

SCOPE OF WORK
(Revised Draft)
Mid-Term Review of the NBO Project

1.0 Background

Nathan Associates, Inc. was awarded a four-year contract under the USAID GBTI Economic Policy IQC to provide new business opportunities in Morocco focusing on the export of goods produced in Morocco for the US market. The New Business Opportunities (NBO) Program fits in the context of the Free Trade Agreement (FTA) signed between the governments of the United States of America and the Kingdom of Morocco. The FTA entered into force on January 1, 2006. The program works with industrial exporting enterprises in three designated sectors: (1) textile and apparel, (2) leather and footwear, and (3) automotive parts.

The USAID-Nathan contract was signed in September 2005 and the project start-up operations began shortly thereafter in October. Initially, the four-year contract was signed for \$14.7 million but due to budget cut, the project suffered a 45% reduction in the budget to its current level of \$8.0 million. A revised budget and revised work plan were requested by USAID/Morocco and were submitted by Nathan Associates on June 7, 2006. The project has been operating under the revised scaled down scenario.

As a result of the budget cut and difficulties with the deployment of key project staff, NBO faced major delays during the project start-up phase. These initial difficulties led to changeovers in the Chief of Party (COPs) and it was not until end of June 2006, over eight months after project award, that NBO project had all the necessary conditions in place with the advent of its third COP to formally launch the project.

Since July 2006, the NBO team has made major efforts to make up for lost time. As one example, NBO accepted to work with almost double the number of client companies proposed in its work plan during the first year. Today, the project is implementing its second annual work plan and the project has entered full operations phase.

While NBO has made considerable progress in the implementation of planned activities toward meeting project objectives, the project is also facing many challenges. Paramount amongst these challenges is sales to the US by participating companies. Although NBO Senior International Marketing Experts (SIMEs) are meeting with potential US buyers to present Moroccan offers, actual sales orders have not been forthcoming from these direct contacts, despite the fact that Moroccan products are generally perceived by potential US buyers as being of good quality. One explanation is the higher price of Moroccan products compared to alternative sourcing markets for US buyers, especially China, India and Southeast Asia. This has been the case in the leather and footwear products, in particular. A more general concern is that the US market is much more demanding and price sensitive than the European market where Moroccans are used to exporting similar products and hence Moroccan products are less competitive in the US than products

sourced in competing countries. Another concern is the general state of export readiness and sense of priority of Moroccan companies to meet US buyers' demands at a time when certain European markets such as Spain and the UK seem much more promising than the US market, especially when considering the low exchange rate of the US dollar vis-à-vis the Euro and the UK Pound, as well as the Moroccan Dirham.

Thus, as the project reaches the mid-point in its life cycle (projected end date Sept 30, 2009), it is important that an objective outside review is undertaken to assess progress made toward reaching stated goals and objectives, as well as to validate project assumptions and results indicators against the reality on the ground, based on actual NBO implementation experience to date.

1.1 Program Objective

NBO was designed to contribute to USAID/Morocco's Strategic Objective of "increased economic growth and job creation," and its corollary Intermediate Result 2 ("Creation of new business opportunities outside agriculture and agribusiness"). Specifically, NBO aims to help Moroccan exporting enterprises to realize the new economic potentials and overcome the challenges created by Morocco's increasingly liberalized trading environment, particularly those arising with entry in force of the US-Morocco Free Trade Agreement (FTA).

1.2 Expected Results

Within the framework of the above objectives, the NBO Life-of-Program Work Plan is structured to produce two major expected results. First, NBO will seek to directly assist exporting enterprises in non-agribusiness manufacturing and services sectors to expand business activity and generate jobs. It is assumed that the US-Morocco FTA will be the principal source and stimulus for this expanded activity and job creation, through successful entry and performance in the US market by Moroccan exporters. Second, NBO will work with business support institutions and public agencies to enhance these organizations' responsiveness to the needs of export-oriented business expansion and job creation. Again, it is assumed that the needs of Moroccan firms' vis-à-vis success in the US market will be the driving force for improving the service and policy response of support institutions and agencies.

1.3 Results Indicators

NBO's two major expected results categories, together with outcome indicators of progress toward achievement of these results, are as follows:

- ***Results Module 1 (Business Development)*** – manufacturing business activity expanded with new jobs created.
 - *Indicator 1.1 Value of sales to the US market increased*
 - *Indicator 1.2 Number of enterprises with sales to US increased*

- *Indicator 1.3 Number and value of investments increased*
- *Indicator 1.4 Number of jobs created (including jobs for women)*

- **Results Module 2 (Public Policy and Business Support Institutions) –**
responsiveness of policies and institutions improved.
 - *Indicator 2.1 Quality of information on US market regulation improved*
 - *Indicator 2.2 Value of services regarding US market entry increased*
 - *Indicator 2.3 New growth-oriented industrial strategies introduced*

The success of NBO clients should provide replicable business and institutional support models for Morocco’s private sector generally. However, expected results and associated indicators pertain only to expansion of business activity or improvement in responsiveness among firms and support organizations directly assisted by NBO. These indicators are not intended to measure changes in performance of Morocco’s private sector as a whole.

1.4 NBO Results Targets

Based on NBO Life-of-Program Work Plan, specific annual targets have been established by results indicator for the overall Program. The table below illustrates key results targets expected by year and over the life of the Program.

Table 1. Proposed NBO Expected Results, Indicators and Targets, Life-of-Program

Results Package and Indicator	Measured by	Results Targets				
		Yr 1	Yr 2	Yr 3	Yr 4	NBO
MODULE 1 (Business Development): Manufacturing and services expanded and jobs increased among participating firms¹						
1.1 Value of sales to US market increased	Increase in export value (\$ mn)	5.0	20.0	55	95	175
1.2 Number of enterprises with new or increased US market sales	Number of enterprises	8	18	20	19	65
1.3 Investment increased						
1.3.1 Number of investment projects increased	Number of projects	1	5	5	5	16
1.3.2 Value of investment increased	Growth in investment value (\$ mn)	1.0	5.0	5.0	5.0	16.0
1.4 Jobs created						
1.4.1 Number of jobs increased	Number of new jobs	285	1,175	2,840	5,200	9,500
1.4.2 Number of women’s jobs increased	Number of new jobs	(155)	(705)	(1,700)	(3,140)	(5,700)
MODULE 2 (Public Policy and Business Support Institutions): Responsiveness of policies and institutions improved						
2.1 Quality of information on US market improved	Change in quality 1/	6	10	10	8	34
2.2 Value of services on US market entry increased	Index value 2/	100	130	165	200	--
2.3 Growth-oriented industrial strategies introduced	Number reforms	1	1	1	0	3

1/ To be measured by the number of NBO-sponsored information dissemination events.

2/ To be measured by changes in an Association-based “satisfaction index”

¹ Increases measured against base year which is 2005. Y1 is 2006, Y2 is 2007 and so on. Moroccan company year is Jan 1-Dec 31.

These targets are incorporated into NBO’s monitoring and evaluation (M&E) plan. Progress toward targets will be monitored regularly. As necessary and to reflect changing NBO operating conditions, adjustments to targets will be made in future yearly revisions to the NBO Life-of-Program Work Plan, in consultation with USAID and Moroccan counterparts.

1.5 Implementation Strategy

This Life-of-Program Work Plan is formulated within the framework of a technical implementation strategy made up of six elements:

- **Demand-driven** – NBO is first and foremost a demand-side program that begins with the identification of new product or market opportunities for Moroccan manufacturing exporters, and then helps these exporters adapt in order to respond successfully to the demand characteristics associated with these markets and products. As such, NBO is not fundamentally a supply-side “mise-à-niveau” program, and engages in enterprise upgrading activities only as a direct function of the new market opportunities it helps firms uncover.
- **US Market-focused** – The US-Morocco FTA is the basic rationale for the NBO Program, and links with US markets represent NBO’s major comparative advantage relative to the several other technical assistance programs active in Morocco’s private sector. NBO’s primary focus is thus to work with Moroccan exporting firms to compete in the markets for goods exported to the USA. Assisting firms export to Europe or to the Middle East is not a part of our contractual obligations and thus will be left to other technical assistance programs focusing on those regions.
- **Transaction-oriented** – NBO’s orientation is ultimately commercial: to assist Moroccan firms make US export sales, attract investment funds and build sustainable relationships with US partners. Taken together, these transactions will translate into NBO’s expected results. Direct promotion of transactions (RM1 Business Development) accounts for the principal share of NBO activity. All NBO institution-building (RM2 Public Policy and Business Support Institutions) is also designed to facilitate these transactions. The primary project assumption is that increases in the number of successful transactions of this type will lead to greater export growth and more jobs in the export sector.
- **Priority Sectors** – In principle, NBO is open to working with promising manufacturing sectors, outside of agribusiness, relative to the US market opportunities. However, in view of industry advantages under the FTA, Morocco’s “Plan Emergence” industrial policy, and its own resource limitations, NBO’s first priorities will be:
 - Textiles and Apparel
 - Leather and Shoes

- Automotive Parts
- **Firm Readiness** – Within these sectors, NBO is open to assisting a broad range of exporting firms relative to US market opportunities. Not all firms possess the technical, financial and managerial capacities to compete in the harsh competitive conditions of the US market, immediately or even in the medium term. To maximize returns to the investments of time and resources that firms must make to be ready to compete in the US market, the major part of NBO efforts will focus upon enterprises that appear relatively better prepared to benefit from NBO services and thus succeed in the US market. NBO has devised a plan to select these firms in a transparent manner. This is done through a Selection Committee comprising Sector Associations, USAID, MICMAN, ANPME and NBO. Firms will be added to and graduated from NBO’s active client list on an annual basis throughout the life of the Program. (The adequacy of the selection process will be a critical focal point for the mid-term review.)
- **SIMES** – Critical to NBO’s demand-driven, US market-oriented strategy will be the Program’s deployment of Senior International Market Specialists (SIMES), based in the US. At least one SIME will be assigned to each of the designated priority sectors, or sub-sectors, as required. The SIMES act primarily as export opportunity facilitators and sector technical assistance experts. While based in the US, SIMES will make regular visits to Morocco and maintain regular, direct contact with the US industries in question, and – working through NBO’s Casablanca-based team – providing practical, actionable US market intelligence and business advice to Program’s client firms.

2.0 Objective of Mid-Term Review

The objective of this assignment is to carry out a Mid-Term Review of the NBO project. Specifically, the evaluators will undertake a formative assessment of the project to gauge progress made in the implementation of planned activities toward reaching stated goals and objectives. Additionally, the evaluators will assess the wider project context to validate project assumptions and results indicators against the reality on the ground, based on actual NBO implementation experience to date. The latter should be done with a view toward making recommendations for adjustments and calibration of assumptions and results indicators, as warranted. The results of this assessment will also be used by the Business Growth Initiative (BGI) Project of EGAT/EG (CTO, Steve Silcox) to disseminate lessons learned and best practices in enterprise development, in particular as they relate to trade capacity development.

3.0 Scope of Work

The tasks listed below under the scope of work (SOW) are minimum requirements for this assignment. The evaluators may add additional tasks that further strengthen the expected results of this assignment.

1. Prior to arrival in Morocco, the evaluators should send a list of required documents to the CTO at the following email address: jmay@usaid.gov. USAID will make every effort to gather requested documents and make them available prior to the beginning of assignment to enable timely review of program data and information.
2. Hold a preliminary meeting with the USAID/Morocco CTO and other key staff of the Mission's Economic Growth team to ascertain a thorough understanding of the assignment requirements and to brief the USAID Mission Director and key staff on the approach and procedures to be taken to carry out the Mid-Term Review, as well as to discuss concerns and suggestions for pursuing appropriate lines of assessment inquiry.
3. Hold meetings with Moroccan counterparts at the Ministry of Industry, Commerce and Economic Upgrading, ANPME (Small and Medium Enterprise Agency) and trade associations (AMITH [textile-apparel], AMICA [automobile] and FEDIC [leather and footwear]) to discuss project accomplishments and areas for improvement .
4. Undertake data gathering and analysis, as appropriate, including review of project documents, interviews, individual and group discussions, gathering of primary data, review of primary and secondary data, as well as other means of gathering a comprehensive variety of program data and information from a broad and diversified perspective. Review of project documentation, will include but not be limited to USAID project documents, NBO project documents, work plans, monitoring and evaluation plan, project reports and supporting data and information, relevant project monitoring, internal project management information systems, and so on.
5. Based on data and information gathered during field work, conduct preliminary analyses of same to produce a quantitative and qualitative assessment of the NBO program from all relevant perspectives. Data analysis should focus on yielding meaningful output and outcomes data and information to provide an in-depth understanding of program progress, challenges faced, if and how problems were resolved, pending issues, necessary changes and directions, as required, and so on.
6. Midway through the field research, prepare a discussion paper on preliminary findings to discuss with USAID/Morocco staff, Moroccan counterparts and NBO staff, addressing key findings and issues, and preliminary recommendations. The discussion paper shall be produced in English and French must be submitted at least 24 hours prior to discussions at a debriefing meeting to be held with above concerned parties. (The inception report may be sent either electronically, in hard copy, or both.) Take note of comments and observations made during the debriefing meeting regarding key findings and preliminary recommendations to be considered in the drafting of the full Mid-Term Review report. The debriefing meeting is the final phase of the fieldwork.

7. Prepare a draft of the Mid-Term Review report. The draft report shall address progress made toward reaching stated project goals and objectives, as well as to validate project assumptions and results indicators against the reality on the ground, based on actual NBO implementation experience to date. To the extent possible, comments and observations made by USAID/Morocco, Moroccan counterparts and/or NBO should be taken into consideration in the drafting of the full draft report. Where such comments and observations deviate from evaluators' findings and opinions, appropriate explanatory notes should be provided, registering differing opinions. The draft report should respect standard format and be clearly written to include an Executive Summary, Findings, Conclusions, Recommendations and appropriate annexes.
8. Make specific recommendations in the complete draft report to guide and enable USAID/Morocco, Moroccan counterparts and the NBO team to take appropriate actions to ensure that the project attains all set goals and objectives within the established timeframe and resources allocated. Recommendations should be both of project implementation nature as well as looking deeper into the project context, appropriateness of current results indicators vis-à-vis actual experience on the ground, and so on.
9. The draft Mid-Term Review report shall be submitted to USAID prior to the departure of the expatriate members of the evaluation team from Morocco and at least 24 hours prior to their final debriefing on the assessment. A final debriefing on the assessment report will be held subsequent to the receipt of the draft report.
10. USAID/Morocco will review and collect comments and inputs from all key parties and submit these to the evaluators within seven workdays of reception of the draft Mid-Term Review report.
11. Upon receiving the USAID/Morocco comments and inputs, the evaluators shall finalize the report within ten days and submit an electronic version of the final Mid-Term Review report in English.

4.0 Expertise Required

To carry out the proposed assignment, the following expertise is required:

- (1) Team Leader. Senior Enterprise Development Specialist with at least ten years experience in international development (preferably in export oriented projects) and proven experience in carrying out project and program evaluation of donor-funded private sector development projects and programs. Proven experience in leading teams of consultants on short or long term assignment is required. Professional command of French is required. Stephen Silcox of EGAT/EG in USAID/Washington will serve in this position.

- (2) Evaluation Specialist. Economist, social scientist or related educational background with at least seven years experience in international development and proven experience in conducting project and program evaluation of donor-funded private sector development projects and programs. Professional command of French is required. William Witting, a consultant provided by the Weidemann Associates under the Business Growth Initiative (BGI) Project (Stephen Silcox, CTO) will serve in this position.
- (3) Local Evaluation Specialist. Economist, social scientist or related educational background with at least five years experience in private sector development projects and programs. Prior experience participating in donor-funded private sector projects or programs evaluation is highly desirable. Familiarity with textile-apparel and/or leather-footwear sector projects is highly desirable. Professional command of English and fluency in French are required.

5.0 Duration of Assignment

The services for the proposed assignment are required for approximately four weeks, beginning on/about October 15, 2007. Fieldwork is estimated to take about two weeks with the third week in Morocco spent preparing the draft assessment report and holding a debriefing on that draft report. Other workdays shall be spent reviewing background documents and preparing the final assessment report. The assignment, including all deliverables, is to be completed no later than December 31, 2007.

6.0 Location of Assignment

Location of assignment. Fieldwork will be conducted in Rabat, Casablanca and possibly Tangier and Fez areas where NBO enterprise clients are located. A decision as to visits in the latter two locations will be determined through consultations with USAID/Morocco and NBO staff. The draft assessment report shall be prepared in Casablanca and a final debriefing shall be conducted in Casablanca or Rabat. The final assessment report shall be prepared in the home offices of the evaluation team.

7.0 Deliverables

Deliverables to be provided during the course of the Mid-Term Review assignment and before the contract ending date are:

- Discussion Paper with preliminary findings shall be submitted mid-way through the fieldwork, on/about October 22, 2007
- Draft Mid-Term Review report shall be submitted at least 24 hours prior to a final debriefing on the report to take place prior to the departure of the expatriate members of the evaluation team, on/about October 31, 2007
- Final Mid-Term Review report to be submitted within ten days after the receipt of the comments on the draft report, but by no later than December 31, 2007

8.0 Reporting

The assignment is to be carried out under the supervision of the USAID Officer, Ms. Fatine Bellamine. Overall supervision of the assignment will be provided by Mr. Jim May, NBO CTO, and Economic Growth Chief Division at the USAID/Morocco Mission.

9.0 Special Provisions

Costs. EGAT/EG will cover the costs of the salaries and related items for Stephen Silcox and half of the total costs for the Evaluation Specialist under the BGI project. USAID/Morocco will pay the costs for travel from the USA for Stephen Silcox, as well as per diems and local travel and other related costs, through a Travel Authorization. USAID/Morocco will also pay for half of the total costs of the Evaluation Specialist through an OYB transfer to EGAT/EG to take place upon receipt of an invoice from Stephen Silcox, the CTO for the BGI project. The USAID/Morocco office will contract directly the Local Evaluation Specialist.

Logistical support. USAID and NBO will provide office space and local transportation within Morocco. The evaluation team shall be responsible for ensuring transportation to and from Morocco, and laptop computers. Printing and photocopying support will be provided by USAID and the NBO project. USAID/Morocco shall arrange for the translation of the final Mid-Term Review report into French.

Work days ordered. A total of up to 40 work days are estimated for this Mid-Term Review assignment. A six-day work/week is authorized during fieldwork.