The grant outlined the following time schedule for Project implementation:

| <u>Activity</u> | <u>Months of Project</u> |
|-------------------------------------------------|--------------------------|
| Phase I - Project Startup | 1 - 3 |
| Phase II - Consultant selection and Training | 3 - 6 |
| Phase III | |
| Selection of firms | 4 - 14 |
| Firm Analysis | 4 - 16 |
| Assistance efforts | 6 - 36 |
| Use of the Development Fund | 9 - 36 |
| Phase IV - Institutionalization | |
| Plan submission | 24 |

E. The Development Fund

The sum of U.S. \$88,997 was designated as a Development Fund for the SSED Project. The purpose of the Fund was to provide participating small businesses in obtaining necessary assistance beyond that which the Project is able to provide directly and for which the small business is unable to itself afford. The identified uses in the Grant for the Development Fund were the following:

- seminars given to whole sectors
- specific interventions in companies
- the transport (costs) of a company owner/manager to a location outside of Casablanca where he might observe new techniques.

The criteria to be used to determine eligibility of the Development Fund for specific interventions in or by companies was the following:

- a cost-benefit ratio analysis of the intervention in the firm

- the firm's active level of participation in the Project as represented by its successful implementation of consultant advice
- the Fund is to be used only in cases the firm itself is willing to contribute a portion of the cost for the proposed intervention but is realistically unable to provide it all.

The Fund was to be distributed every six months of the project. It was designated the responsibility of the Project Manager, the CRS Economist, the CRS Director, and the ISCAE Director to approve disbursements of the Fund and to fix the level of the firm's financial participation in the intervention.

F. Company Graduation

If a company solved the various management problems diagnosed and with the concurrence of the Project Oversight Committee and the approval of the Project Manager, it was anticipated the company would be removed from the active list and a new company drawn into the active pool. In all events, contact was to be maintained over the life of the Project by the staff and consultants with all companies which had participated in the Project.

G. Project Management and Monitoring

The Project Manager is responsible for the day-to-day Project management within the framework of ISCAE. CRS employees will be in contact with the Project Manager daily and with the Director of ISCAE as necessary. Financial monitoring will be the responsibility of the auditor, who will be a CRS employee.

The role of the CRS Economist should be that of recommending appropriate selection criteria, undertaking in-depth analyses of data generated through the activities of the Project to determine the progress and direction of the Project, working with Project management in the formulation of the initial consulting methodology, and providing continual feedback throughout the Project to both the Project management on appropriate methodology modifications based on continual analysis of the Project. The CRS Economist is the principal liaison between CRS and the management of the Project thus assuring continuous and complete two-way information flow.

H. Institutionalization

The Project was housed at ISCAE in a business outreach center named the "Centre de la Promotion de la Creation d'Entreprise (CPCE)". According to the Grant agreement, ISCAE agrees to continue with the Project after the three year pilot if it proves successful.

A detailed plan for the institutionalization of the consultancy services supported under the Project was required to be developed prior to the completion of external donor assistance activities.

I. Project Planned Budget

The contributions of the three sponsoring institutions of the SSED Project is as follows:

| | |
|-------|---------------|
| USAID | \$300,000 |
| CRS | 133,900 |
| ISCAE | <u>86,900</u> |
| Total | \$520,800 |

III. PROJECT DESCRIPTION - THE CRS/ISCAE AGREEMENT

CRS and ISCAE entered into an agreement on October 10, 1985 stipulating the specific responsibilities of each of the organizations with respect to the SSED.

A. Responsibilities of ISCAE

1. To provide a minimum of 150 hours of training to the five consultants chosen to be the management consultants.
2. To provide classrooms for the training as well as for periodic meetings held on behalf of the SSED.
3. To provide two furnished offices for the administration of the SSED.
4. To assure the composition of the Project Oversight Committee which will be composed of professors from ISCAE, and representatives of ODI, BNDE and CGEM.
5. To assure that the Project Oversight Committee meets whenever necessary and at least one time a month once selection of the firms has begun.
6. To provide all the necessary support to assure that the activity of the Project Oversight Committee for the duration so the Project.
7. To assume the primary responsibility for the public relations aspects of the Project - specifically, to publicize and explain the activities of the SSED to businesses, the media and governmental organizations.
8. To do its best to promote the development of small and medium business based on the results of the SSED vis a vis the Moroccan government.
9. To assure the continuity of the activities of the SSED Project beyond the three year period of the Project and to present a detailed plan for the continuity before the 24th month of the Project.

B. Responsibilities of CRS



1. To undertake the salary expenses of the personnel of the Project - specifically, the Project Manager, the Assistant Project Manager, an accountant, a secretary, the five management consultants, and a part-time economist.
2. To put in place a Development Fund in an amount of somewhat more than \$60,000 which will be available to the participating firms based on a pre-established set of criteria.
3. To assure the Project-related costs of transportation of the Project Manager, the Assistant Project Manager, and the management consultants.

C. Agreement Budget

Contributions set out in the CRS/ISCAE agreement are as follows:

| | | |
|-------|-------|----------------|
| CRS | | \$152,900 |
| USAID | | <u>300,000</u> |
| | Total | \$452,900 |

IV. PROJECT IMPLEMENTATION

As of this evaluation, the Project has been in operation for over two years - approximately, two-thirds of the Grant life. From the initial discussions and negotiations among the various counterparties through the implementation phases, the Project has suffered continual set-backs, delays and unanticipated modifications due to a lack of specificity and a divergence of sponsor objectives. The fact that a Project which was conceived to provide consulting assistance to already existing small scale businesses should be named the "Center to Promote the Creation Small Businesses" is an indication of the divergent objectives and perceptions operating from the beginning of the Project. As a result of these differing views, the SSED Project has never closely tracked the implementation schedule set forth in the USAID/CRS Grant agreement. Appendix 1 presents a graphic comparison of the planned implementation schedule and the actual implementation progress of the Project.

A. Underlying Project Design Issues

Review of the initial Project design indicates several areas of weakness. First, as a pilot Project, the stated objectives were too ambitious. In the USAID/CRS grant agreement and other related reports, it is stated that the Project would " (1) provide owners of small businesses with better management capabilities to deal with both internal and external constraints to long-term growth, (2) develop a cadre of management specialists familiar with small businesses, (3) increase long-term viability and growth potential of small businesses by removing external and internal constraints to growth, and (4) create a permanent management outreach facility in the Moroccan government apparatus". A pilot Project of three years staffed with inexperienced consultants certainly could assist owners/managers of small businesses in better understanding and coping with some of the internal (i.e., accounting systems, personnel management, inventory control, etc.) and external (i.e., supplier relations, banking relations, simplistic marketing techniques, etc.) constraints as well as developing a cadre of consultants who would have gained a certain level of experience in dealing with some of the problems of small businesses. The techniques developed and used in the Project to train the consultants and to assist the small businesses could then be evaluated in the latter part of the Project to determine how effective these processes had been, where there could be improvement, and where such an activity most appropriately fits into the Moroccan economy. It is somewhat unrealistic to anticipate that given the time and financial limitation of the Project it would be able to make inexperienced business school graduates into "small business consulting specialists", to remove internal and external constraints to small business development,

or to create a permanent management outreach facility in the Moroccan government apparatus.

Examples of more reasonable objectives for this three year pilot Project would have been one or more of the following:

1. To identify and evaluate appropriate methodology for providing management assistance to Moroccan small scale enterprises through a pilot Project activity involving forty or more small scale enterprises.

2. To identify and evaluate whether recent business school graduates given a specific training and under the supervision of one or more experienced managers can effectively assist and effect an improvement in the operations of small businesses.

3. To evaluate and determine the appropriate structure and placement within the Moroccan economy of such an activity on an on-going basis.

4. To determine what level of fees would be appropriate for small businesses to pay for such assistance.

The second area of design weakness of the Project is that here are no clearly defined nor reasonably measurable criteria to measure the relative success or lack of success of the Project. Understandably, not all criteria to measure success are quantitative. The Project, however, has virtually no quantitative targets or goals. The only defined measure cited in the USAID/CRS Grant agreement is that at least forty small businesses should participate in the Project. Clearly, using this measure, the Project has been successful.

To determine how effective the Project has been in assisting small businesses and contributing to their improved operations, it would have been desirable for some quantitative criteria to have been agreed to and set out in the Grant agreement. Examples of such criteria would have been:

1. A specified increase to be achieved in the revenues and/or profits of the participating businesses over the average increase in the sector or subsector during the same period.

2. A specified increase in employment and/or wages over the sector or subsector industry norm during the same period.

Such criteria would have permitted a more accurate assessment of the Project's effectiveness.

The third area of weakness is the fact that although the Project was created as a small scale enterprise Project, the criteria of 7 to 20 permanent employees used for enterprise

selection does not reflect the Moroccan government's employment definition for small businesses (20 to 50 employees). This inconsistency of definition has led to some difficulty in the selection process and misunderstanding by government officials of the Project's target group.

B. Underlying Documentation Issues

As indicated in the first SSED Progress Report dated September 11, 1985, there were significant differences on both philosophical as well as design and operation of the Project expressed by the counterparties.

USAID raised concerns about the Development Fund, the feasibility of institutionalization of the Project at the termination of outside funding, the ISCAE contribution and the presence of the necessary professional depth to ensure adequate implementation of the Project. ISCAE focused more on the approach to be undertaken for the management of the Project, lobbying for a centralized top-down strategy rather than the more decentralized, interactive approach favored by CRS. Although formal agreement was reached through a series of compromises, the fundamental issues/differences raised at the conceptual phase of the project were never truly resolved and would continue to have a significant impact on the ongoing implementation and management of the Project.

There was apparent difficulty in coordinating the efforts of CRS and ISCAE in the early stages of the Project due in some degree to the fact that the CRS/ISCAE agreement was not sufficiently comprehensive or detailed in the delegation of responsibilities for the Project. As an example, in no document related to the Project is there a specific process or is specific responsibility given for the hiring of the Project Manager. It is explicitly stated that CRS is responsible for the salary of the Project Manager; however, nowhere is there explicitly stated exactly how the Project Manager would be selected and who is to participate in the selection process. It is assumed that there was mutual understanding among the individuals who were handling the negotiations and initial implementation of the Project. Unfortunately, given the differences that had arisen among the counterparties at the beginning of the Project, it could be anticipated that once the formal agreements were signed all implicit agreements were open to change based on the changing self-interests of the various counterparties and their relative positions of strength.

In addition to a lack of specificity as to the roles of the counterparties in the policy aspects of the Project, the roles and

responsibilities of the Project management also were not clearly defined. In the USAID/CRS agreement, the specific responsibilities of the Project Manager are (1) the "...daily oversight of the consultants...", (2) granting approval of Development Fund disbursements in conjunction with the CRS Economist, the CRS Director, and the Director of ISCAE, and (3) granting approval of companies to be graduated from direct participation in the Project with the concurrence of the Project Oversight Committee. There is no mention made of the responsibility of the Project management in the CRS/ISCAE agreement nor any reference made to those outlined in the USAID/CRS agreement.

Finally, there is no specific reference made in either agreement concerning the process for overall Project policy review and decision making during the life of the Project. Daily guidance of the consulting activities is the responsibility of the Project Manager; the Project Oversight Committee is responsible solely for providing advice and guidance with respect to the diagnoses of and recommendations for the individual companies; ISCAE is to provide facilities, assure the creation and continuity of the Project Oversight Committee, and engage in public relations activities related to the Project. There is no process specified in either agreement to accommodate policy review and modification during the life of the Project. Not having such a process has resulted in either (1) modifications being made to the Project on an ad hoc basis - without adequate discussion, clear-cut decision making, and direct communication of the modifications among the various parties involved in the Project or (2) action not being taken until a crisis type situation occurs. Ideally, a policy committee composed not only of representatives of the three sponsoring institutions but also of the Moroccan government and private sector should have been established.

It is to the two underlying agreements of the Project - that of USAID/CRS and CRS/ISCAE - as well as to weakness in design that much of the implementation problems of the Project can be traced.

C. Implementation of Phase I

The Project start-up phase was to take place during the period of October to December 1985. Exhibit 1 compares the planned timing of the project with the actual timing of implementation of the project, to date. As seen in Exhibit 1, only two of the activities planned in Phase I were completed before the end of December 1985 - the signing of the USAID/CRS grant and the CRS/ISCAE agreement. In this phase, the Project management was to have been recruited, the administrative support staff put in place, the physical facilities of the Project set up, and the three small business subsectors selected by the Project Manager, the Assistant Project Manager, and the CRS Economist. Although not explicitly stated in the grant agreement, it would

have been desirable for any Moroccan government approvals of the Project and its budget to have taken place during this period.

Significant implementation inconsistencies plagued the Project during the first phase. An example of these inconsistencies is the fact that the official opening ceremony of the Project took place in March 1986; however, final approval by the Ministry of Finance of the Project's operating budget did not occur until July 1986. The resulting delay of necessary Project disbursements had an obvious negative impact on the implementation of the Project and was in large part due to inadequate evaluation of the implications of placing the Project under the umbrella of the ISCAE during the design of the Project. Significant elements of the Project were unable to be implemented which had been budgeted for (i.e., the planned salary levels of the consultants and Project management, the purchase of three vehicles for Project transportation, etc.) and for which funds already had been allocated.

In an attempt to sort out some of the problems bogging down the first phase, the Project Manager of the CRS Tunisian Small Enterprise Project was called upon in November 1985 to come to Morocco and make an assessment of the situation and to recommend steps to facilitate project coordination. Initial problems were resolved. Completion of most of the activities in Phase I had occurred by May 1986.

D. Implementation of Phase II

The final selection and the commencement of consultant training began in March 1986, approximately three months behind the Project Implementation Plan. Reviewing the documentation as well as interviews with the consultants and the professors indicates that the training conformed, in general, with that specified in the USAID/CRS and CRS/ISCAE agreements. According to the consultants, much of the 150 hours of classroom activity consisted of reviewing business management techniques that were studied were studied as students at ISCAE. Although most of the professors who participated in the consultant training have experience in the private sector, few have had direct experience with small businesses of the size participating in the Project. As a result, much of the material studied did not creatively focus on small business concerns. There was general agreement among the consultants that the training which focused on the psychology of the small business owner/manager as well as the role playing simulation game gave the most relevant preparation for working with the small businesses.

E. Implementation of Phase III

Selection of participating firms coincided with and was incorporated as part of the consultant training process. (See Exhibit 1). The principal methods used for searching and identifying firms consisted of door-to-door canvassing and word-of-mouth referrals. Business owners/managers interested in participating in the Project were required to respond to questionnaires which used a scoring system to determine the candidate's qualifications. In addition, the Project Manager and the CRS Economist visited each of the applicants on several occasions before a final determination was made as to whether or not the applicant was accepted in the Project.

The criteria for firm selection developed by the Project Manager and the CRS Economist did attempt to reflect the broad categories set forth in the USAID/CRS agreement as well as CRS' underlying mandate to help the poorest of the poor.

The ability of a small business owner/manager to acquire better management capabilities implies at least two elements. First, that the small business owner/manager has to have a modicum of education necessary for understanding and applying the skills being taught in a reasonable timeframe. Second, that there is a sufficient operational base in the small business to allow high marginal return from the new management capabilities. The more pragmatic objective of identifying firms which though small were of sufficient size and foundation so as to be able to significantly benefit from the assistance given does not seem to have been a major factor in firm selection.

To determine the appropriateness of the criteria used in the selection questionnaires, it is necessary to review and assist one of the Project's objectives. The objective is to provide owners/managers of small businesses with better management capabilities to deal with both internal and external constraints to long-term growth.

From interviews with representatives of the three sponsoring institutions, it is evident that there was not a clear, shared understanding of the how the Project was to work. ISCAE and CRS saw the Project more from the perspective of a laboratory workshop - following and analyzing the experiences of the same 40 businesses over the life of the Project. USAID put more weight on the "company graduation" aspect of Project mentioned in the grant agreement and anticipated that there would be at least one turnover of the participating companies during the life of the Project. USAID foresaw a minimum of 80 small businesses being affected by the Project.

The criteria used in the questionnaires were designed in such a way that although not a designated target group of the Project,

quite a few micro enterprises were selected as participants. These micro enterprises proved to be too small to advantage of much of the assistance provided.

Also, although firms selected were to be legally registered at the time of selection, the criteria also biased the selection process so that over one-fourth of the participants chosen has just started up and/or were not legally registered entities. Working with these firms proved inappropriate in the context of this Project as much time (up to four months) was spent just getting the companies legally registered. Pure management assistance was often delayed for as long as a half year or more after the initial selection.

The questionnaires used in the selection process did not take into account any subsectoral characteristics which might have been useful factors in determining the appropriateness of participation of particular firms.

F. The Project Oversight Committee

The composition of the Project was specified in the USAID/CRS grant agreement - four ISCAE professors, and a professional from ODI, BNDE AND CGEM. The Project Oversight Committee has never fully operated with the specified composition. Participation has relied more on individual interest than on an institutional commitment and has not been limited to the institutions cited in the grant agreement. Members' attendance has been dictated by the particular problems of a enterprise being discussed at a particular meeting. With the exception of certain ISCAE professors, most members of the Committee saw themselves as "consultants to the consultants" and were not aware nor thought it their responsibility to know the overall structure of functioning of the Project. The members never discussed among themselves the overall strategy, progress or future of the Project or their role in the Project.

Despite the somewhat fluid nature, the Project Oversight Committee has to a large degree fulfilled the role envisioned in the grant; that is, to provide advice and recommendations to the consultants regarding the diagnoses of the firms.

Over the course of the Project, the active participation of members has waned. In interviews with the Committee members, it was found that a great deal of the lack of interest in the Project over the last nine months is in fact due to poor coordination and communication. The two most voiced complaints by the Committee members were (1) that they were never given any follow-up information on the progress of the firms they had met with and given advice to and, (2) that Committee meeting scheduling was often a problem - short advance notice of the meetings, that the

meetings were always held at ISCAE which often proved to be inconvenient due to its distance from the center of the city, irregular meeting days and times. Several ways to offset this lack of interest in the project has been suggested by the staff of the Project and the Director of ISCAE. All of the suggestions made revolve around the need for the members to be remunerated in some financial manner for their participation. Although receiving some financial remuneration could have made participation more interesting, it is quite possible that attendance by Committee members could have been significantly stimulated by increased communication with the members on the progress of the project, in general and of the companies they had reviewed, specifically.

The decline in the attendance of members of the Project Oversight Committee has been evidenced particularly among the representatives of the private sector. The meeting over the last nine months have been dominated by professors of the ISCAE who feel more an allegiance to the Project as it is a part of ISCAE and because there are opportunities available to engage in research work based on the findings/data accumulated from the Project.

G. The Development Fund

It was anticipated in the USAID/CRS grant agreement that the Development Fund would be distributed every six months once the firms had been selected and consulting activity had begun. Unfortunately, there has been a significant under-utilization of the Development Fund. The reasons for the under-utilization are: (1) a lack of a clear understanding of the purpose and criteria for the Fund by the Project's management, and especially by the consultants - they were therefore unable to identify eligible opportunities for the Fund, (2) a philosophical difference on the use of the Development Fund by the Director of ISCAE (in the meeting with the Director during this evaluation, he indicated that he felt the Fund should be used to fund project analysis and research work to be performed by ISCAE professors, to remunerate the members of the Project Oversight Committee as well as to partially finance direct interventions with the small businesses), (3) the lack of sophisticated technical assistance requirements of the micro enterprises, (4) a perception by the consultants that use of the Fund required a long bureaucratic approval process, and (5) a somewhat academic bias in behavior on the part of the members of the Project Oversight Committee which acted as an obstacle in getting approval.

In an interview with one of the ISCAE Committee members during which the purpose of the Development Fund was explained, it was indicated the "yes, I do recall there being one or two requests made for getting specialists under the Development Fund. I guess we (the Project Oversight Committee) were a little tough

on the consultants. We felt the information was available, and with a little time and effort the consultants could do the necessary research and find the answers for themselves." A reasonable attitude in a university setting; not so in a project which is trying to maximize effectiveness and efficiency. It is clear that it was difficult for the professors to disassociate themselves from their academic behavior, especially when working with former students.

Because of the above reasons, the first distribution of the Fund for direct assistance - the financing of the participation cost of several of the small businesses in a trade fair - occurred approximately six months after that scheduled in the Project Implementation Plan. There have been four additional distributions of the Fund principally for the services of IESC volunteers. A request for funding participation in a second trade fair was considered, but after initial negative feedback from CRS, the idea was dropped. Although other proposals are pending approval, there is reticence on the part of the Director of ISCAE to allow further use of the Fund until it is clear exactly what is or will be allowed. Among the pending proposals is one for a seminar for the small business participants and another for supplemental training for the consultants. Seminars were cited the USAID/CRS grant agreement as one of the eligible types of activities under the Development Fund, and it is unclear why no seminars were planned and undertaken much earlier in the project. The need for supplemental training of the consultants should be considered in the context of the future strategy of the Project and what will be the required skills base of the consultants.

Indeed, the Director of ISCAE recently expressed the view that he would prefer that the Development Fund not be used rather than use it wastefully. The question that begs to be answered is what does he consider a waste use of the Fund? Overall, there has been significant confusion concerning the desirable and eligible uses of the Development Fund which neither ISCAE, CRS or USAID have effectively resolved to date.

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H. Project Management

The Project has suffered from a lack of overall effective management in the person of the Project Manager. The first Project Manager, Mr. Manou, came to the Project with a very strong marketing background, and was quite effective in the initial phases of the Project working with the consultants and the CRS Economist in recruiting firms. His style of management was based on the team approach, and he developed strong working relationships with the consultants and the owners/managers of the small businesses. His major weakness as a manager, which became more apparent as the Project progressed, was in the area of internal management systems and controls. As a result, all

aspects of documentation were slow in developing. Looking at Exhibit 1, it is shown that all companies had been selected prior to the development and documentation of a consistent consulting methodology. Prior to development of the consulting methodology, consultants were left to their own devices in terms of how they approached their work with each of their companies. This led to a certain amount of redundancy and wasted time by the consultants. In addition, the data gathered by the consultants were not standardized and therefore in the first year and a half of the Project, very little comparative statistical analysis could be undertaken. The shortcomings of the Project Manager as well as the perceived role of the Director of ISCAE as being the final authority on all aspects of the Project resulted in gradually increasing conflict between the two and finally the resignation of the Project Manager.

The present Assistant Project Manager had been a consultant at the beginning of the Project. It was the decision of the management that his skills as a consultant were not sufficiently developed to be effective in the field. As an alternative to possible termination, he was switched with the then Assistant Project Manager who became a full-time consultant. So, in effect, an individual who did not have the necessary skills to be a consultant was "promoted" to the position of Assistant Project Manager. In addition to the less than positive impact this act had on the morale of the other consultants, the new Assistant Project Manager was also put in a position where after the departure of Mr. Mamou in July 1987, there was a period of three months during which he took over as Acting Project Manager. It was during this period that the Director of ISCAE consolidated his de facto role of Project Manager.

The selection and hiring of the present Project Manager was undertaken by the Director of ISCAE with the concurrence of the Director of CRS. The new Project Manager's strengths lie in internal management and controls. The documentation requirements of the Project have undergone substantial improvement since November 1987 when the new Project Manager took over. Information gathered from the participating small businesses over the course of the assistance period has been consolidated and put into a uniform format and presentation by all of the consultants. The timeliness of project and financial reporting to CRS and USAID has improved significantly.

The interview with the Project Manager revealed that (1) she saw the primary reason for being hired was to put "the house in order"; that is, to get the internal management and reporting of the Project in order, (2) to facilitate the directives of the Director of ISCAE who is responsible for all decisions and policy regarding the Project, (3) to facilitate contact with relevant outside organizations based on her special entree in that community (her husband is an elected official of one of the

private sector associations) and, (4) to provide when possible technical support to the consultants. The consultants, however, do not look to the Project Manager for technical support nor for any initiatives regarding the Project.

Because of the new Project Manager's understanding of her role and of a radically different management style, the working environment of the Project has not improved. At a particularly low point, a meeting requested by the consultants with the Director of ISCAE resulted in an ultimatum - "either she goes or we go." The Director of ISCAE was able to diffuse the situation; however, the feelings which brought about the meeting are still evident.

It is clear that it is the Director of ISCAE who is presently running the Project directly. That fact is and of itself is not a major concern as long as he has sufficient time to give to the Project and that he shares a common view of the Project with that of the other sponsors -USAID and CRS. Unfortunately, that is not the case. As the Director of ISCAE, the preeminent business school in Morocco, he is unable to devote the required time to manage the Project full-time. Indeed, during the course of this evaluation and due to a prior commitment requiring a three week trip abroad, there was only one opportunity for a brief meeting of a little over an hour between the evaluator and the Director.

During that meeting which occurred at the beginning of the evaluation period, it was learned that there are significant differences in the objectives for the Project held by the Director of ISCAE and that of CRS and USAID. The Director sees the training of the consultants as having at least equal if not greater priority than the assistance being given to the small businesses. Through this training and experience, he foresees the consultants gaining the expertise necessary to start their own businesses. Going forward, he looks more to the Project to assist in the creation of small businesses than to provide assistance to businesses already in existence. He also sees the Project as a mechanism for encouraging participating ISCAE graduates to eventually have access to another avenue of employment - with the participating firms that who recognize the need because of their growth to hire "cadres" or management staff. All of the above are laudable objectives, but were not cited within the scope of the present Project. These differences are not new and can be traced back to the formative discussions of the Project.

I. Other Issues

There has been disruption and delays in the payment of the salaries of the personnel of the Project. The reasons cited for this situation has been the burdensome, time-consuming process of getting approvals through the Ministry of Finance, USAID's refusal

to fund the increases until the Ministry approvals have been obtained, and CRS' hesitation to pay directly as it is seen as preferable to pay through the special project account. It is understandable that all parties prefer to handle such payments through the designated account, however, under the CRS/ISCAE agreement CRS is directly responsible for paying the salaries of the Project personnel. As such, and in an effort to improve the morale of the personnel of the Project, CRS is legally within its rights under the agreement and should immediately pay the increases directly.

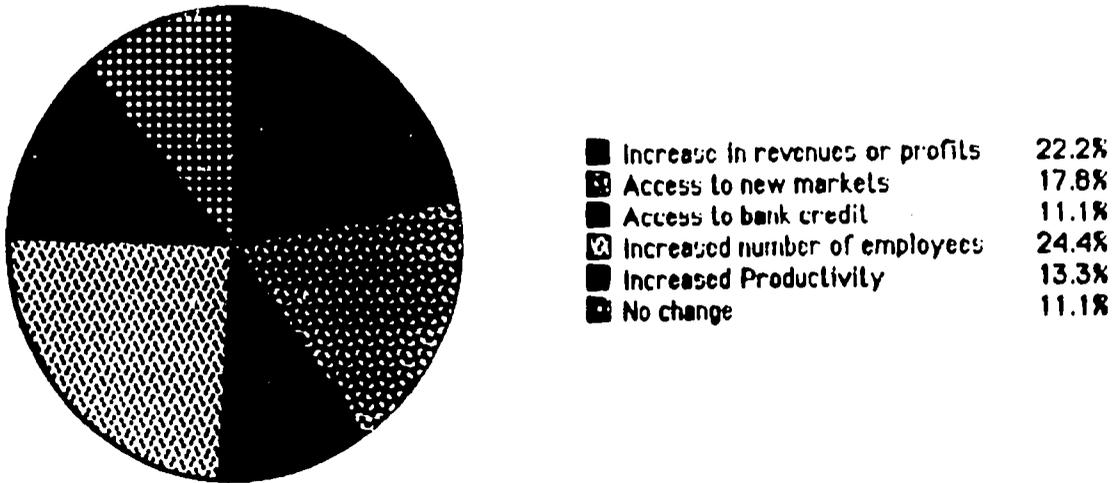
The CRS Economist has acted principally as a liaison between the Project staff and CRS. The Economist has often times gotten too involved in the daily operational aspects of the Project. The analytical work anticipated for the most part has been done by the consultants themselves with the CRS Economist acting more in a consultative capacity making suggestions and recommendations to the consultants as to the type of analysis that they should undertake. Also, there has been an erosion of the importance of the position due to the CRS Economist opting in what is indeed a rather difficult environment to work directly with and through the consultants rather than with the management structure of the Project.

V. PROJECT IMPACT DISCUSSION

A. Impact on the Participating Small Enterprises

From the perspective of the small business owners and managers, the Project has been successful. Of the companies interviewed, a significant number of the small businesses had experienced some sort of improvement in their operations.

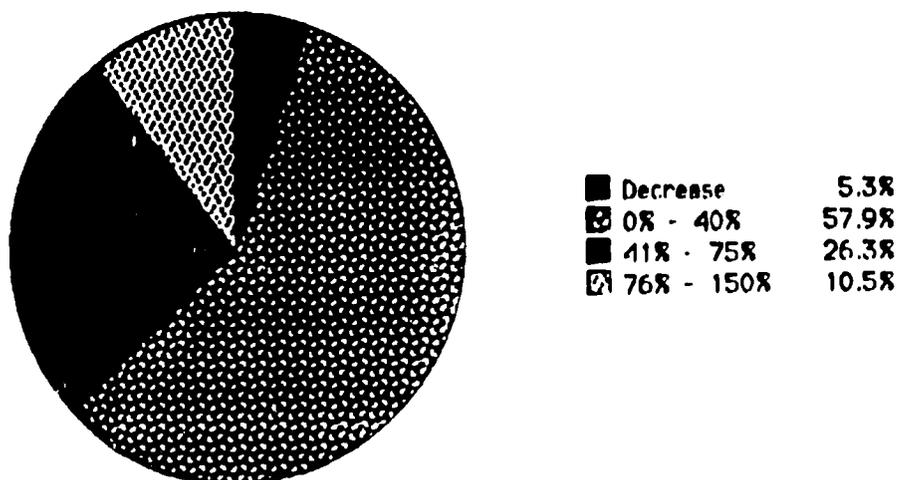
IMPACT OF PROJECT PARTICIPATION



Of the eighteen companies interviewed, the preceding graph shows the percentage of companies that experienced improvements in their operations.

The succeeding graph indicates the changes in employment that the interviewed companies experienced over the course of their participation in the project.

CHANGE IN EMPLOYMENT



And, as a result of participation in the trade fairs, several companies are exploring export opportunities. Although it is difficult to evaluate the effectiveness of the Project in the area of revenues and employment without making a comparison with subsector statistics over the same period, it is safe to state that based on the interviews held with the owners/managers, the majority of the participants are pleased with the assistance they have received and the improvements they have noticed in the companies' operations.

Equally as important as the quantitative improvements, most of the owners/managers interviewed indicated that they felt that a significant benefit of the assistance was the change they have experienced in how they look at their businesses. As one interviewee stated, "I now can look into the future and feel more comfortable about my ability to deal with it."

For owners/managers of businesses that had resolved most of their problems diagnosed at the beginning of their participation, the moral support provided by the consultants was a continuing benefit of the Project. Indeed, it was clear during the course of interviews with the business owners/managers that the consultants had established strong working relationships with them. Indeed, the success of the Project is owed in large measure to the

consultants who in spite of rather difficult working conditions (ie., inadequate transportation, significant salary problems, inconsistencies in management, etc.) persevered in their efforts to help the small businesses. The relationships established were so strong and individually based that some of the owners/managers were not even clearly aware of the existence of the CPCE. The few who had the clearest ideas of the Project saw the affiliation of the Project with ISCAE as being generally a negative aspect. One owner indicated that "the poor consultants want to do so much and the (ISCAE) hold them back." The youth of the consultants did not at this stage of the Project appear to present a major problem for the small business owners/managers. Although the age and inexperience of the consultants must have posed somewhat of a problem in initially gaining the confidence of the business owners/managers, the majority of the owners/managers indicated that the inexperience that accompanies youth had been more than offset by the high level of energy, enthusiasm and perseverance with which the consultants did their work.

B. Impact on the Consultants

From interviews with consultants, it is clear that they have undergone a substantial learning experience over the last two years. Although not yet "specialists" in small business development and promotion, they have gained knowledge in each of their subsectors that should be capitalized.

Several of the consultants voluntarily expanded their involvement in the Project beyond that of just consultant. The public relations materials that have been prepared for the Project as well as the development of a plan for the institutionalization of the Project which was presented to the Director of ISCAE were the results of the consultant, Mr. El Ghazi. The consolidation and codification of the consulting methodology used by the consultants is the effort of the consultant, Mr. Bousemar.

The difficulties experienced in the implementation of the Project have had a negative impact on the morale of the consultants. In spite of the problems they have had to overcome, the consultants have contributed in large measure to any success the Project has had.

C. Impact in the Moroccan Environment

Due to a conspicuous lack of public relations and publicity-related activities by the management of the Project, the Project has had virtually no impact on the Moroccan economy outside of the some operating gains and modest employment increases experienced by some of the forty participating small businesses. There is no evidence that the Project management has attempted to have nor has

the Project made any impact on Moroccan government policy improving the small business environment.

Asked about this lack of interface with the Moroccan environment, the Director of ISCAE indicated that it was the direct result of his decision to hold off on any type of publicity about the Project. He felt that it would be premature to publicize the activities of the Project before the final results had been gathered and analyzed. Understandably, publicizing false claims about the Project would have been unwise; however, keeping the outside community aware of and informed about the activities and progress of the Project would have been desirable. Such activity would have assisted the Project management in laying a foundation for and assessing the viability and structure of the institutionalization of the Project.

VII. INSTITUTIONALIZATION: FINDINGS AND ANALYSIS

The language of the USAID/CRS grant agreement states that "ISCAE has agreed to continue with the Project after the three year pilot period of it proves successful. And that a detailed plan for the institutionalization of consultancy services supported under the Project will be developed prior to the completion of external donor assistance activities." The CRS/ISCAE agreement states that ISCAE agrees "to assure the continuity of the activities of the SSED Project beyond the three year period of the Project and to present a detailed plan for the continuity before the 24th month of the Project." Under the USAID/CRS grant agreement, ISCAE agrees to continue the project if it proves successful. As mentioned earlier in this paper, there is no pre-established criteria to measure the success of the Project. It is left to ISCAE to determine based on its own criteria whether or not the Project has been successful. To date, no detailed plan of institutionalization has been presented to by ISCAE to either CRS or USAID.

Institutionalization depends upon several factors: (1) that the activities of the Project have become known and understood by a broad spectrum of the economy, (2) that the Moroccan government and other institutions see the viability of the project and express interest in taking on more significant roles (including a financial role) in the Project's future, (3) through the activities of the Project, a demand for the services provided by the Project develops among the small business community, and (4) that all of the above mentioned participants and sponsors will provide a stable future financial base for the Project.

To mobilize the broad support needed to assure institutionalization, there is a need to engage in public relations/publicity activities that will bring the Project to the attention of the various potential support groups. According to the Director of ISCAE, it will not be known what the impact of the Project will have been until the end of the project. This indeed has been his reasoning in undertaking little or no public relations activities on behalf of the Project. The small business round table that was hosted by ISCAE over a year ago and in which several of the small business owners/managers attended and presented their products was received and perceived differently by the various participants. For many of the small business owners/managers it was more of a showcase for ISCAE to show off before the Minister of Commerce. Several of the owners/managers stated that they felt they were just part of a show where the only beneficiaries were ISCAE, in general and the Director of ISCAE, specifically. The Director of CRS also felt that the roundtable was organized principally to promote the importance of the Director of ISCAE, not the Project. Not surprisingly, the Director of ISCAE felt that the roundtable had been a success.

There were steps incorporated in the USAID/CRS grant agreement which were taken at the onset of the Project to promote the ultimate institutionalization of the Project. These steps included ISCAE agreeing to consider hiring the Project Manager and the Assistant Project Manager as permanent employees. It is also mentioned in the grant agreement that the inclusion of members of ODI and BODE would represent additional elements that should lead to ensuring the institutionalization of the Project. Unfortunately, the participation of ODI and BODE in the Project Oversight Committee has been particularly minimal and no strong institutional ties with the Project have been fostered.

In response to the requirement stated in both the USAID/CRS and the CRS/ISCAE agreements for the presentation of a detailed institutionalization plan by the 24th month of the project, ISCAE has recently submitted a five page concept paper, "Avant Projet d'Extension des Activités du CPCE", furnishing possible institutionalization scenarios for the Project incorporated in the overall future of the CPCE. The main points of the paper are the following:

- the CPCE will continue to provide assistance for management consulting services for existing businesses (Module 1) and also provide workshops for the creation of small scale enterprises (Module 2).

- the CPCE will expand its activities regionally and sectorally

- Module 1 will assist small businesses having a maximum of 50 employees and at least 5 years of operations. There will be one consultant for either 10 businesses in the same sector or for 6 businesses in varying sectors. The period of assistance would be for a period of two years. Cost per Module 1: 348,000 DH.

- Module 2 will consist of identifying and selecting 15 entrepreneurs to be trained and assisted over a period of one year in developing and implementing plans for new businesses. Cost per Module 2: 377,000 DH.

- sources of financing for the activities under the two Modules are to come from: (1) the Moroccan government's continued support through ISCAE, (2) international organizations such CRS, USAID, UNDP, and other bilateral and multilateral donors, (3) national organizations such as banks, professional associations, communes, chambers of commerce and industry, etc., and, (4) fees to be assessed from the small business beneficiaries of the services.

The paper presented by ISCAE was not written specifically for CRS and USAID; it is a document that is to be used in discussions with any bilateral or multilateral donor interested in small

business development in Morocco. It makes no specific references to the capitalization of knowledge and experience gained from the pilot project. There is no evidence given in the paper of any research done in assessing the actual interest to participate that exists among the institutions and organizations cited. Nor has there been any detailed assessment of the ability and willingness of the small business owners/managers or entrepreneurs to pay for the services. The document is not a detailed institutionalization plan for the SSED Project and as such, can not be considered as a fulfillment by ISCAE of the requirement under the two agreements. There is, therefore, no detailed institutionalization plan for the future of the Project.

VII. CONCLUSIONS AND RECOMMENDATIONS

Based on this evaluation, it is evident that (1) there does exist a demand for the assistance that this Project has undertaken to provide, (2) Moroccan, small scale business owners/managers are receptive to the type of assistance the Project has provided, and (3) relatively inexperienced business school graduates can effectively work with small business owners/managers if given the proper training and continued guidance.

Because of the problems that have been found in the design, documentation and implementation, it is recommended that the present SSED Project not be extended. It is recommended instead that strong consideration be given to the design and implementation of a new small business project which would incorporate the lessons learned as well as the strengths of the first project. Design of the new project should begin immediately and it is recommended that in designing the new project the following issues should be addressed:

1. Review, identification and concurrence among the future sponsors of the project should be obtained at the onset regarding the target beneficiary group(s), the specific types of and methods for delivery of the assistance to be provided, and common criteria to be used in measuring the success of the project.

There are two ways to approach this initial step. Either for CRS to determine exactly what it wishes to do in the area of small business development - target group, type and level of assistance, etc. - and then with this clear project concept in place, identify and seek out co-sponsors who are willing and able to share and support the project concept. Or CRS can host one or more roundtable discussions with all potential sponsors. The purpose of the roundtables would be to develop a project concept jointly with the other sponsors. In either event, there is a need to begin this initial step as soon as possible so as to have as little down time as possible between the ending of the pilot project and the beginning of the new project.

2. The establishment of the project outside of the direct control of the Moroccan government.

To avoid many of the implementation problems which were encountered during the SSED Project as well as to be able to structure a more private sector oriented project, it is recommended that the new project be a stand alone activity receiving in-kind and financial support from various sponsoring organizations. To the extent that some of the support will be coming from government entities, an agreement should be sought from the Moroccan government which will exclude this support from the direct and continuous oversight and involvement of the government.

3. The new project should have indirect affiliation with a broad spectrum of the Moroccan governmental, educational, professional and institutional entities. This affiliation should be in the form of a policy body for the project made up of representatives from these various groups. Active participation of the members of these groups should also be sought in the seminars, forums, and other related activities of the project.

4. In the initial start-up phase of the new project, the activity of the project should be limited to the Casablanca area so as to capitalize upon the resources already developed. There should be concrete plans, however, after the start-up phase to expand the project's activities to one or two additional regions of the country.

There is a certain attraction to expanding the assistance to sectors not touched by the first project. It is recommended that in the first two or three years of the project, the assistance should continue to be focused on the subsectors of the first project - textile, leather and electro-mechanical - with an increase in the number of small businesses that are assisted. A certain knowledge base has been gained by the consultants which only now is at a point to be fully exploited. In addition, professional organizations of these sectors have been somewhat active in the first project and it would appear to be more feasible to further develop these relationships than to begin new ones. Finally, it is generally agreed that these sectors have significant potential for growth both in the domestic economy as well as for export.

5. A high priority should be placed on maintaining the services of the consultants of the first project in the new project so as to capitalize upon their experience and knowledge base.

It has been recommended earlier that the number of small businesses assisted at any one time should be increased from the original 40. Ideally, number could be doubled. Each of the experienced consultants could be paired with one or two new graduates or "associates." Much of the initial ground work could be done by the associates under the direction and in association with the senior consultants. Of course, this would not eliminate the need for the new project to have a strong, experienced management - Project Director and one or two Assistant Directors. The direct responsibilities of the Assistant Director(s) would be to manage the documentation, internal control, logistical and personnel issues of the project. The Project Director would have primary responsibility for providing technical consulting support to the consultants and for engaging in the public relations aspects of the project.

The creation of a new small business project within the short

Time frame available will not be a simple matter; however, it is a feasible undertaking and certainly warrants strong support.

**EVALUATION OF SMALL SCALE PRIVATE ENTERPRISE PROJECT
SCOPE OF WORK**

The purpose of this contract is to provide the services of an individual to evaluate the Small Scale Private Enterprise Project (608-0187), and determine how well it has achieved its goals and assess its future viability.

1. Statement of Work

The evaluator will analyze and reach conclusions concerning the following key issues:

Has the project been successful in providing management capabilities to firms? Can these improvements be

(Continued on following page)

I. STATEMENT OF WORK (CONT'D)

documented, and have they been?

- . Does the CPCE or ISCAE have a clear vision of CPCE's future?
- . To what extent does the viability of the CPCE depend on continued levels of assistance from AID, CRS, or other donors?
- . How much should firms receiving assistance be realistically expected to contribute?
- . Is the method of using relatively inexperienced consultants to provide assistance an appropriate means of accomplishing project objectives?

In addressing those issues, the evaluation should answer the following questions:

1. Management Capabilities:

- . To what extent has the project been successful in providing owners of businesses assisted better management capabilities? How has the overall performance of firms been improved?
- . How are project personnel "measuring" firm's performance? Is it adequate? Have they correctly defined "better management capabilities?"
- . What specific types of improvements have taken place (e.g., improved record keeping, legal registration of firms, financial management, success in obtaining financing, improved marketing, increased production, employment, sales, profits, etc.) and how did the consultant help to bring about those improvements?
- . To what extent has the project been successful in tracking improvements and documenting them?
- . To date, no firms have been "graduated." Should some of the firms receiving assistance be graduated, as envisioned in the Grant? How is the process of graduation viewed by the consultants and other project officials?

2. Quality of Consultants:

- Are young, recently graduated students appropriate for providing assistance? Is this method (i.e., using relatively inexperienced individuals) appropriate and effective?
- How well has the training received by the consultants at the start of the project served them in providing assistance to small businesses?
- How could this training be modified to better suit the needs of small businesses? What types of additional training should the consultants receive?

3. Institutionalization:

- What is the CPCE's plan for future financial independence? Is this plan for an extension of the project realistic? Are firms currently enrolled in the project prepared to pay for assistance? What other sources of financing are planned?
- The Grant states that ISCAE would hire the Chef du Projet and Assistant au Chef du Projet as permanent employees during the first stages of the project. To date this has not taken place; the project continues to pay salaries. What steps are being taken to make these two employees permanent GOM personnel?
- What support does ISCAE or other GOM institutions provide to the CPCE now and what additional support are they prepared to provide?
- Is ISCAE, a government entity, the proper location for the Centre? What are the benefits and drawbacks to such an association? What other institutions may be a more appropriate base for the CPCE?
- To what extent is the CPCE known in the Moroccan government apparatus, particularly in the Ministry of Industry, and how is it viewed? Have the activities of the CPCE had any effect on GOM policy with respect small enterprises?
- To what extent is it known in the Casablanca business community and how is it viewed?

76'

7. Other:

- What methods were used for searching and selecting firms for the project? Were the criteria used in firm selection appropriate?
- To what extent have the recommendations made by the previous evaluation been adopted and how successful have project officials been in implementing these changes?
- Evaluate CRS's role in the project. How important has it been in the project's development and implementation? What would be the advantages and disadvantages of continuing the project without CRS assistance?

II. METHODS AND PROCEDURES:

The evaluator's efforts should be principally concentrated on visits to the firms, an assessment of the management of the CPCE, including analysis of records and documentation, and analysis of the knowledge and capability of the consultants. The evaluator should prepare a standard questionnaire for distribution to all forty firms receiving assistance under the project. Interviews should be held with at least half of those firms. A minimum of 4 firms from each sector should be visited and a maximum effort should be made to interview firms who have been receiving assistance the longest in order to better assess the benefits. In addition to interviewing firm officials, the evaluator should, in addition to the questionnaires, seek objective and verifiable data from firm records to support or demonstrate the benefits received by the firms. The results obtained from the firms should be compared and analyzed with the information maintained at the CPCE.

The evaluator should examine the plan for institutionalization and assess its viability, particularly the financial plan. This should include meeting with officials of institutions who are included in the financial plan. Examination of alternative methods of institutionalization should be included.

The evaluator will review the training received by the consultants at the start of the project to determine the value of the training. The evaluator should discuss with the consultants their impressions of the training and how it might be improved. What types of subsequent training would best serve the needs of the consultants in advising small businesses, and which entities or individuals could best provide this training.

The evaluator should interview the project officials to assess their views of the project. In the course of these interviews, officials should describe what, in their view, are the major accomplishments of the project, the principal problems or disappointments, and the major impediments to a continuation of the project and how best to overcome the impediments.

INTERVIEWEES

I. U.S. Agency for International Development

George Callen, Consultant en Commerce International

II. Catholic Relief Services USCC

Daly Belgasmi, Country Representative
Mark Smith, Economist/Small Business

III. SSED Project Staff

Dr. A. E. El Alami, Director of ISCAE
Mrs. Fadela Lahbabi, Project Manager
Mr. Jouti, Assistant Project Manager
Mr. El Ghazi, Consultant
Mr. El Oari, Consultant
Mr. Boumesmar, Consultant
Mrs. Bouabdillah, Consultant
Mr. El Bakkouri, Consultant

IV. Project Oversight Committee

Mr. Abderrahman Atfi,
Secretary General
Association Marocaine des Industries Textiles

Mr. Abdelaziz Al Mechatt
Accountant
Coopers & Lybrand

Mr. Majib Layachi
Chief - Agribusiness Department
Centre Marocaine de Promotion des Exportations

Mr. Bachid H' Babet
Professor of Finance
ISCAE

Mr. Chraïbi
Professor of Marketing
ISCAE

Mr. Mohamed Berrada
Representative
FINRE

Mr. M'Barek Boudri
President Delegate
Federation of Construction Industry
Casablanca Chamber of Commerce

Mr. Dar Alkhebir
Professor of Accounting
ISCAE

Mr. El Otmani
Professor of Finance
ISCAE

Mr. Bachir El Boubali
Chief - PHI Technical Assistance Department
Office pour le Developpement Industriel

Mr. Hassan Ben Bachir
Director of Enterprise Development
Banque Centrale Populaire

III. Participating Small Business Owners/Managers

Mr. Bouziane Marzouk
Director
MAROC ORIENT

Mr. Mohamed Chraïbi
Maitre Artisan

Mrs. Bahdia Chadi
Owner
ATELIER MECANO

Mr. Sakri
Director
FERRONNERIE DE SIDI MOUMEN II

Mr. Mostapha Bouziane
Administrator
BESINOR

Mr. Bachid Sordo
Technical Director

L'ELECTRONICIEN, S.A.

Mr. Ahmed Brahm
Administrator
NIREL

Mr. Mekki El Oumzani
Director
STE. JAKITEX

Mr. Marhoun
Director
MABIL CONFECTION

Mr. Mohamed Afifi
Owner
WORLD CUIR

Mr. Jamal Berrada
Owner
CHAUSSURES FITINY

Mr. Fathallah Bouchaib
Director
INCOTEX

Mr. Habbal Bachir
Owner
CADET ROUSSEL

Mr. Said Ben Chakroum
Director
SOCIETE AVERTY

Mr. Khalfi
Owner
ETS. KHALFI

Mr. Mustafa Zaid
Owner
FOUNDERIE ZAID

Mr. Ahmed Matlaya
Owner
ETS. MATLAYA

MAROQUINERIE MAROSAC

Mr. M'Barek Landani

Mr. Marzouk

IV. Others

Mr. Abe Weiner
Volunteer Consultant
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Mr. Chakib Zerhouni
Representative
Chambre de Commerce et d'Industrie du Grand Casablanca

DOCUMENTATION CONSULTED

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