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COMMENTS ON SRFMP PHASE II EVALUATION AND PROPOSED SCENARIO FOR EXTENSION

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Introduction

This paper will begin by presenting general observations on the recent evaluation of SRFMP Senegal. Additional comments concerning SRFMP Senegal will then be presented which will bring added input to the evaluation report and serve as the basis for a project extension discussion. The last part of the paper will propose a scenario for project extension activities.

General Observations on SRFMP Senegal Evaluation

- Given a very limited amount of time, the evaluation team was nonetheless able to cover all the major areas of Project activities over the last three years. For the most part, their observations correctly reflected the Project results and impact.

- Due perhaps to the amount of information to be digested and the diverse requirements of the evaluation scope of work many of the teams findings, conclusions, etc, were presented in a hap-hazard manner. Their findings could have been better developed and presented in a more coherent way.

- The team was able to successfully ascertain the impact of SRFMP programs through their interviews which convinced them as to its usefulness. However, they did not document the contents of these interviews sufficiently in order to convey the many examples (given by the business owners) of how the financial management systems and program are benefitting the SMEs. For example, many SMEs have taken concrete steps after having analysed their financial ratios in order to reduce costs and improve efficiency.

- The evaluation team exaggerated the "home office" percentage of costs in that they allocated one hundred percent of overhead to this category. It would be more realistic to spread the overhead costs evenly over the different categories (home office, expatriate, and local).

The following findings of the team were particularly pertinent:

- That the Inventory Accounting Training and Follow-up Unit must receive continued support in order for to it to develop into a self-sufficient unit with a clear mandate from the GOS.

- The importance of "follow-up" and the practical "hands-on" training approach.

- That SRFMP and ACA should not try to get intimately involved with the CESAG at this time.

- That it is difficult to ascertain the impact of SRFMP programs in terms of employment generation and increased profits - however it is possible to document the value of the programs in terms of improved management decisions, better organisation and discipline, and increased savings.

- The SRFMP Senegal should continue "parallel" to A.C.A. but not doing the same things. (A proposed scenario of this relationship is presented later in this paper).

Additional Inputs to the Evaluation Report

1. The Project activities have resulted in the "institutionalization" of fin. mgt. systems in over 120 SMEs. They are "institutionalised" in the sense that most of the SMEs will continue to use them on a permanent basis.

2. There has been institutionalization of improved inventory accounting practices in several hundred GOS services nationwide. These practices should continue as long as newly assigned inventory accountants are trained.

3. SRFMP Senegal combines systems developmemt, training and follow-up into what are termed "financial management improvement programs" (FMIPs). These programs implicate the beneficiaries in all phases to insure that systems and training are appropriate and practical. The fundamental program objective is to have "successful implementation of improved management systems by beneficiaries in their workplaces".

   SRFMP (and ACA) differentiate themselves in this way from other institutions who provide academic type training or whose consulting efforts result in difficult to apply recommendations.

4. The FMIPs create a close working relationship with large numbers of SMEs which can be expanded into other areas of assistance if desired.

5. SRFMP has developed FMIPs in four different business sectors (five if you include ACAs boutiques). In each sector, a "training/consulting group" made up of representatives from the sector, has been developed to assist in program implementation and to help ensure continuity of services beyond Project termination.

6. The FMIPs meet a felt need for better organisation and management which is crucial in the current Senegalese cultural and economic environment.

7. There is currently a "waiting list" of at least 10 business sectors who have requested FMIPs. These include: agricultural enterprises, metal and wood workers, restaurants, craftsmen and jewelers, hairdressers, and pharmacies.

8. The GOS is currently solliciting the SRFMP to assist them in their restructuration program by coordinating efforts to streamline their fin. mgt. systems. The request to assist in this sensitive area is due to the relationships and trust developed during the inventory improvement program.

9. SRFMP Senegal is currently the only "non-financial", management assistance program to SMEs in the Sahel (according to a recent survey conducted by the Club du Sahel).

10. SMEs currently participating in the FMIPs are requesting additional technical assistance from SRFMP in areas complementary to fin. mgt..

11. Many businesspeople from the regions have requested that FMIPs be developed in their areas.

Proposed Scenario for Project Extension

This section will present a proposed scenario for a Project extension. As suggested in the evaluation, "the Project" and A.C.A. would continue "parallel" to one another, pursuing different but complementary objectives. The section will begin with a brief description of ACAs proposed activities during the life of a Project extension and will then present a more detailed description of proposed Project activities during this time.

ACA Activities

Under the proposed scenario ACA would continue the work that SRFMP started by implementing FMIPs in a variety of business sectors. Their experience over the past few years has enabled them to master the basic methodologies involved in this activity. In 1990, they will complete and perhaps expand their current work with boutiques. It is likely that they will also begin FMIPs in two other sectors with two different donors.

In addition, ACA will be assisting USAID and the Ministry of Health to manage the disbursements for a number of training and development activities. This is a "side-line" activity for ACA which should help it maintain a basic revenue level. It is also an area where they are developing a very unique methodology.

ACA will try to diversify its funding sources in order to develop a wider client base. This will help ensure their continued existence in the future. Areas of potential, in addition to those mentioned above, include developing an FMIP for local PVOs (perhaps with funding from the upcoming PVO project) as well as training services for the Peace Corps.

Project Extension Activities

The proposed activities of the Project during an extension cover four major areas. These are: 1) developing complementary management assistance programs for SMEs who are in the current FMIPs; 2) expanding management assistance programs to SMEs in the regions (using Peace Corps volunteers); 3) technical assistance to ACA, and; 4) technical assistance to the GOS. After each activity is described, the tentative objective to be attained will be presented.

I. Developing complementary management assistance programs

Under this activity the Project would take advantage of the close working relationships it has developed with SMEs to introduce new forms of management assistance. This assistance would be based on helping each SME to define and achieve its objectives, goals, and strategies.

The methodology would involve creating a dialougue with SMEs (currently in an FMIP) in which the trainer/consultant would help them to define where they want to go with their business. Are they happy with what they're doing now? Do they want to expand or develop a new product line? These type of questions would be discussed and the result would be the development of concrete objectives. At this point the trainer/consultant would help the business owner map out a strategy to achieve these objectives. This might involve a savings plan, a new marketing strategy, better operational procedures, and/or a loan. In each case the objective of the assistance program would be to then help the SME implement its strategy.

If the SME needed improved operational procedures, for example, a methodology would be applied to help them in this area. If a loan was needed, the trainer/consultants could help the SME develop the project proposal and then put them in contact with a financing institution (i.e., the USAID credit project or a local PVO). A variety of methodologies would be developed by the Project to help the SMEs in the necessary area of management assistance. (It should be noted that this form of assistance would be difficult to implement without the relationship of trust and confidence that has been developed with the SMEs through the FMIP.)

With this activity, the Project would be on the "research and development" end of new forms of mgt. technical assistance. Once the methods are developed and tested through implementation the Project can "turn over" the methodologies to ACA or other groups interested in promoting the development of SMEs. At that point there would be much less trail and error required and a group like ACA would be able to make clear proposals to a financing agency as to what they could accomplish in a given period of time.

A tentative objective for a two year extension of the Project would be to assist at leat 50 SMEs to define, develop and successfully implement their business strategies. The methodologies developed by the Project during implementation would also be "institutionalised" within ACA, the trainer/consulting groups in each sector and possibly other institutions as well.

II. Expanding Management Assistance Programs to SMEs in the Regions

One of the major activities of the Project during an extension would be to expand and develop management assistance programs in the regions. The SRFMP has already developed FMIPs for tailor shops in the towns of Kaolack, Ziguinchor, and Bignona. This was made possible by the use of Peace Corps volunteers (PCVs) who serve as SRFMP representatives in these areas.

The PCVs receive training by SRFMP in "training of trainers" as well as in the basic fin. mgt. systems before returning to their towns to contact relevant businesses. The SRFMP consultant/trainers then assist the PCV to organise a training workshop. During the workshop two or three participants are invited to assist the PCV in follow-up and future training activities. Thus, a consulting/training team is formed in each town. The PCVs come peridically to Dakar to participate in follow-up visits and training activities. SRFMP staff then assist them to replicate these activities in their town. This methodology has permitted SRFMP to provide fin. mgt. assistance to over 60 SMEs in the regions thus far.

A tentative objective for a Project extension would be to expand management assistance programs in Kaolack and Ziguinchor and establish new ones in at least four new towns including, for example, Fatick, M'Bour, Thies, and Tivaouane. As new FMIPs are developed for different business sectors in Dakar they could be transferred to these regions. The complementary management assistance mentioned earlier (under Objective I) would also be applied in the regions. Finally, there would be many possibilities for synergy between the mgt. assistance programs and the credit activities in these areas notably the USAID credit project and local PVOs. For all these activities the Project would play a coordinating role.

Negotiations have already been concluded with the Peace Corps in Senegal to provide volunteers for this work under their new "small enterprise development" (SED) program. The SRFMP Team Leader has been sollicited to assist in the design of this program, especially for the future urban based PCVs.

The objective after two years would be to have diverse mgt. assistance programs in all of the aforementioned towns along with an established Peace Corps program that could support them. By this time there should be several experienced volunteers who can assist the Peace Corps with the program management. Formulas will also be developed so that ACA can provide an on-going support role to the program in the form of training and technical assistance.

III. Technical Assistance to ACA

Under an extension, the Project will continue to assist ACA in its development as a professional, self sustaining institution, possesing a variety of technical assistance capabilities to improve management in the public and private sector. This will be accomplished in the following ways:

- Organisation Development- As ACAs activities grow the Project will assist them in developing the most appropriate organisational structure for their needs. It will also assist them in developing internal procedures and management systems.

- New "Product" Development- As mentioned in Objective I the Project will serve as a research and development arm for ACA by developing, through implementation, complementary forms of mgt. assistance to SMEs. In this activity, the Project would use, when possible, ACA personnel who are not employed full time by ACA. This will insure institutionalisation within ACA and will also serve to employ the consultant/trainers until such time that ACA has enough activities to integrate them full time.

- Market Development- The Project will assist ACA to identify and negotiate contract relationships with institutions interested in their services.

- Quality Control- The Project Team Leader would also review ACA work as it develops to ensure that it meets high standards. This would include, for example, reviewing any new systems and training plans that are developed as well as preparing ACA consultant/trainers for international missions.

A tentative objective by the end of a two year extension would be for ACA to have its own office, staff and equipment as well as a diversified client base that will enable it to have enough activity to employ six professionals (not including the support staff) on a full time basis.

IV. Technical Assistance to the Government of Senegal (GOS)

Under an extension the Project would continue to support the institutional development of the GOS Inventory Accounting (IA) Training and Follow-up Unit (TFU). Experience is showing that this is a long-term effort, especially in the current GOS environment where job insecurity abounds. It is necessary, however, to help complement the extensive training that has already taken place with additional follow-up activities, as well as to train new inventory accountants as they are assigned.

Efforts will be made to gain an official status for the TFU along with its own budget and resources. The Project will assist the TFU as well in developing training and follow-up programs that will complement the skills and abilities they have already aquired.

The Project would also respond to the current requests by the GOS to assist them to streamline certain aspects of their fin. mgt. systems. These requests have come based on the positive relationships developed through the IA activity. Under this scenario the Project would choose an area that could be addressed with a modest amount of resources and effort (unlike the IA). The Project would also investigate the possibilities of using an expanded TFU to assist in coordinating this activity.

A tentative objective at the end of a Project extension would be to have a self sustaining TFU with its own resources and budget capable of providing a variety of training and consulting services to the GOS. Also, that the GOS will have an improved fin. mgt. system (to be identified) along with people trained to implement it.

Necessity For A Project Parallel to ACA

There are several arguments in favor of having a "Project" parallel to ACA. These will be developed briefly in this section. The arguments assume that the majority of the aforementioned Project activities and objectives are acceptable.

The current Team Leader would need the same kind of flexibility and authority as currently exist under SRFMP in order to successfully implement the activities and achieve the aforementioned objectives. This could be, done, however, with a more "streamlined" structure. There are many other operational advantages to having a "head office" including the ability to diffuse certain problems by referring them to a "higher body". The Project structure also eliminates the need for USAID to provide administrative support.

A principal danger in "fusing" proposed Project activities within ACA is that it would compromise the development of ACA as an autonomous local institution. By taking on the diverse responsibilities associated with the aforementioned Project activities, ACA would be involved almost full time in their implementation. This would prohibit them from developing FMIPs in many of the business sectors that are waiting for them. It would also inhibit their ability to develop a diversified client base.

At present, ACA is developing confidence through their ability to implement FMIPs independantly. This confidence will grow as they successfully implement more and more. A large grant to ACA, of the size necessary to implement the aforementioned Project activities, along with

the presence of the current Team Leader within their organisation, would compromise the independance of ACA. ACA personnel would still feel that they were part of the Project. This could inhibit their institutionalisation. ACA shares this perception and would also prefer that if the proposed Project activities are funded, that they be implemented parallel to their organisation.