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A Review of the Small Enterprise Component of UNDP's Sustainable Livelihood Programmes

Prepared by

Andrew McGregor
Trade and Development Office
Suva, Fiji

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Executive summary

Context and purpose of evaluation

This evaluation is of two of UNDP's Pacific regional programmes: RAS/ 92/306, the Small Enterprise Development Programme (SED) which operated from 1994 to 1997, and RAS/97/300, the Private Sector and Sustainable Livelihood Programme (PSSLP) which has operated since 1997. This review of these projects is in accordance with UNDP's standard evaluation guidelines, and is part of an on-going process of review. Other components of this review process are annual tripartite reviews (TPR) and a programme terminal report (PTR). Part A of this report nevertheless constitutes the first formal review of either the SED or PSSLP programme in their entirety. The International Labour Organisation (ILO) undertook a PTR of their component of SED. The remainder of SED was only subject to two TPRs. At the time of this review, no TPR had yet been conducted for the PSSLP.

Another part of the context for this review is UNDP's current priority in the Pacific on sustainable livelihoods and job creation, and the challenges posed to its programmes by diminishing resources. As a result, increased attention must be given to the efficacy of project activities in achieving desired results and in the most cost-effective ways. Part B of this report addresses the proposed future arrangements for UNDP's assistance to small enterprise and sustainable livelihood development, namely the establishment of a consolidated programme to be implemented through a Sustainable Livelihoods Centre. These arrangements are informed by the lessons learned from the SED and PSSLP programmes.

In regard to the SED and PSSLP programmes, the key issues addressed by this review are:

- The performance and level of success of the SED and PSSLP programmes, both in implementing the activities set out in the respective project documents and in ensuring the sustainability of their outcomes,
- The relevance of these activities in the context of UNDP's other sustainable livelihood activities, and more broadly in the context of private sector development in Pacific island countries.

This evaluation is principally based on a review of the outcomes of the activities outlined in the SED Project Document and, for PSSLP the verifiable indicators identified at the project's outset. The information presented here has been derived from project documentation and reports, and interviews with project staff, UNDP

personnel, and other stakeholders, in particular some of the intended beneficiaries. No funds were available to travel to other Pacific island countries. Thus most of the people interviewed are based in Fiji. The reviewer made an independent visit Tonga and the Republic of the Marshall Islands during the study period.

A

Brief description of projects

RAS/ 92/306, the Small Enterprise Development Programme (SED) was initially designed as a two-year programme but operated for slightly longer than this. SED had three objectives, which all related to providing technical advice and training, namely to:

- Strengthen national capacities to support indigenous small entrepreneurs;
- Improve managerial and technical entrepreneurial skills (particularly through use of the Start Your Business/Improve Your Business programmes for management training).
- Identify the gaps in policies, incentives and access to finance and other assistance by small entrepreneurs, and recommend ways to improve the enabling environment for small enterprise development.

The ultimate beneficiaries of the project's activities were to be small entrepreneurs, both those who were beginning new enterprises as well as practicing business-people who could improve their operations. The main enterprises to be assisted by the project were to be small indigenous businesses in the formal sector. The benefits of the project were expected to pass to these small entrepreneurs through the project's national counterparts. These counterparts would be trained to monitor training, provide referral services, and coordinate the network of government and non-government Small Entrepreneurial Support Agents (SESAs). These SESAs, in turn, were to train and assist local entrepreneurs.

The SED programme had two main components:

- Institutional strengthening and policy support, which was undertaken mainly by the Small Business Adviser assisted by an Associate Expert. This work mainly involved conducting regional and national workshops, preparing investment profiles and promotional material, conducting process demonstrations on selected business sub-sectors, and providing technical advice to NFPs and SESAs.
- SYB/IYB training, which was undertaken mainly by the IYB/SYB Specialist and the UNV Trainer. As well as helping conduct the introductory National Workshops and Business Promotion Seminars, their work mainly involved preparing small business training materials for the South Pacific region, running Training of Trainers (TOT) workshops, and providing support to local trainers when they ran their first training programmes for local business people.

RAS/97/300, the Private Sector and Sustainable Livelihood Programme (PSLLP), was the successor programme to SED, and has operated since 1997. It

aimed to address job creation and sustainable livelihoods in a two-pronged approach. First, by addressing the problems of slow economic growth and business activity, which are principal factors in the shortage of paid employment, by stimulating trade and direct foreign investment. Second, by addressing the short-fall in paid employment by encouraging selfemployment, small enterprise and informal sector development, where there is great potential for labour absorption.

The project was designed to build upon and add value to the achievements of the previous RAS/92/306 which developed training materials and provided training in entrepreneurship, through the SYB/IYB programme, and developed a network of NFPs and

SESAs to deliver these services and support small business development. RAS/97/300 proposed to build on these activities by adopting innovative approaches to employment creation. The trainers already trained would be further trained, where necessary. Chambers of Commerce, Women in Business organisations and Small Business Associations would be encouraged and assisted to carry out entrepreneurship development programmes. In delivering the Project's various services, the participation of sector-specific associations would be sought, in order to ensure an optimal rate of return on the resources employed. The project aimed to promote synergy by working together with private sector organisations and schemes to ensure that new businesses were established and jobs created. The new initiatives would include working with the private sector to create awareness of its responsibilities towards the poor.

The two components of the programme are:

- Trade and investment, which is implemented by Forum Secretariat; and
- Small enterprise development, which is implemented by the CTA, Mr Desh Sahae.

(A third planned component, support for an APEC Centre in the region, was not proceeded with.) The trade and investment component aims to improve the availability and use of relevant data and help strengthen policies in these areas. The small enterprise development component aims to provide technical assistance to encourage the formation and growth of small enterprises through policy advice and strengthening national capacities through innovative approaches. Emphasis was to be given to practical and on-the-job training of national staff, business advisers and key personnel in counterpart institutions. This review concentrates particularly on the outcomes of the second component, small enterprise development.

Main conclusions, recommendations and lessons learned

This review was complicated by the difficulty of determining, in the complicated setting of concomitant regional and national SED projects being operated by UNDP, exactly which activities, impacts, and responsibilities should be attributed to the SED and PSSLP programmes. The CTA (the same person for both programmes) failed to put into place any review or monitoring mechanisms. This has made it particularly difficult in the case of the SED to measure any substantive impact almost three years after the project's completion. The absence of systematic monitoring of performance and follow-up of performance is identified as a major failure of SED and PSSLP.

The two Tripartite Review Meeting records for the SED (there has been no TPR yet for PSSLP) spoke in very positive terms of the programme's performance. Government representatives on the Tripartite Reviews were favourably impressed with the performance of the Project. The representative from Tonga, who the reviewer was able to meet, indicated that SED was a very useful project.

The CTA had put a lot of effort into establishing positive working relationships with the senior civil servants in each country responsible for SED. This high level of networking is highly commendable and a positive attribute of the Project. However, on the information provided it is not possible to link the activities undertaken to job creation and sustainable livelihoods, because of the lack of effort made during the course of the proj-

ect to establish any monitoring system that would enable such a fundamental evaluation to be made.

The projects themselves have been handicapped by this lack of attention, and this may explain the uncritical and even *ad hoc* attention that the PSSLP has given to particular industries. This lack of analysis limits the capacity of the project to support small business development in systematic and strategic ways. If the project has no proper way to gauge the number of jobs or livelihoods it is creating, it will inevitably lack direction.

Throughout both projects, various estimates were given as to the number of new businesses set up, the number of jobs created, and the number of existing businesses improved through the project. There is little evidence to support these claims. Either they are projected from the number of workshop attendants or based on some 'rule of thumb' of the CTA. This review found no list anywhere of the entrepreneurs who were trained, or any information as to whether they had started up enterprises or whether their training had helped the viability of these businesses. Wherever it has been possible for this reviewer to evaluate these estimates, they have been found to be unrealistically optimistic.

While the SED Programme described itself as assisting entrepreneurs, and all of its activities as being focussed on creating and strengthening small enterprises, very few of the project resources worked their way through to this level. The principal beneficiaries were Government departments or agencies that received material and technical assistance, and their staff who received training. Almost all of the resources of PSSLP have been devoted to or exposure visits for senior government officials or assisting a few small industry groups in Fiji, particularly in and around Suva. Other than the RAINBOW Centre, there is little evidence of the project's intended focus on the disadvantaged or those with restricted access to economic opportunities. The domination of Fiji in the project activities, furthermore, calls into question the "regional" function of this Project.

The training component appears to have been the most productive part of the SED programme, but was terminated at its end. Its successes include the training material produced, which remains as a valuable resource for the region. In some countries, the manuals have been translated into local languages. The Project, however, cut right back on the number of entrepreneurs they were to train, but trained many more trainers. Instead of the original plan to train 70 trainers and 800 entrepreneurs (400 new, 400 existing), the project trained 160 trainers and almost no entrepreneurs. Because of the need to rewrite the training material, to make it relevant to the various countries, and the pressure of time, the first Training of Trainers (TOT) workshop was conducted 12 months before the project ended. During the lifetime of the project there was little time for significant business development to have taken place. This review concluded that the training programme was terminated early, and more benefits would have ensued from it if it had been extended into the PSLLP, rather than moving to a new set of activities.

2.5 Lessons Learned

Given that this is the first review of the **SED** or PSSLP Programmes and, furthermore, that the planned training or business monitoring systems did not eventuate, project monitoring and review are still evidently considered to be expensive and time-

consuming extras, compared to the urgent job of implementing project activities. Given the resources dedicated to this project and the difficulties now in identifying sustained outcomes of these activities, monitoring is evidently not a less important use of project resources. Without it, claims made that this project generated many jobs can not be substantiated. Nor could PSSLP fully benefit from the experience gained through SED. Had this experience been better analysed at the time, it is unlikely that the training component would have been abruptly terminated, or that the less substantive component of the project (i.e the institutional strengthening & policy analysis) given greater prominence.

Sustainability also appears to have been given insufficient attention. In the busy schedule of SED's training programme, monitoring and in particular the programme's sustainability appear to have been considered at the last part of the project, too late for either to be successfully put in place. As a result, the impetus in the training programme was lost before its full benefit could be realised. Similarly in PSLLP, insufficient attention has been given to the sustainability of project investments. Under PSSLP, several associations have been created. Enterprise or industry associations can make an important contribution to the sustainable enhancement of the livelihood of their members. However, the sustainability of most of these associations beyond the life of PSSLP is doubtful.

Both projects had weaknesses in their design. The project design for the SED proposed that the benefits of the project would 'trickle down' to small entrepreneurs. There is no evidence that this happened. The SED Programme assumed that the training and the institutional strengthening of various government agencies or SESAs would eventually benefit entrepreneurs. Programmes to assist business development need to engage the intended beneficiaries more directly. There is no evidence, either, of lasting outcomes of the investment in the infrastructure of NFPs, SESAs or SYB trainers. The limitations of government agency involvement in small business promotion were somewhat acknowledged in the formulation of the PSSLP which concentrated instead on supporting ESAs (previously SESAs). In the case of the PSSLP, it is apparent that the goal of developing integrated 'upstream' and 'downstream' interventions needed to be planned for in a more systematic way. The project design worked against this, in that there is almost no connection between the two components of PSSLP. But even within the SED project, there are no evident links being developed between the NGO workshops and the policy development work--the workshops being concentrated in Suva and the policy development activities being somewhat neglected. Even though the training component of the SED Programme was productive, there were a number of lessons learned here. In future programmes, more attention should be given to the selection of the trainers, in order to ensure that inappropriate people are not trained as trainers and counter their high rate of attrition; the early establishment of a monitoring and evaluation system is essential; the development of a training certification system is critical, especially if private sector organisations are to become involved as training agencies; the over-emphasis on TOT and SYB (and almost no attention to IYB) was unfortunate; and the absence of an institutional base was a major obstacle to the sustainability of the training activities.

For both programmes, not enough attention was given to distributing project benefits widely. The training of trainers under SED reached many people, but did not extend out of potential entrepreneurs in the community. This training is still

available in the SBAUs in some countries, but these services are not well advertised to the public. Re-

gional workshops are an expensive way of disseminating information to a few people. Outside of this select group, too little information from the project comes to public attention. In Fiji, the Fiji Times has regularly published news articles on SED and PSSLP activities, which has been very useful, but this reporting is not the same as conveying or disseminating the training information. For the PSSLP, the principal beneficiaries have been a few small industry groups in Fiji, and a few government officials from around the region. The establishment of the RAINBOW Centre in Suva, a drop-in' facility for people who want to start micro-enterprises or be self-employed, is a promising development, but as with the SBAU, too little effort has been made to widely advertise the services available. In other respects, information dissemination has not been given enough attention by PSSLP, especially given its small presence outside Fiji.

The assumption in the training programme under SED was mainly that by training people, this would open up the prospects for enterprise development. There is no evidence of any market analysis being conducted, to see what types of new enterprise there were opportunities for or how that growth could best be encouraged-other than quite simply increasing the number of producers. Some of the pitfalls in this approach are illustrated in the uncritical promotion of direct micro-expeller technology amongst village groups. The emphasis in PSSLP has also been on increasing the numbers of producers, but this does not guarantee job and livelihood creation. Again, the growth potential of particular industries needs to be analysed, along with the impact that many new producers (and thereby competitors) will have on the profitability of each enterprise. For all of the industries being promoted by PSSLP, there is no evidence of marketing analysis, of any analysis of realistic returns to production, or even of the opportunity costs involved. While the PSSLP is giving attention to increasing the number of producers, who is giving attention to developing appropriate marketing structures? As with the DME, the market development occurred quite independently of the SED Project, yet it is this market facility that allows producers to continue to produce, that is, to have some kind of sustainability for their livelihood.

Part A: A Review of the Small Enterprise Component of UNDP's Sustainable Livelihood Programmes

1. Introduction

1.1 Context and purpose of the evaluation

1. This evaluation is in accordance with UNDP's standard evaluation guidelines. It

is part of an on-going process of review, other components of this being annual tripartite reviews (TPR) and a programme terminal report (PTR).

2. Part A of this report constitutes the first formal review of either the SED or PSSLP programme in its entirety. The International Labour Organisation (ILO) undertook a PTR of their component of SED. The remainder of SED was only subject to two TPRs. At the time of this review, no TPR had yet been conducted for the PSSLP.

Key issues addressed

3. The key issues addressed by this review are:

- The performance and level of success of the SED and PSSLP programmes, both in implementing the activities set out in the respective project documents and in ensuring the sustainability of their outcomes,
- The relevance of these activities in the context of UNDP's other sustainable livelihood activities, and more broadly in the context of private sector development in Pacific island countries.

4. Part B of the report addresses the proposed future arrangements for UNDP's assistance to small enterprise and sustainable livelihood development, arrangements which are informed by the lessons learned from the SED and PSSLP programmes.

1.2 Methodology of the evaluation

5. This evaluation is principally based on a review of the outcomes of the activities outlined in the SED Project Document and, for PSSLP the verifiable indicators identified at the project's outset. The information presented here has been derived from project documentation and reports, and interviews with project staff, UNDP personnel, and other stakeholders, in particular some of the intended beneficiaries. No funds were available to travel to other Pacific island countries. Thus most of the people interviewed are based in Fiji. The reviewer was able to visit Tonga during the study period and was able to meet the Tongan counterpart for SED, who was head of the SBAU.

1.3 Structure of the evaluation report

6. The next part of this report sets out the context in which the SED and PSSLP programmes were formulated, and their linkages in a larger network of small enterprise development activities sponsored by UNDP. Sections Two and Three deal with the SED and PSSLP Programmes, respectively, in terms of the design and purpose of the projects and the findings and conclusions about their implementation and outcomes.

1.4 Background to UNDP'S business development activities

7. The Regional Small Enterprise Development (SED) Programme (RAS/92/306) and its successor, The Private Sector and Sustainable Livelihood (PSLLP) Programme (RAS/97/300), form part of a larger body of small enterprise development activities sponsored by UNDP during the 1990s.

8. A previous regional project, DP/RAS/86/075 operated from 1986 to 1989 and was implemented by UNDP and UNIDO. This project had aimed to identify technically and financially feasible opportunities for small- and medium-scale business development, and to upgrade management, production, marketing, and other business capabilities of small enterprises. Technical advisory assistance was provided in a broad range of areas, including entrepreneurial development training, industrial project preparation and evaluation, industrial estates, investment promotion, rattan furniture manufacture, agricultural hand-tools and implements, coconut products industries, food processing, clay brick and tiles manufacturing, and trochus shell processing.

At the time the SED Programme was begun, this and UNDP's other activities in private sector development were intended to:

- i. Improve economic policy conditions for domestic and foreign investment environment and climate, privatization, corporatization, management contracts restructuring, private supply of public services, regional dialogue and harmonisation of foreign investment promotion, incentives schemes, duty-free zones and taxation;
- ii. Support training in public and private sectors in policy dialogue, in development banking, in trade and investment promotion agencies, of trainers for entrepreneurship and basic business skills;
- iii. Promote micro-enterprise and small business development, including wide-ranging enterprise support services, assistance to cooperatives, the emergence of new indigenous entrepreneurs at the community and village level;
- iv. Improve access to finance and credit, such as equity lines for Development Banks, small credit schemes integrated with business support services, venture capital enterprises, funds for development equipment leasing firms, better credit coordination between commercial and developmental financial institutions, trade and investment agencies, export financing and insurance schemes; and
- v. Improve access of countries to regional clearing and distribution of information, in a detailed, timely and practical manner, of private sector development support, training and financing schemes, diffusing through business service agencies.

9. As well as the regional SED programme, UNDP had been, and was, considerably involved with private sector development projects at the national level in various countries of the region, often in conjunction with UNIDO or ILO. These national projects included:

- Fiji: providing assistance to Fiji industries through the Trade and Investment Board (FIJ/88/009) and conducting Start Your Business/Improve Your Business courses, setting up a consultancy referral system, and establishing a Small Business Advisory Unit (FIJ/89/006);
- Tonga: assisting small and medium-scale industry and setting up a Small Business Unit (TON/86/002); and upgrading production of handicrafts (TON/89/007);
- Vanuatu: assisting small and medium-scale industry (VAN/88/004) and providing planning assistance to the Vanuatu Development Bank (VAN/88/010);
- Federated States of Micronesia: setting up the Micronesian Entrepreneur Development Centre (MIC/92/001); operating (with UNIDO) the Small Industries and Business Advisory Services Project (MIC/91/004);
- Kiribati: assistance to the private sector, which included improving the capacity of the Ministry of Commerce, Industry and Tourism to promote private sector and industrial development, promoting entrepreneurial development in the private sector through training and equipment financing and by encouraging commercial cooperatives, and upgrading commercial awareness in secondary schools (KIR/93/002);
- Marshall Islands: assisting the Trade and Industry Division, Ministry of Resources and Development to establish a Small Business Advisory Service to help entrepreneurs to set up or expand business ventures (MAS/91/003); and provide curricula and training assistance for vocational training through the National Training Centre (MAS/92/002).
- Solomon Islands: promoting the development of small and medium-scale industries (SOI/90/007); and improving the capability of the Industry Development Division and Business Development Division in the provinces to create new jobs (SOI/92/G10).

10. During some of the period of the SED, a related regional programme was implemented through the Forum Secretariat, namely RAS/91/005 Forum Island Countries Industrial Development and Training Programme. This programme assisted small local entrepreneurs who required technical guidance and assistance

to establish or manage new manufacturing or processing enterprises, by providing on-the-job training attachments and expert advisory services.'

11. The SED project document noted a principal reason for UNDP to support this regional programme was that, despite the significant attention-but many fragmented programmes-that was being targeted to this sector, donors and countries alike were frustrated with the poor or insufficient results. There had been a number of studies of the role, or potential role, of the private sector in the development of Pacific island countries, and there appeared to be a good opportunity to encourage donor coordination and a more integrated approach to private sector development at both national and regional levels. A coordinated, integrated approach was the major recommendation of the

¹ UNDP, 1996. Pacific Country and Regional Programmes.

Asian Development Bank/Pacific Islands Development Program (PIDP)'s Private Sector Project².

12. Overlaps between donor programmes principally existed in the area of export marketing assistance and trade and investment promotion. This was mostly focussed on access to home markets, without sufficient attention being given to global marketing or meeting quality and packaging requirements. Major gaps also existed for the emergence and support of micro-enterprises and small business, both in terms of readily available support services and low-ceiling credit schemes.

13. Figure 1 presents a diagram of the plethora of activities sponsored by UNDP concomitant with the SED and PSLLP programmes. It is doubtful if these regional programmes did, in fact, serve to draw small business development activities together in a coherent manner. The picture that emerges from the project documentation is a quite complex tangle of similar activities sometimes being supported in the same countries by several projects at once. It is not possible to show in Figure 1 all of the inter-linking and over-lapping activities of these projects, but the reader can get an idea of this from the description of the national projects above, and the outlines of the SED and PSLLP Programmes in the following sections. Trying to disentangle this intermeshed series of projects made this review a particularly complicated undertaking. Thus it is probable that this review did not succeed in clearly demarcating their activities and outcomes. The type of question that presented itself was, for example, whether the Small Business Unit in Tonga was established under TON/86/002, as that project document stated, or under the SED Programme, as that project's reviews stated? What was the purpose in SED identifying and strengthening National Focal Points (NFPs) and Small Enterprise Support Agents (SESAs) when those bodies in several countries had been recipients of UNDP or other UN agency assistance for some time? Other donors, such as New Zealand ODA, were also heavily involved in supporting these

agencies.

14. This complicated situation is also germane to the discussion in Part 2 of this report, which considers how UNDP could more effectively support small enterprise development through its proposed Sustainable Livelihood Development Centre.

² See Andrew McGregor, Mark Sturton and Sitiveni Halapua, 1992, Private Sector Development: Policies and Programs for the Pacific Islands, Pacific Islands Development Program, East West Centre.

Figure 1 UNDP Assistance to Small Enterprise Development during the 1990s

		Regional Projects		National Projects				
			DP/RAS/86/075				Vanuatu: VAN/88/010	T TON
					Fiji: FIJ/89/006	Fiji: FIJ/88/009		
						Vanuatu: VAN/88/004	TON/89/007	
					Solomon: 501/90/007		FSM: MIC/92/001	M MIC

Marshalls MAS/91/003

Marshalls MAS/92/002
Solomons: SOI/92/G10

Kiribati: KIR/93/002

1995

SMILE

ICARE

SURF

TUV/97/001

14

2. The Regional Small Enterprise Development (SED) Programme (RAS/92/306)

2.1 Purpose and design of the project

Development context

15. RAS/92/306, the Regional Small Enterprise Development (SED) Programme, was formulated as part of UNDP's 5^h Regional Programme Cycle, which ran from 1992 to 1996. The project was conceived of as a way to contribute towards a region-wide transition from public sector dominated, semi-subsistence economies to private sector led, regional and export-oriented economies, a change that was desired by all Pacific island governments. Private sector development was seen to require three types of action:

- The establishment, improvement and support of the enabling environment;
- The creation, improvement and support of sectoral, professional or functional associations and intermediation/information bodies dedicated to the promotion and increased efficiency of the private sector and its operations;
- Efficient and effective business support, trade and investment services and credits to entrepreneurs and enterprises, such as. one-stop business support or better coordination and efficiency of existing institutions in each country. ³

Main objectives of the project

16. RAS/92/306 was first designed as a two-year programme, to operate from May 1994 until April 1996 in 15 Pacific island countries: Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Niue, Nauru, Palau, Papua New Guinea, Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu and Western Samoa. The start of the project was delayed because the SYB/IYB Training Specialist did not join until December 1994 and the Training Adviser not until early the following year. It also ran longer than first planned, as it was extended through to mid-1997, until the successor project, PSLLP, got under-way.

17. It was an ambitious project in that it offered a considerable range of services to many countries in a short period of time. SED had two main objectives which both related to providing technical advice and training, namely to:

- Strengthen national capacities to support indigenous small entrepreneurs; and

³ UNDP, 1992. Overall Regional Programme Outline. Pacific Island Countries/ Development Partners Meeting, Suva, 9-12 March, 1992.

- Improve managerial and technical entrepreneurial skills (particularly through use of the Start Your Business/Improve Your Business programmes for management training).

18. A third objective was to identify the gaps in policies, incentives and access to finance and other assistance by small entrepreneurs, and recommend ways to improve the enabling environment for small enterprise development.

19. The ultimate beneficiaries of the project's activities were to be small entrepreneurs, both those who were beginning new enterprises as well as practicing businesspeople who could improve their operations. The main enterprises to be assisted by the project were to be small indigenous businesses in the formal sector. The benefits of the project were expected to pass to these small entrepreneurs through the project's national counterparts (Figure 2). These counterparts would be trained to monitor training, provide referral services, and coordinate the network of government and non-government Small Entrepreneurial Support Agents (SESAs). These SESAs, in turn, were to train and assist the entrepreneurs. As will be discussed later in this review, the assumptions implicit in this design, namely the efficacy of NFPs in stimulating entrepreneurship and the sustainability of the training programme, had a lot of bearing on the outcomes of the project. The outcomes of the project call those assumptions into question. Few resources from this project directly benefited small enterprises.

Figure 2: Project structure & intended flow of resources

PROJECT STRUCTURE

FLOW OF RESOURCES'

SED Project

RESOURCES

1

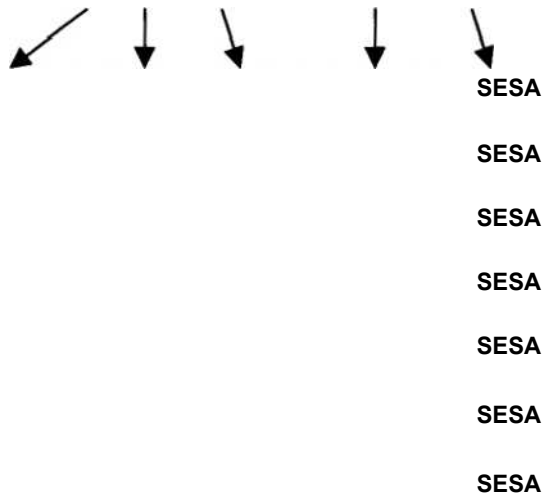
1

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National
Counterparts

National
Counterparts

National
Counterparts



BENEFICIARIES

Small-scale indigenous entrepreneurs

ULTIMATE BENEFICIARIES

2.2 Programme objectives and components 2.2.1

Programme objectives

The SED Project Document described the project objectives and the benefits expected from them as follows:

Objective 1: to strengthen national capacities to support indigenous small enterprises

20. In most Pacific Island countries, various government and NGO Small Entrepreneurship Support Agents (SESAs)-some set up by previous project activities-were providing some sort of SED services. Activities of government SESAs (such as Development Banks or government ministries of departments, including Cooperatives, Industries, Agriculture or Women) were generally un-coordinated and one-dimensional-that is, focused on one particular SED activity for a specified or limited target group.

21. There was also very little cooperation between government and NGO agencies involved in SED activities. Existing private sector organisations tended to favour larger businesses, and this was reflected in the recent emergence of organisations representing indigenously owned small businesses, such as the Fijian Initiative and Viti Chamber of Commerce in Fiji, the Tonga Small Business Association in Tonga, and the Melanesian Businessmen Association in Vanuatu. While these organisations provided an institutional mechanism to access small businesses, most SESAs in the region operated with very little private sector involvement. Due to weak linkages between the private sector and the mostly government-supported SESAs, furthermore, the actual needs of the private sector were not being adequately addressed.

22. The project aimed to address these problems by strengthening and coordinating existing SESAs so they could better encourage small business development. It was to do this by involving the private sector as a partner in establishing institutional networks, and to facilitate the necessary feedback from small enterprises to ensure a demand-oriented support.

23. The outcome of project activities in this regard would be the development of a

national focal point for SED activities with the institutional capacity to provide referral business management training and business advisory services. Each country, furthermore, would have developed a functioning network of SESAs.

Objective 2: to develop and improve entrepreneurship skills through provision of training and advisory services

24. The aspirations of indigenous entrepreneurs to start or expand their businesses were being frustrated by their often weak managerial and technical skills, and the general lack of business advisory services. International assistance to private sector development had mainly concentrated on developing an enabling environment for investments and export-oriented enterprises. In most places, small indigenous businesses had little access to the types of incentives, such as tax and tariff exemptions, set up for these larger businesses.

25. The project intended to address this problem by providing SYB and IYB and other technical training to indigenous business people, and to help set up business advisory services.

The outcome of these efforts in each country would be:

- Adequate managerial training material in the form of SYB and IYB packages, including audio and visual material;
- Up to 75 trainers able to provide high quality training, through an accreditation process that involved attendance at Training the Trainers (TOT) workshops and participation in SYB and IYB workshops as resource people;
- A total of 400 aspiring and 400 practicing entrepreneurs trained in SYB/IYB principles;
- Training monitoring systems established;
- Networks between SESAs developed;
- National capacity in providing advisory services improved; and
- Technical and motivational training would have facilitated the establishment of new businesses.

Objective 3: to assess the effectiveness of policies and incentives, and the availability of institutional finance, and recommend measures to facilitate an enabling environment for indigenous enterprises

26. There was an evident need to harmonise macro-economic, fiscal, financial and other policies with incentive measures for small businesses. There was often a wide discrepancy between the pronouncement of intent to cater for small indigenous businesses and the implementation of such strategies. Policy measures needed to be supported by legal instruments, financial schemes and appropriate mechanisms and institutions, in order to facilitate the growth of small enterprises and increase the number of capable entrepreneurs.

27. The project was to address this problem through short-term consultancies that would assist national governments to:

- encourage the growth of small enterprises in the formal sector,
- ensure that these policies became operational,
- provide access to appropriate support services, and
- enhance the role of private sector initiatives, such as chambers of commerce.

28. The outcome of these activities was expected to be the development and implementation of appropriate Government regulatory systems. These systems would provide special incentives and institutional structure to promote small enterprises. In one selected country, a credit guarantee scheme would be set up to facilitate access to credit.

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2.2.2 Programme components

29. SED had two main components:

- **Institutional strengthening and policy support**, which was undertaken mainly by the Small Business Adviser assisted by an Associate Expert. This work mainly involved conducting regional and national workshops, preparing investment profiles and promotional material, conducting process demonstrations on selected business sub-sectors, and providing technical advice to NFPs and SESAs.
- **SYB/IYB training**, which was undertaken mainly by the IYB/SYB Specialist and the UNV Trainer. As well as helping conduct the introductory National Workshops and Business Promotion Seminars, their work mainly involved preparing small business training materials for the South Pacific region, running Training of Trainers (TOT) workshops, and providing support to local trainers when they ran their first training programmes for local business people.

30. The two components were intended to operate in tandem, as part of a process of small business promotion and institutional strengthening. The indications are

that this did not occur. Table 1 shows the activities conducted in each country. The national workshops and business seminars were mostly held together. The training followed on a separate schedule.

31. The project employed seven internationally recruited staff members: Mr Desh Sahae, Chief Technical Advisor and Business Advisor; Mr Robert Briscoe, SYB/IYB Training Specialist; Mr Alexis Derive, Associate Expert; Mr Floris Merison, Associate Expert, and Mr James Dees, Mr Michael Gately and Ms Jojie Martinez, who served as UNV Business Advisors in Tonga, Vanuatu and Marshall Islands, respectively.

32. SED was characterised by a very high overhead structure. UNDP initially budgeted US\$924,050 for the project over the 24 months period. Of this amount, \$540,000 (58%) was allocated to personnel costs for the two advisers and three UNVs; \$45,000 (5%) for adviser travel, and \$46,000 (5%) for administrative support and consultants. Training costs accounted for \$183,000 (20%) and SYB/IYB material production for \$70,000 (8%). The project budget was increased to US\$1,229,409 when AusAID cofunded a regional training programme on Project Preparation and Appraisal and NZODA co-funded a regional training programme on direct-micro expulsion technology.

33. In reality, the funds allocated to the activities described in the Project Document should also include the US\$432,000 that was allocated by UNDP for national projects in Kiribati, Federated States of Micronesia, Solomon Islands and Tuvalu, with which the project worked in tandem. The CTA, Mr Desh Sahae, helped design these national projects to facilitate these links. By this reasoning, the total project budget was in the order of US\$1.66 million.

2.3 Findings and conclusions 2.

3.1 Project implementation

34. Table 1 lists the project activities carried out in each country. Project activities took longer to get under-way in some countries than others. In Kiribati, for example, there was an especially long delay in funding a Project Adviser, under KIR/93/002, and this lack of institutional home for the SED there may explain why not many of the planned activities were conducted in Kiribati. The SED was an ambitious project in the number of activities it planned to undertake. The project staff was made very busy over the relatively brief period of two years. Overall, most of the planned activities were undertaken in most of the countries, but Table 1 indicates some important gaps. But while the number of completed activities is the easiest information to derive from the project documentation, it is not the most appropriate, nor a good measure of the development impact of the project. The

CTA failed to put into place any review or monitoring mechanisms. Thus it is unrealistic to measure the substantive impact of SED almost three years after the completion of the Project. The absence of systematic monitoring of performance and follow-up of performance is identified as a major failure of SED, as well as of its successor, PSSLP.

Table 1: Country by country listing of activities undertaken under RAS/92/306

<i>Fiji</i>	<i>Kiribati</i>	<i>Marshalls</i>	<i>Niue</i>	<i>Solomon Is</i>	<i>FSM</i>	<i>Tonga</i>	<i>Tuvalu</i>	<i>Vanuatu</i>
FIJ/88/009; FIJ/89/006	KIR/93/002	MAS/91/003; MAS/92/002		SOL/90/007	MIC/92/001, MIC/91/004	TON/89/007		VAN/88/004; VAN/88/010
		<i>d</i>				<i>r</i>		<i>r</i>
<i>r</i>	<i>r</i> National Workshop, April 1995	<i>r</i> National Workshop, Jan 1995	<i>r</i> National Workshop, Nov 1994	<i>r</i>	<i>r</i>	<i>r</i> National Workshop, Sept 1994	<i>r</i> National Workshop, Sept 1994	<i>r</i> National Workshop, March 1995
^v April 1995	^v April 1995	^v Jan 1995	^v Nov 1994			Sept 1995	" Feb 1996	March 1995
<i>r</i>	<i>r</i>	<i>r</i>	<i>r</i>	<i>r</i>	<i>r</i>	<i>r</i>	<i>r</i>	<i>r</i>
Already produced	<i>r</i>		<i>r</i>	<i>r</i>		<i>r</i>	<i>r</i>	<i>r</i>
<i>r</i> (Draft)	<i>r</i> (Draft)	<i>r</i> (Draft)	<i>r</i> (Draft)	<i>r</i> (Draft)		<i>r</i> (Draft)	^v (Draft)	<i>r</i> (Draft)
TOT for trainers with SBAU; TOT wkshop for prod. of coconut oil, Aug 1996	TOT Workshop, Feb 1996		Two TOT workshops held; 20 trained in SYB	TOT Workshop, July 1996		TOT Workshop, Oct 1995; Follow-up TOT Sept 1996. At project end, 3 trainers conducted SYB workshop for 18 trainees	TOT Workshop, Sept 1995; Follow-up TOT Nov 1995. 53 trained in SYB; 26 in IYB	TOT Workshop, Nov 1995. By the end of the project, 4 trainers had conducted TOT workshop for 12 participants.
		Advice on setting up small industrial estate				Helped set up SBAU (or under previous national projects?)		Provided SBA adviser for 1 yr; Helped with proposal to set up SBAU
			Helped in review of Development Incentive Act 1992					
Workshop on credit facilities for small & micro enterprises, Suva. Dec 1996								Wkshop on credit guarantee scheme, Vila, Sept 1996;
				Helped prepare national IPF project on Employment Generation & SL				

35. Of the three principal components of the project (training, institutional development and policy review) the project evidently made

the following progress.

2.3.2 *The institutional strengthening component*

36. The institutional development mainly involved:

- establishing functional National Focal Points to network with SESAs,
- establishing functional networks of SESAs to assist indigenous entrepreneurs and
- developing business advisory services through NFPs.

37. The National Focal Points of the project are shown in the following table. The Project Document was misleading in stating that the SED would establish these focal points; in most cases they already existed and had been responsible for business development for some time. In all countries except Palau and Niue, where an NGO and Development Bank respectively served as NFP, all were government ministries or departments. The idea behind strengthening these agencies was that core capacity was needed within governments to encourage and support small business and coordinate efforts in this sector. In three countries-Marshall Islands, Vanuatu and Tonga, UNVs were posted to assist the NFP in its small enterprise development responsibilities. The NFPs served as national counterparts to the Project Staff, organised workshops, and developed a network of SESAs. They also helped produce promotional material, such as national directories (A4 folded single page brochures) of technical and financial assistance for small businesses. (For these directories, the project provided them a template and they filled in the details.)

Country	Agency	Contact Person
Federated States of Micronesia	Pohnpei Entrepreneurship Development Centre, Dept of Commerce & Industry	Mr Eddie Linus, Chief Executive
Fiji	Small Business Advisory Unit	Ms Rachael Williams, Head
Kiribati	Ministry of Commerce, Trade & Tourism	Mr Tinian Reiher, Secretary
Marshall Islands	Ministry of Resources & Development	Mr Walter Myazoe, Secretary
Nauru	Economic Reform Committee	Mr Martin Hunt, Co-ordinator
Niue	Niue Development Bank	Ms Terai MacFadzien, General Manager
Palau	Palau Community Action Agency	Mr Robert Bishop, Project Manager
Solomon Islands	Industrial Development Division, Ministry of Commerce, Industries & Employment	Mr Barrabas Anga, Director

Tokelau	Office for Tokelau Affairs	Mr Logotasi Iosefa, Manager
Tonga	Ministry of Labour, Commerce & Industries	Mr Paula Kautoke, Secretary
Tuvalu	Ministry of Tourism, Trade & Commerce	Mr Leneuoti Matusi, Secretary
Vanuatu	Dept. of Industry, Trade & Commerce	Mr Roy Mickey Joy, Director

38. Small Enterprise Support Agents (SESAs) were identified in most of the participating countries. Discussions were held on their business advisory and training needs during country missions. As the table below shows, these SESAs were mostly government and para-statal agencies, commercial bodies (such as banks), and some NGOs. Most of these bodies had been in the business of promoting business development for some time but not necessarily with micro- or small enterprises. Workshops, meetings, seminars and newsletters provided networking opportunities between the NFP, SESAs and private sector in each country. The role of the project was to develop functioning national networks between these agencies. There is no information available as to the extent to which these networks functioned. Furthermore, the number of organisations expected to work in this area, together or separately, seems very high for some countries-in Marshall Islands, for example, where 8 agencies were expected to work actively and collaboratively in small business promotion and training.

Country	<i>Small Enterprise Support Agents (SESAs)</i>
Federated States of Micronesia	(Micronesian Entrepreneur Development Centre (MIC/92/001) and Small Industries and Business Advisory Services Project (MIC/91/004) operating under separate country programme)
Fiji	Small Business Advisory Unit, Youth Employment Option Centre, and other NGOs
Kiribati	Kiribati Chamber of Commerce; Bank of Kiribati; Kiribati Development Bank; USP Centre; Ministry of Commerce, Industry & Trade
Marshall Islands	Marshall Islands Development Bank; Marshall Islands Development Authority, Bank of Hawaii, Bank of Guam, Youth to Youth, Small Business Advisory Unit, College of Marshall Islands, Ministry of Resources and Development.
Nauru	
Niue	Niue Development Bank, Department of Community Affairs, Department of Agriculture, Forestry & Fisheries, USP
Palau	
Solomon Islands	Solomon Islands College of Higher Education (SICHE), Ministry of Commerce, Industry and Employment
Tokelau	
Tonga	Chamber of Commerce, Tonga Small Business Association, Tonga Development Bank, Bank of Tonga, MBf Bank, ANZ Bank, Business Advisory Unit, Industrial Promotion Unit of the Ministry of Labour, Commerce and Industry
Tuvalu	Development Bank of Tuvalu, Tuvalu Chamber of Commerce, National Bank of Tuvalu, USP Extension Centre, Tuvalu Association of NGOs, National Fishing Corporation of Tuvalu, Department of Commerce and Industry, Department of Fisheries, Department of Agriculture

Vanuatu	Vanuatu National Council of Women, Development Bank of Vanuatu, National Bank of Vanuatu, National Institute of Technology, Department of Industry, Trade and Commerce, Department of Cooperatives and Business Development.
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39. As part of the process of institutional strengthening, Business Advisory Services for indigenous enterprises were developed or strengthened in some countries. Together with assistance from two national UNDP projects, Tonga was helped to set up a separate Business Advisory Centre, equipped with computer, photocopier and vehicle for extension services. In Kiribati, a Business Advisory Unit was to be set as part of the Ministry of Commerce, Industry and Tourism, apart from the mainstream activities of the ministry. Given the difficulties with the country programme at the time, this did not eventuate and nor, it appears, did the seed fund for small scale industries (10 projects

were to be assisted at up to \$20,000 per project.) Vanuatu proposed setting up a Small Business Advisory Unit.

40. Business Promotion Seminars were organised in most of the countries, and were covered by local news media. These seminars were intended to identify business investment opportunities and prepare investment profiles, but they principally advertised assistance packages offered by national, regional and international agencies connected with small business development, and the financial requirements of banks. Information booklets on the private sector were prepared for Federated States of Micronesia, Kiribati, Niue, Tonga, Vanuatu, Samoa and Solomon Islands-but the copies available to this reviewer were for some reason marked 'not for distribution'.

41. The use of simple technology to set up village micro-enterprises was demonstrated through a regional TOT workshop on direct micro expelling of coconut oil, attended by 29 participants from 9 countries.

42. A regional training programme was also organised on Project Preparation and Appraisal, which was attended by 19 participants from six countries, and a detailed manual prepared.

The sustainability of the institution building

43. The 1995 TPR concluded that:

- The effectiveness of NFPs and SESAs was being strengthened by the compilation of Directories of sources of assistance, promotional

materials and profiles of investment opportunities appropriate to the local environment.

- Strengthening of national support capacities and the improved use of existing resources through more effective networking was increasing the probability of small business success in various ways. It was stimulating an enterprise culture and offering small business people access to services when they needed them.

44. These are broad statements that are not substantiated by any monitoring or follow-up. No effort was made to determine who and how the information developed by the SED Programme was used, nor the quality of the material provided. Most NFPs were government agencies and, for most, small business development was not a new responsibility for them. Part of the reason to place responsibility for the project within government departments was to sensitise government officers to the barriers small entrepreneurs faced. It is difficult to assess how the training they received helped change this situation, but it could well be expected to have had some benefit. Creating an enabling environment requires a coordinated response by all sections of the Government, however, and sensitisation to small business development should also involve policymakers in related sectors, such as Agriculture and Finance.

45. Various SESAs institutionalised SYB/IYB into their structures, such as the Tuvalu Development Bank, which has adopted a policy that inexperienced applicants for

start-up business loans must undergo SYB training before being considered for a loan. This has been supported by a separate national UNDP project in Tuvalu.

46. To the extent that Business Advisory Units were set up as Government agencies staffed by civil servants this may have limited their usefulness for intending entrepreneurs. It is difficult to change the operational behaviour of civil servants who have themselves been little involved in the private sector. For example, when a UNDP team went to visit the Business Advisory Unit in Tonga in 1997, reported that they located the office tucked away amongst the Government Offices, with a few somewhat inappropriate Australian posters on the wall and an air of bureaucratic disinterest in meeting the needs of inquirers. In Fiji, the Business Advisory Unit operates a well-equipped and staffed facility, but there is very little public attention drawn to the existence of the Unit.

2.3.3 *The training component*

The work un- 47. SED's training programme mainly
involved: dertaken

- the production of managerial training packages,
- training and accrediting trainers and
- establishing a SYB/IYB monitoring system.

48. Appropriate training materials were to be developed for the situation of each country. The initial plan was to adapt manuals previously developed for Fiji, but it was found to be necessary to completely rewrite the SYB materials. This was a major, timeconsuming task, but evidently a necessary and worthwhile one. However, it meant implementation was well behind schedule, with no allowance made for extending the completion date. The initial plan to also produce video materials was dropped because they were expensive and had been found in the Fiji SYB/IYB programme to not be effective.

49.

The training materials produced were:

- A set of ten PACIFIC SYB training manuals (covering the following topics i) Should you own business, ii) Business ideas and how to find them, iii) Planning your money, iv) Assessing the market, v) Planning your organisation, vi) Different ways of getting started, vii) Law and the small business, viii) Putting it all together: The Business plan, ix) Keeping things under control, x) Managing the start-up.
 - Three supplementary SYB booklets to help trainers adapt the materials for people already running businesses;
 - A Trainers' Manual which contained detailed lesson plans; all the exercises contained in the SYB manuals and explanations of how to conduct them; separate sets of exercises relevant for large island and small island countries, and instructions to help trainers tailor their own Trainee Workbooks to the needs of their target groups.
- 14
- A Monitoring and Follow-up Supplement to the Training Manual, to help trainers in monitoring and following-up the activities of their trainees.
 - A Book of Summaries to help trainers create tailor-made workbooks for their trainees, and to facilitate translation of the materials into vernacular languages.
 - Case materials for retailing, manufacturing and service businesses.
 - SYB manuals to be used as a trainers' references after the workshop.
 - Most of the books went through at least six drafts, as they were

adapted and revised in response to feedback from the Training of Trainers (TOT) workshops. Tuvalu alone had 200 copies of the materials reproduced.

- The TOT workshops, which introduced these manuals, conducted training in a participatory, step-by-step manner. One goal was to model for the potential trainers a range of training techniques and approaches, ranging from small group work and case studies to role plays and brainstorming. Participants were given the Trainer's Manual at the beginning of the programme, and at the beginning of each day, given a copy of the SYB manual that covered the previous day's work.

50. It was initially planned to train and accredit 60 SESA trainers to conduct national SYB/IYB workshops and training extension services for 400 aspiring and 400 practising entrepreneurs. The project concentrated on training trainers, and not the direct training of entrepreneurs. The 1995 TPR suggested that 70 trainers would be trained, but by the end of the project, this number reached 160. These trainers included staff of the Tourism Council of the South Pacific and staff of the Institut National de Technologie de Vanuatu, two organisations that had agreed to continue to use PACIFIC SYB materials in their training courses.

51. At the 1995 TPR, this number of entrepreneurs to be trained was reduced to perhaps 200, but even this target was nowhere near reached. By the end of the project, trainers in Niue, Tonga, Tuvalu, and Vanuatu had been helped to run their first workshops for aspiring entrepreneurs.

52. By the end of the project, there was some confidence that the training programme would be continued through the USP Continuing Education Division. The 1995 TRP indicated that USP had expressed readiness to use PACIFIC SYB materials in their distance education courses throughout the region and at the local USP centres. Funding was being sought from NZODA to provide a co-ordinator of SYB training for USP Continuing Education for one year, so that the SYB programmes would be successfully launched through the USP system. Project staff believed, from the Vanuatu experience, that the USP centres would run the programme even without external funding because it would be self-funding. In retrospect these expectations of USP immediate involvement proved to be overly optimistic.

53. The 1995 TPR recommended that the SYB/IYB Training Course be adapted so that it could readily be offered through the USP Distance Education Programme. The National Institute of Technology in Vanuatu was also recommended to become an SYB/IYB training base. Project staff estimated that through these institutions alone, SYB/IYB would reach at least 300 trainees a year.

The TPR also recommended that special training programmes be developed for women and that the SYB/IYB materials

be tailored to specific industries, which were replicable in the region, and noted that around one third of the participants of the various training programmes were women.

54. During the project, there was substantial demand for the SYB/IYB training programmes, although this demand was difficult to quantify. This demand remains - although not surprisingly at a reduced rate. While SESAs were enthusiastic about training their representatives as trainers, these organisations were intended to operate more as business developers than trainers. Trainers set up their own Trainers' Associations in Kiribati, Niue, Solomon Islands, Tonga, Tuvalu, and Vanuatu (Tuvalu being particularly active). It was expected that the courses could be marketed through public business awareness meetings and operated on a fee per session basis. In Vanuatu, the Wantok Small Business Trainers prepared Bislama versions of SYB materials (exercises and summaries) for future workshops, had applied for financial support from NZODA to further develop SYB/IYB in Vanuatu, and were planning to run a regular radio spot to advertise the courses. The Director of the USP Centre had agreed to use the Wantok Small Business Trainers to run a 12-week SYB continuing education workshop from January 1996. In Tonga also, by the project's end, the Tonga Business Trainers Association had drawn up its constitution, had secured funding for a project proposal for funding, and was meeting regularly to plan additional training programs. They too were discussing with the local USP Centre the possibility of their being employed to run SYB programmes there. (There is no recent information available in the project documentation about the continued survival or activity of these organisations, nor of further involvement with them by PSSLP.) However, it was encouraging to note that a visit to Tonga revealed that the Tonga Business Trainers Association continues to function.

*Evaluation of
training
training com*

55. The training component of SED is the most amenable to

Unlike the institutional building and policy components, the

ponent of SED was subject to a comprehensive review by ILO at the completion of the project. Furthermore, the outputs of this component (training material produced, number of trainers trained) are much more tangible in nature. This why it is possible to say much more about training than any other component of SED or its successor programme, PSSLP.

56. The most active part of the SED Programme was the SYB materials development and training. The Project team involved with training was clearly very busy. It is the view of this evaluation that training was probably the most useful component of SED. However, a lot more needed to be done to consolidate the benefits. Unfortunately at the end of the project the training component was discontinued and the new phase of the project concentrated on institution strengthening and "partnership" building.

57. High quality and appropriate SYB training material was produced and widely distributed. This material represents a worthwhile tangible legacy of SED that can now be built on and improved utilising international experience and local knowledge. However, in hindsight a number of substantial criticisms can be made of SED training component. These lessons need to be taken into account in future small business training programmes. Many of the problem areas were identified by the training co-ordinator, Bob Briscoe, in his terminal report.

58. Insufficient attention given to the selection of trainers: The project had as its objective the training of a large number of trainers over a relatively short period of time. This approach in theory allowed for a rapid and widely distributed impact. In total, over

140 trainers were trained over a two-year period. This was no easy accomplishment. However, with no mechanisms in place for the selection of trainers this approach was fundamentally flawed. The selection of trainers was left entirely to the NFPs. There were no procedures in place to guide the selection process. The result was that most people selected as trainers did not have the appropriate aptitude or experience to be trainers. Most were civil servants, or worked in statutory bodies such as development banks. As a result the attrition rate, at least in the case of Fiji, was high. Few of these trainers survive as active trainers today.

59. Inappropriate trainers conducting training is even of greater concern than a high attrition rate. The failure rate for small-business is universally high. A much-quoted figure is that 80% of small businesses in the United States fail in the first two years. In the best of circumstances new small business entrants in the Pacific Islands cannot expect to face better odds than their counterparts in industrial countries. The use of inappropriate trainers increases the probability of failure - it is a matter of the "blind leading the blind". The cost of failure is high in terms of wasted resources. Most importantly there is loss of confidence and self-esteem on the part of the aspiring entrepreneur in cultural situations where business failure brings with it a degree of social stigma.

60. The high attrition rate of trainers: Relevant measures of impact would be the extent to which trained trainers continued on to undertake their own training; were able to use the materials produced by the project and adapt and translate them for their target groups; and training programmes were sustained. Without any monitoring system, it is very hard to judge this. However, when interviewed, people who had been involved with the training programme in Fiji reported that today, three years after the project ended, there is only a handful of trainers capable of conducting good training. The NFPs apparently did not take up the task of monitoring. In Fiji, for example, the Director of the Small Business Unit found there were no records when she joined the office two years ago. She conducted her own survey that found that of the 45 SYOB trainers trained between 1992 and 1993, only 7 are active today. In Tonga the survival rate has been far better, where of the some 60 originally trained, about 30 are still from time to time involved in Government sponsored training programmes⁴. However, the few who were trained in the private sector are not utilised as they do not find the fee of \$T40 paid for training by government agencies sufficiently attractive.

61. In hindsight, it would have been better had the Project concentrated on far fewer carefully selected and well-trained trainers. The original project concept was to develop a small number of master trainers after the initial round of TOT. However, the Project ended before this task could be initiated. It probably would have been preferable to give first priority to the training of master trainers.

62. The planned monitoring and evaluation system for training was not established: The planned monitoring system for the training programme evidently did not eventuate. That may be no fault of the project staff- there was just not sufficient time available. At the end of the project and the end of the training component, there was no institutional structure in place to support such a monitoring system.

⁴ Personal communication Falekava Kupu, Commercial Advisor to the Prime Minister and former Head of the Tonga SBAU unit in the Ministry of Labour and Commerce.

63. A certification system for trainers not established: There was also insufficient time to develop a certification system for trainers. The privatisation of small-business training is seen as a necessary condition for long-term effectiveness and sustainability. For small-business advising and training to become a business in its own right a certification system is seen as necessary. A training certification system has subsequently been established in Kiribati under a separate ILO country project, which is reported to operating successfully.⁵

64. An over-emphasis on TOT: The emphasis of the project was on the training of trainers to ensure the widest possible distribution of benefits in the shortest possible time. The people trained and the training materials were slanted toward

trainers rather than entrepreneurs. These trainers, it was assumed, would in turn ensure future sustainability. This approach is understandable. However, it meant that at the end of the Project very few entrepreneurs had been trained. These training materials continue to be used to train people wishing to go into business. However, in practice it would have probably been more beneficial if some aspiring entrepreneurs were trained from the outset by the high level of expertise the Project had at its disposal. The establishment of some early tangible "success stories" would have given the SYB Programme greater creditability and some much-needed momentum.

65. Only SYB training was undertaken: This was intended to be both SYB and a IYB training programme. There was only sufficient time available to do SYB training. This is not to say that elements of the SYB material were not relevant to improving existing businesses. However, the priority was on establishing new small enterprises. This emphasis is understandable given the priority of UNDP's objective to create livelihoods outside formal wage enjoyment. In retrospect, more sustained employment may have been created by giving priority to consolidating the performance of existing small businesses rather than creating new small business ventures with their inevitable high failure rate. In the final analysis SYB and IYB are complementary and both are required. It is unfortunate that insufficient time and resources were not devoted to allow both to be undertaken.

66. Training developed in the absence of an institution base: The Project was extremely busy developing training material and training trainers. The team was under pressure from the outset - having to start from scratch, rather than modifying the Fiji SYB/IYB material, as had been planned. Thus there was little time to develop the institutional environment and relationships within which implementation of the training material could be maintained. In a number of countries, the supporting small business advisory centres, funded mainly by NZODA, were created after the SED training programme has finished.

67. It was assumed that USP, through its extension and continuing education network, would play a key role in the continuation of the small business-training program. There was considerable optimism about the potential for PACIFIC SYB to be institutionalized as part of the regular self-financing programmes of USP. These courses would be maintained at the main campus in Fiji and through the USP Centres in Vanuatu, Solomon Islands, Tonga and Niue, which offered an ideal institutional structure for

⁵ Personnel communication, Robert Zegers, ILO Associate Expert Suva.

a sustainable programme. It would also be in the interests of USP to ensure that the program was kept up to date and relevant, and maintained good standards.

68. Even in the CTA's Terminal Report it was still taken for granted that USP

would the play the lead role, to quote: "The likely USP arrangement of using SYB trainers and training in above should reach 600 trainees a year. The SYB training will be utilised in this way as the participants will pay an economic fee to join the course and the trainers will be paid a motivating rate for the job" (p. 15). However, USP had no direct involvement in the planning or implementation of the Project⁶. Discussion with USP Extension Services on the involvement of the USP Centres in offering ongoing SYB courses only occurred when the Project was nearing its completion. In some countries, notably Vanuatu, USP facilities are used by NFPs offering SYB training. However, the expectation that USP Extension Services would offer ongoing programmes in SYB has not as yet been realised. This is not to say that this is now not achievable. USP is now considering offering a certificate in small business management that will be targeted at existing and aspiring entrepreneurs. A small amount of aid funds have been obtained to hire a regional person to prepare the course material. According to the Director of Extension (and as noted at the 1995 TPR), the SYB material needs to be substantially modified because it is tailored to the training of trainers and not the direct training of beneficiaries. (A small business training course has since been set up at USP with Australian aid at the undergraduate level.)

69. Other regional educational institutions have used the SYB materials. Most notable is the Solomon Islands College of Higher Education (SICHE), where SYB training has been incorporated into the formal curriculum of the Business Diploma. The main participants are school leavers. Thus this training is unlikely to have any immediate direct impact on small enterprise development.

70. The training component of SED was terminated prematurely: For the reasons outlined above, it is the view of this consultant that the SYB/IYB component of the programme was terminated before the benefits could be fully realised or its sustainability assured. The team had to unexpectedly spend a considerable amount of time rewriting material and, as a result, a number of critical activities could not be completed in the allocated time. An additional 12 months, or so, was necessary for the consolidation of the small business training programme. Some of the consolidation activities could have included:

- establishing a monitoring system trainers and clients;
- initiating IYB training;
- working directly with the training of entrepreneurs;
- the establishment of a few highly qualified master trainers;
- the initiation of a trainers certification programme;
- working with the more recently established small business advisory units; and,

⁶ Personnel communication, Dr Howard Van Trease, Director of Extension Services, USP.

- working closely with USP to incorporate SYB/IYB into the small business training programme by extension.

71. These consolidation activities could have been included in the PSSLP Project at relatively low cost, given that all the start-up costs were already incurred. It is believed that these would have given more broadly distributed returns than the new activities initiated under PSSLP.

2.3.4 Policy *development*

The work undertaken 72. Some technical management advice was provided to NFPs. The project conducted advocacy activities for micro-credit development, and the

Solomon Island credit guarantee scheme was brought to the attention of other governments. Brief reviews were produced of the private sector in several Pacific island countries. A regional newsletter was produced and distributed to SESAs and NFPs in each country.

73. The 1995 TPR concluded that the project had considerably assisted the cooperative movements in the region, which represented most of the formal business owned by indigenous people. However, this is not substantiated and there are no specific details of this assistance.

Evaluation of viability policy development environment for reviewing 74. The Project was also reported to have helped improve the of small businesses by assisting governments improve the small business operation and development. This was to include

government policies and incentives for small businesses, advising on the establishment of small commercial centres or industrial estates, and researching how to make institutional finance more available to small businesses. On the information provided, however, it is concluded that this was the weakest component of the Project. Very little of enduring value appears to have resulted from SED's work in this area. Several other organisations were also working in this field and should be credited for their contributions. With regard to micro-credit, for example, ESCAP's Pacific Operations Centre in Vanuatu was working at that time in the area of micro-credit development and credit guarantee schemes. During the

preparations for UNDP's sixth cycle of regional programmes, work on micro-credit was sponsored by Microstart, an organisation which was then proposed to operate a major UNDP-supported programme in the region. NZODA as well as the ESHDP (the precursor to SMILE) were then also reviewing support for micro-credit in various countries. Of the original aims of the SED Programme in regard to Government regulatory systems and providing short-term consultancies to help governments with small business policy development, there is little evidence that much of this was achieved.

2.4 Conclusions: overall contribution to employment and sustainable livelihood generation

75. The two Tripartite Review Reports spoke in very positive terms of the SED's performance. The government representatives on the Tripartite Reviews were certainly favourably impressed with the performance of the Project. The consultant only had the opportunity to meet the Tongan representative on the TRC. He is of the view that SED was a useful project, particularly for Tonga that did not have a national programme.

76. The CTA had put a lot of effort into establishing positive working relationships with the senior civil servants in each country responsible for SED. This high level of networking is highly commendable and a positive attribute of the Project. However, on the information provided it is not possible to meaningfully link the activities undertaken to job creation and sustainable livelihoods. It is disappointing that no effort was made during the course of the SED to establish any monitoring or evaluation system that would enable such a fundamental evaluation to be made.

77. Throughout the project reports and at the various review meetings, estimates were given as to the number of new businesses set up, the number of jobs created, and the number of existing businesses improved through the project. For example, the 1995 TPR heard that in Tonga alone, as a result of project assistance, 59 enterprises had been created with 221 new jobs. The only evidence for this was a letter from a civil servant. The consultant on a short visit to Tonga did ascertain that a number of these businesses in areas such as silk screen printing and small automotive repair shops continue to operate today. These businesses are a positive legacy of the training that did occur under SED.

78. However, without any systematic monitoring system in place the claims of employment and livelihood creation cannot be substantiated. The project has no lists of the entrepreneurs who were trained, or any information as to whether they had started up enterprises or whether their training had helped the viability of these

businesses.

79. The 1995 TPR also heard that if only half of those people who had been trained actually did any training and if they each conducted only one workshop for 30 people in their first year, they would together reach more than 1,000 people. If 40 per cent of these people in turn started or expanded a business, with an average of 3 jobs created in each, this would represent more than 1,200 new jobs as a result of that training in the first year. Had anywhere like 1,200 new jobs been created, then the benefits of the Project would have far exceeded its costs. However, given what is known about the sustainability of the training programme in Fiji, such projections are unrealistic. In Tuvalu, for example, if half of the 80 people trained (i.e. 40 people) had each trained 30 people, this would represent over ten per cent of the total population, and there no possibility that the local economy could have supported 480 new enterprises, whether these employed other people or not. Tuvalu is an extreme case, maybe, but the project did invest heavily there.

80. From the information that is available from the few workshops that were held for entrepreneurs, it is not at all obvious that all participants would themselves set up enterprises. At the November 1995 workshop in Tuvalu, for example, of the 26 participants, ten were involved in some form of enterprise, two had defined intentions and the other 14 were recorded as 'unknown business.' Again, given the small size of Tuvalu's economy, it would have been nothing short of a miracle to generate enough new jobs to employ half the participants. Such claims do little to enhance the credibility of the Project.

81. The assumption in the training programme was mainly that by training people, this would open up the prospects for enterprise development. There is no evidence of any market analysis being conducted, to see what types of new enterprise there were opportunities for or how that growth could best be encouraged-other than quite simply increasing the number of producers. Some of the pitfalls in this approach are illustrated

below in regard to the uncritical promotion of direct micro-expeller coconut oil technology.

2.4.1 The promotion of Direct Micro Expellers

82. Facilitating the introduction of direct micro expellers (DMEs) of coconut oil to the region has been presented as one of the most successful sustainable livelihood activities. In 1996 SED conducted a regional workshop to showcase DME technology. This technology provides an opportunity for rural people to produce high-grade coconut oil that fetches a much higher price than traditional copra products. Its promoters be

lieve this technology has the potential to revitalise the coconut industry based on household processing rather than on large, central mills. This processing requires a small press and drying unit that can be owned by one household or community and needs only a small amount of training and skill in its operations. It also gives opportunities for local businesses to develop as collection and marketing agents. In 1996, one press and dryer cost around US\$3,000 and with reasonable use could be paid off in one year.

83. Before the involvement of SED, the presses were being brought into Fiji through the Ministry of Agriculture. The Ministry has no mechanisms for extending credit and so instead was giving the presses free to four individual communities each year, as they considered appropriate—the equipment thereby not being particularly sought after, belonging to no-one in particular, and there being little impetus to realise any returns from it. Very few people outside of the Ministry knew about the equipment or could have bought it if they had wanted to. Through its workshop, the Project promoted this technology more widely. It was taken up by a group of women in Samoa who use the oil to make high quality body oil and soap. In some other countries, it was only with UNDP's involvement that people began to take this technology seriously. This is an example where UNDP's reputation could have had an important leveraging impact.

84. In Fiji the DMEs were mostly established on the main coconut growing island of Vanua Levu. Their existence (and no doubt UNDP's involvement) was the catalyst for the entry of a local company, Natural Oils (Fiji) Ltd., to market this superior quality oil to niche export and tourist market. However, without Natural Oils' involvement the essential links between DME producers and the market would not have been created. The entry of Natural Oils was probably more a matter of good fortune rather than good management on the part of SED. The promotion of industry without due regard for markets and marketing arrangements has continued to be a worrying feature in the successor project, PSLLP.

85. UNDP's catalytic involvement in DMEs has no doubt contributed to livelihoods and employment in rural areas, yet the extent of this contribution is difficult to quantify. The CTA claims, as a rule of thumb, that for every DME established, 4 new jobs have been created. A review of the performance of the DME's established in Fiji suggests that this is excessive. In Fiji only 1 of the 10 established DMEs is operating at even 50% efficiency. This unit happens to be operated by a single family, not a village group. The remainder are located in villages and over a year generally operate at less

than 10% of the budgeted target capacity (table 2)⁸. There can be a flurry of processing activity to meet the cost of school fees or some short-term financial need. However, there is rarely sustained output from the village DMEs (table 2).

Table 2: DME cold pressed coconut oil production - Savusavu 1998 (litres of oil)

Location	Vola	Wailevu	Drom ninuk	Vatu- karoa	Valavala	Natewa	Vuni wai	Maravu	Wai- vuni	Nagigi	Total
January	60	90	70 ^u	45	50	0	0	0	0	0	315
February	205	40	60	125	0	80	0	0	0	0	510
March	20	20	24	280	200	100	0	0	0	0	644
April	0	20	0	400	20	40	0	35	0	0	515
May	0	60	0	160	0	0	0	0	0	0	220
June	0	0	0	200	0	160	0	0	0	500	860
July	0	0	20	184	60	0	0	0	0	400	662
August	0	0	20	160	300	160	25	0	0	0	665
September	40	0	0	140	200	0	25	0	0	0	405
October	190	0	0	500	400	0	0	0	0	1,090	2,180
November	0	0	0	220	400	25	0	43	0		688
December	0	20	0	36	80	0	0	0	0	0	136
Total	515	250	194	2,450	1,710	565	50	78	0	1,990	7,800
of capacity	10.7	5.2	4.0	51.0	35.6	11.8	1.0	1.6	0	41.4	16.2

Source: Fiji MAFF Office Savusavu

86. The CTA could have readily obtained data on the output performance of DMEs in Fiji and elsewhere, as in Table 2. A review of these data would have indicated the need for a sociological study to explain the disappointing performance of most villagebased units. In Fiji, all the seemingly necessary ingredients for a successful small business outcomes are in place:

- a simple appropriate technology, in which training has been provided;
- a product that gives a relatively high return to effort;
- a guaranteed market in place, which pays cash on delivery.

87. It is recommended that such a study still be undertaken by

UNDP. This study might also include other countries such as Samoa, where the performance of the DMEs is said to have been superior to that of Fiji. Tonga would also be a worthwhile inclusion in the study. PSLLP assisted Tonga to obtain funding from Commonwealth Secretariat for four DME units. One will be allocated to each of the Kingdom's island groups.

s The budget target capacity of the DME's is 20 litres of oil per day. This target is seen as achievable with modest effort (personnel communication MAFF and John Riches, Natural Oils.) An achievement of 40 litres a day is readily obtainable with a full day's effort from a village household. The technical output capacity of a DME unit is 80 litres a day. This could be achieved if sufficient labour was made available.

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They will be operated by existing coconut exporting businesses. The businesses are expected to repay the cost of the DME's to a revolving fund.

88. The outcome of such a study would provide invaluable information for the design and priorities of future sustainable livelihood programs. Such a study might indicate the limited value of allocating scarce programme resources to villages in rural areas that have abundant sustainable livelihood resources at their disposal. Limited sustainable livelihood programme resources might be better devoted to addressing the needs of rapidly growing urban populations and to rural communities with scarce land resources. The Fiji DME experience might also raise serious questions as to the value of grants to rural communities, where the community itself makes or no financial contribution.

2.4.2 The benefits that accrued to entrepreneurs

89. As the 1995 TPR noted, virtually every activity and output of this project could potentially have some impact on employment creation. Nevertheless, there were evident shortcomings in the design of the project.

90. It was assumed that the training and the institutional strengthening of various government agencies or SESAs would eventually benefit entrepreneurs. The project described itself as assisting entrepreneurs, and all of its activities as being focussed on creating and strengthening small enterprises. Yet very few of the project resources worked their way through to this level (refer Figure 2). The principal beneficiaries were Government departments or agencies that received material and technical assistance, and their staff who received training. The emphasis on governments and aid assistance carried through to the Business Promotion Seminars, which concentrated on informing the attendees about the assistance they could get through aid programmes and from banks, not on analysing areas of

potential business growth. Prospective entrepreneurs should be looking more to developing a business that is viable, not relying on aid.

91. The Project cut right back on the number of entrepreneurs they were to train, but trained many more trainers. It is particularly hard to understand why Tuvalu, with a population of less than 10,000, a very small domestic economy, and very few evident opportunities for private sector growth, would require 9 parastatal agencies and NGOs to be strengthened as SESAs, and around 80 people to be trained as SYB/IYB trainers.

92. The first TOT workshop was conducted 12 months after the project started and, for that matter, 12 months before it ended. The first training activities of the first trainers to be trained began only in September 1995. During the lifetime of the project there was little time for significant business development to have taken place. More time should have been provided to consolidate the benefits to entrepreneurs in the new PSLLP Programme, rather than jumping to a whole new set of activities.

2.5 Lessons Learned

93. Given that this is the first review of the SED Project and, furthermore, that the planned monitoring systems did not eventuate, project monitoring and review are still evidently considered to be expensive and time-consuming extras, compared to the urgent job of implementing project activities. Given the resources dedicated to this project and the difficulties now in identifying sustained outcomes of these activities, monitoring is evidently not a less important use of project resources. Without it, claims made

that this project generated many jobs can not be substantiated. Nor could the successor project fully benefit from the experience gained through SED. Had this experience been better analysed at the time, it is unlikely that the training component would have been abruptly terminated, or that the less substantive component of the project (i.e the institutional strengthening & policy analysis) given greater prominence.

94. A similar point can be made in regard to the training component. In the busy schedule of the project's training programme, monitoring and in particular the programme's sustainability appear to have been considered at the last part of the project, too late for either to be successfully put in place. As a result, the impetus in the training programme was lost before its full benefit could be realised.

95. The project design proposed that the benefits of the project would 'trickle down' to small entrepreneurs. There is no evidence that this happened to a significant degree. Programmes to assist business development need to engage the

intended beneficiaries more directly. There is no evidence, either, of significant lasting outcomes of the investment in the infrastructure of NFPs, SESAs or SYB trainers. The limitations of government agency involvement in small business promotion were somewhat acknowledged in the formulation of the PSSLP which concentrated instead on supporting ESAs (previously SESAs).

96. There is no evidence that the information produced by the project got into public circulation beyond the people who actually attended the workshops, or were in the NFPs or SESAs. Given the high cost of running workshops, especially regional ones, this is not a very effective means of information dissemination. In Fiji, the Fiji Times has regularly published news articles on SED and PSSLP activities, which has been very useful. However, the emphasis is on promotion rather than conveying or disseminating training information.

97. While the training component appears to have been the most productive part of this programme, there were a number of lessons learned here. In future programmes, more attention should be given to the selection of the trainers, in order to ensure that inappropriate people are not trained as trainers and to counter their high rate of attrition; the early establishment of a monitoring and evaluation system is essential; the development of a training certification system is critical, especially if private sector organisations are to become involved as training agencies; the over-emphasis on TOT and SYB (and almost no attention to IYB) was unfortunate; and the absence of an institutional base was a major obstacle to the sustainability of the training activities.