

U N C L A S S I F I E D

AGENCY FOR INTERNATIONAL DEVELOPMENT

Washington, D. C. 20523

PROJECT PAPER  
Amendment 1

PHILIPPINES: Small and Medium Enterprise  
Development (492-0359)

September 15, 1988

U N C L A S S I F I E D

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT  
MANILA, PHILIPPINES

PROJECT PAPER SUPPLEMENT

Small and Medium Enterprise Development Project

Project No. 492-0359

AUGUST 1988

AGENCY FOR INTERNATIONAL DEVELOPMENT <b>PROJECT DATA SHEET</b>		1. TRANSACTION CODE <input type="checkbox"/> A = Add <input checked="" type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number <u>1</u>	DOCUMENT CODE <u>3</u>
2. COUNTRY/ENTITY Philippines		3. PROJECT NUMBER <u>492-0359</u>		
4. BUREAU/OFFICE Asia and Near East <u>04</u>		5. PROJECT TITLE (maximum 40 characters) <u>Small and Medium Enterprise Development</u>		
6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY <u>1</u> <u>2</u> <u>3</u> <u>0</u> <u>8</u> <u>9</u>		7. ESTIMATED DATE OF OBLIGATION (Under 'B:' below, enter 1, 2, 3, or 4) A. Initial FY <u>83</u> B. Quarter <u>3</u> C. Final FY <u>83</u>		

8. COSTS (\$000 OR EQUIVALENT \$1 = )						
A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	1,500	13,500	15,000	1,500	5,500	7,000 <sup>1/</sup>
(Grant)	(1,500)	( )	(1,500)	(1,424)	(5,394)	(6,818)
(Loan)	( )	(13,500)	(13,500)	(76)	(106)	(182)
Other						
U.S.						
Host Country		5,000	5,000		5,811	5,811 <sup>3</sup>
Other Donor(s)						
<b>TOTALS</b>	1,500	18,500	20,000	1,500	11,311	12,811

9. SCHEDULE OF AID FUNDING (\$000)									
APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) APDN	260	250	840	14,818	182	(8,000)	-	5,818	182
(2)									
(3)									
(4)									
<b>TOTALS</b>				14,818	182	(8,000)	-	6,818	182

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)				11. SECONDARY PURPOSE CODE			
264	840	830	040				
12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)							
A. Code	BL	BR	BU				
B. Amount							

13. PROJECT PURPOSE (maximum 480 characters)

To institutionalize an effective process, predominantly within the private sector, to accelerate the growth of labor-intensive small and medium enterprises outside of Metro Manila.

14. SCHEDULED EVALUATIONS				15. SOURCE/ORIGIN OF GOODS AND SERVICES			
Interim	MM YY	MM YY	Final	MM YY	MM YY	MM YY	MM YY
	0 7 8 6			1 0 8 9			
				<input checked="" type="checkbox"/> 000 <input type="checkbox"/> 941 <input checked="" type="checkbox"/> Local <input type="checkbox"/> Other (Specify)			

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a 25 page PP Amendment.)

Nature of changes: De-obligation and de-authorization of project funds; modifications of project components, regional coverage and targeted industry sectors.

Notes: <sup>1/</sup> Figures reflect \$8 million deobligation and reduction in authorized project funding.  
<sup>2/</sup> Change in loan-grant split resulted from FY 1986 loan-to-grant conversion.  
<sup>3/</sup> Additional host country counterpart of \$811,000 was added in FY 1988.

17. APPROVED BY	Signature MALCOLM BUTLER <i>Malcolm Butler</i>	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY
	Title Director, USAID/Philippines	
	Date Signed MM DD YY <u>0</u> <u>9</u> <u>11</u> <u>5</u> <u>8</u> <u>8</u>	

PROJECT PAPER SUPPLEMENT FOR  
THE SMALL AND MEDIUM ENTERPRISE DEVELOPMENT PROJECT  
(492-0359)

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ACRONYMS

AID	-	Agency for International Development, Washington, D.C.
ANE	-	Bureau for Asia and the Near East
BDTP	-	Bureau of Domestic Trade Promotion
CDSS	-	Country Development Strategy Statement
CITEM	-	Center for International Trade Expositions and Missions, Inc.
DBM	-	Department of Budget and Management
DST	-	Department of Science and Technology
DTI	-	Department of Trade and Industry
FY	..	Fiscal Year
GOP	-	Government of the Philippines
HIID	-	Harvard Institute for International Development
IESC	-	International Executive Service Corps
IQC	-	Indefinite Quantity Contract
MEGMA	-	Market Encounter Goes To Manila
MIS	-	Management Implementation Secretariat
NEDA	-	National Economic and Development Authority
PACD	-	Project Assistance Completion Date
PCCI	-	Philippine Chamber of Commerce and Industry
PEC	-	People's Economic Council
PIL	-	Project Implementation Letter
PP	-	Project Paper
PSA	-	Procurement Services Agent
PVO	-	Private Voluntary Organization
SBI	-	Small Business Institute
SMEs	-	Small and Medium Enterprises
SMED	-	Small and Medium Enterprise Development
TA	-	Technical Assistance
USAID	-	United States Agency for International Development, Manila, Philippines

## EXECUTIVE SUMMARY

This Project Paper Supplement describes the planned modifications of Phase II of the SMED Project. The project's goal and purpose are unchanged. Modifications include changes in geographic coverage, targeted industrial sectors and project components, and a reduction of the originally authorized life-of-project funding of \$15 million, to a new level of \$7 million. In addition, implementation procedures have been strengthened to permit more efficient project management.

The original SMED Regions were I (Ilocos), II (Cagayan Valley), V (Bicol), VI (Western Visayas) and XII (Central Mindanao). Regions I, V, VI and XII are being retained as target geographic areas; Region II, which has not demonstrated the industrial development potential of other areas, is not participating in Phase II activities. Regions IV (Central Tagalog and Palawan) and XI (Southern Mindanao) are being added in Phase II.

Industry sectors in Phase I included handicrafts and wood furniture making. The handicraft sector is being retained in Phase II, with the metalcraft and food processing industries (fast-growing sectors that have both forward and backward industry linkages) added as sectoral foci. The wood furniture industry is not a targeted sector under Phase II, due both to its sluggish growth potential and its concentration in Region II.

The originally-designed project components were Institutional Development, Employment and Enterprise Policy Research and Micro-Enterprise Development. Only the Institutional Development component was implemented, although some training activities took place under the Research component. Phase II also comprises three components; one, Studies, will implement the policy research activities planned under Phase I. The second component, Integrated Support to the targeted industry sectors, includes technical assistance, training, market development and common service facilities. The third project component involves support to the nation-wide People's Economic Councils.

Although the original project design called for the development of annual plans and the services of a general contractor, these were not implemented. To facilitate project management, these approaches will be implemented in Phase II, along with a streamlined earmarking/commitment procedure.

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PROJECT AUTHORIZATION  
AMENDMENT NO. 2

Philippines

Small and Medium Enterprise  
Development Project

Project No. 492-0359  
Loan No. 492-T-071

1. Pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended (the "FAA"), the Small and Medium Enterprise Development Project (the "Project") for the Philippines (the "Cooperating Country") was authorized on August 25, 1983. The Project Authorization was amended on August 30, 1986. Pursuant to Section 103 of the FAA and in accordance with the authority delegated pursuant to Delegation of Authority No. 652, the Project Authorization is hereby further amended as follows:

The level of planned grant obligations is decreased from \$14,818,177.17 to \$6,818,177.17.

2. The Project Authorization as previously amended shall remain in full force and effect except as hereby further amended.

By: Malcolm Butler  
Malcolm Butler  
Mission Director

Date: 9/15/88

Clearances:

<u>Name</u>	<u>Initial</u>	<u>Date</u>
ORAD:KPrussner	<u>KP</u>	<u>8/25/88</u>
OCD:RJordan	<u>RJ</u>	<u>8/25/88</u>
OPHN:WJohnson	<u>WJ</u>	<u>8/25/88</u>
OFFPVC:BGeorge	<u>BG</u>	<u>8/25/88</u>
OD/PE:PRDeuster	<u>PR</u>	<u>8/25/88</u>
CO:JRDial	<u>JR</u>	<u>8/26/88</u>
PRO:WToliver	<u>WT</u>	<u>8/26/88</u>
RLA:BMiller	<u>BM</u>	<u>8/26/88</u>
OD:JSBlackton	<u>JS</u>	<u>8/26/88</u>

## I: BACKGROUND

### A: ORIGINAL PROJECT DESIGN

The goal of the Small and Medium Enterprise Development (SMED) Project, as described in the August 1983 Project Paper (PP), is to increase productive employment in private sector, non-farm small and medium enterprises (SMEs) located outside Metro Manila. The purpose of the project is to institutionalize an effective process, predominantly within the private sector, to accelerate the growth of these labor-intensive SMEs.

The project rationale is based on the proposition that employment generation is a key development need and that the greatest potential for increasing productive employment outside of the Metro Manila area is in the non-farm sector. The private sector is seen as central to realizing that potential, with the development of private small and medium enterprises a logical project focus.

The original project design had three components; a brief overview of each is provided below.

-- Institutional Development: The purpose of this component was to develop and improve the capacity of private sector institutions to provide extension services to SMEs and to represent SMEs in policy dialogue with the public sector.

-- Employment and Enterprise Policy Research: The purpose of this component was to develop the capacity of the Ministry of Trade and Industry (since renamed the Department of Trade and Industry [DTI]) to obtain better SME information and to engage in effective policy dialogue with the private sector on issues affecting SME growth and productivity.

-- Micro-Enterprise Development: The purpose of this component was to develop increased capacity, primarily among Philippine private voluntary organizations (PVOs), to assist non-Metro Manila-based micro-enterprises. The Project Paper called for SMED to provide financing, primarily through PVOs, for the credit needs of micro-enterprises and for marketing and management training extension services.

The SMED implementation strategy called for the "rolling design" approach, with implementing agencies and the private sector defining project direction and activities during the course of the project. The Project Paper envisaged the setting of overall project direction by the SMED Executive Committee, which had primary responsibility for the review and approval of the regional associations' annual program plans. The

management of the project's day-to-day operations was seen as the role of the Management Implementation Secretariat (MIS), composed of DTI and Philippine Chamber of Commerce and Industry (PCCI) employees. The PP called for the MIS to administer, manage and/or monitor SMED resources for the three project components:

The Project Paper also called for the services of a general contractor to carry out project implementation actions of the Institutional Development component. The general contractor was expected to address the institutional development and strengthening of associations; the refinement of association plans and information systems; the design of extension services for SMEs; and the identification of the need for demonstration activities.

The Project Paper identified five target regions for project implementation, based on GOP commitment to locate development programs in the country's most economically depressed areas. The five target regions were Regions I (Ilocos), II (Cagayan Valley), V (Bicol), VI (Western Visayas), and XII (Central Mindanao). In addition, the PP recommended initial SMED concentration on three industry sectors: garments, handicrafts (known as "gifts and housewares" in DTI jargon), and wood furniture.

## B: PROJECT IMPLEMENTATION

The project was authorized by USAID/Manila in August 1983. Project implementation activities began with the May 1984 appointment of the SMED Executive Director.

The project's Executive Committee, with membership including representatives of the Philippine Government, industry associations, PVOs and USAID (ex-officio), met regularly to review project plans and activities. The MIS, however, never became functional; SMED Project Office staff in DTI administered and monitored subproject activities.

Phase I implementation activities concentrated on institutional development of the private sector, including their provision of extension services to SMEs. Specific accomplishments are detailed below:

1. Chamber Development Activities: In consultation with PCCI, the SMED project provided funding to selected industry associations. In addition, office equipment and limited operating expenses were provided for regional and provincial chambers, as well as funding for the establishment of Business Information Centers within those chambers. Project activities such as regional chapter formation, training workshops and domestic trade missions were developed with national chambers, including the Chamber of Furniture Industries of the Philippines, the Philippine Chamber of Handicraft Industries, and the Philippine Exporters Foundation.

2. Domestic Market Development Activities: The project supported two week-long buyers' fairs, known as Market Encounter Goes To Manila (MEGMA), which allowed regional producers to display their products for Metro Manila buyers. With SMED's encouragement, a MEGMA Foundation was formed and a trust fund set up to make the event a self-sustaining activity. Among other activities, the project provided funding for product fairs of the Baguio Silver and Brass Association and the Cagayan Valley Federation of Furniture Manufacturers.

3. Training-Related Activities: Under Phase I of the project, financial support was provided for training programs of the small business institutes (SBIs) of the five target regions, and for regional training activities in Regions II and VI. Under the project, nine new SBIs were developed.

4. Technical Assistance: The SMED project financed three U.S. product specialists, who taught local handicraft producers how to adapt traditional designs to modern markets. In addition, SMED financed the services of three IESC volunteers, who worked with wood furniture producers and SBIs. In Region II, Manila-based distributors provided training and the guaranteed purchase of goods to home-industry basket makers.

#### C. MIDTERM EVALUATION FINDINGS AND RECOMMENDATIONS

The project's midterm evaluation was conducted over a five-week period in June and July 1986. The evaluation's four principal findings are summarized below.

1. The unfavorable economic and political environment was a major constraint to project implementation, especially the resulting budgetary constraints on the GOP.
2. While associations can be effective conduits for services to SMEs, the choice of the country's poorer regions (where these associations were necessarily weakest) as the areas in which to test this hypothesis resulted in slower project implementation.
3. Strengthening associations to be effective conduits to SMEs and to be providers of services to SMEs is a long-term proposition; providing firm-specific technical and marketing assistance may be more successful in increasing the demand for extension services in the short term.
4. The decision not to do research and baseline analysis and the lack of clearly-defined policies and criteria for demonstration projects undermined the project's implementation.

The recommendations of the evaluation team include the following:

- a. Support a redesigned Phase II of the SMED project with reduced funding.
- b. Refocus the project to concentrate on a limited number of activities with clear linkages to project objectives. Retain the existing regions. Projects initiated must achieve demonstrable success prior to extensive entry to other regions; adjust the criteria for geographic extension possibly to include the more growth-oriented regions outside Metro Manila. Regarding the sectoral focus, there should be more flexibility in the choice of sectors depending on regional resources.
- c. Incorporate in DTI a contractor who will train, assist and support staff involved in project development and monitoring systems.
- d. Provide more support to projects already initiated by technical assistance, for example in training methodologies for SBIs, as well as by research.
- e. Integrate the domestic market development and technical assistance efforts into the overall framework of the institutional development component so that they are more supportive of association development.
- f. Separate the micro-enterprise component from the SMED project, either as a completely different program to be implemented by a national PVO and/or increase support to the co-financing program of USAID.

#### D. RATIONALE FOR PROJECT MODIFICATIONS

##### 1. Geographic Focus

The Integrated Sector Support component of the modified SMED project, which includes the bulk of Phase II activities, will be implemented in the SMED target regions discussed below. The People's Economic Councils and Studies components, however, will have a nationwide focus.

The original Project Paper used three criteria for the selection of participating regions: predominantly rural areas with agriculture as the major means of livelihood; economically-depressed areas; and regions which show the potential for sustainable industrial development. The 1986 SMED Midterm Evaluation persuasively argues for the inclusion of strong growth-oriented regions in Phase II, as vehicles for more rapid SME growth.

Accordingly, four of the five original SMED regions (I, V, VI and XII) are being retained in the modified project. Although these areas are considered economically depressed, they also have demonstrated industrial growth potential. In addition, Regions IV (Southern Tagalog and Palawan) and XI (Southern Mindanao), both with strong industrial centers, are being added in Phase II.

Region IV includes the industrial areas adjacent to Metro Manila and figures heavily in both food processing and metalworking. Region XI, the Davao area, is an important food processing center, with 123 operating food processing firms. The industrially-dynamic Davao area is also an important center for metal industries.

Region I (Ilocos), a significant locus of metal-working SMEs, includes the city of Baguio, which is the growth center of Northern Luzon. Both Regions I and V (Bicol) are important centers of handicraft production. Region XII has been retained, with a shift in geographic focus to Iligan City, a service area of dynamic Cagayan de Oro City. Iligan City also has an active metalworking industry.

Of the five original regions, only Region II is not included in Phase II activities. Region II met the project's first two geographic criteria (agriculture based and economically depressed). However, during Phase I of the project, the region did not demonstrate the potential for even minimal industrial development, which is prerequisite for installation of a system to encourage SME growth. Thus the region will not participate in new activities under Phase II.

## 2: Sectoral Focus

The SMED Project Paper used four criteria for the identification of target industry sectors:

- The potential of the industry to generate direct and indirect employment.
- The productivity and efficiency ratings of the industry (utilization of labor, capital and energy).
- The capacity of the industry to generate both forward and backward linkages (the "multiplier effect").
- The domestic market potential of the industry.

In addition to these four criteria, the Phase I selection process focused on industry groups prevalent in the country's more economically depressed regions; labor-intensive industries; and those that use indigenous raw materials. Thus, the wood furniture and handicraft sectors were emphasized in Phase I.

While the handicraft industry is being retained in Phase II, new activities in the wood furniture industry will not be funded. This sector, concentrated in Region II, is only a minimal part of the Region II economy. The wood furniture industry is not a dynamic one, and has not demonstrated strong growth potential. In addition, the GOP's recent focus on environmental activities makes the resurgence of this industry unlikely.

A number of sources have advocated the selection of more dynamic industry sectors for Phase II, including the 1987 Small Business Policy Directions Study of the Harvard Institute for International Development

(HIID) and the 1987 SMED Project Redesign Consultants' Report. Using the original industry selection criteria, the redesign team recommended the selection of industries that have comparative growth advantages in the target geographic areas. The team recommended food processing and metalworking as new foci for SMED assistance, with handicrafts remaining the third sectoral target area.

Food Processing: According to the report "Small and Medium Industries in the Philippines: An Overview," 31 percent of all SMEs nationwide are in the food processing sector. The country's agriculture-based economy assures an abundance of raw materials for food processing; increased processing activities would provide further stimuli to the agricultural sector. The food processing sector has significant domestic marketing potential. In most rural regions, especially in Mindanao and the Visayas, processed foods such as canned meat, fish, vegetables and dairy products are in short supply.

Metalworking: The metals processing sector is key in the effort to industrialize the regions, because it generally employs technologies of a higher level of sophistication than other SME activities. This sector accounts for nine percent of all SMEs, exceeded only by food processing and garment manufacturing. The metalworking sector, which includes casting and forging enterprises, employs 17 percent of the labor. Fifty percent of the establishments employ more than 20 people. The fabrication of agricultural machinery provides an important link between the metalworking and agriculture sectors.

### 3. Project Components

Of the original project components (Institutional Development, Employment and Enterprise Policy Research and Micro-Enterprise Development), only the Institutional Development component was actually implemented.

The 1986 SMED Midterm Evaluation and the 1987 SMED Project Redesign Consultants' Report recommended the provision of firm-specific technical and marketing assistance, rather than institutional development activities, as the most effective short-term approach to SME development. The midterm evaluation recommended using market development and technical assistance activities as a way of supporting association development.

Accordingly, the modified project replaces the Institutional Development component with the Integrated Sector Support component, which will provide technical assistance to firms and associations, SME technical training opportunities, market development services and regional common service facilities.

The Employment and Enterprise Policy Research component, renamed "Studies," will be implemented in Phase II of the project.

The third Phase I component, Micro-Enterprise Development, was envisaged as a small-scale subsidized lending program, managed by a PVO. After the project was designed, AID's SME policy shifted away from the emphasis on subsidized lending and toward support of market-guided interest rates. Also, the HIID study found that, in general, micro-businesses are actually too small to be effectively helped, other than on a welfare basis. The study recommended focusing assistance on small- and medium-sized industries that have already achieved a modicum of success.

The SMED Midterm Evaluation recommended separating the Micro-Enterprise Development component from the SMED project. Thus, it is not included in Phase II of the project.

Instead, the third project component is support to the People's Economic Councils program of the GOP. This program, the brainchild of the Secretary of DTI, is an outgrowth of the 1986 revolution, and calls for grass-roots involvement in the development process. The PECs, which have local, regional and national groups, have been quite active in some areas of the country. The PECs are attempting to sharpen their focus on economic concerns, and are seen as a viable conduit for reaching both local enterprises and investors.

## II: PHASE II CONTEXT

### A: RELATIONSHIP TO THE GOP MEDIUM-TERM DEVELOPMENT PLAN

The 1987-1992 Medium-Term Philippine Development Plan includes the promotion of rural-based, labor intensive small and medium sized enterprises as a major thrust toward short- and medium-term economic recovery and sustained long-term growth. The Plan cites SME promotion as "the centerpiece for achieving greater employment and industry dispersal in the countryside." The Plan further states:

Industry is targeted to grow at an annual average rate of 8.8 percent during the Plan period. This growth in industrial output, with emphasis on labor-intensive activities, shall translate into an increase in employment in industry at an annual average rate of 8.3 percent.

Consistent with the GOP's emphasis on the reduction of government involvement in business, the Plan calls for SME promotion through the private sector, i.e., through industry associations serving as conduits for delivery of services to SMEs, as instruments for attaining economies of scale, and as fora for arriving at solutions to common problems.

The Plan enumerates a multi-pronged approach to SME development: the provision of technical assistance and training to improve access to technology, product quality and design; trade promotion through regional and national trade fairs and exhibits; and the support of selected common service facilities. These approaches will be reflected in the revised project.

## B. RELATIONSHIP TO CDSS AND AID POLICY

The modified SMED project is consistent with an intermediate objective of the USAID/Philippines FY 1988 CDSS Action Plan, to increase private investment in labor-intensive light industry and agribusiness. By adding metalworking and food processing as targeted industry sectors, the project demonstrates its light industrial and agribusiness-related focus. The ANE Background Paper on Poverty in Asia, cited in the CDSS Action Plan, states that AID's development strategy in the eighties should include "... an emphasis on the rapid growth of small and medium sized private sector firms which can stimulate off-farm employment." This is the basic rationale for the SMED project.

## III. PROJECT DESCRIPTION

### A. PROJECT COMPONENTS

#### 1. Integrated Sector Support for Food Processing, Metalworking, and Gifts and Housewares

Under this component, comprehensive services will be provided to develop and support the targeted industry sectors. Services will include technical assistance to individual SMEs and groups of SMEs; training; market development activities; and support for common service facilities. SME sectoral associations will be the primary clientele for the integrated support services, which will be provided, to the extent practicable, under an umbrella technical assistance contract.

a. Extension and Training for Associations: Subproject proposals will include needs analyses of firms in the three targeted sectors to determine technical assistance and training needs. These needs analyses will be conducted by the pertinent local sectoral associations with assistance from the DTI Regional Offices. Pursuant to the needs analysis, technical assistance extension and technical training activities targeting association members will be developed and implemented by the local sectoral associations.

For maximum impact, the planned technical assistance/training will target groups of clients, and thus will not be directed toward individual firms. Under the auspices of sectoral associations, specialists will provide advice to groups of small and medium business owners on how specific technical problems may be overcome, or will train the association members in specific commonly-identified technical procedures. Some examples of possible technical training topics are packaging techniques to increase the shelf-lives of food products, production techniques, the use and maintenance of machinery, and instruction in adapting traditional handicraft designs to modern markets.

In addition, management training activities will be implemented and management services extended to associations by SBIs in the targeted regions. SBIs located within local private universities have developed into centers of management expertise under Phase I of the project. Industry associations and SBIs will enter into agreements with DTI defining the extent of project support of their activities.

Total AID funding of \$2,000,000 is planned for activities under the Integrated Support component, including approximately 71 person months of technical assistance, 110 person months of participation in local study missions, and more than 300 field demonstration, sectoral productivity and technology training activities.

b. International Executive Service Corps (IESC) Supplemental Grant: This is a separate technical assistance activity, additional to any use of IESC for the technical assistance described above. A Specific Support Grant will be made to assist IESC to provide firm-specific technical assistance to small- and medium-sized firms in the targeted industry sectors throughout the Philippines. IESC will select the beneficiary firms in accordance with criteria agreed to by DTI and USAID. Project support will enable IESC to provide services to smaller firms than usually possible in IESC's Philippine operations due to cost constraints. The project calls for a maximum of 24 person months of IESC services, at an estimated cost of approximately \$200,000.

c. Market Development Activities: These activities will bridge the gap between producers and the buyers who control the product distribution networks. To that end, regional and national trade fairs will be funded, as will product display centers; domestic trade missions to bring regional producers to Manila; and the production of promotional brochures.

Identified implementing agencies are the Center for International Trade Expositions and Missions, Inc. (CITEM), a DTI-managed corporation, and DTI's Bureau of Domestic Trade Promotion (BDTP). However, where practical, private firms will be contracted to undertake these promotional tasks. Trade fairs are essentially the province of CITEM, lead agency in an existing interagency Market Encounter Secretariat. The other trade promotion activities mentioned are the responsibility of BDTP.

Plans call for 23 provincial and regional market encounters; six Manila market encounters; 34 local trade missions and ten product display centers. The total USAID budget for market development activities is estimated at \$600,000.

d. Support for Common Service Facilities

(1) Food and Metals Testing Laboratories: Equipment will be provided to upgrade an existing food product testing laboratory of the Department of Science and Technology (DST) serving the Visayas. Equipment to be provided will include analytical balances, moisture testing equipment,

digital pit meters, and a spectrophotometer. DST will operate this facility and will charge a fee for product testing services. The provision of the equipment will be detailed in an agreement between DTI and DST. Similar facilities based in educational institutions will be equipped to extend coverage to the other major food processing centers in the SMED target regions.

Similarly, raw materials testing facilities for the metalworking industry will be set up, also housed in educational institutions. These facilities will enable metal products producers to have materials from their suppliers tested and graded to ensure quality. SMED staff will consult with the DTI's Bureau of Product Standards in this endeavor. Commodities for six food and metal testing laboratories, with total AID funding of approximately \$300,000, are expected to be provided under the project.

(2) Additional Common Service Facilities: The DTI Regional Offices have identified a need among their client SMEs for common service facilities such as centers for the bulk buying of raw materials. Funds were designated for this purpose under the World Bank's Third Small and Medium Industries Loan. The owners and managers of the facilities were to be private industry associations or PVOs, which were to receive subloans through the World Bank project to finance the facilities. However, two kiln dryers for wood furniture were the only common service facilities established under this project, which will terminate in September 1988. The DTI Regional Offices nevertheless continue to report strong demand for common service facilities among SMEs, although financing for the facilities will have to come from sources other than the World Bank activity.

The modified SMED project will finance detailed needs analyses and the pre-feasibility and feasibility studies needed in order to seek financing for these facilities. If any common service facilities are established within the life of the SMED project, SMED funds will also provide technical assistance and technical training in the proper operation and maintenance of the facilities. The total level of SMED-financed effort for the feasibility studies and technical assistance/ training is estimated at 74 person months. SMED assistance will be limited to the targeted geographic regions and industry sectors.

## 2. Studies

The project will finance studies toward the following ends: the formulation of policies promoting the development of regional and small and medium industries (SMIs), and toward development strategies and assistance programs for the growth and development of the targeted sectors and of SMIs in general. Examples of studies that may be funded under Phase II are:

- Regional industry studies to obtain specific sectoral information for use in policy formulation.
- Export and trade development studies, such as Philippine SME competitiveness in the world market, cost-effectiveness of export promotion programs, impact of export incentives on SMEs.
- Technology and production studies such as technology assessment of SMED industry sectors, technology transfer in target industries.
- Domestic industry and SME promotion studies such as computerization and low-cost automation, effect of import liberalization on domestic industries.

To the extent possible, DTI will contract with local firms and research institutions for the completion of these studies. Where expatriate services are required, and when possible, USAID may undertake a "buy-in" with an existing centrally-funded project. A maximum of 105 person months of technical assistance for policy research and studies will be funded at an estimated cost of \$315,000.

### 3. Support for People's Economic Councils (PECs)

The People's Economic Councils were organized as community-based multi-sectoral groups to institutionalize greater citizen participation in the national planning and decision-making process. The councils are envisioned as effective consultative vehicles for monitoring the delivery of government services to local communities, and providing the people with opportunities to participate actively in government planning and decision-making processes, i.e., serving as a conduit through which local needs will be formulated into development plans.

a. Training: The project will fund the development and implementation of a training program for PECs, to improve the capacity of municipal-level PECs to interact with government agencies for improved delivery of government services and infrastructure and to further local economic development. The national PEC secretariat will transmit their suggestions to the appropriate government agencies for consideration and implementation.

Technical assistance will be utilized for the design of trainers' training modules and for the conduct of the PEC training sessions. Training participants will be selected by local DTI officials in consultation with the local PEC leadership and elected officials.

The SMED Project Office has been assigned as the secretariat for the PEC nationwide training program. As such, it will be responsible for ensuring the reproduction and distribution of training materials, supervision of the training consultants, and satisfying other logistical requirements.

b. Investment Seminars: Under the PEC program, a minimum of one investment forum per region per year will be funded. These regional seminars will have as their objective the stimulation of investment outside Metro Manila. Potential Manila-based investors will be invited to the regions to learn about investment opportunities. The PECs, in coordination with the regional DTI offices, will identify business opportunities, invite the participation of investors, and provide overall management for the events.

c. PEC Assemblies: The SMEC project will also fund regional and national PEC assemblies, on quarterly and annual bases, respectively. The purpose of the regional assemblies will be to focus local PEC efforts on a common regional direction and to assess local and regional PEC performance. The national conference will provide a forum for consultation with the leaders of the national government on the concerns of the PECs. Project funding will include the use of facilities, clerical services, promotion and conference materials, transportation, honoraria for private sector resource speakers, and the production of reports.

This new project component represents a significant conceptual departure from the original SMED approach. Prior to first disbursement of AID project funds for the PECs, or to the issuance of documentation pursuant to which disbursement will be made, DTI will furnish to AID, in form and substance satisfactory to AID, an AID Project Implementation Order for Technical Services (PIO/T), duly approved by DTI and delivered to AID, authorizing AID to procure the services of a general contractor to provide long-term technical and management consulting services, under an AID direct contract using project funds.

#### B. PROJECT INPUTS

To achieve the expected outputs, project funds will finance technical assistance, training activities, seminars, conferences, studies, trade fairs, product promotion activities and limited commodities, as well as for evaluation and auditing services. The Financial Plan of this Project Paper Supplement details these inputs.

#### C. PLANNED OUTPUTS

Planned outputs during Phase II of the project include the following:

1. Industry associations with increased capacity to obtain technical assistance and arrange training for their member firms. Expected output: 30 associations strengthened.
2. SBIs with the capacity to train staff of small and medium enterprises in management skills. Expected output: ten SBIs strengthened.
3. Small- and medium-sized firms with an improved capacity for production as a result of IESC assistance. Expected output: eight firms with improved production capacity.
4. Selected SMEs in the target regions trained in improved production practices and management skills, and benefiting from a marketing assistance program of product design advisory services, regional trade fairs, in-country trade missions, production of brochures and directories, and product display centers. The marketing assistance program will make available three product design specialists, 34 trade

fairs and ten product display centers. Expected output: approximately 500 SMEs receiving training and technical assistance.

5. A better-equipped food product testing laboratory, operated by the Department of Science and Technology, to address quality control problems in the food processing sector. Other similar quality testing facilities for metal materials and food products based within educational institutions will also be supported. Expected output: ten laboratories equipped, with staff trained in proper testing procedures.

6. Production, packaging or marketing common service facilities, managed by associations, in operation. Expected output: 18 facilities operational.

7. Members of People's Economic Councils (PECs) trained as mobilizers of local business communities toward economic development objectives. Expected output: members of 300 PECs trained.

8. Policy and sectoral studies completed. Expected Output: 20 studies.

#### IV. FINANCIAL PLAN

##### A. LIFE OF PROJECT FUNDING LEVEL

The modified project calls for a reduction in the obligated funding level to \$7 million, including previously-earmarked monies. A joint USAID/DTI assessment will be held in January 1989 to review project performance. After an internal project assessment to be completed not later than September 1989, USAID will determine, with the concurrence of DTI, whether to extend the project past the 12/31/89 PACD.

A PACD extension may be granted if the following conditions are met:

1. The project has experienced a significant increase in the rate of funds expenditure.

2. The project management system will have demonstrated its adequacy by ensuring that the preparation and submission to USAID of subproject proposals in a consolidated annualized form is satisfactory in form and substance to USAID, including findings of needs assessments, activity descriptions and detailed budgets.

3. The project management system will have further demonstrated its adequacy by its routine submission of quarterly project status reports and requests for reimbursement, with such reports and requests complete, including supporting documentation, and in form and substance satisfactory to USAID.

4. A mechanism will be in place that will be providing long-term management consultancy services to the SMED Project Office, DTI Regional Offices, and the private implementing entities.

B: PHASE II SUMMARY COST ESTIMATES AND FINANCIAL PLAN (FYs 1988 and 1989)

(US\$000)

<u>ELEMENT</u>	<u>AID FX</u>	<u>GRANT LC</u>	<u>AID TOTAL</u>	<u>GOP LC</u>	<u>AID/GOP TOTAL</u>
1. INTEGRATED SECTOR SUPPORT FOR FOOD PROCESSING, METALWORKING, AND GIFTS AND HOUSEWARES					
a. Technical Assistance and Training:					
(1) Consultant services	\$ 200	\$ 510	\$ 710	\$ 145	\$ 855
(2) Small business institutes	0	210	210	0	210
(3) Workshops, seminars, training	70	890	960	363	1,323
(4) Local study missions	0	330	330	0	330
b. IESC Specific Support Grant	200	0	200	0	200
c. Market Development Activities	50	550	600	109	709
d. Support for Common Service Facilities:					
(1) Technical studies for common services	25	70	95	0	95
(2) TA for common services	100	320	420	73	493
e. Commodities (Food and Metal Testing Laboratories)	<u>180</u>	<u>120</u>	<u>300</u>	<u>182</u>	<u>482</u>
Subtotals, Integrated Sector Support	<u>\$ 825</u>	<u>\$3,000</u>	<u>\$3,825</u>	<u>\$ 872</u>	<u>\$4,697</u>
2. STUDIES	100	215	315	182	497
3. PEOPLE'S ECONOMIC COUNCILS					
a. Training	0	302	302	0	302
b. Investment Seminars	0	176	176	0	176
c. PEC Assemblies	<u>0</u>	<u>142</u>	<u>142</u>	<u>0</u>	<u>142</u>
Subtotals, People's Economic Councils	<u>\$ 0</u>	<u>\$ 620</u>	<u>\$ 620</u>	<u>\$ 0</u>	<u>\$ 620</u>
4. Operations	0	0	0	2,180	2,180
5. Evaluation and Audit	<u>70</u>	<u>50</u>	<u>120</u>	<u>36</u>	<u>156</u>
SUBTOTALS	<u>\$ 995</u>	<u>\$3,885</u>	<u>\$4,880</u>	<u>\$3,270</u>	<u>\$8,150</u>
6. Inflation	40	340	380	262	642
7. Contingencies	<u>85</u>	<u>449</u>	<u>534</u>	<u>101</u>	<u>635</u>
TOTALS	<u><u>\$1,120</u></u>	<u><u>\$4,674</u></u>	<u><u>\$5,794</u></u>	<u><u>\$3,633</u></u>	<u><u>\$9,427</u></u>
Percentage Share			61%	39%	100%

C. PROJECTION OF EXPENDITURES OF AID GRANT FUNDS  
BY FISCAL YEAR AND PROJECT ELEMENT

(US\$000)

	FISCAL YEARS		
	<u>1988</u>	<u>1989</u>	<u>TOTAL</u>
1. INTEGRATED SECTOR SUPPORT FOR FOOD PROCESSING, METALWORKING, AND GIFTS AND HOUSEWARES			
a. Technical Assistance and Training:			
(1) Consultant services	\$ 110	\$ 600	\$ 710
(2) Small business institutes	70	140	210
(3) Workshops, seminars, training	233	727	960
(4) Local study missions	75	255	330
b. IESC Specific Support Grant	40	160	200
c. Market Development Activities	240	360	600
d. Support for Common Service Facilities:			
(1) Technical studies for common services	27	68	95
(2) TA for common services	100	320	420
e. Commodities (Food and Metal Testing Laboratories)	<u>180</u>	<u>120</u>	<u>300</u>
Subtotals, Integrated Sector Support	<u>\$1,075</u>	<u>\$2,750</u>	<u>\$3,825</u>
2. STUDIES	87	228	315
3. PEOPLE'S ECONOMIC COUNCILS			
a. Training	0	302	302
b. Investment Seminars	56	120	176
c. PEC Assemblies	<u>49</u>	<u>93</u>	<u>142</u>
Subtotals, People's Economic Councils	<u>\$ 105</u>	<u>\$ 515</u>	<u>\$ 620</u>
4. Operations	0	0	0
5. Evaluation and Audit	<u>0</u>	<u>120</u>	<u>120</u>
SUBTOTALS	<u>\$1,267</u>	<u>\$3,613</u>	<u>\$4,880</u>
6. Inflation	90	290	380
7. Contingencies	<u>142</u>	<u>392</u>	<u>534</u>
PHASE II SUBTOTALS	<u>\$1,499</u>	<u>\$4,295</u>	<u>\$5,794</u>
Earmarked Funds (Phase I) - Expended and Unexpended			<u>1,206</u>
PROJECT TOTALS			<u><u>\$7,000</u></u>

D. SUMMARY OF PHASE I EARMARKS

(US\$000)

<u>Elements</u>	<u>AID Earmarked Funds as of 3/31/88</u>
1. Institutional Development	
a. Technical Assistance	\$ 70
b. Extension/Demonstration Activities	905
c. Training	63
d. Workshops and Seminars	21
e. Commodities	<u>59</u>
Sub-total, Institutional Development	\$1,118
2. Employment and Enterprise Policy Research: Studies and Research	17
3. Micro Enterprise Development: PVO Programs for Micros	33
4. Evaluation	<u>38</u>
TOTAL	<u><u>\$1,206</u></u>

E. PROJECTIONS OF EXPENDITURES BY FISCAL YEAR -- PHASE II

(US\$000)

<u>FISCAL YEAR</u>	<u>AID GRANT</u>	<u>GOP</u>	<u>TOTAL</u>
1988	\$1,499	\$2,127	\$ 3,626
1989	<u>4,295</u>	<u>1,506</u>	<u>5,801</u>
TOTALS	<u><u>\$5,794</u></u>	<u><u>\$3,633</u></u>	<u><u>\$ 9,427</u></u>

F: METHODS OF FINANCING

The methods of USAID disbursement are described below:

1: Direct Payments: USAID makes direct payments to suppliers or contractors for goods and/or services delivered.

2: Reimbursement: Under the reimbursement method of financing, the GOP implementing agency or contractor disburses its own funds and is reimbursed by USAID upon submission of appropriate documentation.

3: Advance/Liquidation: If the GOP implementing agency cannot advance the necessary funds for the USAID portion under the regular reimbursement method, USAID will be willing to consider the advance liquidation method, subject to USAID regulations. Liquidation will be based on actual costs. This method is designed to ensure that the entity receiving the advance will have adequate cash flow to carry out activities. The maximum cash advance that USAID can give is for a 90-day cash requirement, and is subject to the Controller's approval. The request must show the monthly breakdown by line item as approved in the Consolidated Implementation Plan or Project Implementation Letter (PIL). The liquidation report must be treated as a separate report from the Request for Cash Advance. Liquidation of a previous cash advance is not necessary before USAID can grant an advance for the following quarter. However, USAID will not provide a third advance until the next-to-last cash advance has been liquidated.

G. METHODS OF IMPLEMENTATION AND FINANCING OF USAID FUNDS

<u>Input</u>	<u>Implementation Method</u>	<u>Financing Method</u>	<u>Amount (\$000)</u>
1) Technical Assistance	AID direct contract Host country contract	Direct payment Direct payment/ reimbursement; Advance/ liquidation	\$1,740
2) Seminars & Training	AID direct contract Host country contract	Direct payment Direct payment/ reimbursement; Advance/ liquidation	2,120
3) Market Development Activities	AID direct contract Host country contract	Direct payment Direct payment/ reimbursement; Advance/ liquidation	600
4) Commodities (Food and Metal Testing Laboratories)	AID direct contract-PSA AID direct procurement Host country procurement	Direct payment Direct payment Direct payment/ reimbursement; Advance/ liquidation	300
5) Evaluation/Audit	AID direct contract	Direct payment	120
6) Inflation )	(Depending on inputs shown above)		380
7) Contingency )			534
TOTAL USAID GRANT (PHASE II)			<u>\$5,794</u>

## V. IMPLEMENTATION ARRANGEMENTS

### A. RELATIONSHIP OF THE SMED PROJECT OFFICE TO OTHER IMPLEMENTING ENTITIES

Project implementation activities will require the SMED Project Office and the other private and governmental implementing entities to enter into formal agreements setting forth the responsibilities and obligations of each party. Organizations with which the SMED Project Office will enter into agreements will include the sectoral organizations, SBIs, DST and local firms/research institutions (for study completion). Within DTI, the Project Office will require close coordination with CITEM, the Bureau of Domestic Trade Promotion and the Bureau of Standards.

In addition, selected governmental entities are expected to provide technical assistance and training under the revised SMED project. One such government organization is the Metals Industry Research and Development Center. The services of the project's general contractor will be utilized to assist the SMED Project Office with the development and execution of thorough, timely project implementation agreements.

### B. CONTRACTING ARRANGEMENTS

1. General Contractor: The services of a "general contractor" will be engaged under a direct AID contract. The contractor, a Philippine firm or a U.S. firm affiliated with a Philippine firm, will provide long- and short-term management consultants and technical experts in the targeted sectors who will advise and assist DTI in the following areas:

a. Assisting the SMED Project Office to work with the DTI Regional Offices and the participating associations in the development of subproject activity proposals, with emphasis on the development of detailed scopes of work for technical assistance and training to be provided under these subprojects.

b. Assisting the SMED Project Office to develop the criteria for evaluating subproject proposals.

c. Assisting the SMED Project Office in the process of review, refinement and consolidation of subproject proposals.

d. Assisting the SMED Project Office and the DTI Regional Offices to develop detailed lists of equipment to be procured for the food and metals testing laboratories.

2. Additional Technical Assistance: Additional Philippine expertise in the targeted sectors is expected to be procured under host country contracts with Philippine firms, subject to the requirements of AID Handbook 11 governing host country contracting.

3. International Executive Service Corps: Under the Integrated Sector Support component, the services of IESC volunteers will be utilized to the fullest possible extent to meet technical assistance needs that can not be met locally. In addition, a Specific Support Grant to IESC will provide firm specific technical assistance to small- and medium-sized firms in the targeted industries on a nationwide basis.

4. Other: Studies that can be performed by Philippine firms or research institutions are expected to be completed under host country contracts. "Buy-ins" to AID centrally-funded projects will be contemplated for research activities requiring non-Philippine expertise.

#### C. COMMODITY PROCUREMENT

The principal commodity procurements will be food and metal testing laboratory equipment. Equipment procured under the project will be of U.S. or Philippine source/origin. In the event the equipment is to be procured from the U.S., USAID will directly contract with a U.S. procurement services agent (PSA) for the necessary equipment. USAID anticipates utilizing the services of a Gray Amendment qualifying firm as the PSA.

#### D. SUBMISSION OF CONSOLIDATED PROJECT IMPLEMENTATION PLANS

The project's consolidated implementation plan will provide detailed information on planned subproject activities by project component for a twelve-month period. (However, the first implementation plan will cover only the remaining months of calendar year 1988.) The consolidated implementation plan will be prepared by the SMED Project Office, with the assistance of the general contractor, and will be reviewed and approved by USAID prior to the issuance of a PIL. The plan will contain sufficient detail for USAID's earmarking and commitment of project funds through issuance of a single PIL.

1. Subproject Activity Plans: Subproject activity plans prepared by the DTI Regional Offices and local sectoral associations will be used as the basis for the consolidated implementation plan for the Integrated Sector Support component. A sample subproject activity plan (attached as Annex C) will be provided for DTI guidance.

The subproject activities proposed by the sectoral associations and regional DTI offices will be evaluated for feasibility and completeness by the SMED Project Office and the general contractor prior to the inclusion of the activities in the consolidated implementation plan. The following criteria will be used for the evaluation of subproject proposals:

- Extent to which the proposed activity conforms to project objectives, i.e., institutionalization of services within the private sector and assistance to rural-based SMEs toward the generation of employment.
- Clarity of the proposed activity description, including a well-defined statement of need.
- Reasonableness of cost and acceptable or economic rate of return.
- Subproject sustainability, including technical, social and managerial feasibility.
- A well defined, sound evaluation and monitoring methodology.

2. Implementation Plan Specifications: The consolidated implementation plan will specify overall project objectives for each three-month plan period. Activities listed in support of the overall project objectives will be grouped by project component and will have a detailed corresponding budget. A sample format for the consolidated implementation plan can be found in Annex C.

Details to be provided in the implementation plan will include but not be limited to the following:

- Draft statements of work for the specific duties of the general contractor and for services, such as studies and additional technical assistance, to be provided by other contractors.
- Specific technical assistance and training activities for local industry associations, to be provided by the general contractor.
- Management training activities and management services to be extended to the associations by SBIs.
- Descriptions of planned regional and national trade fairs, product display centers, domestic trade missions, promotional brochures and other marketing activities.
- Equipment needed and commodity procurement plans developed for the food and metal testing laboratories.
- Detailed plans for technical studies for the establishment of the common service facilities.
- Policy formulation and development strategy studies to be completed by local firms.
- Planned PEC training activities, including training sites, criteria for trainee selection, training materials and equipment needed.
- Regional investment seminar plans.
- Detailed plans for proposed quarterly regional and annual national PEC assemblies.

The consolidated implementation plan will include brief activity descriptions, entities responsible for activity implementation, activity locations, proposed dates and duration of activities, and the detailed budget. The subproject plans developed by the DTI Regional Offices and local industry associations under the Integrated Sector Support component will be attached as supplements to the consolidated plan. Where activities call for collaboration between implementing entities, the implementation plan will include details on the proposed mechanism for collaboration (contract, memorandum of agreement, etc.).

#### E. ACCOUNTING REVIEW/AUDIT PLANS

Accounting and financial management reviews, focusing particularly on the implementing agencies' use of local cash advances from USAID, will be conducted by USAID/Manila. It is anticipated that audit coverage will be provided by staff of AID's Regional Inspector General and by the GOP's Commission on Audit. However, additional audit coverage may be needed. Accordingly, project funds are provided for an independent review by a CPA firm of the financial and compliance aspects of the project.

F. IMPLEMENTATION PLAN

<u>FY 88</u>	<u>Action</u>	<u>Target Date</u>	<u>Responsible Entity</u>
--	Phase II Project Agreement amendment with revised Annex I signed	9/88	USAID, NEDA
--	Unused Phase I funds deobligated	9/88	USAID, NEDA
--	PIO/T for general contractor approved	9/88	USAID, DTI
--	Subproject activity plans for October - December 1988 completed and submitted to SMED Project Office	9/88	Regional DTI Offices
--	Consolidated implementation plan for 10/88 - 12/88 submitted to USAID	9/88	DTI
--	Consolidated implementation plan approved, earmarking/commitment PIL issued	9/88	USAID
<u>FY 89</u>			
--	IESC Specific Support Grant executed	10/88	USAID/DTI
--	Consolidated implementation plan for calendar year 1989 submitted to USAID	12/88	DTI, General Contractor
--	Consolidated implementation plan approved, earmarking/commitment PIL issued	12/88	USAID
--	Quarterly monitoring/reimbursement report submitted for 10/88 - 12/88 period	1/89	DTI, General Contractor
--	Assessment of project performance completed	1/89	USAID, DTI
--	General contractor for technical assistance in place	4/89	USAID/DTI
--	Quarterly monitoring/reimbursement report submitted for 1/89 - 3/89 period	4/89	DTI, General Contractor
--	Quarterly monitoring/reimbursement report submitted for 4/89 - 6/89 period	7/89	DTI, General Contractor
--	Project assessment by USAID	9/89	USAID
--	Project evaluation completed	10/89	USAID, DTI, IQC firm
--	Quarterly monitoring/reimbursement report submitted for 7/89 - 9/89 period	10/89	DTI, General Contractor
--	Project Assistance Completion Date	12/31/89	

## VI. MONITORING AND EVALUATION PLAN

Evaluation activities during Phase I of the SMED project included a midterm evaluation and a redesign study. No formal monitoring reports were specified in the original Project Paper; however, informal project monitoring through correspondence, meetings with the project's Executive Committee and DTI staff, and attendance at various SMED-funded activities occurred throughout Phase I of the project.

The monitoring and evaluation plan for Phase II includes quarterly monitoring reports and a final project evaluation. The evaluation plan will utilize existing SME data from Phase I of the project, from project evaluations and from external sources.

### A. USERS OF THE INFORMATION

The primary users of the information collected under the project will be: 1) the various industry associations and their member firms in the SMED project regions; 2) associations and their member firms in the targeted industry sectors in non-Phase II regions; 3) industry associations in non-targeted sectors that may want to adapt the project's SME development strategy; 4) national industry associations; 5) other donors involved in SME or micro-enterprise development; 6) project managers; and 7) USAID/Philippines.

### B. PRIORITY MANAGEMENT QUESTIONS

Following are the priority questions to be addressed by the monitoring and evaluation system at the goal, purpose and output levels. (The project's goal, purpose and outputs are summarized in Annex A, Logical Framework.)

1. Goal Level: To what extent is the project contributing to increase productive employment in the target areas (private sector, non-farm SMEs outside Metro Manila)? Can/will these increases be sustained after the project ends? How many new productive jobs have been created as a result of the project?

2. Purpose Level: Is the project contributing to the institutionalization of an effective private-sector process to accelerate the growth of labor-intensive SMEs outside Metro Manila? Has business participation in sectoral organizations/clubs/associations increased? Is there an increased volume of business requests for consultations or assistance from local institutions? Are an increased number of services for SMEs offered by local organizations? Has the rate of formation of new SMEs increased? Has the failure rate of existing SMEs decreased?

3. Output Level: Do existing industry associations have a strengthened capacity to obtain technical assistance and to arrange training for their member firms? To what extent have SMEs in the target regions received training in improved production technologies and management skills? What forms of marketing assistance have been provided to SMEs in the target regions? Are participating SMEs more profitable? Are they growing in number of employees, production output?

Have food product and metal testing laboratories been appropriately equipped? Are their staffs trained in using the equipment? Are the planned common service facilities operational and under the management of the industry associations? To what extent have PEC members been trained to mobilize local business communities toward economic development objectives? What policy and sectoral studies have been completed under the project?

#### C. KEY INDICATORS

The key methods used to answer the management questions outlined above will include National Census and Statistics Office employment data; SME and association records; interviews with local small and medium business owners, associations and GOP staff; DTI Regional Office and SMED Project Office records; and association and SME surveys.

Quarterly project monitoring/reimbursement reports will be submitted to USAID by the SMED Project Office. These reports will provide detailed information on project activities completed during the quarter, comparing project progress against the consolidated implementation plan. The completed during the preceding quarter. A suggested format for the quarterly monitoring report is shown in Annex C.

#### D. HOST COUNTRY PARTICIPATION

There is no formal monitoring and evaluation unit under the project. The DTI Regional Offices and the SMED Project Office will have the primary responsibility for gathering the information to be used in monitoring project implementation and in the final project evaluation.

#### E. BUDGET

The budget for evaluation, which includes audit activities, includes \$120,000 in AID funds and \$36,000 in counterpart contributions. All evaluation and audit expenditures will occur in FY 1989.

#### F. MONITORING AND EVALUATION SCHEDULE

The evaluation schedule calls for quarterly monitoring reports to be submitted in January, April, July and October 1989, for the quarter just completed. The responsibility for preparing the quarterly monitoring reports lies with the SMED Project Office, with the assistance of the General Contractor.

The final project evaluation will be completed in October 1989, unless the September 1989 project assessment by USAID results in an extension of the PACD. USAID and DTI will be responsible for preparing the statement of work for the final project evaluation, although completion of the evaluation itself will require the assistance of local industry associations, their member firms, the small business institutes, IESC, and DTI Regional Office staff.

## VII. PROJECT ANALYSES

The technical, economic, social soundness, environmental and energy analyses from the Project Paper remain valid. The administrative analysis is found in Annex B. The administrative analysis discusses the reorganization of DTI and the roles of the major implementing entities, including DTI's Regional Operations Group, the Bureau of Small and Medium Business Development (in which the SMED Project Office is located) and the Center for International Trade Exhibitions and Missions (CITEM). The analysis concludes that a DTI-coordinated effort under Phase II of the project seems administratively reasonable, given the reduced scope of the project, the reorganization and strengthening of the DTI structure, the increased reliance on DTI regional offices to implement project activities, and the new willingness of DTI to accept contract technical assistance.

## VIII. GRAY AMENDMENT STATEMENT

USAID has fully considered the potential involvement of small and/or economically and socially disadvantaged enterprises in the modified project. The project calls for the services of a general contractor to provide various forms of technical assistance. Although USAID has considered direct contracting of Gray Amendment-qualifying firms, the nature and type of technical assistance required is most appropriately available from Philippine sources. However, contracting a Gray Amendment-qualifying PSA is anticipated. In addition, the final project evaluation is expected to be a joint effort combining local expertise and a Gray Amendment-qualifying firm.

## IX. WOMEN IN DEVELOPMENT

Women-owned firms traditionally have represented the majority of producers in the handicraft industry. The distribution network, as well, is dominated by women-owned enterprises. Improvements in technology and market linkages are expected to impact favorably upon their situation, increasing the participation of women and improving the incomes of those already employed in the sector. The baseline industry and association surveys and the final project evaluation will attempt to quantify the extent of participation of women in the three target industry sectors.

**PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK**

Project Title & Number: Small and Medium Enterprise Development (492-0359)

Life of Project:  
From FY 81 to FY 90  
Total U. S. Funding \$15,000,000 (Authorized)  
Data Prepared: May 27, 1988

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS																														
<p><b>Program or Sector Goal: The broader objective to which this project contributes: (A-1)</b></p> <p>To increase productive employment in private sector, non-farm SMEs located outside Metro Manila.</p>	<p><b>Measures of Goal Achievement: (A-2)</b></p> <ul style="list-style-type: none"> <li>- New productive jobs created by CY 1989 in SME.</li> </ul>	<p><b>(A-3)</b></p> <ul style="list-style-type: none"> <li>- National Census and Statistics Office employment data.</li> <li>- Supplemental surveys of regional establishments and households.</li> </ul>	<p><b>Assumptions for achieving goal targets: (A-4)</b></p> <ul style="list-style-type: none"> <li>- Continued economic and social stability.</li> <li>- GOP/DTI continue to emphasize private sector development and effect necessary national policy changes.</li> <li>- Processes and policies developed in selected regions are implementable nationwide by the GOP.</li> </ul>																														
<p><b>Project Purpose: (B-1)</b></p> <p>To institutionalize an effective process, predominantly within the private sector, to accelerate the growth of labor-intensive SMEs outside Metro Manila.</p>	<p><b>Conditions that will indicate purpose has been achieved: End-of-Project status, (B-2)</b></p> <ul style="list-style-type: none"> <li>- Increased business participation in organizations/clubs/associations.</li> <li>- Increased volume of business requests for consultations or assistance from local institutions.</li> <li>- Increased number of services offered by local organizations serving SMEs.</li> <li>- Increase in the rate that new SMEs are formed; decrease in the rate that existing SMEs fail.</li> <li>- Increased internal financial capability and independence of institutions.</li> </ul>	<p><b>(B-3)</b></p> <ul style="list-style-type: none"> <li>- Interviews with local entrepreneurs and institutions.</li> <li>- Institutional records and special surveys.</li> </ul>	<p><b>Assumptions for achieving purpose: (B-4)</b></p> <ul style="list-style-type: none"> <li>- Private sector financial, technical or market imperfections can be addressed/modified by modest changes.</li> <li>- Macroeconomic policy framework is favorable for SME development outside Metro Manila.</li> <li>- Associations and other channels for delivering services will be effective.</li> </ul>																														
<p><b>Project Outputs: (C-1)</b></p> <ol style="list-style-type: none"> <li>Industry associations with strengthened capacity to obtain TA and arrange training for member firms.</li> <li>Selected SMEs trained in improved production technologies and management skills.</li> <li>Better-equipped food testing laboratory and similar metal testing laboratories.</li> <li>SMEs with improved production capacities.</li> <li>Small business institutes with the capacity to train small business entrepreneurs in management skills.</li> <li>Production, packaging or marketing common service facilities, managed by industry associations.</li> <li>PEC members trained as economic development mobilizers.</li> <li>Policy and sectoral studies completed.</li> </ol>	<p><b>Magnitude of outputs: (C-2)</b></p> <ol style="list-style-type: none"> <li>Members of 30 associations.</li> <li>Approximately 500 SMEs receiving training and TA.</li> <li>Ten laboratories.</li> <li>Eight SMEs assisted.</li> <li>Ten SBLs strengthened.</li> <li>18 common service facilities in operation.</li> <li>Members of 300 PECs trained.</li> <li>20 studies completed.</li> </ol>	<p><b>(C-3)</b></p> <ul style="list-style-type: none"> <li>- Surveys and evaluations.</li> <li>- GOP and industry association records.</li> <li>- Periodic monitoring reports.</li> </ul>	<p><b>Assumptions for achieving outputs: (C-4)</b></p> <ul style="list-style-type: none"> <li>- GOP policy will continue to promote private sector initiative and responsibility.</li> </ul>																														
<p><b>Project Inputs: (D-1)</b></p> <ol style="list-style-type: none"> <li>Integrated Sector Support for Food Processing, Metalworking, and Gifts and Housewares</li> <li>Studies</li> <li>People's Economic Council</li> <li>Operations</li> <li>Evaluation and Audit</li> <li>Inflation</li> <li>Contingencies</li> <li>Earmarked funds (Phase I)</li> </ol>	<p><b>Implementation Target (Type and Quantity) (D-2)</b></p> <p align="center">(\$, 000)</p> <table border="1"> <thead> <tr> <th>AID GRANT</th> <th>GOP</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>\$3,825</td> <td>\$ 872</td> <td>\$ 4,697</td> </tr> <tr> <td>315</td> <td>182</td> <td>497</td> </tr> <tr> <td>620</td> <td>0</td> <td>620</td> </tr> <tr> <td>0</td> <td>2,180</td> <td>2,180</td> </tr> <tr> <td>120</td> <td>36</td> <td>156</td> </tr> <tr> <td>380</td> <td>252</td> <td>642</td> </tr> <tr> <td>534</td> <td>101</td> <td>635</td> </tr> <tr> <td><u>1,206</u></td> <td><u>2,178</u></td> <td><u>3,384</u></td> </tr> <tr> <td>\$7,000</td> <td>\$5,811</td> <td>\$12,811</td> </tr> </tbody> </table>	AID GRANT	GOP	TOTAL	\$3,825	\$ 872	\$ 4,697	315	182	497	620	0	620	0	2,180	2,180	120	36	156	380	252	642	534	101	635	<u>1,206</u>	<u>2,178</u>	<u>3,384</u>	\$7,000	\$5,811	\$12,811	<p><b>(D-3)</b></p> <ul style="list-style-type: none"> <li>- AID/GOP Project Agreement and JPILs.</li> <li>- TA contracts.</li> <li>- Commodity procurement contracts.</li> </ul>	<p><b>Assumptions for providing inputs: (D-4)</b></p> <ul style="list-style-type: none"> <li>- GOP counterpart funding is made available at levels indicated.</li> <li>- World Bank's Third Small and Medium Industries Loan to the GOP is in place.</li> </ul>
AID GRANT	GOP	TOTAL																															
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ANNEX B

CERTIFICATION PURSUANT TO UTILIZATION OF GRAY AMENDMENT ORGANIZATION

I, MALCOLM BUTLER, Director of the Agency for International Development in the Philippines, having taken into account the potential involvement of small and/or economically and socially disadvantaged enterprises, do hereby certify that should technical assistance be required from the U.S., every effort will be made to identify a small or disadvantaged firm to provide the assistance. It is anticipated that this will include the services of a Procurement Services Agent. In addition, a joint effort involving local expertise and a Gray Amendment-qualifying firm for the final project evaluation is planned. My judgment is based on the recommendations of the Project and Mission Review Committees.

*Malcolm Butler*

MALCOLM BUTLER

Director, USAID/Philippines

9/21/88

Date

ADMINISTRATIVE ANALYSIS

A. IMPLEMENTING ENTITIES

The following are the principal implementing entities for Phase II of the SMED project.

1. Department of Trade and Industry (DTI) (see DTI Organizational Chart on page 7):
  - Regional Operations Group.
  - Bureau of Small and Medium Business Development (includes the SMED Project Office).
  - Bureau of Domestic Trade Promotion.
  - Regional Offices.
  - Center for International Trade Exhibitions and Missions (CITEM).
2. Department of Science and Technology's Food Testing Laboratory.
3. Industry Associations:
  - Metalworking Industries Association of the Philippines (MIAP and its regional chapters.
  - Philippine Chamber of Handicraft Industries (PHCI).
  - Food Processing Industry Associations.
4. Small Business Institutes.
5. People's Economic Councils (PECs).
6. International Executive Service Corps (IESC).

Descriptions of project activities and profiles of the implementing entities follow.

B. PROJECT COMPONENTS

1. Integrated Support for the Food Processing, Metalworking and Gifts & Housewares Sectors

a. Technical Assistance and Training: Comprehensive plans for technical assistance and training activities will be developed by regional and provincial industry associations and local chapters of national industry associations, with the assistance of DTI Regional Offices. The SMED Project Office in Manila, assisted by the general contractor, will evaluate and consolidate the subproject activity plans from all target regions; endorse them to USAID for funding; and, together with the DTI Regional Offices, monitor subproject implementation.

The associations will implement these activities using outside technical assistance. This technical assistance will be obtained primarily from the general contractor or, as appropriate, from governmental centers of expertise such as the Metals Industry Research and Development Center (MIRDC).

In addition, management training activities and the extension of management services to associations will be implemented by small business institutes (divisions of local private universities) in the targeted regions. These activities will be developed in consultation with the regional DTI offices.

b. IESC: A Specific Support Grant will be provided to IESC for firm-specific technical assistance to small- and medium-sized firms.

c. Market development activities: Market development activities in the form of trade fairs, product display centers, promotional brochures and domestic trade missions will be implemented. CITEM, a government corporation operating under the auspices of DTI, will be responsible for the implementation of the trade fairs, while DTI's Bureau of Domestic Trade Promotion will assist with the implementation of the other market development activities. These activities will be closely coordinated by the DTI Regional Offices.

d. Support for Common Service Facilities: Equipment will be purchased for upgrading the Food Product Testing Laboratory of the Department of Science and Technology and for similar metal and food product testing facilities based in educational institutions. In addition, the SMED project will provide funding for technical studies/assistance related to the start-up of selected common service facilities.

2. People's Economic Councils: The capabilities of the newly-established PECs to address the concerns of small and medium enterprises will be strengthened through the provision of training activities, investment seminars, and regional and national PEC assemblies.

3. Studies: The modified project will also finance studies related to SME policy formulation, development strategies and assistance programs.

### C. IMPLEMENTING ENTITY PROFILES

Brief profiles of the project's major implementing entities, both government organizations and Philippine private sector associations, are given below.

1. Regional Operations Group: The DTI reorganization included the establishment of the Regional Operations Group, headed by an undersecretary, to deliver a comprehensive package of DTI services at the regional level. The Regional Offices and support bureaus, including the Bureaus for Small and Medium Business Development and Domestic Trade Promotion, have been placed in the Regional Operations Group.

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2. Bureau of Small and Medium Business Development: The Bureau of Small and Medium Business Development (BSMBD) is DTI's central government policy formulation and action arm. A primary responsibility is the promotion of small business development. As such, it formulates SME policy recommendations and develops, pilot tests, monitors and evaluates innovative, cost-effective projects in coordination with DTI's regional operations.

3. SMED Project Office: Organizationally, the SMED Project Office falls under BSMBD. The Project Office is responsible for the day-to-day operations of SMED. Its role is to coordinate the SMED subproject activities identified in the annual project implementation plan. The SMED staff is responsible for formulation of annual budget and implementation plans for each project component; the development of selection criteria for the participation of industry associations; development of selection criteria for research and demonstration activities; preparation of project reports; and preparation of consolidated SMED budgets.

The Project Office administers SMED resources for approved activities. It is responsible for procurement, contracting, logistical support to contractors, disbursements, ensuring adequate cash flow, and coordination of project monitoring. USAID looks to the Project Office as its SMED operational counterpart.

The staff of the SMED Project Office is composed of DTI contractual employees. The staff includes the Project Director, 11 technical staff and seven administrative support staff, for a total of 19.

4. Bureau of Domestic Trade Promotion: The Bureau of Domestic Trade Promotion (BDTP), like BSMBD, is a support bureau for DTI's Regional Operations Group. Its function is the promotion of locally-produced items for the domestic market. Under the modified SMED Project, BDTP will assist with the implementation of market development activities, including regional trade fairs, product display centers, domestic trade missions and the production of promotional brochures.

5. Regional Offices: The DTI Regional Offices are the principal contact points between the DTI central office and project field activities. The Regional Offices will identify and recommend to the SMED Project Office qualified sectoral associations that can be effective conduits for the implementation of SMED programs. The Regional Offices will:

- Assist the sectoral associations in identifying and analyzing the needs of a particular industry sector, and in developing appropriate remedial activities.
- Endorse these activities to the SMED Project Office.
- Assist in the implementation and the monitoring of approved project activities.
- Organize data collection and information-gathering activities to support the policy research and monitoring needs of SMED.
- Organize new sectoral organizations.

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Each Regional Office is composed of four divisions and the office of the Regional Director. The divisions are Trade Development, Industry Development, Institutional Development and Financial and Administrative Services. Each Regional Office has a staff complement of 54.

6. Center for International Trade Exhibitions and Missions (CITEM): CITEM is a government corporation controlled by DTI. It was created to coordinate efforts to substantially increase the country's overseas trade, with particular emphasis on non-traditional exports. CITEM operations include:

- The planning, design, organization and implementation of Trade Fairs and Trade Missions.
- Provision of updated lists of buyers and trade contacts.
- Facilitating feedback on product-market trends.
- Assistance with product development/adaptation activities.
- Assistance to Philippine exporters with successful product marketing.
- Establishment and administration of a permanent expositions center in Manila.

7. Sectoral Associations: The sectoral associations will be the project's principal partners in the identification of the training and technical needs of small and medium industries and in the delivery of SMED assistance. The SMED Project Office and the DTI Regional Offices will identify qualified private sector institutions capable of addressing SME needs. The DTI Regional Offices, with assistance from the SMED Project Office and the general contractor, will initiate, organize and coordinate activities with these institutions.

DTI has identified sectoral/industry associations in the target regions which are eligible for project assistance. To qualify, associations of small- and medium-sized business owners must meet the following criteria:

- Associations must belong to a SMED target industry/sector.
- They must be located in a SMED priority region.
- Associations should have at least fifteen members.
- They should be registered with the Securities and Exchange Commission as not-for-profit organizations.
- Associations should have other sources of funds, and should be willing to shoulder expenses not covered by SMED project assistance.

Region I has 45 associations, with an average membership of 30 businesses, in the gifts and housewares, metalcraft, and food processing sectors. Regions IV and V have 13 and 10 sectoral associations, respectively. Region VI has 21 association in the three target sectors, with an average membership of 20 individual small and medium business owners in each association. Thirty associations that could benefit from SMED assistance have been identified in Region XI. Region XII has a total of 16 associations, averaging 15 individual small and medium enterprises per association.

Examples of national sectoral associations include the following:

a. Philippine Chamber of Handicraft Industries (PCHI): PCHI is a non-stock, not-for-profit association composed of handicraft manufacturers, producers, exporters, retailers and dealers. The chamber's membership also includes enterprises linked with the movement of handicrafts, such as shipping lines, commercial banks and customs brokerages. PCHI has a current membership of 141; seventy percent of the members (99 firms) are involved in the housewares sector. The remaining 30% (42 firms) are in the fashion accessories, gifts and novelties, and toys sectors. The majority of the members are located in Metro Manila. Four are located in Cebu; two are in Laguna; and there is one each in Angeles, Davao and Dagupan.

b. Metalworking Industries Association of the Philippines (MIAP): MIAP was created in 1978 by a group of small- and medium-sized metalcraft enterprises. Any legally-registered business engaged in metalworking or a related industry can qualify as a corporate member. MIAP now has 3 chapters: Metro Manila, with more than 80 corporate members; Metro Cebu (Region VII), with 18 members; and Dagupan (Region I), with 21 members. Chapters in Cagayan de Oro (Region X) and Iloilo (Region VI) are being organized.

#### D. DISCUSSION

DTI's coordinating role at the regional and national levels is central to the project's organization. The practicability of this approach has been strengthened by DTI's recent reorganization, which resulted in the placement of the regional offices and BSMBD (housing the SMED Project Office) within the newly-formed Office of the Undersecretary for Regional Operations. Prior to this reorganization, the DTI regional offices consisted of several separate offices at the regional level, each representing one of the department's many operational bureaus.

Each DTI Regional Office now, for the first time, has a Regional Director, who provides direction for integrated regional operations. The strengthening of the regional offices and their inclusion in the project's line of command was a recommendation of the 1986 SMED midterm evaluation. The fact that SMED project activities form the centerpiece of the new Regional Operations Group ensures that the project will be given the necessary attention of the Undersecretary.

Implementation of the modified project will require extensive intra- and inter-agency coordination. The SMED Project Office, as the primary GOP counterpart entity, will need to enter into clear, timely formal agreements with the following organizations:

- Local industry associations, national sectoral organizations and small business institutes, for the provision of technical assistance to the industry associations.

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- Local firms/research institutes for the completion of policy studies.
- The Department of Science & Technology and educational institutions for the development and equipping of common service facilities.
- Local contractors (other than the general contractor) for additional technical assistance.
- Local and regional People's Economic Councils.

Within DTI, the SMED Project Office will need to establish cooperative arrangements with the Bureau of Domestic Trade Promotion and CITEM, for the implementation of market development activities, and with the Bureau of Standards, for the development of the food and metal testing laboratories.

Phase I of the project demonstrated both an inadequate implementation mechanism (including the issuance of over 140 PILs for the implementation of project activities) as well as the demonstrated difficulty of the SMED Project staff in meeting and managing implementation requirements in a coordinated, timely manner. Accordingly, the modified project calls for the development of a consolidated implementation plan, which will permit the issuance of more comprehensive earmarking and commitment PILs, in order to streamline the administrative processes.

In addition, the project modification specifies the extensive involvement of a general contractor under an IQC-like arrangement. Because of political impalatability with previous administration, Phase I of the project did not use the services of a general technical assistance contractor, although provision had been made for these services in the original project design. The general contractor will provide association-level technical assistance; Regional Office and SMED Project Office assistance with the evaluation and consolidation of subproject activity plans; and management assistance to the SMED Project Office in the development of intra- and inter-agency implementation agreements. It is anticipated that the involvement of the general contractor in these areas will greatly facilitate the pace and quality of project implementation activities.

Additional lessons learned from Phase I of the project are reflected in the following administrative features, which further strengthen the project's administrative structure:

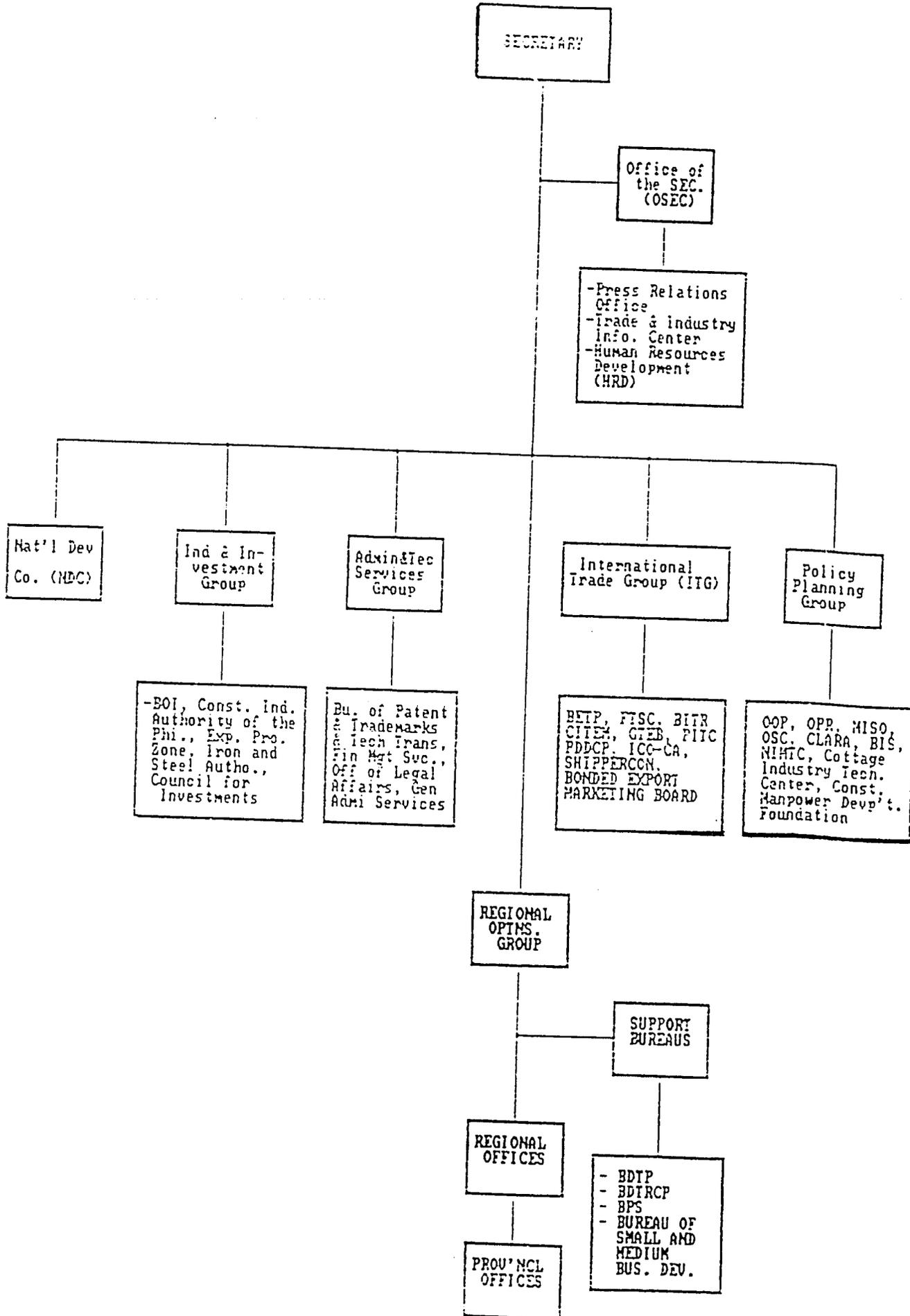
- The strengthened DTI Regional Offices will have a key role in developing subprojects with the private sector associations. In Phase I of the SMED project, this function was frequently appropriated by the overextended national project office staff.
- Phase I of the project showed that some associations found themselves overextended in their attempts to provide direct services to member firms. Therefore, in addition to utilizing industry associations as conduits for services, Phase II will include alternatives to the strictly association-based strategy, such as supporting select forms of direct

governmental assistance to producers. Such a direct approach is especially appropriate in the area of market development. Hence, regional trade fairs, which were not included in Phase I, will be supported in Phase II of the project.

#### E. CONCLUSION

Phase I of the SMED project demonstrated substantial administrative difficulties. However, a DTI-coordinated and managed effort under Phase II of the project which introduces selected private organizations into the process of assisting SMEs, seems an administratively reasonable and feasible, given the present circumstances of: (1) a project reduced in amount and scope, and therefore with lessened risk of overextending DTI capabilities; (2) the recently revised and strengthened DTI structure governing regional operations; (4) a new willingness on the part of DTI to accept contract technical assistance.

DEPARTMENT OF TRADE & INDUSTRY  
Organizational Chart



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SAMPLE FORMAT FOR SMED CONSOLIDATED IMPLEMENTATION PLAN

For the three-month period from \_\_\_\_\_ to \_\_\_\_\_.

Overall objectives to be met during the quarter: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

I. Project Element: INTEGRATED SECTOR SUPPORT

Activity: \_\_\_\_\_

Dates: \_\_\_\_\_ Location: \_\_\_\_\_

Implementing Entities: \_\_\_\_\_

Description of Activity: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Budget (detailed by line item): \_\_\_\_\_

(Completed one description for each activity.)

ANNEX D

SAMPLE SMED SUBPROJECT ACTIVITY PLAN

Activity Name: \_\_\_\_\_

Planned Date(s): \_\_\_\_\_ Location: \_\_\_\_\_

Purpose of activity, including statement of problem to be addressed:

Expected Outputs, including timing and quantities:

Action Steps to Complete Activity by Planned Date (Outline both private sector and government involvement):

	<u>Step</u>	<u>Target Date</u>	<u>Responsible Person, Entity</u>
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____

Inputs Needed:

	<u>Description</u>	<u>Quantity</u>	<u>Cost (P)</u>
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
8.	_____	_____	_____
	<u>TOTAL</u>	_____	_____

Prepared by:

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Organization)

SAMPLE FORMAT FOR QUARTERLY MONITORING/REIMBURSEMENT REPORTS

For the three-month period from \_\_\_\_\_ to \_\_\_\_\_.

I. ACTIVITIES COMPLETED

Project Element: INTEGRATED SECTOR SUPPORT

Activity: \_\_\_\_\_

Dates: \_\_\_\_\_ Location: \_\_\_\_\_

Implementing Entities: \_\_\_\_\_

Description of Activity: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Expenditures:

(Complete one summary for each activity.)

- II. Contracts, Agreements entered into during the quarter (attached).
- III. Reimbursement Request (summarized from activity reports, with necessary documentation attached).
- IV. Refinements in Proposed Activities for Next Quarter (if necessary).

