

PROJECT EVALUATION SUMMARY (PES) - PART I

1. PROJECT TITLE Small Enterprise Approaches to Employment	2. PROJECT NUMBER 931-1090 / 15	3. MISSION/AID/W OFFICE ST/RD
	4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY) <i>83-14</i> <i>7/19/83</i>	

KEY PROJECT IMPLEMENTATION DATES A. First PRO-AG or Equivalent FY <u>78</u> B. Final Obligation Expected FY <u>84</u> C. Final Input Delivery FY <u>86</u>	6. ESTIMATED PROJECT FUNDING A. Total \$ <u>2,778</u> B. U.S. \$ <u>2,778</u>	7. PERIOD COVERED BY EVALUATION From (month/yr.) <u>9/78</u> To (month/yr.) <u>9/82</u> Date of Evaluation Review <u>9/30/83</u>
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8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
1. Decide whether to package and disseminate more widely the research findings from PISCES I and the Housing and Employment components of this project.	Jennefer Sebstad	January 15, 1984
2. Respond to requests for PISCES I <sup>reports</sup> promptly.	Jennefer Sebstad Michael Farbman	Ongoing

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS

<input type="checkbox"/> Project Paper	<input type="checkbox"/> Implementation Plan e.g., CPI Network	<input type="checkbox"/> Other (Specify) _____
<input type="checkbox"/> Financial Plan	<input type="checkbox"/> PIO/T	_____
<input type="checkbox"/> Logical Framework	<input type="checkbox"/> PIO/C	<input type="checkbox"/> Other (Specify) _____
<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PIO/P	_____

10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT

A.  Continue Project Without Change

B.  Change Project Design and/or  Change Implementation Plan

C.  Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)

Jennefer Sebstad, ST/RD/ESE *Jennefer Sebstad*

Michael Farbman, ST/RD/ESE *Michael Farbman*

12. Mission/AID/W Office Director Approval

Signature *Jerome French*

Typed Name ST/RD, Jerome French

Date 12/9/83

## PROJECT EVALUATION SUMMARY (PES) - PART II

### I. SUMMARY

This evaluation assesses two completed components of the Small Enterprise Approaches to Employment Project. The first is Phase I of the Program for Investment in the Small Capital Enterprise Sector (PISCES I), which examined programs that assist small-scale enterprises in a variety of countries (Contract No. C-0013). The second is the Housing and Employment component which examined the impacts of large urban capital programs on income and employment opportunities for the poor (Contract No. C-0012). The evaluation finds that AID's selection of contractors was appropriate to the purposes of the project. The contractors carried out their work in a timely fashion, met their respective project goals, developed innovative research methodologies, and generated substantial spin-off benefits through the dissemination of project results. The evaluation also finds that both project components were very cost-effective and contributed to meeting the overall goals of the Small Enterprise Approaches to Employment Project.

### II. EVALUATION METHODOLOGY

The purpose of the evaluation is to assess 1) how well the two completed project components met their original goals, purposes, and output targets, and 2) how well the contractors performed and contributed to meeting the overall goals of the Small Enterprise Approaches to Employment Project. The evaluators visited the contractors' offices and AID's Office of Multisectoral Development to review project files and interview project staff. Through this process the evaluators addressed the project's

- a) original intent,
- b) actual performance,
- c) strengths and weaknesses.

The evaluators also summarized lessons learned from the project and made recommendations on how to improve similar efforts in the future.

Summary evaluations of each of the two project components follow below. The summaries are based upon an evaluation report prepared by Drs. Simon Fass and Michael Patton, which is attached.

### III. SUMMARY OF PISCES I COMPONENT

#### A. Original intent

The objectives of PISCES I were to:

- 1) review the various small-scale enterprise assistance programs which have achieved success in reaching the smallest enterprises;

- 2) distill the essence of a replicable approach to increasing AID's assistance to this sub-sector; and
- 3) identify four potential demonstration sites for this general approach and design preliminary PISCES-type projects for the sites (i.e., PISCES II).

#### B. Actual performance

During the first year of the project, the PISCES I contractor (ACCION International/AITEC) and subcontractors (PfP and D-GAP) developed a common set of indicators to conduct field interviews. Using these indicators, they carried out case studies of twenty-three micro-enterprise assistance programs in Asia, Africa, and Latin America. In year two, the contractors prepared draft case study reports and a synthesis report that constituted the replicable "PISCES approach" called for in the contract. The contents of the documents were discussed by seventy-five participants from AID and other assistance organizations at the final project workshop in 1980.

A final report was prepared by the contractors and AID/DS/UD staff and published in September 1981. Its major findings are:

- 1) Assistance programs are in operation today in many parts of the world. The frequent assumption by many individuals and organizations that small economic activities cannot be helped is at odds with the facts.
- 2) The characteristics of current assistance programs vary considerably depending on the characteristics of intended beneficiaries (i.e., urban dweller vs. recent rural migrants), the level of enterprise (i.e., marginal, very small, or small), the objectives of each program (i.e., community-oriented, group-oriented, or individual-oriented), and the temporal status of assisted enterprises (i.e., existing activity vs. new activity).
- 3) Positive benefits of assistance are both economic and social.
- 4) Effective programs are characterized by close attention to design, staffing, outreach, beneficiary selection, availability of credit, provision of bookkeeping and management training, skills training and marketing assistance.
- 5) Effective programs nonetheless require an environment that satisfies certain pre-conditions. These last include: supportive government policy, a growing local economy, adequate physical infra-structure, central city location of beneficiaries, and a tradition of cooperation among beneficiaries.
- 6) Assistance organizations can be most effective if, rather than attempting to establish entirely new institutions, they work with existing ones of the type examined by PISCES to strengthen and broaden the scope of the latter's current activities.

C. Strengths and Weaknesses

1) Strengths

a) Soundness of research

- o The quality of all the case descriptions in the final report is uniformly high.
- o Each case study contains information useful and useable to a broad spectrum of assistance organizations and common themes linking all the studies permit considerable comparative assessment of the relative strengths and weaknesses among them.
- o Variation in approach among contractors lends strength to the case studies.

b) Methodological contributions

- o The central subject of the research was the process of assistance to small economic activities. Rigid rules concerning what questions to ask in this research did not exist when the project started. Therefore, the queries selected by the contractors from an infinite range of possibilities constitute a major contribution that others can use in similar research undertakings.

c) Timeliness

- o All project activities (surveys, reports, workshops) took place on schedule. Preparation of demonstration program designs were about one year late, but were due to factors exogenous to DS/UD and the contractors. Overall, the relatively short time required to translate the research of Phase I into the action program of Phase II was remarkable.

d) Positive side-effects

- o Human resources available to study and execute small enterprise assistance programs have been expanded by this project.
- o The project has encouraged and reinforced efforts by other organizations to experiment with direct small enterprise assistance.

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e) Cost-effectiveness

- o For the level of effort (1,050 person days), the total costs have been very low (\$95 per day) relative to what a university or consulting firm would have charged. AID received a significant bargain by selecting contractors who were highly interested in the subject matter and clearly willing to forego substantial revenues in carrying out quality work.

f) Appropriate contractor selection and good management

- o The contractors had good field experience and a strong and low-cost proposal.

g) Wide initial dissemination of the report

- o Over 700 copies of the PISCES I report have been disseminated to a wide spectrum of individuals and institutions. Promotion was done through the Urban Edge, Horizons, and The Entrepreneurial Economy.

2) Weaknesses

a) The synthesis of the case studies into a "replicable PISCES approach" is not totally consistent with the case studies.

- o The twenty-three case studies suggest that there are many permutations and combinations of possible assistance programs and that no single approach can cover all the possibilities. The synthesis, while interesting and useful in its own right, may have stepped too far beyond the limits of the information generated.

b) The final report is too lengthy and the executive summary is not comprehensive enough.

- o 377 pages is too intimidating and the five-page executive summary does not do justice to the content.

c) The effort to disseminate the report was not sustained over a long enough period.

- o More can and should be done to disseminate information about PISCES I. The level of effort so far seems inconsistent with the objective of generating interest in small economic activity assistance programs.

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D. Recommendations

- 1) Future AID research focussed on the process of assistance (irrespective of the type of assistance) can usefully adopt the PISCES I effort as a guide. AID should not, however, demand equivalent cost-effectiveness as PISCES I was a unique bargain.
- 2) Budgets in future similar efforts should contain line-items to pay (or at least to provide the possibility of payment to) respondents involved in the assistance programs under study.
- 3) AID should prepare, publish, and distribute a 25-page summary report on PISCES I.

IV. SUMMARY OF THE HOUSING AND EMPLOYMENT COMPONENT

A. Original intent

The objectives of the Housing and Employment Component of this project were to:

- 1) provide guidelines for identifying and executing interventions which enhance shelter sector activities to include additional payoffs (beyond shelter itself) in terms of skills and materials development, employment creation, and income generation;
- 2) assist selected shelter projects to conceive project specific strategies which stimulate employment and income generation.

With the support and cooperation of the Office of Housing, the Office of Urban Development proposed this project to analyze the employment aspect of AID's Housing Guarantee (HIG) program and to identify a set of guidelines or a strategy for maximizing the employment benefits of the HIG program.

B. Actual performance

Under the direction of Professor Paul Strassmann of Michigan State University, a team of graduate students and professionals carried out on-site studies of housing employment generating possibilities in six countries. Surveys in each of these countries took roughly two months with sample sizes ranging from 160 to 200. These preliminary studies laid the groundwork for a full-scale study in Peru with a large sample size.

The researchers surveyed builders, construction workers, and households in all seven countries to identify guidelines for interventions. In addition, a state-of-the-art report was prepared in 1981.

Twenty one reports were prepared during the project, including ten reports on the work in Peru. The major findings of the reports include:

- o The formulation of an equation which estimates employment generated from housing project by type of project and type of enterprise. The equation, which was tested and shown to be quite reliable, used three primary pieces of information:
  - wage levels of construction workers,
  - the ratio of skilled to unskilled wages,
  - the number of unskilled workers employed per skilled workers.
- o The assessment of overall trends in housing needs in relation to population and income growth through stock-user matrix analysis.

The final report highlights five major generalizations which emanate from the research:

- 1) Small-scale contracting is a viable alternative to large-scale construction.
- 2) Rising construction wages will be matched by almost equal percentage declines in employment.
- 3) Virtually all households make informal additions and improvements.
- 4) Without home-based enterprises, many households can support little construction (including renters).
- 5) Benefits from construction can be optimized by relating projects to the general transfers of all housing. One way is a housing stock-user method of analysis. It points housing strategy towards infrastructure for the poor and away from subsidizing upper income households without discouraging their building activities.

#### C. Strengths and weaknesses

- 1) Strengths
  - a) Soundness of research
    - o The research instrument was carefully developed and applied.
    - o The fieldwork, data gathering procedures, and analysis were rigorous.

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- b) Timeliness
    - o This project was exemplary in staying on schedule and producing outputs in a timely fashion.
  - c) Positive side-effects
    - o A wealth of data on other aspects of housing (besides employment) was produced through this project.
  - d) Cost-effectiveness
    - o AID received more than it paid for in terms of research outputs. Project funding of \$300,000 yielded research in seven countries and twenty-one papers, including a state-of-the-art paper. The evaluator estimates that "to have fully funded the work carried out under this project would have involved five times the actual cost of the project."
- 2) Weaknesses
- a) Limited impact on housing projects and planners.
    - o While the project has produced a set of guidelines for estimating employment generation through shelter sector assessments, the evaluator found that a handbook that could be widely disseminated and understood by those responsible for planning housing projects in host countries would have been more useful and resulted in broader impacts. In effect, the project was highly successful in its research component and in producing significant contributions to knowledge that has policy implications. The weaknesses of the project relate to the linking these findings to specific housing projects.
  - b) Field demonstrations that applied the guidelines and strategies emanating from the research were not explicitly carried out.
    - o While the contractors' work in Peru fed into the HIG project design, a "field demonstration" as envisioned in the original project was not carried out.

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- c) Dissemination of research findings had a limited outreach (primarily academic contacts through conferences, academic papers, and meetings with housing experts and planners).
- d) A steering committee was not convened to provide direction to the project.
  - o Although the original project paper specified the formation of such a committee, it was decided that it would not provide a useful function since the project had close contact with RHUDDs and field missions in the country in which the project was working. Such a committee could have been useful in helping to apply the research findings to actual housing projects.

D. Recommendations

- 1) Future AID research projects should take advantage of the cost-effectiveness of using contractors such as those used in this project who can use contacts, graduate students, university resources and other resources to increase the level and quality of work.
- 2) In the design stage, future projects should make clear differentiation between research and dissemination functions, assess what kinds of personnel are needed for each of these functions, and ensure sufficient funds to accomplish both functions.
- 3) The research findings and research from this project should be packaged for wider dissemination.
- 4) It is not unusual for projects to go through changes once implementation begins. However, these changes should be made explicit and documented in project files to avoid risk on the part of the contractor and project manager and to allow the Agency to learn from the things that have occurred in the project.

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XD-AAN-730-1A

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ISN - 33067

SMALL ENTERPRISE APPROACHES TO EMPLOYMENT PROJECT

EVALUATION OF THE  
PROGRAM FOR INVESTMENT IN THE SMALL CAPITAL INVESTMENT SECTOR,  
PHASE I (PISCES I) COMPONENT  
AND THE  
HOUSING AND EMPLOYMENT COMPONENT  
(Project No. 931-1090)

Prepared for the  
Agency for International Development  
Bureau of Science and Technology  
Office of Multisectoral Development

September 28, 1983

by

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## I. Introduction

The purpose of this evaluation report is to assess two completed components of the U.S. Agency for International Development's (AID) Small Enterprise Approaches to Employment Project (No. 931-1090). The first is Phase I of the Program for Investment in the Small Capital Investment Sector (PISCES I), which consists of an examination of programs that provide assistance to small-scale enterprise in a variety of countries. PISCES I was carried out by ACCION International/AITEC as main contractor (Contract No. C-0013), with Partnership for Productivity (PPF) and the Development Group for Alternative Policies (D'GAP) acting as subcontractors.

The second component is the Housing and Employment project (Contract No. C-0012). This project examines the impacts of large urban capital programs on income and employment opportunities for the poor, and was carried out by Dr. Paul Strassman of the Department of Economics, Michigan State University (MSU).

As detailed in Annex 1, this evaluation attempts to assess how well each component met its original objectives and output targets, and the extent to which they contributed to meeting the overall goals of the Small Enterprise Approaches to Employment Project. Dr. Simon Fass carried out the assessment of PISCES I and Dr. Michael Q. Patton evaluated the Housing and Employment Component. Our respective efforts, done independently of each other, benefitted greatly from the frank and open discussions we had with all the key actors involved in the design and execution of the two components. Dr. Mike Farbman and Jennefer Sebstad at AID; Jeffrey Asha at ACCION; Jason Brown at PFP; Douglas Hellinger and Fred O'Regan at D'GAP; and Dr. Paul Strassman at MSU were all instrumental in giving shape to our assessments, and to assuring that the results we present below are reasonable and useful.

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## II. Executive Summary

The purpose of PISCES I was to generate information about the various ways and means by which public and private organizations provide assistance to very small enterprises, to extract from the case materials a synthesis that could serve as a replicable model for AID and other donor organizations to use in devising assistance programs for the enterprises, and to prepare preliminary designs for such programs in four places.

Original survey work began in Africa, Asia and Latin America in 1979, and by April, 1980, the contractors had completed draft case histories of 23 programs in 12 countries, as well as a draft synthesis. Preliminary designs were not yet completed at this time. By September, 1981, AID had published a final report in 1,200 copies, and preliminary design work for programs in Kenya, Dominican Republic, Bangladesh and Egypt was in progress. Although a year late with respect to design, more the result of early overoptimism than a project execution weakness, PISCES I met all the objectives and produced all the outputs called for in the Project Paper.

AID staff and the three contractors carried out their work in timely and cost-effective fashion, yielding quality research from considerable methodological innovation, and beneficial side-effects in the form of increased human resources to study and execute programs similar to the types examined. AID's selection of contractors was most appropriate to the purposes of the project, and the agency's initial efforts to disseminate information about PISCES, including distribution of 700 copies of the final report, was thoroughly consistent with the principle of making research easily and widely available to a large and varied audience.

Unfortunately, AID has not sustained its original level of effort at dissemination. Requests for the report linger unanswered for many months, and 500 copies are still in storage. The report itself has only two apparent

weaknesses. First, it is bulky and hence not readily accessible to professionals with little time to give over to reading 377 pages of text. Second, the synthesis presented in the introductory portion of the report is inconsistent with the data provided by the 23 cases that follow. A unique synthesis of such heterogeneous information may not, in fact, be possible.

PISCES I constitutes a useful model for other research undertakings that focus on understanding the process of assistance. AID should provide a proper complement to contractor efforts by finding means to prepare a 25 page summary report that will maximize the impact of the exemplary work done in the project.

The purpose of the Housing and Employment project was to conduct original research into the relationship between housing construction and the employment/income impacts that result and, after field demonstration of how it could be used, to produce a set of guidelines that AID and other assistance organizations could apply in order to optimize this impact in new construction programs.

The work began with on-site research in six countries in 1979 that provided a basis for beginning a major study in Peru in 1980 and another in Sri Lanka in 1981. By mid-1983 the project had produced 21 research reports containing material of considerable value, and providing a basis for several important generalizations. The project produced useful guidelines for increasing the impact of housing projects. These guidelines could be better packaged and disseminated to increase their utility to non-scientists, and to take the form of a handbook originally envisioned in the project paper, but not mentioned in the contract. The demonstration conducted in Peru was primarily a demonstration of the utility of the research approach and findings, and only secondarily the demonstration of how the guidelines could be applied as envisioned in the Project Paper. The reasons for these deviations from the Project Paper are discussed in Part IV, below.

The contract itself was conducted in a timely and cost-effective manner.

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The quality of the research, and the methodological innovations introduced to produce it are of high standard. Indeed, the undertaking went beyond the strict limits of the contract to generate additional pertinent data, including the relationship between urban infrastructure and employment.

Awards of contracts such as this to a university increase the probability of AID securing quality research at reasonable cost. In some instances individuals capable of doing research are not as capable when it comes to translating research into more commonly understood language and then disseminating the results. The evaluator does not know if translation and dissemination problems would have emerged in this case. The project did not produce the handbook described in the project paper because AID did not include it as part of the contract. In awarding contracts, AID should exercise care in evaluating whether or not a contractor had the capabilities and resources required to execute all elements mentioned in both the project paper and the contractual agreement.

Equally important, if a major departure from an original agreement seems appropriate, as was the case with regard to the demonstration, then AID and contractors concerned should make every effort to record these changes as explicit and formal amendments in project files. Since the Housing and Employment project has no such amendments, and since the project paper called for a field demonstration and handbook for which adequate time, resources, and personnel were not made available, the full potential of the project as envisioned in the PP was not attained. Nevertheless, what was accomplished constituted a significant and cost-effective contribution.

The objective of the overall Small Enterprise Approaches to Employment Project is to improve employment opportunities, productivity and enterprise viability in the informal and small-scale enterprise sectors of developing countries. PISCES I has contributed to this objective in a very substantial way by showing that improvement efforts are feasible, by paving the way for

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AID implementation of four (PISCES II) projects that are actually trying to make improvements, and by acting as a catalyst that has led other assistance organizations to consider and/or implement similar action. The Housing and Employment component has also contributed by providing a base of research which suggests that AID and other donors may be able to increase employment and income benefits to the poor by modifying current methods of designing and implementing housing and infrastructure programs.

### III. The PISCES I Component

#### A. Original Intent of the Project

The objectives of PISCES I were to:<sup>1</sup>

- 1) review the various Small-Scale Enterprise (SSE) assistance programs which have achieved success in reaching the smallest enterprises;
- 2) distill the essence of a replicable approach to increasing AID's assistance to this sub-sector, and
- 3) identify four potential demonstration sites for this general approach and design preliminary PISCES-type projects for the sites (i.e., PISCES II).

The Office of Urban Development's (DS/UD) purpose in setting the first objective was to generate baseline data about ways and means already in progress to directly assist the economic activities of the urban poor.

While AID and other assistance organizations like the World Bank and the

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<sup>1</sup> From Article 1 - Statement of Work of the PISCES Contract, dated September 28, 1978.

International Labor Office had generated considerable information about the characteristics of the economic activities themselves, often taking the form of descriptions of the "informal sector," very little information existed about how to go about the business of assisting the activities. An organization that for one reason or another wanted to design a direct assistance program, would not know how or where to begin the process.

In setting the second objective DS/UD assumed, because it could not know for certain in advance of undertaking efforts to meet the first objective, that there were many different assistance approaches in operation. A key question in this regard was: What are the elements common to all current approaches that appear to yield successful outcomes? Boiling all the current assistance programs down to a set of fundamental components would provide AID and other organizations with a basic framework that could then be adapted as appropriate to different social, cultural, political, economic and institutional circumstances. Whatever the particular adaptation might turn out to be, the new assistance program would nevertheless retain basic elements that had proven their utility in enhancing productivity, income and employment among poor urban entrepreneurs.

DS/UD had at least two purposes with respect to the third objective. One was a concession to the fact that what seems logical and reasonable on paper might not be as logical or reasonable in practice. A clear demonstration that assistance organizations could (or could not) help small enterprises would only come from assessing the concrete experience of an organization that tried to do it. Execution of an AID assistance program would constitute PISCES II (now in progress). The role of PISCES I was to set the stage for action.

A second purpose behind the objective, indeed, implicit in all the objectives, was that AID and other organizations "should" initiate assistance efforts as parts of their respective mandates to help the urban poor. Efforts undertaken to meet the first two objectives would therefore simultaneously advocate the need for small-enterprise programs among AID missions, AID/Washington bureaus and other assistance organizations. In brief, PISCES I would generate information about how to implement an idea, and would at the same time market the idea itself.

Corresponding to these objectives and purposes, PISCES I was to have two types of output. The first consisted of one or more documents that presented case descriptions of each small-enterprise assistance program examined by the contractor and subcontractors, and that provided a synthesis of all the case studies in the form of "PISCES approach guidelines." The document(s) would constitute concrete responses to the first two objectives noted above. The other would be written proposals for establishment of four demonstration projects, the response to the third objective.

#### B. Actual Performance

Following award of the PISCES I contract to ACCION International/AITEC at the end of September, 1978, the contractor and prime subcontractors, Partnership for Productivity (PFP) and The Development Group for Alternative Policies (D'GAP), met in Washington for a pre-fieldwork workshop in early February, 1979. This last was the effective starting date for project implementation.

With a common set of guidelines to be used in conducting field interviews, the three contractors then proceeded to Asia (PFP), Africa (D'GAP) and Latin America (ACCION) to identify candidate assistance programs appropriate for the purposes of PISCES I, and to carry out in-depth examination

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of the most pertinent ones. This effort subsequently yielded 23 case studies, as follows:

Africa:

1. The Urban Community Improvement Programme of the National Christian Council of Kenya (NCCK)
2. The Village Polytechnic Program, Kenya (VP)
3. Institute for Cultural Affairs Kawangware Community Upgrading Project, Kenya (ICA)
4. Tanzania Small Industries Development Organization (SIDO)
5. Artisan Training and Credit Program of the Centre National de Perfectionnement des Artisans Ruraux, Upper Volta (CNPAR)
6. Women in Development Project, Swaziland (WID)
7. Indigenous Business Advisory Service, Gambia (IBAS)
8. Centre d'Education a la Promotion Collective, Cameroon (CEPEC)
9. Institut Panafricain pour le Developpement, Cameroon (IPD)

Asia:

1. Metro-Manila Barangay Industries Development Program, Philippines (MMBIDP)
2. Manila Community Services, Inc., Philippines (MCSI)
3. Self-Employment Assistance Program, Philippines (SEAP)
4. Carmona Social Development Center, Philippines
5. Philippine Commercial and Industrial Bank (PCIB)
6. The Working Women's Forum, India
7. National Association of Educated Self-Employed Youth, India (NAESEY)
8. Bangalur Layout, India
9. Calcutta "Y" Self-Employment Center, India

Latin America:

1. PRIDECO/FEDECCREDITO, El Salvador
2. FNCS/CIDES, Columbia
3. Banco del Pacifico, Ecuador
4. Asesores para el Desarrollo, Honduras (ASEPADE)
5. Instituto Ecuatoriano de Desarrollo Social, Ecuador (INEDES)

In early 1980, the contractors prepared and distributed draft case study reports on each of the 23 programs, and ACCION completed a preliminary version of a synthesis report that constituted the replicable PISCES approach called for in the project contract. The contents of the various documents were discussed by 75 invited participants from AID and other assistance organizations at a final project workshop held at the Brookings Institution on April 29, 1980. This was the official completion date of PISCES I. DS/UD staff and ACCION nevertheless continued working on a final manuscript that combined the earlier draft material with comments and discussions of the April workshop. This eventually led to publication by AID of 1,200 copies of a final report in September, 1981, entitled: The PISCES Studies: Assisting the Smallest Economic Activities of the Urban Poor.

This final report contains a number of findings that are important to its intended audience of assistance organizations, including AID, that can and/or want to help small economic activities. The major findings are:

1. Assistance programs are in operation today in many parts of the world. The frequent assumption by many individuals and organizations that small economic activities cannot be helped is at odds with the facts.
2. The characteristics of current assistance program vary considerably depending on the characteristics of intended beneficiaries

(i.e., urban dweller vs. recent rural migrant), the level of enterprise (i.e., marginal, very small, or small), the objectives of each program (i.e., community-oriented, group-oriented or individual-oriented), and the temporal status of assisted enterprises (i.e., existing activity vs. new activity).

3. Positive benefits of assistance are both economic and social.
4. Effective programs are characterized by close attention to design, staffing, outreach, beneficiary selection, availability of credit, provision of bookkeeping and management training, skills training and marketing assistance.
5. Effective programs nonetheless require an environment that satisfies certain pre-conditions. These last include: supportive government policy, a growing local economy, adequate physical infrastructure, central city location of beneficiaries, and tradition of cooperation among beneficiaries.
6. Assistance organizations can be most effective if, rather than seek to establish entirely new institutions, they work with existing ones of the types examined by PISCES to strengthen and broaden the scope of the latter's current activities.

Written proposals for the establishment of four demonstration projects were not completed by April, 1980. By mid-1981, however, initial design efforts had yielded proposals to establish PISCES projects in Bangladesh, the Dominican Republic, Kenya and Egypt, and by mid-1982 PISCES II was in various stages of implementation in the first three countries, and also in the Philippines. Other than the delay in establishing four project proposals, PISCES I contractors and responsible DS/UD staff met all objectives and produced all outputs required by the Project Paper and the contracts.

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C. Evaluation

1. Strengths

Soundness of Research

The central subject of the research undertaking was the process of assistance to small economic activities. While quantitative indicators of human and financial inputs and economic outputs for a program can provide useful information, the subject of process is essentially an examination of the dynamics of human interaction in an institutional and cultural framework. The behavioral and organizational sciences have much to contribute to such inquiries, but these fields offer no universally accepted methods for how to go about the business of interpreting, understanding and assessing human interaction. What may be important for one individual researcher may be unimportant for another. What one researcher deduces to be significant in a particular case may be insignificant to the same researcher in another. There are few rules to guide inquiry.

While the contractors, in early 1979, developed a common instrument for information gathering, application of the instrument in the field varied from contractor to contractor due to different perceptions of what was important, and to other factors like time availability in certain countries. Notwithstanding the variations, which led to some cases being lengthier than others, the quality of all the case descriptions in the final report is uniformly high. Each study contains information useful and useable to a broad spectrum of assistance organizations, and common themes linking all the studies permit considerable comparative assessment of relative strengths and weaknesses among them. AID files in Washington contain many letters commending DS/UD and its contractors

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for the quality and quantity of information provided by the final report. The letters originate from universities, research institutions, private foundations, major assistance organizations like the World Bank and the United Nations, and from recognized independent experts in the field.

#### Methodological Contributions

The production of quality work is in no small measure a reflection of the methods used by researchers in the field. More specifically, the case descriptions constitute answers to particular questions. As noted above, rigid rules concerning what questions to ask do not yet exist, and therefore the queries selected by the contractors from an infinite range of possibilities constitute a major contribution that others may find useful in similar research undertakings. Areas of questioning of particular note include: the socio-economic and political environment of programs, program history and goals, organizational structure, relationships with other programs, funding sources, beneficiary characteristics, program design and execution processes, social and economic inputs, lessons learned by participants, and future directions. The soundness of the approach used in PISCES I has been sufficient to cause the U.S. Office of Refugee Resettlement (Social Security Administration) to adopt an identical methodology in pursuit of similar information with regard to small enterprise activities of Indochinese refugees in twenty states.

#### Timeliness

Program surveys were undertaken according to contract schedule. Reports were produced in timely fashion. The PISCES I workshop took place within one month of its scheduled time. Preparation of demon-

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stration program designs were about one year late. This last, however, depending as it did on factors exogenous to DS/UD and the contractors, on AID mission interest in such programs to be exact, cannot in retrospect be construed by the evaluator as a case of tardiness. DS/UD's original expectation of rapid transformation of research into action programs was, in fact, highly optimistic. Indeed, a remarkable feat in PISCES was the short time actually required for translating the findings of Phase I into Phase II action.

#### Side-Effects

One of the most immediate effects of the project has been to expand the human resources available to study small enterprise assistance programs, and to execute such assistance programs. ACCION, for example, had never seriously examined very small economic activities of the types studied in PISCES I, and was skeptical about what was possible before 1979. The organization is now not only experienced in examining small activities, it is also gathering experience in helping them through PISCES II in the Dominican Republic. D'GAP did have some experience investigating small activities, and gathered more in the project. It too is presently engaged in direct PISCES II experience, in Kenya. In the greater scheme of things, the development of two contractors to assist small enterprise efforts may not seem like much, but AID and other organizations have had considerable difficulty in recent years finding qualified individuals to carry out programs, and any addition to the stock of available resources is important.

Outside the immediate scope of the project, PISCES I has served a catalytic role in encouraging and/or reinforcing efforts by other organizations to experiment with direct small enterprise assistance. At

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present these organizations include: CARE, Peace Corps, Pan American Development Foundation, Inter American Development Foundation, and ATI.

#### Cost Effectiveness

The total cost of PISCES I was slightly over \$260,000, or 4 percent higher than originally estimated in the September, 1978, contract. Base salaries for contractor and sub-contractor research personnel amounted to \$100,000 for 1,050 person days of effort, or about \$95/day. A comparable level of effort undertaken by consulting firms would have easily cost at least twice as much in terms of base salary (i.e., \$100,000 more). Furthermore, combined overhead and fringe benefits accorded to the contractors averaged 38 percent of base salary; half of what universities charge and at least a third of what consulting firms charge. With a firm, \$200,000 in base salary would have produced an all-inclusive salary cost of \$400,000, or \$260,000 more than the \$140,000 actually incurred by PISCES I.

In selecting a prime contractor and subcontractors who were highly interested in the subject matter and who were, clearly, willing to forego substantial revenues in carrying out work of quality, AID received a very significant bargain.

#### Contractor Selection and Management

The above-noted strengths of research quality, methodological innovation, timeliness, side effects, and cost-effectiveness not only reflect well on the abilities and dedication of contracted research personnel, but also on the care with which DS/UD selected PISCES I contractors. ACCION was the low bidder and, based on review of all RFP submissions, the contractor with a proposal most closely in tune with the purposes and objectives of the Project Paper. Beyond these basic requirements, ACCION also brought

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to the project considerable program implementation experience in Latin America and a well-established network of regional contacts through which to identify programs and obtain information from them. D'GAP's experience in community development and in Africa made possible rapid development of contacts in that region. Prior Asian experience by the researcher associated with PFP, similarly, opened doors in that area. The contractors, in brief, had more than adequate prior qualifications to provide PISCES with a running start.

Not surprisingly, neither DS/UD staff responsible for PISCES nor the contractors have anything but praise for each other. A situation of mutual admiration might be an exaggeration, but the former believes that the latter performed admirably, and the latter regard the former as having been thoroughly helpful throughout the course of the project.

#### Initial Report Dissemination

In addition to distributing the final report to its missions and Washington offices, after September, 1981, AID staff responsible for PISCES undertook active promotion efforts for the document. This included dissemination of a flyer announcing the report's availability, preparation of synopses for AID's Horizon periodical and the World Bank's Urban Edge, and publication of a notice in The Corporation for Enterprise Development's The Entrepreneurial Economy (August, 1982). These initiatives, coupled with word of mouth passing of information, have produced many requests for copies of the report. Originators of the requests include:

a) Universities: Sydney, Sussex, Zambia, MIT, Indiana, Michigan State, Senegal, Philippines, Wesleyan, Ohio State, Johns Hopkins, American, Cornell, Minnesota, Brown, Harvard, Boston, North Carolina, Hawaii, Colorado, Sains Malaysia, South Australia; Chicago, Texas, British Columbia, Tokyo, Cranfield, Dortmund, New Eton, Cape Town, and London.

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b) Public Organizations: International Labor Office, World Bank, UNICEF, HUD, Interamerican Development Bank, Philippines Ministry of Human Settlements, Netherlands Economic Institute, Thailand National Economic and Social Development Board, Organization of American States, and Peace Corps.

c) Others: Indian National Trade Union Congress, Philippine Business for Social progress, Corporation for Enterprise Development, The Pathfinder Fund, Sabre Foundation, Indian National Labor Institute, Cooperative Housing Foundation, Resources Management International Inc., American Public Health Association, Pragma Corporation, Partners of the Americas, Transcentury Foundation, Private Development Corporation of the Philippines, Mobil Oil Corporation, Dames & Moore, Inc., Action Programs International, Inc., First Washington Association, PADCO, Inc., Research Triangle Institute, East-West Center, Ford Foundation, Population Council, AT International, Overseas Education Fund, Foster Parents Plan, Credit Union National Association, Catholic Relief Services, Indochinese Economic Development Center, Chito Foundation, Jamaica Center of Concern, and Kwazulu Development Corporation of South Africa.

The objectives of PISCES I included dissemination of information to assistance organizations. What seems surprising is the wide variety of organizations that have requested the final report. With regard to AID in particular, it is important to note that PISCES I ended at a most opportune time. Small enterprise programs were of marginal concern to the agency in 1978. New directives with respect to development of the private sector in 1980-81 gave impetus to the agency's search for appropriate mechanisms of assistance, and PISCES was immediately available as one approach that AID missions could adopt. In all, AID distributed 700 copies of the final

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report through mid-1983.

## 2. Weaknesses

### Synthesis of a Replicable PISCES Approach

Introductory sections of the final report try to present a synthesis of the case studies examined. This synthesis is the distillation of the replicable PISCES approach to increasing AID's assistance to small economic activities, and was called for as the second of the project's objectives, identified earlier. The evaluator is not in a position to evaluate the merits of the synthesis. However, a reading of the 23 case studies suggests that the particular synthesis in the report is but one of many ways to integrate the case study's information. What the studies do suggest is that there are many permutations and combinations of possible assistance programs, and that there is no single approach that can cover all the possibilities. The synthesis, while interesting and useful in its own right, may have stepped too far beyond the limits of the information generated. Chapters of particular concern in this regard are 2 - 6 of Part I in which various classifications of beneficiaries, levels of enterprise, objectives, entry points, etc., do not appear universally applicable. Enterprises distinguished as "marginal," "very small" or "small," for example, are sufficiently vague as to render them of dubious value to, say, an AID mission in Swaziland.

### Size of the Final Report

The PISCES final report is 377 pages long. By virtue of its bulk it is an intimidating document. While the report does have a five-page executive summary, the summary itself does not do justice to the content that follows. The result is that readers are faced with the choice of glancing at a summary that doesn't really tell them much about what PISCES I

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has accomplished, or of painstakingly going through each of the 377 pages to find out. A project that has as its dominant agenda the cultivation of interest in assisting small economic activities should not force its audience into making this kind of choice, particularly because the benefit of doubt should go to a hypothetical audience that does not have much time available to read reports.

#### Sustained Report Dissemination

The list of requests for copies of the final report, mentioned earlier, suggests that considerable demand exists for information about PISCES. The evaluator's review of the requests, however, indicates that during the past year AID has been slow in responding to them. Many letters received eight to twelve months previously are still awaiting reply. The continuing level of interest does not seem to warrant AID's current response rate.

Much more can and should be done to disseminate information about PISCES. Since September, 1981, AID has distributed 700 of 1,200 published reports. Two years after publication the Agency should not have 500 copies remaining in storage when demand for them is so evident. Again, this level of AID effort seems inconsistent with the objective of generating interest in small economic activity assistance programs.

#### D. Recommendations

1) Future AID research undertakings that focus on the process of assistance, irrespective of whether the assistance in question is for small economic activities, large activities, education, agriculture, health, or whatever, can usefully adopt as a guide to performance the all-around quality of the PISCES I effort. AID should not, however, demand equivalent cost-effectiveness in the future. The agency cannot

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object if a contractor wishes to use a particular project as its "loss-leader," but PISCES I was a unique bargain that AID should not use as a guide to future contract awards.

2) On a matter related to this last, the contractors are unanimous in their opinion that research of the PISCES type demands that budgets contain line-items to pay, or to at least provide the possibility of offering to pay respondents involved in the assistance programs under study. In every case during PISCES I, one or more program managers spent as much time providing answers to the contractors as the latter did asking questions. Since AID offered no guarantees of follow-up assistance to the programs, manager responsiveness was invariably based on courtesy. In a sense, each manager was for a short time a consultant to PISCES I, and drew time away from ongoing responsibilities for this purpose. Courtesy on the part of AID would seem to demand that if payment is made to consultants who ask questions, payment should be offered to de facto consultants who provide the answers. The PISCES contractors believe that their tasks would have been much more fruitful had they had the capacity to offer compensation to program managers.

3) If funds can be made available, AID should make every effort to prepare, publish and distribute a summary report of PISCES I. The report itself should not exceed 25 pages, should contain half-page vignettes of each case program, should present tables which list and compare common characteristics across the 23 programs, and should provide a much more "generic" synthesis than presently contained in the final report. In a sense, ACCION has already taken an initiative in this regard by independently producing and disseminating a small number

of reports that highlight various dimensions of PISCES I and II.

The documents include:

Fonstad, C. et al. The Smallest Businesses of the Poor: An Annotated Bibliography (1982).

Weylin, P.F. The Survival Economy: Micro-Enterprises in Latin America (1982).

Ashe, J. PISCES: Summary and Recommendations for Donors and Practitioners (n.d.).

If a contractor can find it in its own interest to continue the process of disseminating PISCES-pertinent information, then AID, initiator of the project in the first place, should do no less. This kind of additional effort can greatly assist AID/W, missions and others to understand and use PISCES I outputs most effectively.

#### IV. The Housing and Employment Component

##### A. Original Intent of the Project

The purpose of the project, according to the Project Paper (PP) of April 2, 1978, was "to provide guidelines for identifying and executing interventions which will enhance shelter sector activities to include additional payoff (beyond shelter itself) in terms of skills and materials development, employment creation, and income generation; and to assist shelter projects selected for exploratory collaboration in conceiving Project-specific strategies for coincidentally stimulating employment and income generation, and for identification of possible subsequent Integrated Program for the Urban Poor (IPUP) projects." The project grew out of a concern that the income and employment generation qualities of AID's Housing Guarantee (HG) loans in host countries were not well enough known. In response to this concern, the then Office of Urban Development (DS/UD) proposed to analyze, with the support and cooperation of the Office of

Housing (DS/H), that pivotal employment aspect of HG programming and to attempt to identify a set of guidelines or a strategy for maximizing the employment benefits from HG shelter programs. Based on the findings of the project it would be possible to advise housing contractors on the employment implications of alternative designs, locations, construction materials, etc.; to collate available employment and occupation data; and to initiate and execute supporting surveys and analyses, where appropriate. "This," the PP said, "will generate useful employment-related outputs for the immediate use of HG planners."

The stated outputs of the project were essentially identical to the statements of purpose: "Direct assistance to particular shelter projects and extending employment and income benefits; and guidelines for enhancing shelter sector activities in order to generate income and employment in shelter construction and building materials industries."

#### B. Actual Performance

The project involved on-site studies of housing employment generating possibilities in six countries in 1979. Studies were conducted in Sri Lanka, Pakistan, Zambia, Kenya, Tunisia, and Columbia. The studies were carried out under the direction of Professor W. Paul Strassmann of Michigan State University using graduate students and professional contacts in the participating countries. Each survey was completed in roughly two months with sample sizes of about 160-200. These preliminary studies laid the groundwork for a major study in Peru in 1980. The Peru study was a full-scale investigation with a large sample size. In all seven countries surveys were made of builders, construction workers, and households in order to identify guidelines for interventions. In addition to these studies, a "state-of-the-art survey" was completed in 1981 by reviewing published data, reports

from other researchers, participating in major conferences, and interviewing key researchers and officials with expertise in housing.

Twenty-one reports were prepared during the project including ten reports on the work in Lima, Peru which were translated into Spanish (see Annex 2). The research reports contain several important findings. First, the research resulted in the formulation of an equation which permits estimating the employment generated for any type of project by any type of enterprise. This equation or formula was developed as a guideline for quickly determining the income generating potential of housing projects under various circumstances. The reliability of the formula was demonstrated in comparative analysis across countries. The formula requires only three primary pieces of information: wage levels of construction workers, the ratio of skilled to unskilled wages, and the number of unskilled workers employed for every skilled worker. The methodology for attaining these data is well developed in the research.

Second, overall trends in housing needs as related to growth of population and income were assessed by means of stock-user matrix analysis. This led to findings about how the housing needs of the poor can be better met by permitting the poor to use their dwellings to reinforce their incomes.

These two major technical contributions form the basis for a number of related findings about housing and income generation. The final report highlights five major generalizations from the project. Each of the five generalizations has potential policy implications for AID, other international donors and host country housing projects and efforts. In brief, these five generalizations are:

1. Small-scale contracting is a viable alternative to large-scale construction.

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2. Rising construction wages will be matched by almost equal percentage declines in employment.
3. Virtually all households make informal additions and improvements.
4. Without home-based enterprises, including renters, many households can support little construction.
5. Benefits from construction can be optimized by relating projects to the general transfers of all housing. One way is a housing stock-user method of analysis. It points housing strategy towards infrastructure for the poor and away from subsidizing upper income households without forbidding their building activities.

### C. Evaluation

#### 1. Strengths

##### Soundness of Research

The research to determine strategies for income generation in housing is of uniformly high quality. The instruments were carefully developed and applied. Fieldwork, data gathering procedures, and analysis were uniformly rigorous. Indicative of the high quality of the work performed is the large number of publications that have come out of the project and the recognition accorded the research in academic circles in the international arena. The project has also served as a basis for several dissertations and reports made at international conferences and institutes.

##### Methodological Contributions

The research was not only of high quality, but was innovative. Several methodological innovations contributed to the importance of the project work and findings. One such innovation was the gathering of data from both contractors and construction workers to compare their estimates of time required to carry out various tasks, wage

rates, and other important construction site data. Another important innovation was the solicitation of estimates on an identical housing design from contractors in different countries. This permitted a systematic cross-national comparison in ways that had hitherto not been possible. The disaggregation of estimates for different parts of the construction process was also an important methodological technique. In short, the project contributed new techniques to the field of housing research with particular emphasis on employment generation possibilities.

#### Timeliness

The surveys were conducted on time, reports were produced on time and the project was completed on time. A frequent complaint about academic research projects is that academicians are insensitive to time demands and time constraints. This project is exemplary in having stayed on schedule and produced outputs in a timely fashion.

#### Side Effects

While the central focus of the research was on employment problems and possibilities in housing, a great deal of information on other aspects of housing was also produced. The final report and the series of individual reports detail a considerable amount of knowledge about a number of aspects of housing. Many of these findings have important potential policy implications. For example, the research contains information about ways of providing infrastructure, particularly water and sewage, so that income generation and adequate housing are enhanced. The importance of "slums" as an "informal sector" where employment is generated as poor people work on their dwellings is documented in the

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research. Thus, the project contributed in areas beyond the narrow focus of the original questions conceptualized for investigation.

### Cost Effectiveness

AID funding was \$300,000. This evaluator has served as a director of a university research center. He estimates that to have fully funded the work carried out in this project would have involved five times the actual cost of the project. By using graduate students, by using the professional contacts in targeted countries, by selecting countries on the basis of contacts and therefore the capability of rapidly and efficiently conducting the research, by building dissertation research into the project work, and by integrating university and other resources into AID funding, this project was unusually productive and cost effective. To have carried out research in seven countries, produced 21 papers including a state-of-the-art paper, and generated important important empirical generalizations for \$300,000 is a major accomplishment. In short, US/AID received more than it paid for in terms of research outputs.

## 2. Weaknesses

### Impact on Housing Project and Planners

The Project Paper indicates that at the end of the Project "programmers of large-scale shelter sector investment will recognize the importance of controlling employment and income benefits from shelter from construction itself and commence programming in this area." To facilitate this purpose the project was to produce a "handbook outlining procedures for controlling employment and income impact shelter programs." In the actual contract Scope of Work there is no mention of a handbook, but the contractor was to "prepare a set of

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guidelines for explicitly incorporating employment generation into the early design stages of the HG programming process."

The project did produce a document entitled "Guidelines for Estimating Employment Generation Through Shelter Sector Assistance." While this document contains information that could form the basis of a handbook for housing specialists and planners, it falls considerably short of being such a handbook. Moreover, the guidelines paper does not provide clear, straightforward "guidelines." It is a paper that describes some of the things that should be taken into consideration in doing housing project assessments, and it describes how to use the formula generated during the project research to estimate income generating potential of projects. There is a great deal of useful advice in the guidelines paper, but the relatively academic nature of the paper and its overall organization fall short of constituting a document that could be widely disseminated and understood by most of the people who have responsibility for planning housing projects in host countries and in international donor agencies. Producing relevant research findings and policy recommendations is one thing. Packaging those findings and recommendations in a form which can be used by non-researchers with project and program responsibilities is quite another thing. The project produced strategies for increasing the income generation potential of housing projects. The project did not disseminate and package those findings, guidelines, and recommendations in a way that would make them accessible to housing programmers.

It is doubtful that social scientists are the best people to carry out the functions of research dissemination to non-scientists. In the agricultural sector there has been a long standing distinction between

scientists who generate knowledge and extension agents who disseminate that knowledge. A similar division of labor would have been useful in conceptualizing this project. Many scientists do not have the capabilities, training, background, or motivation to package findings and guidelines for widespread dissemination to AID missions, international donors, or relevant government Ministries in developing countries. That extension and communications function requires a different set of skills and capabilities than those that the contractor brought to this project. It was thus probably not realistic in the Project Paper to expect the same contractor, in this case a single individual, to simultaneously carry out both research and extension (dissemination and communications) functions.

#### Field Demonstration

The major way in which the project was expected to have short term impact on housing projects in the course of developing the guidelines was in carrying out a field demonstration. The Project Paper expected that there would be initial research to generate strategies and guidelines for income generation in housing projects. Having developed those strategies and guidelines, it was then expected that a field demonstration would take place where the strategies and guidelines were actually applied in one to three housing projects. One of the stated outputs of the project was "direct assistance to particular shelter projects in extending employment and income benefits." The contract also calls for field demonstrations which apply the research results. Item seven in the contract reads:

The contractor, in close consultation with DS/H and appropriate RHUDOs and field missions, shall undertake field demonstrations of the employment generation guidelines in up to three sites where new HG loans are being proposed.

No such field demonstration ever occurred in the project. It is not clear from the files on the project that a serious attempt was ever made to locate sites where the guidelines and strategies could be applied in concrete projects. Rather, the idea of a "field demonstration" in the project came to mean a full scale investigation of housing in a country to test rigorously findings that the initial, preliminary six-country surveys had produced. The principal investigator was not satisfied with the research quality of the six on-site housing surveys conducted in the first year of the project. He came to think of these surveys as "preliminary." The income generating formula was developed from these six surveys. However, the principal investigator felt that the formula and other findings from the preliminary studies conducted in the first year needed to be "demonstrated" in a full scale, more rigorous investigation. Lima, Peru was selected for that full investigation because of the principal investigator's contacts there and the groundwork that had already been laid during the first year. In mid-1979 when Peru was selected as a site for the field demonstration, it was expected that concrete housing projects would be underway during the following year, and loans had been authorized. The guidelines were discussed with Mission planners, engineers, and economists, and a lecture in Spanish was given to Peruvians at the National Housing Bank, December 3, 1980. However, rather than being a field demonstration which aimed at demonstrating how guidelines and strategies could be applied to

concrete housing projects in the planning stage, the field demonstration came to be a demonstration of how to use the research instruments in a rigorous manner in order to generate data for housing sector assessment.

There is no evidence that this change in the outputs of the project was ever made as an explicit decision. The project simply evolved in the work of the principal investigator in a direction different from that envisioned in the Project Paper. The work carried out in Peru was of high quality and great significance. However, the Peru work was not the field demonstration anticipated in the Project Paper.

In the Spring of 1980 as the "field demonstration" was being undertaken, there was no new housing planning going on in Peru into which the project could have had input and on which the project could have had an impact. A new president had just been elected and planning in Peru was in a state of limbo. Indeed, Peru was moving back into a focus on middle class housing with subsidized financing. The kind of housing for the poor which was the focus of this study was not being undertaken at that time in Peru.

The criteria for selecting the "field demonstration" country were: (1) a country that the principal investigator knew well; (2) a country which the principal investigator had actually visited; (3) a country that had the possibility of yielding important information; (4) a country where the AID mission expected sensible housing projects; and (5) a country where the principal investigator had contact with people who could actually carry out the field work. In the opinion of the principal investigator "there was no country better than Peru." This may be true in terms of what the principal investigator wanted to do

with the "field demonstration." However, it was not true if, as envisioned in the Project Paper, the field demonstration was to demonstrate the application of the guidelines to an actual housing project for poor people.

Given the three year length of the project and the amount of work to be done in different countries, the Project Paper was probably over-ambitious in expecting that guidelines and strategies would emerge during the first year of work that could be immediately and directly applied to housing projects in the second year. Nevertheless, an explicit decision should have been taken and recorded in the project documentation and files showing that the nature of the field demonstration had been changed and the rationale for the change.

The failure to carry out a field demonstration that applied guidelines and strategies to an actual project is closely related to the failure to produce a handbook, or a set of guidelines, which were packaged in a way that could be used to affect programmers with housing planning responsibilities. In effect, the project was highly successful in its research component and in producing significant contributions to knowledge, contributions with policy implications. The weaknesses of the project relate to the linkages between those findings and the housing projects where the findings need to be applied.

The final report of the project describes ways in which the research findings, strategies, and guidelines have been disseminated through conferences, academic papers and meetings with housing experts and planners. However, most of these contacts have been dependent upon the personal network of the principal investigator, and these contacts have been predominantly academic in nature. More attention in the project to the processes which one must engage in to affect actual housing plans

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and implementation of those plans would have taken the project in a different direction, beyond its primary research focus. As noted in the previous section, the packaging of the findings, guidelines, and strategies for impact on projects has not yet occurred, nor did it occur in an actual field demonstration during the project as originally anticipated in the Project Paper.

#### Steering Committee Participation and Project Direction

The Project Paper specifies that a "Steering Committee" would provide direction to the project." The Steering Committee was to review the Scope of Work, was to review specific work plans for each on-site investigation, was to review the guidelines and handbook, and was to review the plans for the field demonstration to make sure that it would produce useful and relevant results and have an impact on an actual project. However, a Steering Committee was never convened during the project.

The AID project manager came to feel that a Steering Committee would not really provide a useful function since the project would have close contact with RHUDOs and field missions in the countries in which the project was working. The actual taking of this decision and the reasons for the decision are not documented in the project files. The project manager and the principal investigator met with the Director of the Office of Housing and the RHUDOs on three occasions when the latter were back in Washington for their annual conference: January 19, 1979; January 11, 1980; and March 12, 1981. These meetings determined, in part, the choice of countries, target groups, and specific research issues. The later meetings included presentating of findings.

The contract calls for Steering Committee review of project progress. It is possible that had a Steering Committee been convened there would

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have been more attention to the originally intended outputs of the project, i.e., impact on specific projects during the demonstration phase and the production of a handbook.

D. Recommendations

1. In funding research US/AID should take full advantage of the cost effectiveness gains that can be realized by selecting contractors who can use contacts, graduate students, university resources, and other resources to increase the level and quality of work undertaken under contract to the Agency. Non-competitive pre-dominant capability contracts are perfectly appropriate in such cases. The non-competitive predominant capability contracting in this project was appropriate, was carefully considered, and led to highly cost effective use of AID funds to produce significant, important, and policy-relevant research findings. The use of this contracting mode should be encouraged where expertise can be clearly identified in subjects of interest, as was the case in this project.
2. In the design of a project it is important to recognize different functions that must be carried out in the project and to examine the extent to which contractors have the capabilities to carry out those various functions. In this case, the research function and the extension function (getting information to housing programmers to affect their thinking and actions) are quite different. The contractor clearly had the skills to carry out the research functions. It is not clear that the contractor also had the skills to carry out the extension functions, and to package the findings and strategies in a way which would have wide impact. Moreover, it is doubtful

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that the project provided sufficient funds to accomplish both functions. Thus, in the design stage the project should make a clear differentiation between research and dissemination functions, and should carefully assess what kinds of personnel are needed for each of those functions, and any other functions which might be included in on the design.

3. Steps should be taken under cooperative agreement contracting arrangements now in place to package the project research findings for widespread dissemination. It is clear that the project's principal investigator has generated a great deal of policy-relevant knowledge that could contribute to AID goals in the housing sector. The principal investigator believes that the beginning of such a process involves "changed thinking" on the part of donors and project managers in the field. There are a variety of dissemination and communication techniques which could be used to help bring about such changed thinking. The project has accumulated knowledge about myths concerning housing development and has generated concrete strategies which, if applied, would make a substantial difference in housing projects. Those ideas and findings deserve dissemination.
4. The research instrumentation developed and used in the project also needs packaging if it is to be used to support housing sector assessments. In its current form, the instrument exists without an accompanying handbook or manual describing how it can be appropriately used to generate data for housing estimates, especially estimates related to income generation. Without such a manual or handbook, the instrument is subject to potential abuse and misuse.

It is not possible to simply pick up an instrument and use it appropriately for its intended purpose. Even experienced researchers must exercise extreme caution in using an instrument developed by someone else. The project staff, especially the principal investigator, has knowledge of how to carry out the housing survey to provide the necessary data to improve housing planning. That knowledge needs to be formally captured in writing in the form of a useable manual so that the instrumentation can be disseminated and used to generate data needed for housing planning.

5. It is not unusual for projects to go through changes once implementation begins, changes which represent significant departures from Project Paper design. There are often good reasons for such changes. However, when such changes occur it is important that the decisions related to those changes be explicit and documented in project files. This evaluation has reviewed three major departures in the project from the Project Paper design. The Steering Committee was never convened or organized. A field demonstration where housing guidelines were applied to a specific project never occurred. A handbook or diffusible set of guidelines were not produced. There are good reasons why these changes occurred and it is doubtful that project resources would have been sufficient to support all of these activities. However, these changes should have been made through explicit decisions, contract amendments, and documented in project files. Without such documentation the contractor is at risk, the project manager is at risk, and the Agency cannot fully reproduce project history and learn from things that have occurred in the project.

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Annex 1: Evaluation Statement of Work

BACKGROUND OF THE PROJECT

The Small Enterprise Approaches to Employment Project (Project No. 931-1090) identifies approaches and provides technical support in designing small enterprise project and programs for the poor. The objective of the project is to improve employment opportunities, productivity, and enterprise viability in the informal and small scale enterprise sectors of developing countries.

Two of the project's three complementary components will be the subject of the present evaluation. These are:

The Program for Investment in the Small Capital Investment Sector (PISCES) component develops new approaches to assisting very small informal sector enterprises. Phase I of the PISCES component consists of case studies of indigenous projects which have provided effective assistance to informal sector and small scale enterprises in twenty countries.

The Housing and Employment component assesses the impacts of large urban capital projects on incomes and employment opportunities for the poor. It focuses on the relationship between housing construction and employment.

PURPOSE OF THE EVALUATION

The purpose of the evaluation is to assess the foregoing completed segments of the Small Enterprise Approaches to Employment Project:

- (i) the PISCES component (Phase I) which was carried out by ACCION International/AITEC as main contractor, and Partnership for Productivity (PPP) and the Development Group for Alternative Policies (D'GAP) as sub-contractors (Contract No. C-0013);
- (ii) the Housing and Employment component which was carried out by Michigan State University under the direction of Dr. Paul Strassmann of the Department of Economics (Contract No. C-0012).

The evaluation report will assess:

- o how well the completed project components met their original goals, purposes, and output targets, and
- o how well the contractors performed and contributed to meeting the overall goals of the Small Enterprise Approaches to Employment Project.

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## ISSUES THE EVALUATION REPORT WILL ADDRESS

- (1) Adequacy of project design
  - o Were the project goals and objectives relevant to the identified problem?
  - o Were the original assumptions as stated in the project logical frameworks realistic?
  - o Were the planned inputs appropriate?
  - o Were the expected outputs reasonable?
- (2) Project management by AID
  - o Were appropriate contractors selected by AID?
  - o Did AID management the project well?
- (3) Contractor performance
  - o Did the contractors management the project well?
  - o Did the contractors achieve the expected goals, purposes and outputs of the project?
- (4) Project strategy
  - o Was the overall project strategy adequate in relation to the goals and objectives?
- (5) Impact of unplanned events
  - o Did any unexpected events affect the project?
  - o If so, how did they impact the project?
- (6) Impacts
  - o Are the project results technically sound?
  - o Have the results of the projects been disseminated effectively to AID?
    - o . . .to LDC institutions in the public and private sectors?
    - o . . .to specialists involved in small enterprise assistance?
- (7) Recommendations
  - o How can implementation of similar projects be improved in the future?
  - o What lessons from the projects are useful to AID and its contractors?
  - o How can Missions, AID/W, and others most effectively use the project outputs?

## SPECIFIC FUNCTIONS OF THE EVALUATORS

The evaluators will visit contractors' offices in East Lansing, MI, Cambridge, MA, and Washington, D.C. and AID's Office of Multisectoral Development (Bureau for Science and Technology) to review project files and interview project staff. To develop familiarity with the project, the evaluator will review:

- project papers (including logical framework)
  - contract documents
  - reports and publications on the projects
  - workshop proceedings
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## REPORTS

The evaluators will write separate reports on the PISCES I and Housing and Employment components respectively summarizing their findings as above. A cover report will integrate the separate reports and draw conclusions on how well these two components have contributed to achieving the overall goals of the Small Enterprise Approaches to Employment Project. The report should not exceed 100 pages and will include an executive summary of approximately 5 pages.

Annex 2

Reports, Papers and Articles  
written as part of the  
Housing and Employment Component

Unless otherwise specified, all reports were written by W. Paul Strassmann.

G-1. "Guidelines for Estimating Employment Generation through Shelter Sector Assistance." January 1980. Pp. 38.

\*Elaborated and rewritten for the World Bank as "Guidance Note: Measuring and Improving the Employment Impact of Construction Projects." October 1982. Pp. 35.

G-2. "The Role of Infrastructure in Employment Generation." January 1980. Pp. 8.

G-3. "Government Policy and the Improvement of Low-Cost Housing in Seven Countries, 1979." March 1980. Pp. 19.

G-4. "Employment in Core House Building: A Comparison of Estimates from Six Cities in Six Countries." May 1980. Pp. 19.

\*Much of the data were incorporated in "Labor: Levels of Employment and Skills, Capital-labor Substitution, Productivity, and Manpower Training," paper presented at the Expert Group Meeting on the Indigenous Construction Sector, Nairobi, Kenya, November 23-30, 1981. It will be published in the proceedings of that meeting.

\*A more econometric and elaborate version is "Employment in Construction: Multi-Country Estimates of Costs and Substitution Elasticities for Small Dwellings," MSU International Development Working Paper No. 3, December 1982, pp. 36, forthcoming in Economic Development and Cultural Change.

G-5. State of the Art Report I: "Methods for Analyzing and Promoting Employment in Low-cost Housing in Developing Countries." August 1981. Pp. 19.

G-6. State of the Art Report II: "Employment and Income from Production in Dwellings." September 1981. Pp. 23.

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- R-1. "Production Functions and Input Elasticities in the Construction of Low-Cost Housing: A Comparison of Building Firms in Pakistan with Firms in Five Other Countries," by Ehsan Ahmed, published in the Pakistan Development Review, Volume XX, Number 4, Winter 1981, pp. 417-426.
- Z-1. "An Analysis of Low-Income Demand for Shelter: The Case of Lusaka, Zambia." January 1981. Pp. 62. By Manenga Ndulo. Mr. Ndulo's doctoral dissertation based on this and other material collected during the summer of 1979 is almost complete and the degree is likely to be awarded in early 1983.

REPORTS ON HOUSING AND EMPLOYMENT IN LIMA, PERU, 1980

- P-1. "Background and Overview of Recent Trends." Pp. 9. Brief survey based on official reports of trends in housing policies, income and population growth, and construction employment, 1950-1978.
- P-2. "Description of a Sample of Households Surveyed in the Metropolitan Area of Lima, Peru, June 10-July 3." 1980. Pp. 4. Summary of the procedures used by the Technical Office of Manpower Studies of the General Bureau of Employment, Peruvian Labor Ministry, in surveying 1,167 households. Brief description of major zones of the Metropolitan Area and the distribution of interviews.
- P-3. "Income and Housing in the Metropolitan Area of Lima, Peru, 1970-1990." Pp. 25. Households and dwellings are each classified in six ranges. Conditions in 1980 are compared with 1970-71. Construction needs are given for a hypothetical 1990 housing target.
- P-4. "Urban Infrastructure and Employment in Peru." Pp. 7. Employment is estimated for the infrastructure for 500 116.2 m<sup>2</sup> lots. With lower specifications one-third more lots could be equipped at the same cost, but employment would fall by 6 percent.
- P-5. "Employment Generation Through Building Core Housing in Peru." Pp. 46. Demonstrates a simple guideline for estimating employment without a highly detailed cost analysis. Such an analysis is made, nevertheless, for a 24.9 m<sup>2</sup> and a 34.4 m<sup>2</sup> core unit. Data comes from three organizations operating at three<sup>2</sup> different volumes. Costs and employment for the 24.9 m<sup>2</sup>

unit are compared with findings from six other countries for the identical design. Compared with the average, the unit costs two-thirds as much in Peru and employs one-third as many workers. Wages in Peru are over three times as high.

- P-6. "Employment Estimation with Limited Information about Building and Upgrading: An Illustration From Peru." Pp. 12. Value and floorspace information about housing can be obtained fairly easily. With this and employment data for two housing types, one can estimate employment for incremental housing expenditures. If that applies for all housing types, one can guess that their employment content per m<sup>2</sup>. In Lima it went from 3 to 6 workdays from the lowest to the highest housing category.
- P-7. "Shelter Improvement in Lima, Peru." Pp. 47, Appendix 17 pp. Explains who does how much of what and why. How improvements are paid for and their effect on value. Renters are compared with owners. Employment generation as a share of the urban economy. Regression analysis and cross-tabulations by six income and value ranges.
- P-8. "Housing and Employment in Lima, Peru." February 1981. Pp. 55. A Summary Report. This report was written after the previous seven preliminary reports had been discussed with officials and other experts in Lima, November 28-December 10, 1980. It contains new material based on definitions of neighborhood types and covers the main points of the other reports without giving all technical details. All eight reports on Peru have been translated into Spanish and have been circulated to interested persons and agencies by the AID mission in Lima.
- P-9. "Upgrading in Squatter Settlements: Test of a Marxist Hypothesis," Journal of Economic Issues, June 1982, Volume XVI, Number 2, pp. 515-523. This article is based on a paper presented at the December 1981 meetings of the Allied Social Sciences Association in Washington, D.C. It uses the Lima data to reject the Marxist hypothesis that housing cannot be improved through selfhelp, subsidized credit, and public action because under capitalism housing must not rise above the minimum level needed to reproduce labor power.
- P-10. "Shelter Improvement in Lima, Peru." Forthcoming in Ekistics. This article uses the Lima data to show how contradictory public policies can foster the deterioration of one part of the housing stock while encouraging the improvement of another.

Other articles and papers on Lima housing and home businesses are in process, as is the data on Colombo, Sri Lanka, by Nimal Gunatilleke, which will partly take the form of his doctoral dissertation. This work should, however, be considered as part of Phase II of the project, its continuation as a component of the 1982-1985 Small Scale Enterprises Cooperative Agreement, a special study that focuses on home-based businesses.

-- FINAL REPORT 9/28/1978 - 8/31/1982, Phase I  
Summary of project activities and accomplishments, by Principal  
Researcher, W. Paul Strassmann.

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