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# EVALUATION OF THE SOUTH AFRICAN INTERNATIONAL BUSINESS LINKAGES PROGRAM

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## DISCLAIMER

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

# ACRONYMS

AGCI	African Growth and Competitiveness Initiative
AGOA	Africa Growth and Opportunities Act
BBBEE	Broad-Based Black Economic Empowerment
BBSDP	Black Business Supplier Development Program
BSP	Business Services Provider
BEE	Black Economic Empowerment
BLS	Business Linkages Specialist
BMO	Business Management Organization
CA	Cooperative Agreement
CCA	The Corporate Council on Africa
CD	Company Diagnostic
COP	Chief of Party
COTR	Contract Officer's Technical Representative
DAI	Development Alternatives, Inc.
DCOP	Deputy Chief of Party
dti	Department of Trade and Industry
DQA	Data Quality Assessment
ECI	ECIAfrica
ELI	Enterprise Linkages Initiative
FSP	Financial Sector Program
GoSA	Government of South Africa
HMS	Hartell Manufacturing Services
ISO	International Organization for Standardization
KMS	Knowledge Management System
MTE	Mid-Term Evaluation
M&E	Monitoring and Evaluation
NAACAM	National Association of Automotive Component and Allied Manufacturers
NBI	National Business Initiative
NMSDC	National Minority Supplier Development Council
OP	Operational Plan
PSC	Picking a Sound Company
PMP	Performance Management Plan
SAG	South African Government
SAIBL	South African International Business Linkages
SASDC	South African Supplier Diversity Council
SDAT	Supplier Diversity Assessment
SME	Small and Medium Enterprise
SMME	Small, Medium and Micro Enterprise
STTA	Short-Term Technical Assistance
TTAF	Training and Technical Assistance Fund
USAID	United States Agency for International Development

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# EXECUTIVE SUMMARY

Development & Training Services, Inc (dTS) has been contracted by USAID/Southern Africa to conduct a formative, mid-term evaluation (MTE) of the South African International Business Linkages Program (SAIBL2) aimed at linking black-owned small and medium enterprises (SMEs) to corporations. The objective of the MTE is to assess the success of SAIBL2 in meeting targeted objectives and to propose concrete recommendations for adjustments to program strategy and structure during the program extension period.

## EVALUATION PURPOSE AND METHODOLOGY

The SAIBL2 MTE used a combination of qualitative and quantitative methods including: examination of program documents, monitoring and evaluation (M&E) data, other secondary data, key informant interviews, and focus group discussions with program staff, implementing partner, government officials, corporate members of the South African Supplier Diversity Council (SASDC), business service providers (BSPs), and small and medium enterprise (SME) owners. The organizations and persons interviewed were determined through consultation with USAID/Southern Africa and program management taking into account the limited timeframe allowed for this evaluation. SAIBL2 management and staff also helped to facilitate all interviews and technical issues and provided assistance with scheduling meetings and appointments, as well as field visits with the selected stakeholders.

It is important to note that the evaluation SOW and timeframe imposed a number of constraints on the evaluation design, which in turn affected the conclusions we were realistically able draw. The entire evaluation—including desk review, research design, field visit, and report preparation—took place during a compressed time period covering the beginning April to mid-May. There was not, consequently, sufficient time to design and implement a comprehensive and representative mixed-method (quantitative and qualitative) evaluation that would have allowed the MTE team to address questions of ‘attribution’ (e.g., were observed results ‘caused’ by the program). Instead the rapid and largely qualitative research design reflected a pragmatic concession by the MTE team that this was the best that could realistically be accomplished within the timeframe and resources allotted by the SOW.

While the MTE team attempted to visit as many key stakeholders as possible during the field visit, we were not able to interview all of them, and we were only able to interview a relatively small, non-representative sample of program beneficiaries. As might be expected, moreover, different stakeholders had different perspectives on the same issues. Sorting through all of these different perspectives was challenging. Where we could bring in hard data, such as secondary data or data from the project’s performance monitoring system, or the local knowledge and expertise of team members, we did so.

It should be recognized, however, that the rapid and largely qualitative research design used is not capable of producing a comprehensive assessment of the program’s achievements. It is rather a snap shot of program performance at the time of the evaluation based on a reasonably comprehensive, but nonetheless incomplete, survey of USAID, program staff, government officials, and implementing partners and a limited; a non-representative survey of program beneficiaries; and the informed judgments of the MTE team members.

## OVERVIEW OF SAIBL2

The South African economy is characterized by high levels of unemployment (in excess of 30%), which disproportionately impact the majority black population. While large enterprises continue to shed jobs in their

quest to increase efficiency and to cope with the lingering global recession, the SME sector can help to create employment opportunities. SMEs are targeted because of their capacity to increase their workforce.

The South African International Business Linkages (SAIBL) Program – Phase II Cooperative Agreement was awarded on April 1, 2008 to the Corporate Council on Africa and its partners, ECIAfrica Consulting (Pty) Ltd, a South African economic development services company, and the National Business Initiative (NBI), a member of the World Business Council on Sustainable Development.

The SAIBL2 program supports the US Government’s Economic Growth Objective in South Africa to generate rapid, sustained and broad-based economic growth. It supports the Private Sector Competitiveness (Program Area) and Private Sector Productivity (Program Element) of the Foreign Assistance Framework. It also directly complements South Africa’s National Small Business Development strategy, which seeks to create an enabling environment to encourage small business growth and development.

SAIBL2 seeks to promote the creation and development of a corporate-led movement that fosters supplier development as a national competitive advantage and priority. It also seeks to encourage systemic change in the way corporations, black suppliers and business service providers (BSPs) do business with one another, while following sound business practices and market forces.

## **PROGRAM OBJECTIVE**

The specific objective of the SAIBL2 program is to improve the competitiveness and capacity of black businesses to integrate them into domestic and international markets through increased productivity, improvements in corporate governance, and the development and adoption of modern technologies and marketing practices. Linkages with other businesses and market access in general, hold out the greatest promise for business growth and subsequent new employment opportunities. The South African firms benefit through these business partnerships which bring not only new clients and markets, but also new technologies, management skills, market information and ultimately increased revenues

## **OPERATIONAL FRAMEWORK AND STRUCTURE:**

The SAIBL2 program is being implemented under three major result areas and components.

**Major Result Area 1: SMEs, Employment AND Sales.** Assistance provided in this result area and component includes the following:

- Improving the competitiveness of sound black enterprises through focused enterprise level and group interventions to address gaps and weaknesses in the areas of leadership; management; marketing; production and technology; and quality, environmental, human and financial resource management.
- Facilitating networking and matchmaking to improve linkages to corporations in local and international markets.

**Major Result Area 2: Corporations and Linkages.** Assistance provided in this result area and component includes the following:

- Analyzing sectors/value chains to identify areas of growth and opportunity for black enterprises.
- Setting up a corporate membership organization to promote supplier diversity by opening up opportunities for black suppliers and investing in their development.

- Working with large corporations to improve their strategies and practices in diversifying their suppliers and establishing a growing database of sound, certified black suppliers activity engaged in transactions with the corporations.

**Major Result Area 3: Associations and Business Development Services.** Assistance provided in this result area and component includes the following:

- Strengthening the capacity and number of business service providers offering affordable, quality services to black enterprises.
- Marketing the service providers to SAIBL2 partners and clients.
- Working with business management organizations (BMOs) to identify and support their black members in benefitting from corporate supplier diversity opportunities and development programs.

Toward the above ends, SAIBL2 provides training, business support services, and funding for SMEs to meet international standards of management, quality, and competitiveness.

SAIBL2's trade component also helps historically disadvantaged South African SMEs find new export markets in countries such as Botswana, Lesotho, Swaziland, Tanzania, and Zambia.

As part of Component 2, SAIBL2 is collaborating with the National Business Institute (NBI) and the National Minority Supplier Development Council (NMSDC) to create and ensure the sustainability of the South African Supplier Diversity Council (SASDC). The SASDC is a member-directed organization that seeks to be the leading corporate council in South Africa dedicated to promoting sustainable supplier diversity through targeted procurement and black supplier development. Its goal is to facilitate business linkages between its corporate members and bona fide black-owned enterprises geared towards becoming long-term, qualified entities capable of competing in the national and international economic mainstream. The first of its kind in South Africa, the SASDC seeks to enable its members to practice supplier diversity as a strategic business objective. .

The SASDC has formally registered as a non-profit organization with a functioning Board of Directors and 11 corporate members to date. Candidate members include private corporations, state-owned enterprises, and universities

## **MAJOR FINDINGS**

- The critical project assumption that USAID could effectively intervene on both the demand and supply side in promoting supplier diversity remains valid.
- Assessing the substantive impact of SAIBL2 on historically disadvantaged SMEs, particularly with respect to sales, employment and their overall competitive status is a mixed picture.
- Institutional or structural improvement, such as creation of the South African Supplier Diversity Council (SASDC), is a more effective approach to assist SMEs than trying to deal with corporations on an individual basis.
- Development of the SASDC is a significant accomplishment, although the impact of the council will only be apparent over time. Nevertheless, the potential is there.
- SAIBL2 has been weak in collaborating and partnering with other USAID/Southern Africa economic growth program implementers, most importantly the Financial Sector Program (FSP).

- Development of a clear transition strategy and plan focused on “consolidation and transition” should be given priority during the project extension.
- NBI wisely shifted away from its attempt to create the Enterprise Linkage Initiative (ELI) and turned toward an alliance with the National Minority Supplier Development Council (NMSDC) and adopted its proven diversity council model and methodology.
- The time remaining in the life of the project is inadequate to develop the SASDC to a stage where it can function on its own. USAID would be well served to seriously consider providing direct financial support to SASDC for a limited time and for targeted purposes such as operational staff, certification of SMEs, and training events.

## **LESSONS LEARNED**

- One can try to help individual SMEs, but to scale up the process you need structural transformation like the SASDC.
- Ensure the proportionality of the analysis to the business problems being addressed. If the corporations that are members of the SASDC are not requiring a level of analysis beyond something comparable to the Picking a Sound Company (PSC) tool, it is doubtful something more rigorous for business development purposes is necessary.
- Avoid raising expectations inappropriately for both SMEs and BSPs
- Ensure the proportionality of the analysis to the business problems being addressed. If the corporations that are members of the SASDC are not requiring a level of analysis beyond something comparable to the PSC, should something more rigorous be necessary for business development purposes?

## **RECOMMENDATIONS**

### **PROGAM MODIFICATIONS**

- Given the time left for implementation of SAIBL2, modification of program components or the design would be inappropriate. However, the activities planned during the extension period should be reassessed to confirm that they are consistent with a “consolidate and transfer” strategy.
- Priority should be given to assisting SMEs who are already SAIBL2 clients to ensure that they become SASDC-certified and are, in fact, “transaction ready.” Efforts to identify and help new clients would be suspended in favor of helping existing clients to “graduate.”
- Planned “pilot” projects involving incubators, municipality-based business linkage facilitation units and support to very small enterprises in the arts and craft sector should be re-examined to determine if SAIBL2 should proceed with them in the absence of SASDC or other organization to take them to scale.
- It would be appropriate to continue a selected “pilot” approach, such as assistance to incubators, as an experimental effort to help USAID identify alternative approaches to assist black SMEs following SAIBL2.

## **PROGRAM STRATEGY**

- During the remainder of SABIL2, the implementing partner(s) of SAIBL2 should reconsider the balance between servicing established clients (SMEs, BSPs and Corporations) and identifying new ones. This implies a narrowing of focus rather than widening it.
- An evaluation of SAIBL2 training programs should be undertaken to determine their effectiveness by measuring both knowledge and skills acquired by participants and the degree to which the training has been applied in the work place.<sup>1</sup>
- In its “consolidation and transition” planning, SAIBL2 should include organizational development assistance to the SASDC this year to ensure its “grant worthiness” as required by USAID policy.
- Donors should exercise restraint in encouraging SASDC to take on task before the organization has established its footing. In all cases, they should respect the fact that it is a corporate-driven entity and may operate at a pace that differs from that of donors.

## **PROGRAM SUSTAINABILITY**

- Immediate and significant steps should be taken to promote collaboration between SAIBL2 and FSP, including encouraging SAIBL2 clients to apply for credit at the new FSP facilities and developing FinFind to include BSPs serving both projects.
- Similar linkages between FSP and SASDC should be encouraged because SMEs that manage to get contracts through affiliation with SASDC are going to need new financing to scale up and grow their businesses.
- The most significant and important element of the SAIBL2 program that will remain after it closes is the SASDC. In addition to organizational development assistance that it will provide the Council, SAIBL2 must work with its current SME and BSP clients to ensure that sufficient numbers of them will be “transaction ready” or certifiable before SAIBL2 ends.
- SAIBL and the SASDC need to find a way to integrate the BSPs trained under SAIBL into the SASDC. If the program concludes before this happens, there is a good chance that SAIBL’s work with BSPs will come to naught.

## **PROGRAM EXTENSION**

- USAID should reconsider its decision to limit extension of the SAIBL2 project to January 2012 and consider extending the project an additional year to March 2013, even if it requires Washington approval.
- The Corporate Council on Africa (CCA) is advised to change its stated strategy for any extension period from “deepening and entrenching” to “consolidation and transfer.”
- Approval of an additional extension should be predicated on the CCA presenting a detailed program of activities and results framework that focus on capacity development of existing SMEs, BSPs and SASDC.

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<sup>1</sup> The well-known Kirkpatrick Model for training evaluation, recommended by USAID, assesses training at four levels. Level 2 measures knowledge and skills acquired and Level 3 measures application on the job. SAIBL2 has been measuring only to Level 1, reaction to the training events.

- SAIBL2 is urged during any extension to undertake activities, beyond simply training, that develop BSPs to reach an appropriate level of skill and professionalism as determined by a new USAID-endorsed consultant rating system.

### **PERFORMANCE MONITORING PLAN**

- An updated data quality assessment is warranted to better understand the meaning of data that is being reported on the project.
- The Mission M&E Officer should work with the SAIBL2 CO/TR to assist CCA in developing a well-thought out performance management plan with a results framework and indicators,

### **INTEGRATION WITH FSP**

- USAID should review together with the implementing partners the respective roles of SAIBL2 and the FSP project to determine how they can better integrate their efforts to address the issue of inadequate credit to black SMEs.
- USAID should review together with the FSP and other implementing partners how they can coordinate their respective efforts to produce a mutually acceptable BSP rating system.

# INTRODUCTION

Although the impression created of South Africa is that it has a strong and wealthy economy, underneath its developed economy exists a 'second economy' consisting mostly of poor, historically disadvantaged communities, which are a legacy of Apartheid. The second economy is informal and marginalized, is populated by the under-skilled and under-served, and is predominantly made up of historically disadvantaged blacks.

South Africa has one of the highest rates of unemployment in the world with 26% of South Africans unemployed based on the official narrow definition of unemployment and an estimated 40% unemployed based on the broader definition of unemployment. It is estimated that more than 34% of South Africans still live on less than U.S. \$2 a day and approximately one-half of the population lives below the national poverty line. Adding to the above outcomes historically disadvantaged black firms, and in particular small and medium enterprises (SMEs), lack access to capital, technology, productive inputs, business development services, and access to markets necessary to be competitive and create employment.<sup>2</sup>

To address the above issues, USAID/Southern Africa launched the South African International Business Linkages Program (SAIBL) aimed at linking black-owned SMEs to corporations. The South African International Business Linkages Program – Phase II (SAIBL2) Cooperative Agreement was awarded on April 1, 2008 to the Corporate Council on Africa and its partners, ECIAfrica Consulting (Pty) Ltd, a South African economic development services company, and the National Business Initiative, a member of the World Business Council on Sustainable Development. SAIBL2 provides assistance to historically-disadvantaged black-owned SMEs to improve their productivity, development and adopt modern technologies and marketing practices, and improve enterprise governance so as to assist them in forging commercial relationships with domestic and international corporations. SAIBL2 is being implemented alongside its sister USAID program, the Financial Sector Program (FSP), which seeks to increase black-owned SMEs' access to financial services. Results produced by the SAIBL2 program also contribute to US foreign assistance objectives in the agriculture sector productivity element of the Agriculture Program Area.

Three years into the implementation of SAIBL2, USAID/Southern Africa has commissioned dTS to conduct a formative, mid-term evaluation (MTE) of the program. The objective of the MTE is to assess the success of SAIBL2 in meeting targeted objectives, and to propose concrete recommendations for adjustments to program strategy and structure for implementation during the program extension and option period.

The evaluation will attempt to determine as systematically and objectively as possible the effectiveness of SAIBL2 in achieving its objectives. It will provide pertinent information, statistics, and judgments that will help USAID and implementing agencies better understand program results, derive lessons learned, and develop recommendations for future USAID programming. The findings of the Mid-Term Evaluation will inform the design of the SAIBL2 Annual Work Plans during any extension period.

The MTE will investigate, among others, the following questions:

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<sup>2</sup> See KNC & Associates, SAIBL – Evaluation & Impact Assessment, September 10, 2003 and Department of Trade and Industry, Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises. 2005. These same factors cited frequently during interviews with informed observers of SAIBL2 activities.

1. Has the program increased business linkages among the historically disadvantaged black-owned SMEs? Have the key program objectives/results been met to date?
2. What were the critical assumptions on which the program was based? Have these assumptions remained valid throughout the program period?
3. What are the key obstacles to increasing business linkages among SMEs as a result of program interventions? How did the program address them and with what result?

## EVALUATION PURPOSE AND METHODOLOGY

The SAIBL MTE was carried out during the time period of April 3-21. The MTE used a combination of qualitative and quantitative methods including: examination of program documents, monitoring and evaluation (M&E) data, other secondary data, key informant interviews, and focus group discussions with program staff, implementing partner, government officials, corporate members of the South African Supplier Diversity Council (SASDC), business service providers (BSPs), and small and medium enterprise (SME) owners. (For a comprehensive list of persons interviewed and documents reviewed, see Appendices A and B.) The organizations and persons interviewed were determined through consultation with USAID/Southern Africa and program management taking into account the limited timeframe allowed for this evaluation. SAIBL2 management and staff also helped to facilitate all interviews and technical issues and provided assistance with scheduling meetings and appointments, as well as field visits with the selected stakeholders. The evaluation will clearly document its findings, lessons learned and recommendations.

A further description of the evaluation methodology used for the SAIBL2 mid-term evaluation is provided below.

- **Desk review** of background documentation and materials, including operational documents and reports, monitoring and evaluation reports, annual implementation work plans, quarterly and annual progress reports, evaluation and internal progress evaluation reports, etc. to familiarize evaluators with the program and to determine its implementation status.
- **Structured face-to-face interviews** with key informants, including USAID/Southern Africa, program staff, implementing partners, government officials, corporate representatives, SME owners, and other stakeholders.
- **Focus group discussions** with program staff, BSPs, and SME owners.

Through the methods described above, the evaluation team sought to determine the implementation status of the program and determine whether the expected results have been or are likely to be achieved and the chances of sustaining these results. Evaluators also sought information to identify and assess the validity and continuing relevance of key program assumptions as stated or implied by program documents and stakeholders, to assess the quality of program management and the technical effectiveness of program activities, to identify factors internal and external to the program that have affected its implementation and results, and to identify the challenges and risks to the full attainment of intended program results.

Through the methods described above, the evaluation team sought information related to program design and structure, relevance, efficiency and effectiveness, outcomes and impacts, sustainability, and lessons learned, as follows.

- **Program Design and Structure:** The MTE sought to answer the following questions:

- Is the program is meeting targeted program objectives?
  - Is the intervention logic is coherent given the prevailing conditions?
  - What is the level of involvement of beneficiaries in terms of both government and other key stakeholders, and in terms of gender in the various stages of the project cycle?
  - Does the program need to be re-oriented, e.g., should some components/activities be discontinued or new ones included?
  - Is the program is not delivering planned inputs, outputs and meeting targeted objectives, are internal factors (e.g., program component and design) and/or external factors (e.g., economic, political, social environment) preventing the achievement of these?
- **Relevance:** The MTE sought to determine the value of SAIBL2 interventions in relation to government priorities, USAID/Southern Africa strategies, stakeholders' needs, and market conditions. The MTE evaluated both the processes through which results have been achieved and the results themselves whether intended or unintended, in addition to the validity and continued relevance of underlying program assumptions.
  - **Efficiency and Effectiveness:** The MTE evaluated the efficiency and effectiveness of the program's technical components. Toward this end, the MTE asked the following:
    - Are program implementers delivering planned inputs and whether planned outputs have been achieved as a result?
    - Is the program using the resources at its disposal in the most economical, efficient and effective manner to achieve its objectives?
    - Are activities being implemented achieving satisfactory results in relation to their stated objectives?
    - What are constraints and bottlenecks related to the program implementation and obstacles to the achievement of the intended results?
    - Are program activities the most efficient or effective way of achieving desired results?
    - Should program components be modified in order to improve program efficiency and effectiveness and if so how?
  - **Outcomes and Impacts:** The MTE sought to determine the results of program activities by asking the following:
    - Has the program generated results, either positive or negative, in addition to targeted results?
    - What made successful activities work well and unsuccessful activities not work well?
    - What political, social, cultural and economic obstacles have had to be overcome in order to achieve the success identifies in this evaluation? How were they overcome?
  - **Sustainability and Reliability:** The MTE sought to assess the long-term sustainability of program interventions by asking whether the activities and their impact are likely to continue when external support is withdrawn and/or whether they are likely to be replicated or adapted by other entities.

**Lessons Learned:** The MTE sought to identify lessons learned based on the implementation experience of SAIBL2 and the findings of the MTE.

It is important to note that the evaluation SOW and timeframe imposed a number of constraints on the evaluation design, which in turn affected the conclusions we were realistically able to draw. The entire evaluation—including desk review, research design, field visit, and report preparation—took place during a compressed time period covering the beginning of April to mid-May. There was not, consequently, sufficient time to design and implement a comprehensive and representative mixed-method (quantitative and qualitative) evaluation that would have allowed the MTE team to address questions of ‘attribution’ (e.g., were observed results ‘caused’ by the program). Instead the rapid and largely qualitative research design reflected a pragmatic concession by the MTE team that this was the best that could realistically be accomplished within the timeframe and resources allotted by the SOW.

While the MTE team attempted to visit as many key stakeholders as possible during the field visit, we were not able to interview all of them, and we were only able to interview a relatively small, non-representative sample of program beneficiaries. As might be expected, moreover, different stakeholders had different perspectives on the same issues. Sorting through all of these different perspectives was challenging. Where we could bring in hard data, such as secondary data or data from the project’s performance monitoring system, or the local knowledge and expertise of team members, we did so.

It should be recognized, however, that the rapid and largely qualitative research design used is not capable of producing a comprehensive assessment of the program’s achievements. It is rather a snap shot of program performance at the time of the evaluation based on a reasonably comprehensive, but nonetheless incomplete, survey of USAID, program staff, government officials, and implementing partners and a limited, non-representative survey of program beneficiaries; and the informed judgments of the MTE team members.

## OVERVIEW OF SAIBL

SAIBL2 seeks to promote the creation and development of a corporate-led movement that fosters supplier development as a national competitive advantage and priority. It also seeks to encourage systemic change in the way corporations, black suppliers and business service providers (BSPs) do business with one another, while following sound business practices and market forces. The program goals, objectives, and operational framework and structure are described in greater depth below.

### PROGRAM GOAL

The SAIBL2 program supports the US Government’s Economic Growth Objective in South Africa to generate rapid, sustained and broad-based economic growth.

### PROGRAM OBJECTIVE

The specific objective of the SAIBL2 program is to improve the competitiveness and capacity of black businesses to integrate them into domestic and international markets through increased productivity, improvements in corporate governance, and the development and adoption of modern technologies and marketing practices. Linkages with other businesses and market access in general, hold out the greatest promise for business growth and subsequent new employment opportunities. The South African firms benefit through these business partnerships which bring not only new clients and markets, but also new technologies, management skills, market information and ultimately increased revenues. Thus, in the Foreign

Assistance Framework the program supports the Private Sector Competitiveness (Program Area) and Private Sector Productivity (Program Element).

## **OPERATIONAL FRAMEWORK AND STRUCTURE**

The SAIBL2 program is being implemented under three major result areas and components.

**MAJOR RESULT AREA 1: SMEs, EMPLOYMENT AND SALES.** Assistance provided in this result area and component includes the following:

- Improving the competitiveness of sound black enterprises through focused enterprise level and group interventions to address gaps and weaknesses in the areas of leadership; management; marketing; production and technology; and quality, environmental, human and financial resource management.
- Facilitating networking and matchmaking to improve linkages to corporations in local and international markets.

**MAJOR RESULT AREA 2: CORPORATIONS AND LINKAGES.** Assistance provided in this result area and component includes the following:

- Analyzing sectors/value chains to identify areas of growth and opportunity for black enterprises.
- Setting up a corporate membership organization to promote supplier diversity by opening up opportunities for black suppliers and investing in their development.
- Working with large corporations to improve their strategies and practices in diversifying their suppliers and establishing a growing database of sound, certified black suppliers activity engaged in transactions with the corporations.

**MAJOR RESULT AREA 3: ASSOCIATIONS AND BUSINESS DEVELOPMENT SERVICES.**

Assistance provided in this result area and component includes the following:

- Strengthening the capacity and number of business service providers offering affordable, quality services to black enterprises.
- Marketing the service providers to SAIBL2 partners and clients.
- Working with BMOs to identify and support their black members in benefitting from corporate supplier diversity opportunities and development programs.

Toward the above ends, SAIBL2 provides training, business support services, and funding for SMEs to meet international standards of management, quality, and competitiveness. SAIBL2 services include:

- Training and mentorship
- Business planning
- Identifying private and public financing programs
- Business-to-business partnerships
- Exhibition and tradeshow support
- Proposal development for tenders

- Productivity improvements, quality assurance, and accreditation
- Information on trade protocols and incentives
- Marketing strategies and alleviating constraints to market access.

SAIBL2's trade component also helps historically disadvantaged South African SMEs find new export markets in countries such as Botswana, Lesotho, Swaziland, Tanzania, and Zambia.

As part of component 2, SAIBL2 is collaborating with the National Business Institute (NBI) and the National Minority Supplier Development Council (NMSDC) to create and ensure the sustainability of the South African Supplier Diversity Council (SASDC). The SASDC is a member-directed organization that seeks to be the leading corporate council in South Africa dedicated to promoting sustainable supplier diversity through targeted procurement and black supplier development. Its goal is to facilitate business linkages between its corporate members and bona fide black-owned enterprises geared towards becoming long-term, qualified entities capable of competing in the national and international economic mainstream. The first of its kind in South Africa, the SASDC seeks to enable its members to practice supplier diversity as a strategic business objective in the following ways.

- Establish and maintain a database of certified bona fide black suppliers for members to access.
- Share knowledge, experience and best practice in supplier diversity.
- Support member commitments in growing procurement and development opportunities for black-owned suppliers.

The SASDC has formally registered as a non-profit organization with a functioning Board of Directors and 11 corporate members to date. Candidate members include private corporations, state-owned enterprises, and universities.<sup>3</sup>

## **USAID SUPPORT OF SMES**

USAID has a nearly 13 year history of support to South African small and medium enterprises. The first South African International Business Linkages (SAIBL) program that ran from FY 1998 – FY 2008, focused on creating market driven linkages for small- and medium-sized historically disadvantaged enterprises (HDEs), now more commonly referred to as Black Economic Empowerment (BEE) enterprises, which lacked resources to compete in the mainstream global economy. Originally a 5-year program, SAIBL was extended several times to a total of 10 years with a budget of more than \$24 million, generating over \$1.7 billion in business transactions and over 18,000 jobs.

Implemented by The Corporate Council on Africa and ECI/Africa, the SAIBL program also assisted small- and medium-sized enterprises (SMEs) to increase productivity, improve corporate governance, gain access to technology and finance, and develop marketing practices. It also created supplier diversity programs for South African corporations to increase procurement from BEEs, facilitated networking and matchmaking opportunities for BEEs exporting to African and overseas markets, facilitated access to private equity, bank loans and credits. Like its successor, SAIBL employed company diagnostic tools to identify gaps in strategic management, leadership, marketing, competitiveness, production and technology.

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<sup>3</sup> For more on the SASDC, see its website <http://www.sasdc.org.za/>. 2. SASDC. Affiliation Agreement Between the National Minority Supplier Development Council, Inc. and South African Diversity Council (SASDC), March 2011.

Although SAIBL originally focused on linkages with US firms and others in the Southern African Development Community (SASDC) region, it was amended to include South African companies. Subsequently, the Promoting Agriculture Linkages (PAL) component was added along with a new expanded trade component.

USAID learned valuable lessons during the 10 years of the SAIBL project that were subsequently incorporated into its successor SAIBL2. Perhaps the most important lesson was that affirmative procurement policies must be implemented and promoted as a business imperative with economic benefits. Moreover, disadvantaged black SMEs must position themselves as highly qualified competitors for business and not depend upon their status as BEEs for contracts.

### **SME COMPETITIVENESS**

Despite benefitting from years of government and donor efforts to aid them, South African SMEs remain weak. See, for example, the relatively small number of firms that qualified for assistance under the SAIBL2 standards. Black economic empowerment has moved slowly, and overall relatively few black-owned or partly black owned companies had enough success and/or showed potential for linkage with either locally based multinationals or US-based firms.

In response, SAIBL2 developed a rigorous analytical methodology, including a pre-qualification assessment, the Picking A Sound Company (PSC) tool, and a lengthy and in-depth Company Diagnostic (CD). To encourage SMEs to use the business consultancy services it provides, SAIBL2 helps to fund training and other recommended interventions with project resources set aside in an in-house Training and Technical Assistance Fund (TTAF). From the fund SAIBL2 pays for up to four interventions, including training. SAIBL2 covers 50% of the first intervention and a lower percentage of the cost of subsequent assistance. Often the SME pays the balance or obtains funding from other government or donor programs.

A review of a data sample (see Table 1) extracted from the SAIBL2 database revealed that a large number of black SMEs that were eligible for SAIBL assistance chose not to use it. In the sample obtained during the evaluation in mid-April 2011, on average less than 30% of the SMEs opted to undergo the CD and less than 30% of that group proceeded with some intervention to reform their business practices.

While it is true that some SME clients may have obtained funding elsewhere to pay for reforms, it would appear that SAIBL2's efforts to improve SME competitiveness is on average reaching fewer than 10% of their clients. These results contribute to concern that it is not known how many SAIBL2 SME clients are ready to be accepted by SASDC. Answering that question is important to the future success of SASDC.

Table 1. SAIBL Interventions by Province

<b>Provincial Office</b>	<b>SMEs Registered in TAMIS</b>	<b>CD* Not Done</b>	<b>CD* Completed</b>	<b>Interventions Undertaken</b>
Gauteng	212	151	61	13
Kwazulu Natal	58	32	26	13
Western Province	53	34	15	4
<b>Totals</b>	<b>323</b>	<b>217</b>	<b>102</b>	<b>30</b>

\* CD – Company Diagnostic

## PERFORMANCE RESULTS

Since its inception in April 2008, SAIBL2 has reportedly made good progress in bringing about systematic change between black SMEs and large South African corporations. More importantly is a reported change in attitudes and relationships between them as reported by SAIBL2 leadership and the few SASDC leaders that were interviewed. Table 2 shows the status of key SAIBL2 performance indicators, reported by CCA, as of November 18, 2010. It is exceedingly difficult to determine the most up-to-date results of the SAIBL2 project because the indicators, the planning periods and targets are changed frequently. More recent data (reported in Quarter 11 Report, December 2010) is available, but cannot be meaningfully analyzed because that same report does not have life of project targets, and instead is focused on targets for the October 2010 – March 2012 period.

Table 2. SAIBL2 results reported as of November 18, 2010

INDICATOR	LOP TARGET	ACTUAL
Corporate members joining SASDC	28	11
Black firms receiving assistance	700	389
Business service providers trained & accredited	100	109
Total sales reported	\$800,000,000	\$514,560,000
Total sales to large corporations	\$400,000,000	\$254,489,000
Total export sales	\$43,000,000	\$46,587,000
Net jobs	1000	-32

## BUSINESS ASSOCIATIONS

Despite serious attempts to establish collaborative relationships with black business associations, SAIBL2 was unable to find an entry to assist them. Some, like the South African Automotive Repair and Salvage Association (SARSA), were preoccupied with promoting the organization, recruiting new members and developing a national base. Other associations were still sorting out their legal status, or were dominated by leaders that used the fledgling associations for their own political purposes. Although the PMP in March 2009 continued to show four indicators related to business associations, no targets had been established for any of them. By March the following year only one indicator related to associations appeared in the PMP report and it had no targets or actual results. This area of SAIBL2's program had been dropped. Although the evaluation did not devote much time to this component, interviews with observers noted the extraordinary time and effort it takes to build relationships with associations and other issues were given higher priority. There is no evidence that dropping this component hurt the rest of SAIBL2 efforts. Elsewhere in Africa, including Mozambique, there have been substantial benefits derived from work with associations

## TRADE PROMOTION AND LINKAGES

Although it is a small component of the project, one of the most successful sub-components of SAIBL2 has been its trade promotion and linkages sub-component. The support activities under this sub-component have focused on trade shows and trade missions, exhibition support, providing market information, matchmaking and training on the requirements for exporting.

Supported by two Senior Trade Linkage Specialists, SAIBL2 adopted standardized procedures and methods to screen and select exporters, to prepare them for the export missions, to arrange match making meetings, to record, analyze and rate leads, and to ensure follow up on return.

Part of the success of SAIBL2's trade promotion efforts can be attributed to the presence of SAIBL2 trade representatives in Botswana, Ghana, Namibia, Tanzania, Uganda and Zambia. Trade missions organized by SAIBL2 to each of those neighboring countries led to sales for SAIBL2 clients.

## **SUPPORT TO DEPARTMENT OF TRADE AND INDUSTRY**

In response to USAID's requirement to give priority to working with the Government of South Africa (GoSA), in mid-2008 SAIBL2 partnered with GoSA agencies, notably the Department of Trade and Industry (dti) to revitalize the Black Business Supplier Development Program (BBSDP) incentive scheme. More than \$1 million of BBSDP funds were leveraged for SAIBL2 clients. The project also collaborated closely with dti on trade promotion events and facilitation.

# **MAJOR FINDINGS**

The major evaluation findings are presented below. Evaluation findings are organized under the following categories: program assumptions, challenges for SAIBL2 implementation, applicability of expected program results, program management, program impact, technical effectiveness, program sustainability, and proposed program extension.

## **PROGRAM ASSUMPTIONS**

The critical assumption underlying SAIBL2 has been that USAID could effectively intervene on both the demand and supply side in promoting supplier diversity. Despite the current depressed economic context, SAIBL2 has been able to develop capacity and awareness among both corporations and historically disadvantaged suppliers.

Development of the SASDC indicates corporations' interest in diversity by procuring from under-used black suppliers, while black suppliers have accepted SAIBL2-recommended business development changes in order to qualify for linkage to corporations.

While the broad assumption appears to remain valid (e.g. there remains interest in linkages from both the corporate and supplier side), the process SAIBL2 chose to work with the under-used black suppliers may have been unnecessarily complex and time consuming. Interviews with participating SMEs as well as BSPs during the evaluation questioned the need for such a rigorous analytical tool (CD) when many of the problems were unearthed and possible solutions identified in the application of the Picking Sound Companies assessment tool. Despite the use of the CD, the evaluation was unable to determine that those firms that completed the CD were any more likely to develop a link with a corporation than those that didn't proceed with the CD.

## **CHALLENGES FOR SAIBL2 IMPLEMENTATION**

From the outset, SAIBL2 faced an inhospitable business climate in which to inaugurate a project intended to lead SME clients through the steps necessary to make them competitive and to convince corporations to buy into the concept of supplier diversity. Its first year--April 2008 to March 31, 2009--coincided with an economic downturn that rapidly descended into a deep recession, triggered by the collapse of the US housing market and excessive credit. The resulting crisis in global financial markets contributed to a significant drop in demand across most business sectors. South Africa, especially the automotive, resource, construction and agriculture sectors, was unable to escape the pain felt elsewhere in the world. The downturn in the global economic climate has proven to be an obstacle in the implementation of SAIBL2.

The shortage of capital for SMEs at the beginning of SAIBL2 has proven to be an intractable problem. Banks continue to follow conservative lending practices that favor larger, more established enterprises and steer clear of SMEs, especially if the concern is a black-owned and still early in its development. Many enterprises that benefitted from SAIBL2 could have been even greater successes had funds for further business growth been made available.

## **APPLICABILITY OF EXPECTED PROGRAM RESULTS**

The results (outputs and outcomes) expected in each component remain applicable, although the amount of those results, will not reach the levels originally planned for at the start of the project in April 2008.

**1. Major Result Area 1: SME Competitiveness:** Some 389 under-used black enterprises have been identified (and entered into the project database) and varying degrees of assistance have been provided to them to help improve their competitiveness through focused enterprise level and group interventions to address gaps and weaknesses in business operations. It is unclear how many of them are already qualified to be “certified” for the SASDC and what additional assistance they may need to close gaps in order to meet the new SASDC standards. Since the specific purpose of the project is to “improve competitiveness and capacity,” the standards of competitiveness are set out in the Company Diagnostic Tool. Basically the tool tells a company how it is managed and operating against best practice standards. The tool helps to reveal the consequences of not addressing areas for improvement, and conversely, the benefits of doing so.

**2. Major Result Area 2: Corporations and Business Linkages:** The project has successfully engaged with large corporations to promote supplier diversity by opening their procurement to black enterprises, although to date it is not clear the degree to which those firms have also invested in the development of their new suppliers, as the project expected. Considerable time and attention in 2008-2009 was devoted to an unsuccessful attempt to create from scratch a South African supplier diversity organization. However, the effort to create a supplier diversity council got back on track beginning in late 2009 when the proven model and methodology of the National Minority Supplier Development Council (NMSDC) was adopted by the new South African Supplier Diversity Council. This new organization is on track to be a sustainable entity to continue supplier diversity following SAIBL2.

**3. Major Result Area 3: Business Development Services:** In an effort to improve business advisory services, SAIBL2 is helping to develop South Africa’s SME consulting industry and has trained some 109 business service providers (BSPs) and is on track to train others and create a pool of over 200 service providers. As the project enters its fourth year, it is unclear how many of those BSPs trained under the project have acquired new skills and knowledge they can apply with SME clients.

## **PROGRAM MANAGEMENT**

The Corporate Council for Africa (CCA) is responsible for all activities and linkages in the US while ECI/Africa is responsible for those in South Africa. Liaison between the two parties has been effective. Program implementation, monthly and quarterly reporting, and establishment of mutually supportive relationships with relevant government agency offices and programs have been good.

It is apparent from the evaluation that some of the success of SAIBL2 can be attributed to experienced, savvy and effective leadership provided by the SAIBL2 Chief of Party in South Africa. Apart from his organizational and motivational skills, the COP has made some important, just-in-time mid-course corrections in the direction of the project when components included in the original project design, i.e. association development, failed to bear fruit. His personality and respected knowledge of the South Africa

context have enabled him to develop productive and effective relationships with SMEs, major corporations and senior government officials.

## **COLLABORATION ACROSS PROGRAM AREAS**

- The SAIBL2 design and the staff that is implementing the three components – corporations and business linkages, SME competitiveness and business development services – have worked well together and seemed to be following a coherent strategy.
- Monitoring, evaluation and reporting systems are centered on a robust, widely-used Technical Assistance Management Information System (TAMIS) database developed by Development Alternatives, Inc. (DAI). It yields details about SAIBL2 activities that enable the CCA and its sub-contractors to produce accurate and timely reports for USAID.
- Standardized forms distributed quarterly to linked SMEs capture data on changes in sales and employment, the two major outcome indicators being tracked.
- Both the PSC and the CD are completed online for speed and to avoid transcription errors.
- A Data Quality Assessment (DQA) was conducted in 2009.

## **STAKEHOLDER ENGAGEMENT**

- The SAIBL2 project structure, and flexibility of the design, has facilitated easy collaboration between SAIBL2 and the dti. This has included training of BSPs who work with dti clients. The absence of rigid rules restricting SMEs to SAIBL2 funding has made it possible for SMEs to tap dti and other donor funding sources to cover the cost of implementing changes to their businesses recommended by SAIBL2.
- While the structure of the SAIBL2 project did not hinder engagement with the FSP project, SAIBL2 leadership passed up opportunities to collaborate with it on BDSP/BSP development (including agreeing to a common name for them) and educating SME clients about new financial products being developed by FSP. FSP client financial institutions reportedly have already made over 400 loans to SMEs as a result of FSP assistance. Had there been the coordination and integration of the two projects as expected, SAIBL2 clients might have been able to benefit as well.
- Some of the SASDC leadership is unaware of FSP and how it might serve the interests of the SASDC membership.
- Three of the four major banks that FSP works with are also members of SASDC. SAIBL2 is well positioned to promote collaboration between SASDC and the FSP financial products being tailored to serve SMEs, like the black SME clients of SAIBL2. Doing so may also encourage SASDC corporate members to look to such facilities instead of considering establishing a financing facility to serve the needs of SASDC members and prospective black suppliers.
- The opportunity to agree on a common rating scale for BSPs is important to the future success of SAIBL2. Such a scale provides a means by which the project can measure the success or outcome of its BSP capacity building efforts.
- FinFind, an online resource that is/will play matchmaker between SMEs and BDSPs could also be a resource for the SASDC and contribute to the sustainability of SAIBL2 services to SMEs.

## **PROGRAM EFFECIENCY**

- SAIBL2 program activities, notably the PSC and the web-based version of the CD, take the conventional approach to assisting SMEs to a new level. In hindsight, employment of those tools could have been less ponderous.
- The jury is still out on whether the BSP development approach followed under SAIBL2 is a sound one. BSP development efforts have had mixed results elsewhere.
- An important opportunity was lost when USAID did not require SAIBL2 to implement credit-related activities and achieve the results identified by the performance indicators contained in the Cooperative Agreement.
- Collaboration between USAID projects, even as closely related as FSP and SAIBL2, cannot be assumed, but must be built into the project designs in the form of specific joint activities to be implemented and/or outputs and outcomes to be achieved.
- During implementation, each project will understandably focus on its own result indicators. But in developing and setting measureable output/outcomes that cut across both projects, USAID is more likely to achieve the collaboration it seeks.

## **COORDINATION WITH FINANCIAL SECTOR PROGRAM**

SAIBL2 has been only one of several programs supporting USAID's economic growth strategy. According to the RFP for SAIBL2, it was expected that "to leverage maximum results, interventions and activities undertaken through SAIBL2 will be closely integrated and coordinated with..." the Financial Sector Program (FSP). The FSP is a \$14.5 million project that began in May 2008 and will end in May 2013. The importance attached to the credit issue in SAIBL2 is reflected in the fact that the Cooperative Agreement required SAIBL2 to report quarterly and yearly on three indicators related to credit: 1) number of SMEs receiving USG supported assistance to access bank loans or private equity, 2) number of SMEs that successfully accessed bank loans or private equity as a result of USG assistance and 3) the Rand Value of all finance accessed.

But the PMP developed by SAIBL2 and approved by USAID allowed SAIBL only to track these credit-related indicators, rather than be accountable for their results.

The FSP is working in two important areas where integration and coordination with SAIBL2 activities could have been particularly beneficial. These include improving the financial intermediaries' capacity to serve SMEs through the development of new products and improving the bankability of SMEs by improving the quality of business services provision to SMEs. While there have been periodic conversations between the projects' chiefs of party and some training of personnel, opportunities were missed to integrate their work in these two areas, especially in linking SME clients of SAIBL2 and the financial intermediary clients of FSP. In addition, while both projects worked to build the capacity of business service providers, SAIBL2 didn't participate in either the FSP efforts to design and develop a system for grading their BDSPs nor in the development of FinFind, an online tool to facilitate assistance to SME clients on improving the finance of their businesses.

## **PERFORMANCE MANAGEMENT**

As required by its Cooperative Agreement with USAID, the CCA developed and submitted a Performance Monitoring & Evaluation Plan, covering what then was the life of project, April 2008 – March 2011, including a road map for SAIBL2's functional objectives, a graphic presentation of the SAIBL2 business

linkages model and a Performance Management Plan. The latter identified 22 indicators to be tracked including eight for the SME Competitiveness result area, seven in the area of Business Linkages and Procurement, and seven indicators for Business Member Organizations & Business Services Providers. But taking into account the disaggregation of most of those indicators, the Plan proposed tracking a total of 75 indicators. Neither baselines nor annual targets were initially identified, but proposed data collection instruments for use with the Technical Assistance Management Information System (TAMIS) database were included.

Eventually, it was agreed that SAIBL2 would be responsible for reporting results against only 9 indicators, while the others would presumably be tracked for internal SAIBL2 purposes as part of its project management. In quarterly and annual reporting to USAID, none of the tracking indicators (designated as Data Points) were used.

During three years of implementation (2008 – 2010), the PMP was never revised or updated to reflect changes that had occurred in the project. The Mission’s M&E officer argued for such an update but his efforts were unsuccessful.

## **PROGRAM IMPACT**

### **FULFILLMENT OF KEY OBJECTIVES**

- SAIBL2 program activities have led to increased capacity within the dti. This positive result has included the training of 55 business service providers and 14 staff members. Moreover, the credibility of SAIBL2 has been such that the dti has adopted the SAIBL2 company diagnostic methodology and has begun to rethink its funding policies.
- The Business Development Services component may be adversely affected due to a diminished interest of some BSPs in continuing to conduct the Company Diagnostic because they are not making a profit on the CD.
- The SAIBL2 methodology and process of qualifying black SMEs and identifying their needs seems overly detailed and time consuming. While employment of both the PSC tool and the CD may be appropriate for some SME clients, not all necessarily require such a rigorous process in order for SAIBL2 to identify areas where interventions are required. This may be a case of the perfect getting in the way of the good.
- The fact that the certification process for black SME suppliers employed by the SASDC does not include a CD-like analytical tool would seem to support the view that the CD is not appropriate for all SMEs
- A “CD Lite,” which was developed but later abandoned, is worth a second look for application by all of the Business Linkage Specialists (BLSs). It could offer a less time-consuming but still rigorous analytical alternative.
- SAIBL2 eventually abandoned the Enterprise Linkage Initiative (ELI), an initial attempt to create a loose association of corporations to promote supplier diversity, due to lack of commitment by corporations.
- Efforts to strengthen the capacity and increase the number of BSPs to offer affordable, quality services to black SMEs are facing dissatisfaction among some BSPs, who were expecting additional work to follow their completion of Company Diagnostics. Contacts with some BSPs indicate something of a clash between reality and expectations.
- Collaboration and consultation with the dti has been a top priority for the SAIBL2 consortium.

## **UNEXPECTED RESULTS**

- An opportunity for collaboration between SAIBL2 and FSP was missed when the FSP proceeded to develop its own system for rating BSPs. Such a rating system, which establishes standards for determining the qualifications of BSPs, could have been highly useful to SAIBL2's efforts to improve business advisory services. It would potentially go a long way in helping corporations and prospective black SMEs identify qualified business advisors in a market already glutted with individuals offering their services.
- A detailed, well-reasoned, sequenced, sound but flexible sustainability plan and exit strategy developed with key counterparts was not developed as required in the Cooperative Agreement with The Corporate Council on Africa. Such a plan would have necessarily assumed many things, including the involvement of corporations, which didn't materialize until the third year of implementation.
- Concerted efforts to develop the SASDC do, however, reflect the consortium's commitment to provide for the continuation and sustainability of SAIBL2 results.
- The CCA extension proposal (to September 30, 2012) is to focus on "deepening and entrenching the achievements" so far with the expectation that sufficient capacity will have been built through local partnerships "to continue most of the support services under SAIBL2 on a more sustainable basis."

## **EXTERNAL FACTORS AFFECTING RESULTS**

- South Africa's corporate culture regarding traditionally disadvantaged SMEs, as reflected in their attitudes and sourcing practices is challenging to change. Gaining real commitment to diversity is difficult and time consuming.
- The world recession that began in late 2008 and the resulting poor business environment in South Africa has been an obstacle to stakeholder adoption of change and has contributed to SAIBL2 not hitting the performance targets set in the project's 2008-2011 Performance Monitoring & Evaluation Plan.
- Both internal and external factors seem to have driven SAIBL2's intense desire for credibility with prospective black suppliers as well as corporations. The adoption of a detailed assessment methodology made it possible to put the SAIBL2 imprimatur on the SMEs it has assisted.
- The easy access of SMEs to alternative financing sources, such as substantial grants from dti, and reasonably attainable funding for ISO certification, had a largely positive influence on SAIBL2's success because SMEs could "shop around" for the means to implement changes that SAIBL2 recommend, but were unable to fund in a timely manner.
- While sales and employment results have fallen short of their targets, it is not possible to determine how much of the poor results are due to the unsympathetic business environment or to only marginal improvements in the competitiveness of the SMEs.
- Evidence suggests that competitiveness has improved somewhat, but that could change if the SASDC develops as planned.
- SAIBL2 was designed as a linkage program with heavy emphasis on enterprise development. In reality enterprise development has dominated program activities.

## **TECHNICAL EFFECTIVENESS**

### **GENDER AND CROSS-CUTTING ISSUES**

- SAIBL2 activities have been appropriately gender balanced in selecting women-owned SMEs for business development assistance and training.
- HIV/AIDS has been appropriately addressed in a section of the Company Diagnostic, although reportedly there remains an unfulfilled need to identify and hire one or more BSPs with specialized knowledge of this issue and options available to SMEs to address it.

### **IMPLEMENTING PARTNERS**

- The sub-contractor, National Business Initiative (NBI), stumbled initially in trying to develop ELI, but has subsequently regained its balance and is successfully guiding development of the SASDC.
- The subsequent Affiliation Agreement of March 2011 between the NMSDC and SASDC assures the continued involvement of the NMSDC in development of a supplier diversity development program in order to “facilitate procurement and business opportunities for certified black-owned enterprises through the supply chain of major South African corporations.”
- Affiliation with the NMSDC gives SAIBL2 access to their knowledge, expertise and experience plus the added cache of an internationally recognized authority on corporate-led diversity organizations.
- Given the substantial planning and implementation role of the two sub-contractors, it is challenging to identify the contribution of the Corporate Council on Africa to implementation of SAIBL2.

### **TRAINING AND TECHNICAL ASSISTANCE**

- Training of BSPs in use of the CD almost uniformly received high marks as to quality and usefulness.
- Women-owned SMEs were substantial beneficiaries of SAIBL2 training programs, as were female BSPs, especially measured against their absolute numbers in the private sector.
- Similarly, SMEs found the CD to be a time consuming but useful learning experience that taught them how to look critically at their operations and provided them new insight into how their businesses are operating. In effect, the CD process helped to develop skills and knowledge among SAIBL2’s black enterprise clients.
- On the whole, the SME beneficiaries gave high marks to the enterprise development assistance provided, but were often disappointed that the assistance did not lead to corporate linkages. Many SMEs signed up for SAIBL2 assistance primarily for the linkages rather than for enterprise development.
- There is a distinct possibility of a negative reaction among SMEs who think that they have received some kind of quasi certification from SAIBL2 only to find out that, despite having gone through all the scrutiny and analysis by SAIBL2, they still may not be transaction ready.

## **PROGRAM SUSTAINABILITY**

- Potential obstacles to future program success involve the possible difficulties in making the SASDC fully functioning and self-sustaining.

- Current corporate membership in the SASDC stands at 11 and recruiting others to join the Council is not certain. Difficulty or even failure to recruit a sufficient number of corporations would undermine the organization
- The number of SMEs that qualify for certification and that want to join SASDC number in the hundreds, whereas the 25 corporations expected to join by end 2011 may require a pool of “transaction ready” SMEs numbering in the thousands.
- A worsening of the macro-economic situation has the potential to undermine the future success of SASDC if it leads to a serious contraction of business.
- The failure to develop an effective process for linking suppliers and corporations could retard the growth of the Council that is required to lead to sustainability.
- Failure to locate a source to fund operational costs in a transition period following the end of SAIBL2 could also threaten the SASDC’s sustainability.
- Failure to integrate the BSPs into the process may also threaten the effectiveness of the SASDC given the significant need for capacity development among SMEs, including even transaction ready SMEs.
- Corporations currently provide some funding for enterprise development, but this is expected to be inadequate to support enterprise development activities for those SMEs that require further assistance to close the “gaps” in the performance of their businesses.
- It is unclear at this juncture what will remain of the efforts to promote development of the BSPs. If the program concludes without integrating the BSPs into the SASDC, there is a good chance the program’s work with BSPs will come to naught.

### **PROPOSED PROGRAM EXTENSION (2011-2013)**

In November 2010 at the invitation of USAID, the CCA submitted a proposal to extend the SAIBL2 project for a further two years to enable it to “consolidate and entrench” the systemic changes and results already achieved. Activities proposed during the extension would also “lay the foundation for continuing the work through local market stakeholders and mechanisms.” CCA believes that by the end of the extension period, strengthened local partnerships will have the capacity to sustain most of SAIBL2 support services. The total estimated cost of the proposed extension was \$9 million, increasing the life-of-project cost to \$21 million.

The USAID Mission subsequently opted to extend the program for only one year at a cost of \$4.5 million, with the implied assumption that only another year would be sufficient to turn over SAIBL2 activities to local partners, namely SASDC. The MTE team believes that period is too short to ensure that SASDC is established on sound footings and that the handover of SAIBL2 activities is a smooth one. Clearly, a rush for the exit so soon has the potential to undermine the future sustainability of the SASDC.

According to the extension proposal, the current strategy, priority sectors and activities under the major result areas - SME Competitiveness, Corporations and Business Linkages, and Business Development Services – would continue. Results achieved during the extension would be measured against nine indicators as follows:

1. Number of corporations joining USG supported SASDC
2. Procurement from certified black owned firms

3. Number of corporations receiving training to improve their procurement practices from USG supported SASDC
4. Number of black firms registered and receiving USG supported assistance to improve management practices and operations and to become certified under SASDC
5. Net change in private sector employment of USG assisted firms
6. Number of sales made by USG assisted firms including certified firms
7. Value of sales made by USG assisted firms including certified firms
8. Number of corporations and black firms participating in SASDC business events
9. Number of network facilitators receiving training under BBSDP

These indicators, many of which are carryovers from the first three years of SAIBL2 implementation, appear to reflect a continuation of “business as usual” and fail to capture the essential fact that the project needs to address some important sustainability issues while it is brought to an orderly close. Much is dependent on the development of SASDC during the extension period because CCA expects it, according to its extension proposal, to “continue the mandate of SAIBL2 on an expanded basis, and this institutionalization of the program under South African private sector leadership will be the legacy of the US Government and the American people to South Africa’s economic transformation.”

The need to sharpen the focus on sustainability has taken on greater importance with the USAID decision to extend SAIBL2 for only one year to March 31, 2012. USAID and CCA should consider a new strategy of “consolidation and transfer,” thinking through which CCA activities in the extension proposal would advance such a strategy and consider terminating activities that do not. For example, recruiting new SMEs and implementing pilot activities should be canceled in favor of helping most of the 389 black enterprises already in the database to become SASDC-certified, giving priority to additional assistance to close the gap in the skills of business service providers (BSPs) and identifying the organizational development needs of SASDC for the post-SAIBL2 period.

Systematic and close collaboration should begin between SAIBL2 and the Financial Sector Program (FSP) to determine how FSP and its products can be supportive of SASDC. Priority could be given to “connecting” SAIBL/SASDC’s traditionally disadvantaged black enterprises with FSP financial institutions and their new SME products, collaborating on developing a common rating system for BSPs, arranging for SAIBL2 BSPs to have access to FinFind and the possible future role for FSP in creating a financing facility within the SASDC.

The evaluation team is recommending (see Recommendation section) that USAID consider extending SAIBL into 2013. Whether or not USAID does extend the project, it is imperative that the PMP be revised to reflect a new focus on capacity development to prepare SAIBL clients to become part of the SASDC. The long overdue update of the PMP, which is expected in the second quarter of 2011, will reflect agreed on activities planned for the extension period. It would be enhanced if it were to include a results framework clarifying outcomes and intermediate results leading to a self-sustaining SASDC. Any indicators or Intermediate Results should give priority to identifying outcomes and be defined in capacity building and sustainability terms. Thus, further assistance to BSPs should aim to raise their ranking on a standardized scale of skills and professionalism, and SMEs should be able to demonstrate ability to prepare loan proposals that lead to actual loans.

# CONCLUSIONS, LESSONS LEARNED, AND RECOMMENDATIONS

Drawing on the information in this report, this section presents a list of recommendations for SAIBL and USAID Southern Africa to consider for the remaining life of the program and/or for future programming decisions. Recommendations are organized under the following categories: program modifications, program strategy, program sustainability, program extension, performance monitoring plan, and integration with FSP. Some of the recommendations may already be under consideration by SAIBL and the Mission.

## CONCLUSIONS

- Assessing the substantive impact of SAIBL2 on historically disadvantaged SMEs, particularly with respect to sales, employment and their overall competitive status is a mixed picture.
- Institutional or structural improvement, such as creation of the SASDC, is a more effective approach to assist SMEs than trying to deal with corporations on an individual basis.
- NBI wisely shifted away from its attempt to create the ELI and turned toward an alliance with the National Minority Supplier Development Council (NMSDC) and adopted its proven diversity council model and methodology.
- Development of the SASDC is a significant accomplishment, although the impact of the council will only be apparent over time. Nevertheless, the potential is there.
- SAIBL2 has been weak in collaborating and partnering with other USAID/South Africa economic growth program implementers, most importantly the FSP.
- The time remaining in the life of the project is inadequate to develop the SASDC to a stage where it can function on its own.

## LESSONS LEARNED

- One can try to help individual SMEs, but to scale up the process you need structural transformation like the SASDC.
- Ensure that you have a clear and coherent strategy for business linkages that makes clear the role of enterprise development and linkages.
- Avoid raising expectations inappropriately for both SMEs and BSPs
- Ensure the proportionality of the analysis to the business problems being addressed. If the corporations that are members of the SADCC are not requiring a level of analysis beyond something comparable to the Picking a Sound Company (PSC) tool, it is doubtful something more rigorous for business development purposes is necessary.

## RECOMMENDATIONS

### PROGRAM MODIFICATIONS

- Given the time left for implementation of SAIBL2, modification of program components or the design would be inappropriate. However, the activities planned during the extension period should be reassessed to confirm that they are consistent with a “consolidate and transfer” strategy.
- Priority should be given to assisting SMEs who are already SAIBL2 clients to ensure that they become SASDC-certified and are, in fact, “transaction ready.” Efforts to identify and help new clients would be suspended in favor of helping existing clients to “graduate.”
- Planned “pilot” projects involving incubators, municipality-based business linkage facilitation units and support to very small enterprises in the arts and craft sector should be re-examined to determine if SAIBL2 should proceed with them in the absence of SASDC or other organization to take them to scale.
- It would be appropriate to continue a selected “pilot” approach, such as assistance to incubators, as an experimental effort to help USAID identify alternative approaches to assist black SMEs following SAIBL2.

### PROGRAM STRATEGY

- During the remainder of SABIL2, the implementing partner(s) of SAIBL2 should reconsider the balance between servicing established clients (SMEs, BSPs and Corporations) and identifying new ones. This implies a narrowing of focus rather than widening it.
- An evaluation of SAIBL2 training programs should be undertaken to determine their effectiveness by measuring both knowledge and skills acquired by participants and the degree to which the training has been applied in the work place.<sup>4</sup>
- In its “consolidation and transition” planning, SAIBL2 should include organizational development assistance to the SASDC this year to ensure its “grant worthiness” as required by USAID policy.
- Donors should exercise restraint in encouraging SASDC to take on task before the organization has established its footing. In all cases, they should respect the fact that it is a corporate-driven entity and may operate at a pace that differs from that of donors.

### PROGRAM SUSTAINABILITY

- Immediate and significant steps should be taken to promote collaboration between SAIBL2 and FSP, including encouraging SAIBL2 clients to apply for credit at the new FSP facilities and developing FinFind to include BSPs serving both projects.
- Similar linkages between FSP and SASDC should be encouraged because SMEs that manage to get contracts through affiliation with SASDC are going to need new financing to scale up and grow their businesses.

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<sup>4</sup> The well-known Kirkpatrick Model for training evaluation, recommended by USAID, assesses training at four levels. Level 2 measures knowledge and skills acquired and Level 3 measures application on the job. SAIBL2 has been measuring only to Level 1, reaction to the training events.

- The most significant and important element of the SAIBL2 program that will remain after it closes is the SASDC. In addition to organizational development assistance that it will provide the Council, SAIBL2 must work with its current SME and BSP clients to ensure that sufficient numbers of them will be “transaction ready” or certifiable before SAIBL2 ends.
- SAIBL and the SASDC need to find a way to integrate the BSPs trained under SAIBL into the SASDC. If the program concludes before this happens, there is a good chance that SAIBL’s work with BSPs will come to naught.

### **PROGRAM EXTENSION**

- USAID should reconsider its decision to limit extension of the SAIBL21 project to January 2012 and consider extending the project an additional year to March 2013, even if it requires Washington approval.
- USAID would be well served to seriously consider providing direct financial support to SASDC for a limited time and for targeted purposes such as operational staff, certification of SMEs, and training events.
- The Corporate Council on Africa (CCA) is advised to change its stated strategy for any extension period from “deepening and entrenching” to “consolidation and transfer.”
- Approval of an additional extension should be predicated on the CCA presenting a detailed program of activities and results framework that focus on capacity development of existing SMEs, BSPs and SASDC.
- SAIBL2 is urged during any extension to undertake activities, beyond simply training, that develop BSPs to reach an appropriate level of skill and professionalism as determined by a new USAID-endorsed consultant rating system.

### **PERFORMANCE MONITORING PLAN**

- An updated data quality assessment is warranted to better understand the meaning of data that is being reported on the project.
- The Mission M&E Officer should work with the SAIBL2 CO/TR to assist CCA in developing a well-thought out performance management plan with a results framework and indicators,

### **INTEGRATION WITH FSP**

- USAID should review together with the implementing partners the respective roles of SAIBL2 and the FSP project to determine how they can better integrate their efforts to address the issue of inadequate credit to black SMEs.
- USAID should review together with the FSP and other implementing partners how they can coordinate their respective efforts to produce a mutually acceptable BSP rating system.

## **APPENDIX A. PERSONS CONTACTED**

### **SOUTH AFRICA SUPPLIER DIVERSITY COUNCIL**

- Matthew Govender, Barloworld
- Savvas Pouroullis, Business Team Manager, ChemCity (Sasol Group)
- Brian Minaar, DeBeers
- Steve Hrabar, Engineering Manager, AVENG Grinaker, Lta

### **USAID/SOUTHERN AFRICA**

- Allan Hackner, Financial Sector Program Manager
- Cindy Hattingh, Program Manager Assistant
- Charles Mandivenyi, Senior Monitoring and Evaluation Specialist
- Leslie Marbury, Deputy Director
- Elikana Maroge, Economist

### **BUSINESS SERVICE PROVIDERS**

#### **Johannesburg**

- Fendayi Zhou
- Lovemore T. Makimke
- Tuno Mashamhanda
- Rindai Jaravaza

#### **Cape Town**

- David Brien, Consultant
- Leon Huson, Consultant
- Benjamin Mayo, Consultant
- Solly Fazel, Consultant
- Jayant Gajjar, Consultant

#### **Durban**

- Brian Moodley
- Karnagie Govender
- Kantha Naicker
- Makho Ngcobo

## **FINANCIAL SECTOR PROGRAM**

- Terri Kristalsky, Chief of Party

## **SMALL AND MEDIUM ENTERPRISES**

- Glenn Hartell, Hartell Manufacturing Services cc
- Ramphaadi Amelia, CEO Amelia Women Project
- Andrew Nyathi, Executive Manager, SHUMA Steel Works
- Freddy Motau, MD, Reba Agencies (Pty) Ltd.
- Angela Chris Pitsi, CEO, XChem Chemicals (Pty) Ltd
- Renee Keeble, Managing Director, SA Commercial (Cape Town)
- Hameed Essop, Managing Director, African R.O.V Systems (Cape Town)
- Rhomeez Hendricks, TITLE, MRH Group (Cape Town)
- Norman Leslie, Managing Director, IMPRESSUM Print Solutions (PTY) Ltd (Cape Town)
- Carl Erasmus, Managing Director, IMPRESSUM Print Solutions (PTY) Ltd (Cape Town)
- Lenny Naidoo, General Manager, Zenxeleni Clothing (PTY) LTD.
- Benita Forbay, EE Electrical Contracting and Maintenance

## **SMART XCHANGE INCUBATOR (DURBAN)**

- Robynne Erwin, Executive Director, Smart Xchange
- Nitesh Ramsaroop, Managing Director, NitSak
- Mahluleli Nomtyala, Khanya Africa Networks

## **NATIONAL BUSINESS INITIATIVE**

- Gary Joseph:Director, Corporations & Linkages
- Abdul Ismail:Manager, Certification
- Kerryn Haselau:Manager, Membership Advocacy

## **SOUTH AFRICAN INTERNATIONAL BUSINESS LINKAGES (SAIBL)**

### **Johannesburg**

- Johan Potgieter, Senior Business Linkages Specialist
- Belfrey Mtezuka, Senior Business Linkages Specialist
- Bongile Mbili, Senior Trade Specialist
- Hector Dombo, Business Linkages Specialist
- Patience Machiva, Accountant

- Mpho Rabalago, Project Accountant
- Johan van Niekerk, Senior Trade Specialist
- John James, Chief of Party
- Jean McKenzie, Monitoring and Evaluation Specialist
- John Chitsa: Manager, SME Competitiveness
- Penrose T Nconco, Business Linkages Specialist
- Lawrence Bilikwana, Program Manager, BSP Unit
- Ben Mohanoe, Program Coordinator
- Busi Mthethwa, Receptionist

#### **Cape Town**

- Bertram Richards, Business Linkages Specialist
- Sa-at Abrahams, Business Linkages Specialist
- Brian Adams, Business Linkage Specialist
- Candice Hendricks, Administrator
- Joseph Ruiters, SASDC Certification Officer

#### **Durban**

- Marvin Naicker
- Trevor Buikes
- Samuel Gotora

### **SOUTH AFRICAN GOVERNMENT**

- Gabriel Makhonxa, Black Business Supplier Development Program, Department of Trade and Industry
- John Peters, Chief Director, IEDS, Dept of Economic Development and Tourism, Provincial Government of the Western Cape
- Cas Weber, Director of Donor Funding, Department of Trade and Industry
- Debbie Blanchard, Department of Trade and Industry

### **OTHERS**

- Roger Pitot: Executive Director, National Association of Automotive Component and Allied Manufacturers

## **APPENDIX B. REFERENCES**

Corporate Council on Africa and ECIAfrica, Final Report, South African International Business Linkages (SAIBL) program, Cooperative Agreement No. 674-A-00-98-00047-00, FY 1998 – 2008, June 30, 2008.

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SAIBL, Picking Sound Companies Report, Tandym Print Pty Ltd., August 19, 2010.

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# APPENDIX C. EVALUATION STATEMENT OF WORK

## SECTION C - DESCRIPTION / SPECIFICATIONS/STATEMENT OF WORK

### C.1 BACKGROUND

South Africa has achieved impressive economic growth since its emergence as a representative democracy in 1994. In fact, between 2004 and 2007 the country was achieving a consistent GDP growth rate of 5% per year (though, as was the case globally, the rate retreated significantly in 2008 and in fact was negative in 2009 due to the global financial crisis). However, the positive macroeconomic trends of the past two decades mask underlying challenges that threaten the country's long term stability. The official unemployment rate in South Africa remains stubbornly high at 25.2%, and when including discouraged job seekers (i.e. those that voluntarily give up looking for work) rises to 35.4%. Furthermore, the unemployment rate is double among the youth population (i.e. those aged 18-24). It is estimated that approximately one-half of the population of South Africa lives below the national poverty line. And, income inequality is among the highest in the world. In fact, South Africa's Gini Coefficient, a simple measure of the distribution of income within a country is second highest only to Namibia, meaning that it is one of the most unequal societies in the world. The economic challenges are quite clear. Wealth is concentrated in the hands of too few. Historically-disadvantaged black firms, and in particular small and medium enterprises (SMEs), lack access to the capital, the technology and the supply chains in order to be competitive, access markets and generate jobs. The workforce, and in particular its youngest members lacks the skills necessary to meet the needs of a dynamic economy.

USAID/Southern Africa's economic growth programs work to address these issues. Programs are tailored to support South Africa Government (SAG) priorities. Specifically, USAID implements three separate yet complementary programs aimed at addressing SME competitiveness, SME financial product access and workforce skills development. This SOW requests proposals to analyze two of these programs, the South Africa International Business Linkages Program (SAIBL) and the Financial Sector Program (FSP). However, while the evaluations will consider SAIBL and FSP individually, they should also consider the interrelationship of all economic growth programs in the USAID/Southern Africa portfolio, particularly as they relate to the efforts of the SAG and other development actors working in South Africa and within the context of the overall needs of the country.

### C.2 OBJECTIVES

This Statement of Work (SOW) solicits proposals for conducting two formative, mid-term evaluations for the USAID/Southern Africa Regional Economic Growth Office. These evaluations will separately consider the following programs: 1) the South Africa International Business Linkages Program (SAIBL); and 2) the Financial Sector Program (FSP). Each mid-term evaluation will assess the success of the individual program in meeting targeted objectives, and, more importantly, propose concrete recommendations for adjustments to program strategy and structure for implementation during the program extension and option period for SAIBL and FSP respectively.

The mid-term evaluation reports will provide crucial guidance for USAID and the SAIBL and FSP implementing partners. Offerors should consider these groups as the report's audience. Each evaluation must provide pertinent information, statistics and judgments that will help USAID and implementing partners better understand the initial results and contributions of the projects, and to identify lessons learned from the programs that can be used to guide the design of appropriate interventions in support of the program objectives. The evaluations will identify key accomplishments, as well as challenges that may have impeded

the accomplishment of targeted outputs and higher-level objectives. Evaluators should consider program impact disaggregated by gender, as well as the integration of gender into program activities throughout the evaluation process.

The findings of the mid-term evaluations will inform the design of follow-on activities for SAIBL and the Annual Work-Plans for FSP during their extension and option periods (if exercised) respectively.

### **C.3 SCOPE OF WORK**

**South African International Business Linkages Program (SAIBL).** SAIBL is a USAID/Southern Africa-financed program awarded through a cooperative agreement to the Corporate Council on Africa (CCA) and implemented in partnership with ECI Africa Consulting (Pty) Ltd and the National Business Initiative (NBI). Awarded on April 1, 2008 SAIBL supports the U.S. Government's Economic Growth Functional Objective in South Africa, aimed at generating rapid, sustained and broad-based economic growth. More specifically, SAIBL supports the Program Area Private Sector Competitiveness and the Program Element Private Sector Productivity. To achieve this SAIBL works to improve the competitiveness of historically disadvantaged black businesses to integrate into domestic and international markets through improved productivity, corporate governance and the development and application of modern technology and marketing practices. SAIBL also supports the Program Area Agriculture and the Program Element Agriculture Sector Productivity, and more specifically the Sub-Element Markets and Trade Capacity.

SAIBL aims to improve the competitiveness of historically-disadvantaged black-owned SMEs. To achieve this SAIBL works to increase SMEs' ability to access quality business services and link into marketing and supply chains. SAIBL includes three program components. First, under the component SMEs, Employment and Sales, SAIBL works to improve the governance and competitiveness of black enterprises through conducting company diagnostics, followed up by focused enterprise level and group interventions to address gaps and weaknesses in the areas of strategic management, leadership, marketing, production and technology, quality management, and human and financial resource management. Under this component SAIBL also works to facilitate networking, matchmaking and linkages for SMEs to business opportunities in the local and international markets. Finally, SAIBL facilitates solutions and support to black enterprises in dealing with the business and health risks of HIV and AIDS. Under the program component Corporations and Linkages, SAIBL conducts sector and value chain analyses to identify areas of growth and opportunity for black enterprises. SAIBL also works with large corporations to improve their policies, practices and outreach to black enterprises in providing advice, technical assistance, training, and procurement opportunities. For example, currently SAIBL is helping to facilitate the creation of the South Africa Supplier Diversity Council (SASDC). SASDC is a membership organization composed of large corporations that commit to increase opportunities for black-owned enterprises to become a part of their supply chains. SASDC will certify identified black suppliers, and where appropriate invest in their development.

Finally, under the program component Associations and Business Development Services, SAIBL works to strengthen the governance and member services of business member organizations and the capacity and number of business service providers (BSPs) offering affordable, quality services to black enterprises. SAIBL also markets service providers to its partners and clients.

### **Financial Sector Program (FSP)**

FSP was designed to support the accomplishment of the U.S. Government's Economic Growth Objective in South Africa. This program is one of three main vehicles to promote vibrant growth of historically-

disadvantaged SMEs and reduce unemployment and poverty - generating rapid, sustained and broad-based economic growth in South Africa.

The objective of FSP is to expand access to financial services and lower financing costs for SMEs through reforming the legal and regulatory framework affecting the financial sector and business environment and improving the commercial viability of lending to historically disadvantaged SMEs in South Africa. The ultimate aim is to mitigate market credit risk leading to increased SME access to a range of quality, affordable financial services. More specifically, FSP works in four distinct yet related areas. First, FSP works to improve the capacity of financial intermediaries to provide financial services to SMEs in an efficient, innovative and cost effective manner in response to market needs. Second, FSP works to improve the quality of business service provision to SMEs in a way that will promote access to finance, and to enhance the financial literacy of SMEs by working with a range of BSPs and or their host organizations (BSOs). Third, FSP works to support the development of an enabling environment for SMEs and implementation of legal, regulatory and institutional reforms that will contribute to expanding access to credit for SMEs, especially historically-disadvantaged black-owned SMEs. Finally, FSP works to strengthen SME finance knowledge management systems through working with multiple stakeholders to capture, codify, and share information about access to finance by historically-disadvantaged SMEs.

## **DELIVERABLES FOR EACH EVALUATION TEAM**

The Contractor shall provide the following Deliverables for each mid-term evaluation:

- **Evaluation Plan/Methodology:** The evaluation teams will each submit a draft Evaluation Plan to be approved by USAID/Southern Africa within ten (10) days after the awarding of the Task Order. The plan should describe the methodology to be used, sampling techniques, site selection, information sources, interview protocols, etc. The methodology should describe how the team will work with USAID/Southern Africa staff, implementing partners, program clients, and South African government, civil society and private sector stakeholders in order to solicit feedback on the Evaluation Plan, and conduct the evaluation, develop the draft reports and the final debriefings. Upon the evaluation teams' arrival in South Africa, the draft Evaluation Plan/Methodology will be discussed with USAID/Southern Africa and implementing partner representatives and revised accordingly prior to implementation.
- **Work Plan:** The evaluation teams will each submit a draft Work Plan (Operations Plan/Gantt Chart) to be approved by USAID/Southern Africa within ten (10) days after the awarding of the Task Order. Upon the evaluation teams' arrival in South Africa, the draft Work Plan will be discussed with USAID/Southern Africa and implementing partner representatives and revised accordingly prior to implementation.
- **Discussion of Draft Preliminary Final Report:** The evaluation teams will each submit a rough draft of the Final Report to the program COTR two (2) days prior to the Debriefing with USAID/Southern Africa staff. The COTR will provide preliminary comments prior to the final Mission debriefing. This will facilitate preparation of the Preliminary Final Report which will be left with the Mission upon the evaluation teams' departure.
- **Debriefing with USAID:** The evaluation teams will present the major findings of the evaluation to USAID/Southern Africa through a PowerPoint presentation after submission of the Preliminary Final Report and before the teams' departure from country. The debriefing will include a discussion of program achievements and issues as well as any recommendations the team has for possible modifications to the respective project approaches, activities or results. The teams will consider USAID comments and revise the draft Preliminary Final Reports accordingly and as appropriate.

- **Debriefing with Partners:** The evaluation teams will present the major findings of each evaluation to USAID implementing partners (as appropriate and as defined by USAID) through a PowerPoint presentation prior to the teams' departure from country. The debriefing will include a discussion of achievements and activities ONLY, with no recommendations for possible modifications to project approaches, activities or results. The teams will consider partner comments and revise the draft Preliminary Final Reports accordingly and as appropriate.
- **Preliminary Final Report:** The evaluation teams will each submit separate Preliminary Final Reports to the respective program AOTR (SAIBL) and COTR (FSP) prior to the Team Leader's departure from South Africa (n.b. The date of the Team Leader's departure is flexible however the Contractor should plan on a maximum of 20-25 working days for the completion of the entire evaluation, including submission of the Final Report). The written report must clearly describe findings, conclusions, and recommendations. USAID will provide comments on the draft reports within two weeks of its submission. The reports must be submitted electronically and written in English.
- **Final Report:** The evaluation team will each submit separate Final Reports (not more than 20 pages each) not more than five days after USAID/Southern Africa provides written comments on the teams' Preliminary Final Reports (see above). The reports must include the evaluation teams' responses to Mission comments and suggestions. The format must include an executive summary, table of contents, methodology, findings, conclusions and recommendations. The reports must be submitted electronically and written in English.

### **Final Reports**

The Contractor shall submit the Final Report of each evaluation team no later than six weeks after the evaluation start date. USAID/Southern Africa anticipates that both the SAIBL and FSP mid-term evaluations will be completed within a six-week period beginning approximately February 22, 2011. This includes preparation days, in-country work in South Africa, and report writing and finalization.

### **Logistics**

The Contractor will be responsible for organizing all international and in country travel and transportation (including airport pickup) and lodging. USAID/Southern Africa will provide key documents and assistance with scheduling meetings and appointments. Once in country, the evaluation teams can schedule additional meetings as appropriate. USAID Southern Africa will be available to the teams for consultations regarding sources and technical issues before and during the mid-term evaluation process.

### **C. 4. IMPLEMENTATION AND MANAGEMENT PLAN**

The Contractor shall provide contract management necessary to fulfill all the requirements of this Task Order. This includes cost and quality control under this contract.

### **C.S PERFORMANCE MONITORING PLAN**

The Contractor's performance shall be evaluated based on the completion of specific tasks and deliverables as outlined in the Task Order, adherence to the work plan, and reports submitted to the AOTR (SAIBL) and COTR (FSP) respectively.

## **END OF SECTION C**