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BEST

Project EGY 12363
Business Enterprise Support Tools - BEST

External review

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July, 2004

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ABBREVIATIONS

GOE	Government of Egypt
SFD	Social Fund for Development
UNDP	United Nations Development Programme
SEDO	Small Enterprise Development Organization
MoFT	Ministry of Foreign Trade
BEST	Business Enterprise Support Tools Project
IBSC	Integrated Business Support Center
PMU	Project Management Unit
SMEs	Small and Medium-sized Enterprises
MSMEs	Micro, Small and Medium sized Enterprises
BDS	Business development service
NGO	Non-governmental oorganization
ITC	Information Technology Centre
ILO	International Labour Organisation
LED	Local Economic Development
SYB	Start Your Business
JOBS	Job Opportunities through Business Support project
ITP	International Trade Point
SWOT	Strengths, weaknesses, opportunities, threats

I. PROJECT BACKGROUND

Business Enterprise Support Tools (BEST) project is a project of the Social Fund for Development (SFD), supported by the United Nations Development Programme (UNDP) that has been implemented in Egypt since December 2002. The BEST Project is designed as an intervention to create long-term jobs through encouraging the development and expansion of micro, small and medium enterprises.

The overall long-term objectives of the project (as identified in the original Project Document) is to: “to demonstrate best practices in supporting micro and small businesses through a self-sustainable business support center model using integrated approaches to job creation.”

The project is based on the UNDP Bulgaria experience from Job Opportunities through Business Support (JOBS) project that has demonstrated a replicable model for employment generation through stimulation and creation of micro and small enterprises. This model, enriched with certain innovative aspects (e.g. integrated business support, the nation wide toll free hot line) for business development formed the specificity of BEST Project.

The project pilot tests an innovative integrated approach through providing business support to micro and small enterprises on a local level in four pilot communities – Giza, Fayoum, Beni-Suef and Minya. This is implemented through the establishment of Integrated Business Support Centers (IBSCs). The IBSC assist people who would like to start up their own business and micro, small and medium sized enterprises (MSMEs) that have capacity to grow and to create more jobs through the provision of the following range of business services:

- Information services;
- Marketing services;
- Consulting services;
- Vocational and business skills training;
- Physical space to shelter start-up or expanding companies;
- Technical services – photocopying, editing, scanning, etc.

The IBSCs are also designed to provide financial services in a form of financial leasing scheme. The target group is productive oriented micro and small enterprises that need the equipment to develop their businesses, thus creating a larger number of jobs.

Each of the IBSCs is supposed to have an Information Technology Center (ITCs) providing fast access for international market information and opportunities. The ITCs will develop practical computer skills amongst entrepreneurs: people will be able to develop their own web pages and will be assisted in establishing trade links not only in Egypt but abroad as well.

The BEST project facilitates access to information about all the GOE’s initiatives to support the development of the MSMEs, all donor supported projects, information about NGOs and the services they provide, Banks and other financial intermediaries. This is done through the establishment of a nation wide toll free hotline. An entrepreneur is given the possibility to call and find out what is available to him in his respective community or where he can go for assistance.

The total BEST project budget amounts to USD 2,560,000 million, of which USD 2,390,000 million is provided by the Government of Egypt.

II. MISSION OBJECTIVES AND METHODOLOGY USED

The present review is based on the Terms of Reference (ToR - see Annex 1), which states that the aim is to review the performance of the BEST project and that the overall objective is to: “analyze BEST operations, identify performance indicators and define required corrective actions towards a more sustainable and impact achievement prospect.”

The scope of activities included:

1. Review project’s performance and advice for corrective actions.
2. Reinstate strategic objectives and re align tactical plans.
3. Analyze IBSCs daily activities and provide guidance on an individual/functional level.
4. Asses Egypt’s local realities and identify scope change requirements if needed.

All components of the existing project were reviewed. The evaluation focused mainly on:

- The institutional development of the IBSCs;
- Accounting and reporting;
- Monitoring and support;
- Project strategy and objectives;
- Core activities of the IBSCs;
- Special activities of the IBSCs;
- Main income generating activities;
- Financial sustainability ratio;
- Results achieved.

The review took place in the period 19 – 31 July, 2004. The selection of research methods was determined by the timeframe limitations and the ToR requirements. The review was based on secondary information, including the key documentation related to the BEST project’s activities such as project document, annual work plan, quarterly work plans, 2003 annual status report, quarterly status reports, project business development strategy, project human development plan, project training plan, etc.

In-depth interviews were conducted with key SFD and SEDO officials, UNDP representatives, and Project Management Unit (PMU) staff to review project relevance, outcomes and constraints.

Semi-structured interviews with the IBSCs teams, clients and key stakeholders of four IBSCs, namely Beni Suef, Menya, Fayoum, Giza were held in order to get an overview on their activities, achievements, sustainability and issues for the future.

The full list of interviews and meetings held during the course of the mission are presented in Annex 2: Mission agenda.

I would like to express my gratitude to Mr. Antonio Vigilante, UNDP Egypt Resident Representative for the overall support; to Ms. Sophie De Caen, UNDP Egypt Deputy Resident Representative for her clarifications, to Mr. Yehia El Agami and Dr. Eng. Ashraf Zaki for the in-depth briefing and recommendations, to Mr. Hatem Zaki and Ms. Ingy Zahran for their

comments and suggestions, to Mr. Ashraf El-Kinawi and Mr. Khaled El-Sayed for the support and to all the IBSCs teams for the in-depth information provided.

III. PROGRESS IN PROJECT IMPLEMENTATION

INSTITUTIONAL DEVELOPMENT OF IBSCS

Physical infrastructure

Through BEST project, four IBSCs were established in Beni Suef, Menya, Fayoum, and Giza. The premises of the three of the IBSCs (Beni Suef, Menya and Fayoum) have been renovated and equipped under the project. All the premises are centrally located and accessible for clients. The IBSCs are well-equipped with high quality equipment - including fax, copy machine, scanner, computers - 5 on average for each centre, as well as office furniture and other office supplies. That not only facilitates the work of the staff and creates a nice working environment, but also sets up standards for a business support structure and provides small facilities for the organisation of local training seminars, workshops, meetings.

Based on the technical characteristics and the size of the premises, two of the four IBSCs could function also as business incubators – Menya and Giza. The Menya business incubator premises are located in the basement of the building, with separate entrance, ready to shelter local companies. The incubator premises will require some extra repair works due to problems with internal water leaking.

Giza IBSC has been granted premises in May 2004 but the renovations have not started yet. The estimated cost for the renovation works exceeds the budget. In order renovations to start, a decision of the Steering committee is required to either increase the budget or limit the scope of renovation works. During the discussions with the evaluator, the SFD counterparts were questioning the estimated costs for the renovation. In their opinion the renovation costs could be significantly reduced by involving the SFD Investment department, and sub-contracting construction companies from the SFD database. It could not become clear to the evaluator whether the premises on the ground floor of IBSC Giza would be utilized as business incubator.

Human resources

Recruitment of IBSCs staff was carried out on a competitive basis resulting in the appointment of the key staff in the IBSCs, namely a manager, micro-finance consultant, marketing consultant, IT/training specialist and administrative/PR specialist. Each of the IBSCs and the PMU also employ administrative assistant/driver and office assistant(office boy). The number of persons employed at present by the IBSCs is as follows: in IBSC Beni Suef – 5 persons, Menya – 7 persons, in Fayoum – 7, Giza – 7. Currently the total number of staff in the BEST project is 33 persons, of which 7 are PMU staff.

Main strength of the centres is the educated and motivated staff and especially the very qualified managers. Almost all the four centres' managers have experience in servicing the SME sector prior to stepping into position - e.g. the Fayoum IBSC manager has worked as a Deputy Director of the SFD Regional Office. The manager of Beni Suef IBSC has experience in working with local NGO, providing business advisory services and micro-finance to start-ups. This versatile experience gives them a better view on the regional environment, the companies' needs and helps them identify the appropriate solutions to solve the companies' problems and respond to their needs.

The PMU has developed training needs assessment questionnaires to be filled in by the staff members. However, the IBSC Giza was the only center which submitted the questionnaires back to the PMU IT/Training Coordinator. Nevertheless, the PMU IT/Training coordinator developed a basic training plan which envisaged the following trainings to take place in 2004:

Table 1

Job position within IBSC	Type of training	Timeframe 2004
Micro-finance consultants	<ul style="list-style-type: none"> • Feasibility study; • Financial analysis; • Analysis and interpretation of financial statement; • Time management. 	3 rd Quarter 3 rd Quarter 4 th Quarter 3 rd Quarter
IT/Training specialists	<ul style="list-style-type: none"> • Report writing; • Training need assessment; • Time management. 	3 rd Quarter 4 th Quarter 3 rd Quarter
Marketing specialists	<ul style="list-style-type: none"> • Marketing; • Report writing; • PowerPoint; • Business letter writing; • Introduction and fundamentals of advertising; • Time management; • Presentation skills; 	3 rd Quarter 3 rd Quarter Ongoing 4 th Quarter 3 rd Quarter 3 rd Quarter 3 rd Quarter
Administrative/PR specialists	<ul style="list-style-type: none"> • Public relations; • Report writing; • Introduction and fundamentals of advertising; • Time management; • Interviewing skills. 	3 rd Quarter 3 rd Quarter 4 th Quarter 3 rd Quarter 4 th Quarter

The BEST Project still lacks a structured training plan based on training needs assessment. Although the role of the IBSCs managers is crucial for the development of the IBSCs there is no training plan for the IBSCs managers. Almost all staff members, interviewed by the consultant, stated that they need training in order to improve the quality of the services which they provide to their clients. Trainings in general management, creation and maintenance of database, servicing clients, execution of feasibility studies, financial management, strategic planning, commercialisation of products and marketing, computers skills and new information technologies were among the trainings required.

Capacity building takes more time and substantial national/international technical assistance. It is important to understand that the success of a business centre depends to a great extent on the hands-on international, or national assistance provided especially in the first stages of

development. All IBSCs lack databases and a pool of external consultants or trainers that they can use for sector specific consultations.

Legal status

The BEST project document states that: "The IBSCs are organized as non-governmental organizations and have representatives from the whole community in their general assemblies". However, the members of the Project Steering committee have taken the decision "The legality of BEST to become a 'National Association' under Law # 84/2002" with the IBSCs working as regional branches under the umbrella of the foundation. A decision was taken that the founding members of the foundation would be senior representatives from SFD. During the discussions with the national counterparts from SFD and SEDO it became clear that they are not convinced in the idea of registering the IBSCs as independent NGOs. It is still not clear from a legislative point of view whether using a foundation modality as legal form of BEST project will give a room for legal implementation of the financial mechanism.

ACCOUNTABILITY AND REPORTING

Regular meetings are held between the project director and the national counterparts. However, it became clear from the discussions with both sides that these meetings do not always result in straight forward decisions to carry out the implementation of the project. The ineffective communication and coordination between the project management and the national counterparts hampers the decision making process and results in delays in the project implementation. The project director works under the direct supervision of the SFD and is held responsible for the overall management of the project. This includes preparation of project work plan; reporting on progress; monitoring project finances and outputs; recruiting staff, preparing requests for direct payments to UNDP; drafting terms of reference for national and international consultants. During the interviews with the national counterparts it was pointed out that the format and content of project reporting (progress and financial) is considered to be inadequate and insufficient.

The Steering Committee met six times in the period January – July 2004 although as per the project document it has been foreseen that "The Committee will meet every three months". The more frequent than envisaged SC meetings have not resulted in speeding up the project implementation. Consideration should be given to whether the existing project management arrangements facilitate the timely implementation of the project. Although this is considered to be adequate by those that provided feedback, however, it is not clear about the extent to which the Steering Committee is actively involved in "steering" the project. It seems that the SC is more involved in solving operational instead of strategic issues. The Steering Committee can be better utilized to further achieve the project objectives.

The IBSCs-SFD Regional Offices relationship is considered to be mutually beneficial. All IBSCs have carried out conferences and other events to launch the BEST project on a local level in close cooperation with the Regional SFD Offices. The involvement of the SFD Regional offices in the IBSCs activities is beneficial to the centres in their initial stages of development. It is also fundamental to the long-term success of the organization by developing and nurturing trust and acceptance from the key local stakeholders. Without it, the IBSCs will always be an outsider and will not be as successful as it could have been. Further efforts should be put in developing the local partnership since some of the IBSCs

managers lack understanding that establishing an initial relationship with the local stakeholders is not enough – it has to be also maintained and followed up.

MONITORING AND SUPPORT

The monitoring arrangements are well structured and work well. The IBSCs prepare monthly reports. These are converted into quarterly status reports by the PMU and are circulated among SFD, UNDP and the project SC. Annual reports are also prepared as part of the reporting structure. A copy of the 2003 report has been obtained by the evaluator. Annual work plans are developed by the project and submitted for approval to SFD, UNDP and the Steering Committee members.

The PMU members travel frequently to all IBSCs thus monitoring their activities and progress, as well as obtaining feedback on needs and delivering support as required. The IBSCs reported that they need more substantial support and day-to-day backstopping for sufficient capacity building from the PMU. All IBSCs managers felt that the PMU does not provide sufficient advice and information needed. They also felt that the PMU members put more efforts to control and monitor their activities compared to provision of substantial support.

The IBSCs managers will continue to meet on a regular, monthly basis, as a means of ensuring monitoring, reporting and intensive capacity building in the first two years of operation. This is appropriate.

The project is in the process of establishing regular meetings of the project specialists (Financial, Marketing, IT/Training, Admin/PR) as means for facilitation and exchange of expertise, information sharing, etc. It is clear that the BEST project has started to create a “culture of learning” among the centers.

Feedback mechanisms from training courses and follow-on contacts with clients, although existing, are still rudimentary. It did not become obvious during the review that all centres stay in regular touch with their clients and use evaluation forms from training courses in order to improve their programmes.

PROJECT STRATEGY AND OBJECTIVES

As per the BEST project document the overall aim is “to demonstrate best practices in supporting micro and small businesses through a self-sustainable business support center model using integrated approaches to job creation”.

The Project strategy envisaged that the project would focus on three main areas:

1. To pilot test an innovative integrated approach to providing business support to micro and small enterprises on a local level in two pilot communities – Beni-Suef and Minya
2. To facilitate access to business development support services to micro and small enterprises all over Egypt through the establishment of a toll free Hotline that can be utilized by all interested parties.
3. To institutionalize capacity within the Government to ensure sustainability of business development initiatives.

The strategy was designed to create a model of a self-sustainable integrated business support center through: 1) the integrated approach of bringing all the various types of needed services to micro and small enterprises (technical assistance – training, consulting, information services, subsidized physical premises, access to financing for productive assets, and

information technology) under the auspices of one non-governmental organization and 2) the focus on financial self sustainability of the non-governmental organization has the potential to fundamentally change the way micro and small businesses are developed in Egypt. (source: UNDP BEST Project document, 2002)

Within the project implementation course of BEST project, SFD and UNDP have decided to establish two additional IBSCs – in Fayoum and Giza through internal budget reallocations. This substantial change in the project has not been reflected accordingly in the project document. The new legislation defining the role of SFD as national body responsible for the development of SMEs also has not been reflected in the project document.

The wide geographical and population coverage of BEST project should be taken into consideration in view of producing a measurable impact with the limited resources of the project. The project strategy and budget do not include project activities focused on sector specific support to SMEs, expanding markets for IBSCs clients (trade missions, matchmaking events, participation in exhibitions and trade fairs), and other business development initiatives that could contribute to a broader and measurable impact. It is not well and clearly stated that the activities of the IBSCs are not limited only to providing basic non-financial services combined with a leasing scheme, but also include opening new markets for the SMEs through a well defined market-driven business development strategy.

Local economic development surveys have been conducted in the four Governorates where the IBSCs operate. Through the surveys, a lot of data was collected and analysed. SWOT (strengths, weaknesses, opportunities, and threads) analysis of the Governorates was made which helped to identify the local economic situation. Knowing the content of the local economy is crucial to help the centers to strategize for the future.

CORE ACTIVITIES OF IBSCs

Currently the basic business services provided by the IBSCs include: training, consulting (primarily financial consultancies), marketing services, information services, IT services, and technical services (copying, fax, e-mail, etc). However, one of the most important services – financial leasing of equipment to the IBSCS' clients is not available yet.

Training

According to BEST project information, in total about **95** persons have been trained in various areas by the IBSCs.

- Vocational skills training linked with direct job creation appear to be the immediate focus of all centers – carpet production, mushroom cultivation, arabesque production, fish cultivation, etc.
- Basic business skills trainings are insufficiently developed. Only 15 people have been trained on Small business management by Fayoum IBSC, and 15 SMEs representatives have attended training on Marketing (Giza IBSC). The ILO Start Your Business training has not started yet.
- IT trainings are limited by lack of physical infrastructure – e.g. IBSC Giza conducts training on MCSE using the project staff's PCs after work hours.

Consulting services

The development of consultancy services in the regions in which the BEST IBSCs are located is still underdeveloped, with the possible exception of legal and accountancy services. The demand for consultancy services from the local entrepreneurs is also quite limited. The IBSCs offer a range of consultancy services to start-ups and established entrepreneurs related primarily to financial and marketing issues, identification of potential business partners, etc.

- Financial consultancies comprise the largest volume of consulting services delivered to the companies. The IBSCs provide development of feasibility studies for clients applying for SFD loans (55 feasibility studies have been prepared, 20 of them soon to be approved by the banks).
- Business development consultancies are predominantly targeting the existing businesses. The main areas covered are: how to expand markets; how to form producer groups; how to recruit people.

The staff of the IBSCs has insufficient capacities and expertise for expanding the consultancy services and providing specialized consultancies, e.g. improve production efficiency, product quality, export requirements, etc. They still lack a database of external national and international consultants that could provide specialized consultancies to the companies.

Marketing services

The marketing services provided by the IBSCs are among the services mostly needed by the local companies. Creation of links between Egyptian and foreign companies is an area of expertise, which builds up the image and reputation of the centers among the local entrepreneurs. The IBSCs are trying to attract foreign investors through existing Internet trade promotion facilities.

- Establishment of Business-to-business links by providing national and international market information appears to be of high importance for the companies. Most of the IBSCs clients interviewed appreciated this type of service, and pointed out that finding partners is of very high importance for the development of their business. The IBSC Menya has succeeded to achieve concrete results by linking a local company, trading with lime stone and charcoal, with an Indian company interested in importing to India. They have also linked several local producers of crops with big Egyptian exporting company. The exporting company provided technical advice to the local producers on specific export requirements.
- Development of marketing plans for companies and support to implementation is another type of marketing services delivered to local business. IBSC Menya has developed a marketing plan for a local newspaper and supported the implementation of it. As a result, the company succeeded to increase its market share from 250 to 650 copies/per month and created three new jobs.
- IBSC Beni Suef has conducted several marketing surveys for clients in the area of herbs and spices, cartoons, production of schools uniforms, etc.

- Marketing through Internet is an innovative service offered to the local businesses. Ministry of Foreign Trade (MoFT) has established an Internet based trade promotion facility - International Trade Point (ITP) which is basically an Internet portal for export promotion. The IBSCs use the portal by placing inquiries of their clients. So far 50 replies from international companies have been received. The IBSC Menya has linked the web sites of four of their clients directly to the International Trade Point internet portal and on an on-going basis processes the inquiries received. As a result of the active work of IBSC Menya and the concrete results achieved, the MoFT has decided to consider the establishment of a regional office of ITP in the premises of IBSC Menya.

Information services

The IBSCs are slowly becoming a valuable information point, not only for the local entrepreneurs but also for the community at large.

- A nationwide toll free hot line: 0800-000-2378 became operational in the first quarter of 2004. The hot line is managed by one person at PMU who provides information about all the Government and donor funded initiatives to support the development of the MSMEs, NGOs and the services they provide, banks and other financial intermediaries. For the reported period 152 calls/requests have been received and answered. Since the SFD has officially launched their hot line during the last week of July, the project SC had taken the decision to keep the profile of the BEST hot line low. No resources are planned in the project budget for the development of the hot line.
- Some of the IBSCs have started to provide information on available job opportunities within the community. This service is underdeveloped in the communities and acting as a recruitment office facilitates the local employment process. IBSC Fayuom has a special board in the center where companies can place job announcements; IBSC Menya has agreed with a local newspaper (their regular client) to have a special place allocated in the newspaper, where companies can place their job vacancies. The initiative was launched and it turned out to be the right service offered at the right time since many of the companies started to make use of it.
- One of the main weaknesses of the IBSCs is that they still lack unified databases on exporters, producers, suppliers, consultants, etc. Establishing such a database is of crucial importance for providing high quality and adequate information services.

Information Technology services

The BEST project strategy as per the project document envisages the establishment of Information Technology Center (ITC) at each of the IBSCs. Due to budget constraints this has not happened yet. The lack of basic infrastructure limits the provision of IT services and hampers the realization of integrated business support model.

- Some of the IT specialists in the IBSCs, although limited by the lack of IT center, offer web page design and web hosting services for local businesses. A total of 5 web pages have been developed for local companies (one by IBSC Beni Suef and four by IBSC Menya). The Menya IT specialist has done 30 Internet searches for local companies.

Technical services

- Technical services (photocopying, sending/receiving faxes, editing, scanning, printing documents) are provided to the IBSCs' clients and the wider community. As pointed out during the meetings with entrepreneurs in Menya: "without the technical support of the IBSC – e-mail, fax, scanning documents – we would have lost a lot of time" It should be noted, that the provision of technical services to the IBSCs clients and community at large is important during the initial phase of development of the IBSCs as an instrument for attracting clients to the centers, and as an income generation source.
- One of the local stakeholders (the SFD Deputy Regional Manager in Menya), during the interview, shared his concerns that the provision of technical services by the center "does not bring value added to the center's reputation in the local community". In his opinion, the provision of technical services undermines the role of the center as high quality business service provider.

SPECIAL INITIATIVES OF THE IBSCS

It is important to note that although there are many similarities between the IBSCs, there are also many differences between them. Responding to the local needs of each community the centres have taken on functions that go beyond the classic understanding of a business support structure.

- IBSC Beni Suef has established a Research unit comprised of volunteers. The total number of volunteers who have worked or are currently working in the center is 104. Based on market analysis, the IBSC Beni Suef has identified a market niche for conducting local surveys. The team of the volunteers designs and conducts social and economic surveys for different external organizations. The Research unit is planning also to set up a library within the center that will provide with information the businesses in the regions.
- The IBSC Fayoum became a co-organizer of local trade fairs. The center has supported its clients to participate in the following local trade fairs: Marketing & Tourist Festival- from 12/7 to 20/8/2004; Exhibition with SPDA – from 20/6 to 18/7/2004; Fayoum National products - from 30/3 to 30/4/2004.
- IBSC Menia and Fayoum have organized office exhibition areas for local artisans thus promoting the local products and servicing as a trade outlet for the clients.
- IBSC Fayoum has started an interesting initiative, offering membership for clients and external consultants - "IBSC business club". One of the incentives to become a member of the center is the discount on the center's services which the member gets. Inevitably the initiative will contribute to the networking among the businesses and those that can assist them, as well as will support the establishment of business partnerships. The initiative will be replicated as best practice within the BEST project.

MAIN INCOME GENERATING ACTIVITIES

The information on the main income generating activities of the IBSCs has been obtained from the monthly financial reports of the centers.

Table 2

Income generating activities	Beni Suef	Menia	Fayoum	Giza
Training	12.5%		35%	33%
Consulting	12.4%		0.4%	5%
Marketing		30.6%	63%	
ITC	1.9%			
Research	50%			
Technical	23.2%	69.4%	0.2%	62%
Other			1.4%	
Total	100%	100%	100%	100%

Analyzing the financial data one could see that the centers differ from each other in their main income generating activities. A very positive and encouraging sign is that the training and marketing activities represent a substantial percentage of the income generated. The common experience with the service providers in initial stage of development is that usually technical services occupy the highest percentage.

FINANCIAL SUSTAINABILITY RATIO

For the purpose of this evaluation a commonly accepted definition of sustainability, to which all key donor and international organisations, including UNDP, refer has been used:

“A BDS [business development service] is *sustainable* if commercially available revenues are at least as great as the full costs of service provision (direct and indirect costs, fixed and variable costs). The revenues received from the public sector (donors and government) are not included. Similarly, revenues received as a result of philanthropic or political motivations are not included. In this definition, financial sustainability differs from organizational *viability* in the sense of the ability of the BDS institution to continue its existence by drawing on grants and other non-commercial revenues.” (Committee of Donor Agencies for Small Enterprise Development, 2000, p.12)

Self sustainability focus has been embedded in the project from its inception. The BEST project has set annual targets and monthly monitoring and reporting of the sustainability ratio is carried out by the PMU. As the IBSCs have become fully operational since 1st March, 2004 the results are as follows:

Table 3

IBSC	Behl Suet	Menia	Fayoum	Giza
Sustainability (average % March-July)	18%	12%	16%	6%

The reported results are really impressive having in mind that the centers have been operational only for 5 months.

RESULTS ACHIEVED MARCH – JULY, 2004

The evaluator met with clients of all IBSCs. Additional to the scheduled in the agenda, meetings were requested by the evaluator, and organized by the centers. During the site visits talks, the IBSCs clients stated satisfaction with the services provided by the IBSCs. When asked the question about whether they would have been able to grow their business/ find employment without the assistance and support provided by the center, in most cases the response was “probably not”. The conclusion is that the IBSCs have made a positive contribution to the development of the local businesses and to employment generation in the time that they have been operating. The local stakeholders, met by the evaluator, consider the project to be of great importance to the social/community development of their areas, as well as to the economic / business development of their local economies.

Direct results

The IBSCs have contributed directly to the process of creating jobs, training people, providing basic business services to companies. Details on the direct results achieved by the centres are evident from the numbers below.

- 504 clients interviewed in person by the IBSCs
- 140 long-term jobs created
- 208 temporary jobs created
- 95 people trained
- 59 IT clients served

Indirect results

The local stakeholders noted that the need to change mentality in the region was one of the most important challenges that needed to be addressed locally. Representatives of the business community also noted this. They also stated that the implementation of BEST project has contributions to the process of introducing market oriented thinking, changing mentality at a local level, increasing the workforce employability and adaptability, introducing new type of high quality business services. The establishment and the operation of IBSCs in the local communities has inevitably contributed to an increased inflow of information and financial resources to the local communities.

IV. ASSESSMENT OF IBSCS STRENGTHS AND WEAKNESSES

STRENGTHS

The IBSCs are well placed in their communities and are generally pro-active in responding to the needs of the business community.

- The *dedicated and committed project staff* is exemplary and vital to ensuring the success of every centre.
- They implement *new tools and concepts* (e.g. integrated business support model, nationwide free toll hot line for business information, opening markets through internet, business-to-business links, etc.) that are attractive for the MSMEs.
- A spirit of *co-operation and transparency* was noted both by the local key stakeholders and the clients.
- A specific achievement of the project is the fact that the IBSCs are *run as 'business operations'* – each centre plans cash flow and is given a small amount of cash per month to pay bills and engage in locally important activities.
- One of the strong points of the IBSCs is their *ability to adapt to the quickly changing local realities*. Their flexible nature allows them to respond quickly to local needs.
- Last but not least, *the quality of technical equipment and premises* sets up standards for a business support structure.

WEAKNESSES

It has however to be noted that there are some weaknesses, which should be addressed by the main partners - SFD and UNDP, and by the management of the project.

- The IBSCs still *lack basic business support tools* – ITC centers have not been established, and the financial mechanism is not operational. These mechanisms are the basis of the integrated business support model and without them the project will not be able to achieve its objective “to demonstrate best practices in supporting micro and small businesses through a self-sustainable business support center model using integrated approaches to job creation.”
- As the IBSCs have small staff and inevitably a *limited expertise and insufficient capacities*, they should build up databases and a pool of expertise that they can use for sector specific consultations. Training and capacity building strategy should be developed and implemented.
- The IBSCs are *under pressure to meet the project targets* in shorter than initially planned period due to delays in the start of the project. In this case mistakes are inevitable.
- The IBSCs still have *skeleton databases of suppliers, consultants, exporters, etc.* A process of unification of databases and their gradual build up is necessary to ensure

that each centre has the level of expertise and access to information to provide all services required by the target groups.

- *Feedback mechanisms* from training courses and follow-on contacts with clients, although existing, are still rudimentary. It did not become obvious during the review that all centres stay in regular touch with their clients and use evaluation forms from training courses in order to improve their programmes.

V. RECCOMENDATIONS

INSTITUTIONAL DEVELOPMENT OF IBSCs

1. The project SC should take immediate decision to revise the budget in order to establish the ITC centers and start the renovation of IBSC Giza premises
2. Work on the registration of BEST IBSCs as non-governmental organizations that have public and private sector representatives from the community in their general assemblies. A legal consultant should be hired at the PMU to speed up the work on the registration.
3. The project should allocate significant input to building up the capacity of the local IBSCs staff through provision of training, external consultancy and advice (local and international), monitoring and provision of regular feedback, staff meetings, etc.

ACCOUNTABILITY AND REPORTING

- PMC
- SC
1. Consider changes in the management arrangements: set up Project Management committee comprised of three members (SFD counterpart, UNDP programme officer and Project manager) to meet once monthly and take decisions on on-going implementation of the project.
 2. Consider revision of the Steering committee mandate: the SC should only address strategic issues for the project. The meetings should be held every six months.
 3. Develop a comprehensive template for quarterly and annual progress reports including more detailed information on the specific activities per center.

MONITORING AND SUPPORT

1. Develop the PMU capacity to provide support to the IBSCs through:
 - Recruit three additional people in the PMU: Training and technical assistance coordinator / Financial expert and Business development assistant; /
 - Develop database for specialized national and international technical assistance sources;
 - Explore the different sources for International technical assistance (volunteers with professional expertise in specific areas to match the needs of the local companies, and consultants in the area of local economic development) to support the implementation of the project objectives;

- Hire external national consultant with relevant experience (legal expertise in micro financing) to develop an adequate modality of BEST financial mechanism.
2. Develop and use evaluation forms for beneficiaries who have used the services of the center (training courses, workshops, information, marketing, etc.) in order to improve the quality of the services provided.

PROJECT STRATEGY AND OBJECTIVES

1. The project document, including the project strategy and budget need to be revised in order to reflect the recent developments under the project.
2. The project duration should be extended in due course. The IBSCs need to have feasible time to meet the targets and achieve the project objectives.
3. The project strategy and budget should include project activities focused on sector specific support to SMEs, expanding markets for IBSCs clients (trade missions, matchmaking events, participation in exhibitions and trade fairs), and other business development initiatives that could lead to achievement of the project objectives.

CORE ACTIVITIES OF IBSCs

1. The financial leasing, being a core activity of the IBSCs, is a crucial instrument for the provision of integrated support to MSMEs, resulting in job creation and self sustainability of the IBSCs. Based on analysis of the current legislation the possible option could be that the financial leasing mechanism is established in cooperation with the existing leasing companies.
2. In order to better address the changing needs of the target group the IBSCs have to be able to conduct regular monitoring and assessments of the social and economic situation and the performance of companies. Training courses should not be *ad hoc* and each centre should elaborate an annual training programme, which would allow them to properly allocate resources and provide the needed expertise in timely manner.
3. Diversification of the core services should come only after the IBSC has established itself as a reputable service provider and has perfected its core services.
- ④ 4. Good relationships with local SFD partners and the Governorates are an important factor in addressing the challenges of the local economic development. This however should not make the IBSCs over dependent on the SFD Regional offices and Governorates and be perceived by the latter to be a part of their administration.
5. Public relations and promotion activities of the IBSCs need to be strengthened. A quarterly project newsletter could be a good example. In other cases they should host regular press conferences, write press releases, participate in radio programmes, etc.
6. The IBSCs should organise forums on Local economic development, aiming to achieve a better understanding and response from the local stakeholders on the

Newsletter

IBSCs efforts to improve environment and change mentality. Local economic forums are an important instrument within these partnerships, bringing together representatives of the local business community, local government, NGOs and stakeholders from the wider community. Some of these Forums could initiate a series of meetings highlighting problems and possible solutions for the development of the respective community.

FINANCIAL SUSTAINABILITY VS. FUNCTIONAL VIABILITY

Before assessing the financial sustainability of the business centres it is important to take into account two factors. On the one hand, in all localities the centres have faced the challenge to become socially accepted by the local communities. As innovative interventions the concept of integrated business support needs to be elaborated to local stakeholders. On the basis on this process, usually *about a year, trust and ownership is built*. This was openly pointed out explicitly in Fayoum and Giza, where both centres have put a lot of efforts to make sure that the local community accepts them as a viable tool for stimulating local economic development.

During the *second year* of operation it is important that the centres *build up the technical expertise to provide business support services*. This is the time when the centres establish themselves as service providers to the local business communities.

The second most important factor that needs to be taken into account when assessing the sustainability of the business centres is the generally underdeveloped SME environment and the lack of market oriented thinking among small business managers. This often leads to the inability of the business centres to charge real prices for the services that they provide and the general unwillingness of clients to pay.

During the *third year* of their existence the centres *build up the needed capacity to diversify their sources of income* through some combination of intermediary business operations. A balance between servicing the original target group and being sustainable should be kept.

VI. CONCLUSION

Although not fully operational and equipped with all business support mechanisms, the BEST Project has succeeded to achieve visible results in a very short period. The highly committed and dedicated project staff, and the integrated project approach of bringing all the various types of needed services to micro and small enterprises for job creation are the main strengths of the project. The high level of commitment and support from the Social Fund for Development and the United Nations Development Programme are guarantees for successful achievement of the project objectives.

ANNEX 1

TERMS of REFERENCE

July 19-31, 2004

Mission Summary

Country:	Arab Republic of Egypt
Project Title:	Business Enterprise Support Tools – BEST
Project Number:	12363
Duty Station:	Giza, Menia, Beni Suef, Fayoum
Duration:	15days
Expected Starting Date:	July 18 th , 2004

Mission Objective

The objective of the mission is to analyze BEST operations, identify performance indicators and define required corrective actions towards a more sustainable and impact achievement prospect.

Scope of activities

1. Conduct individual and group sessions with PMU and IBSC staff to reinstate strategic objectives and re align tactical plans.
2. Analyze IBSCs daily activities and provide guidance on an individual/functional level
3. Review project's performance and advice for corrective actions.
4. Assess Egypt's local realities and identify scope change requirements if needed.

This is to be accomplished through the carrying out of:

- a) Visits to all IBSCs
- b) Visits to clients from local communities
- c) Visits to local officials and SEDO/SFD counterparts
- d) Participating in BEST annual conference and lead sessions to share mission findings and required corrective actions

Expected Deliverable

A project review document including a detailed SWOT analysis, as well as a road map for the future with specific corrective actions and required support from different stakeholders.

Expected Dates and Duration

It is expected that the visit will start on July 18, 2004 for a period of fifteen days and the draft report will be submitted by the consultant during the second week of August 2004.

The final mission report should be produced in English and later on translated in Arabic.

Local Support

BEST will offer support to the international consultant to facilitate successful execution of the mission, support will include:

- Providing car & driver for transportation
- Organize meetings, sessions and visits with staff, clients, local officials and SFD/SEDO counterparts.
- Staff from BEST to accompany Consultant during field visits and meetings

ANNEX 2

MISSION AGENDA

Day	Date	City
Mon	19-Jul	Cairo

Time	Activity	Venue	Person	Participants
09:00	Pickup from Hotel		UNDP	
09:30	Meeting @UNDP	UNDP		
11:00	Meeting with Antonio Vigilante	UNDP	AV	
14:30	Pick up from UNDP		MKM	KSA
15:00	Meeting in PMU		AEK	RH, KSA
17:00	Meeting with Dr. Yehia El-Agami	SEDO	YEA	RH
19:00	Back to hotel		MKM	
21:00	Dinner with NPD	Conrad	AEK	

Day	Date	City
Tue	20-Jul	Beni Suef

Time	Activity	Venue	Person	Participants
06:45	Pick up from hotel		MKM	
07:30	Travel to Beni Suef		KSA	HHH
10:30	Meeting with IBSC staff		EFA	IBSC staff, KSA, HHH
13:00	Lunch break		EFA	KSA,HHH
14:00	Presentation on Research Unit		EFA	Volunteers, KSA, HHH
15:30	Meeting with SFD regional office	SFD RO	EFA	KSA, HHH
17:00	Session with IBSC staff	Beni Suef IBSC	EFA	IBSC staff, KSA, HHH
19:00	Check in hotel	El Bakry	EFA	KSA, HHH
20:00	Dinner with Beni Suef IBSC	Nile Cruise	EFA	IBSC staff, KSA, HHH

Day	Date	City
Wed	21-Jul	Beni Suef/Menia

Time	Activity	Venue	Person	Participants
09:00	Visit to Carpets production visit	Nasser	EFA	KSA, HHH
11:00	Small businessmen association visit		EFA	KSA, HHH
12:30	Lunch break		EFA	KSA, HHH
13:30	Traders Services Association visit		EFA	KSA, HHH
15:00	Travel to Menia	Aton	KSA	
18:00	Check in Hotel		MMA	KSA
20:00	Dinner with IBSC Menia		MMA	IBSC Staff, KSA

Day	Date	City
Thu	22-Jul	Menia

Time	Activity	Venue	Person	Participants
08:30	Meeting with IBSC staff	IBSC Menia	MMA	IBSC staff, KSA
10:30	Meeting with SFD Regional Office	SFD RO	MMA	KSA
11:30	Cold Store visit	El-Hatahta	MMA	KSA, SUZ
13:00	Honey Apiary visit	Bayaho	MMA	KSA
15:00	Lunch break		MMA	KSA
17:00	Visit El-Nahr Newspaper		MMA	KSA
19:00	Visit to Emmanuel Export		MMA	KSA, SUZ
20:00	Back to Hotel		MMA	KSA
21:00	Dinner with IBSC Menia		MMA	IBSC staff, KSA

Day	Date	City
Fri	23-Jul	Cairo

Time	Activity	Venue	Person	Participants
07:45	Check out from hotel		KSA	
08:10	Travel to Cairo		KSA	
12:00	Check in Hotel	Conrad	MMA	
13:15	Pick up from Conrad		AV	
13:30	Brunch	Four Seasons	AV	

Day	Date	City
Sat	24-Jul	Cairo

Time	Activity	Venue	Person	Participants
09:00	Tourist sites visit		HEB	MKM, RAM

Day	Date	City
Sun	25-Jul	Fayoum

Time	Activity	Venue	Person	Participants
07:30	Pick up from hotel		MKM	
08:00	Travel to Fayoum		MKM	KSA
09:30	Meeting with IBSC Fayoum staff	IBSC	KFA	IBSC staff, KSA
11:30	Coffee break		MNL	KFA, KSA
12:00	Meeting with SFD regional office	SFD RO	KFA	KSA
13:30	Visit to Fish cultivation training		KFA	MNL, KSA
15:00	Visit to Arabesque Association in Elameyeen		KFA	KSA, MNL
16:30	Check in Hotel	Panorama	KFA	KSA, MKM
17:30	Early dinner with Fayoum IBSC	Shakshok	KFA	IBSC staff, KSA, MKM

Day	Date	City
Mon	26-Jul	Fayoum

Time	Activity	Venue	Person	Participants
09:00	Pick up from hotel		KFA	KSA, MNL, MKM
10:00	Visit to fish cultivation projects		KFA	KSA, MNL, MKM
12:00	Visit to Rayyan lake- kasr qaroun		KFA	KSA, MNL, MKM
14:00	Lunch break		MNL	KFA, KSA
15:00	Session with IBSC manager and staff		KFA	KSA, IBSC Staff
17:00	Travel to Cairo		MKM	KSA
19:00	Check in hotel	Conrad	MKM	

Day	Date	City
Tue	27-Jul	Giza

Time	Activity	Venue	Person	Participants
09:00	Pick up from Hotel	Conrad	MKM	
09:30	Meeting with IBSC Giza	PMU	RAA	IBSC staff, KSA
11:00	Visit to Giza IBSC location	Hawamdeya	EZZ	RAA, SHF
13:00	Lunch break		RAA	
14:00	Meeting with SEDO	SEDO	AZ	AEK
16:00	Meeting with NPD	PMU	AEK	
18:30	Back to Hotel		MKM	
20:00	Dinner with Dr. Yehia El-Agami		YEA	

Day	Date	City
Wed	28-Jul	Giza

Time	Activity	Venue	Person	Participants
08:15	Pick up from hotel		MKM	AEK
09:00	Meeting with CIDA	CIDA	IO	AEK
11:30	Giza client visit		RAA	KSA
14:00	Lunch Break		RAA	KSA
15:00	Session with Giza IBSC		RAA	IBSC Staff, KSA
18:00	Back to hotel	Conrad	MKM	
19:30	Pickup from hotel		MKM	
20:00	Dinner @Samakmak		AV	SDC

Day	Date	City
Thu	29-Jul	Cairo

Time	Activity	Venue	Person	Participants
09:15	Pick up from hotel	Conrad	MKM	
10:00	Debriefing meeting with Mr. Hani Seif El-Nasr	SFD	HSN	AV, YEA, SDC
12:00	Check in Hotel - Best Annual Conference	JW Marriott	MKM	
14:00	Presenting main findings and recommendations	JW Marriott	EP	BEST, UNDP, SFD

Day	Date	City
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Fri	30-Jul	Cairo				
Time	Activity			Venue	Person	Participants
	BEST ANNUAL CONFERENCE			JW Marriott	AEK	BEST, UNDP, SFD

Day	Date	City				
Sat	31-Jul	Cairo				
Time	Activity			Venue	Person	Participants
	Report Writing			JW Marriott	EP	