



**MID-TERM EVALUATION OF
TECHNOSERVE, INC.
MATCHING GRANT**

SEPTEMBER, 1993

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EXECUTIVE SUMMARY

TechnoServe is a private, non-sectarian, non-profit U.S. voluntary organization. Founded in 1968, its goal is to improve the economic and social well-being of low-income people in developing countries by fostering the development of small to medium-scale enterprises. Its primary focus is on agriculture, agribusiness and rural credit.

TechnoServe accomplishes its goal by providing business management advisory services and technical assistance and training to community-based enterprises (CBEs) and local development institutions, including non-governmental organizations. It works with community-based, farmer-owned and operated enterprises to improve and increase farm productivity, raise rural employment and increase family incomes. In addition, it works with local development institutions to increase their capabilities to provide timely and cost-effective assistance to their clients. The assisted enterprises and institutions directly benefit rural communities, promote self-reliance in the social and economic spheres, improve and enhance natural resources, and build stronger regional and national economies. TechnoServe has offices in 12 countries in Africa, Latin America, and Eastern Europe and an affiliate in Costa Rica.

In July, 1991 A.I.D. awarded TechnoServe a five-year Matching Grant (PDC-0158-A-00-1100-00 totalling \$4.5 million. Key components of the grant are to support:

- 1) Increased service to community-based rural enterprises emphasizing TechnoServe's "key sector" approach in an ongoing effort to promote sustainable growth in the rural sector;
- 2) TechnoServe's move towards a decentralized structure emphasizing country program self-management; and
- 3) The formation of a TechnoServe "Network" which has been defined by TechnoServe as an international alliance of autonomous national programs and affiliate agencies or partners.

This mid-term evaluation assesses the progress made in the implementation of the Matching Grant and covers the first two years of the grant. The evaluation was carried out in July and August, 1993 by a three person team and consisted of reviews at TechnoServe headquarters and field visits to TechnoServe programs in Panama and El Salvador and to TechnoServe's affiliate in Costa Rica.

Overall, the Evaluation Team found that TechnoServe's primary method of intervention -the CBE- is valid and appears to stand up impressively against measures of cost-effectiveness, sustainability and other measures of impact. Moreover, institutional collaborations including wholesaling and training for NGOs and

national and international institutions is also being carried out. Progress in moving towards decentralization has been good and it appears that the field offices are benefitting from increased autonomy.

At the same time there appears to be some confusion as to how TechnoServe reports its accomplishments because existing reporting systems succeed in capturing CBE activities better than institutional and other types of interventions. Consequently, TechnoServe's full range of capabilities are not necessarily understood by outsiders including potential clients/collaborators. It is recommended that TechnoServe better develop the necessary systems to monitor and report on its non-CBE activities and because of changing development environments and donor strategies it should also be willing to look even harder at non-CBE opportunities.

Because it is in its early stages there is also some confusion within the TechnoServe "Network" regarding the definition of the "Network". TechnoServe needs to develop and adopt a formal definition which is acceptable at headquarters and field levels.

This evaluation finds that substantial progress is being made in meeting the goals and objectives of the Matching Grant and that implementation is on schedule. Most of the recommendations offered in this evaluation stem from expressed desires to improve or expand specific areas of operation rather than a need to resolve significant problems or resort to course correction.

List of Acronyms

- ACAIPADE - Asociacion Costarricense di Asistencia Integral para el Desarrollo (Association for Integral Assistance for Development)
- ACORDE - Asociacion Costarricense para Organizaciones de Desarrollo (Costa Rica)
- A.I.D. - Agency for International Development
- A.I.D./FHA/PVC - A.I.D. Food and Humanitarian Assistance, Office of Private and Voluntary Cooperation
- BEST - Belize Enterprise for Sustained Technology
- CBE - Community Based Enterprise
- COPRAM - Program to Combat Poverty (Panama)
- FES - Fondo de Emergencia Social (Panama)
- GOES - Government of El Salvador
- GOP - Government of Panama
- GRUDEM - Grupo para el Desarrollo Empresarial (Panama)
- IDB - Inter-American Bank
- INFOCOOP - Instituto de Fomento Cooperativa (Costa Rica)
- MIPPE - Ministry of Planning and Economic Policy (Panama)
- PRN - National Reconstruction Plan (El Salvador)
- PRONAMYPE - Programa Nacional de Apoyo a la Micro-Empresa (Costa Rica)
- SRN - Secretariat for National Reconstruction (El Salvador)
- UCAFES - Union de Cooperativas de Cafe de El Salvador
- UCRAPROBEX - Union of Production, Processing and Export Crops (El Salvador)

I. INTRODUCTION

TechnoServe is a private, non-sectarian, non-profit U.S. voluntary organization. Founded in 1968, its goal is to improve the economic and social well-being of low-income people in developing countries by fostering the development of small to medium-scale enterprises. Its primary focus is on agriculture, agribusiness and rural credit.

TechnoServe accomplishes its goal by providing business management advisory services and technical assistance and training to community-based enterprises (CBEs) and local development institutions, including non-governmental organizations (NGOs). It works with community-based, farmer-owned and operated enterprises to increase farmer productivity, raise rural employment levels, and increase family income. In addition, it works with local development institutions to increase their capabilities to provide timely and cost-effectiveness assistance to their clients. The assisted enterprises and institutions directly benefit rural communities, promote self-reliance in the social and economic spheres, build stronger regional and national economies, and contribute to the establishment of economic equilibrium. It is TechnoServe's belief that by assisting grassroots organizations formed as enterprises, rural people can begin to take control of their lives and improve their living conditions in a way that is self-sustaining.

TechnoServe has offices in 12 countries in Africa, Latin America, and Eastern Europe and one affiliate in Costa Rica.

THE MATCHING GRANT

The Agency for International Development (A.I.D.) has been TechnoServe's most prominent partner, providing support for TechnoServe's institutional and programmatic growth since 1974. This partnership has taken several forms, including country and project specific cooperative agreements, operational program grants, special consultations, and the centrally funded Development Program and Matching Grants administered by AID/FHA/PVC. This series of collaborative agreements includes the current five year Matching Grant which is the subject of this mid-term evaluation.

The Matching Grant (PDC-0158-A-1100-00) totalling \$4,500,000 was awarded in September, 1991. The purpose of the grant is "to provide support TechnoServe to provide improved and expanded technical assistance programs to increased numbers of small and medium-sized rural community-based enterprises in Africa and Latin America and thus achieve increased successful participation and integration of low-income farmers in developing countries into market-oriented economies."

The Matching Grant program was designed to enable TechnoServe to implement broad new directives of a new five-year strategic plan.

The strategy aims at an institutional goal of achieving a higher level of program activity and impact around the world.

Specifically the grant addressees directives of the strategic plan which call for a carefully coordinated program of activities which:

- 1) Concentrates country program activities on sector-oriented agricultural enterprises (geographic and product specific);
- 2) Promotes wholesaling of services through creative partnerships with international and local NGOs and development institutions; and
- 3) Strengthens self-directive capabilities of individual TechnoServe country programs to achieve the goal of overall operational decentralization.

The self-directive or internal restructuring component is being achieved through a strategy which promotes country program self-management capabilities in such professional areas as strategic planning, administration, human resources and financial management, information management, environmental impact and social impact analyses, project monitoring and evaluation, fund raising and replication.

Increased country self-management and creative institutional partnerships are two key components toward the long-range goal of greater program impact. An additional component of this strategy is the formation of the TechnoServe "Network" which was generally conceived as a loose alliance of TechnoServe country programs, collaborating partner agencies and affiliate programs, including TechnoServe "spin-off" programs.

THE EVALUATION

The main objective of this mid-term evaluation is to analyze and assess the progress achieved by TechnoServe in the implementation to date of the Matching Grant. The first two years of grant implementation - July 1, 1991 through June 30, 1993 - constitute the period under review. Since the final evaluation of the last Matching Grant (1991) focused on Africa for field analysis, this mid-term evaluation centered on TechnoServe country programs and an affiliate in Latin America.

This evaluation assesses progress made in carrying out TechnoServe's institution building and rural enterprise strategies and assesses the effectiveness of these strategies. The Scope of Work (SOW) is included as Appendix I.

METHODOLOGY

The evaluation was carried out in July and August, 1993 beginning with interviews with TechnoServe staff and a review of project documents at TechnoServe headquarters in Norwalk, Connecticut. The Evaluation Team then spent three days in both Panama and El Salvador and seven days in Costa Rica. One team member then traveled to Belize mostly to conduct other TechnoServe business but also for the purpose of interviewing staff from an organization that at one time had been a TechnoServe program affiliate. (Appendix II, Itinerary).

The field reviews consisted of interviews with TechnoServe or TechnoServe-affiliate staff, as well as staff from current, past, and potential partner organizations and clients. Meetings were also held with local TechnoServe Board Members, USAID staff, host government officials, and project beneficiaries. Many interviews were conducted in Spanish with team member Julie Feick acting as interpreter although outside interpreters were used occasionally. A list of people contacted as part of this assessment are included as Appendix III.

The Evaluation Team consisted of Julie Feick, TechnoServe Program Officer for Latin America, James Herne, Director of Research and Development for TechnoServe, and John Zarafonetis, Independent Consultant and Team Leader. Barbara Magner, Director of Government and Donor Relations for TechnoServe participated in the headquarters review and in planning sessions for the evaluation.

Although the SOW divided the Matching Grant into three broad objectives relating to country enterprise strategies, building creative partnerships, and moving to a decentralized organizational structure emphasizing country self-management, the Team also found that the issue of the TechnoServe Network figured prominently throughout its assessment. Even though the network concept overlaps considerably with the other objectives, the Team treats it as a separate section with the hope of making the report more readable. Consequently, the report assesses four specific areas:

- 1) Effectiveness of TechnoServe's rural enterprise strategy;
- 2) Effectiveness of TechnoServe's decentralization strategy;
- 3) Effectiveness of TechnoServe's external institution building strategy (creative partnerships);
- 4) Review of the TechnoServe Network.

Jim Herne's report on his trip in Belize is included as part of the section of the TechnoServe Network.

II. GENERAL OVERVIEW OF TECHNOSERVE PROGRAMS PARTICIPATING IN THE EVALUATION

PANAMA

The TechnoServe program in Panama was started in 1979 and has developed into a strong, decentralized office. The director and several staff have many years of experience with TechnoServe, although during the 1988-89 crisis period in Panama, TechnoServe reduced its program and a significant part of the staff are people hired since 1991.

Panama has had an established "Amigos" group for many years, but the members do not meet on a regular basis. Thanks to the personal relationships maintained by the Director, TechnoServe/Panama enjoys close working ties with government ministries, particularly those of Planning and Economic Policy and Agriculture, and also with other agencies and NGOs in Panama.

For several years TechnoServe has found the funding situation in Panama to be very difficult and it has worsened recently in anticipation of the 1994 presidential elections.

In the past two years, Panama has seen a proliferation of NGOs as a direct result of the privatization of government services. Many of these NGOs are paper organizations with few staff and no systems or infrastructure. TechnoServe is in much demand to share its administrative and managerial skills with other NGOs, and is doing so with a variety of organizations whose line of business is not necessarily consistent with TechnoServe's. It is expected that a "natural selection" process will occur soon, and that only the strongest, most capable NGOs will survive.

TechnoServe's portfolio in Panama currently consists of five enterprises receiving integral assistance and four institutions. In addition, several consultancies are on-going, including a one-year project with the Ministry of Planning and Economic Policy (MIPPE-COPRAM) to provide training and institutional strengthening to 52 local NGOs. TechnoServe/Panama is also investigating a pilot micro-enterprise project in the Colon region as a way to broaden its portfolio of services and thereby its appeal to a limited donor market. By year end, two more enterprises and several additional consultancies are expected to be added to the project portfolio. The number of direct beneficiaries from enterprise assistance is 6,633 people. Beneficiaries of institutional assistance are estimated at 20,219 people.

Enterprises

Manuel Salvador
Asentamiento Soberania
San Sebastian de Chica
San Blas Mola Producers Cooperative
Rio Paloma (*)

Institutions

Lake Alajuela Farmers' Union (UCLA)
ASCOVE
Union Campesina 9 de junio (*)
APEMEVE (*)

(*) These projects have just started receiving TechnoServe assistance

TechnoServe/Panama's local expense budget for 1993 is \$344,000 and the current permanent staff includes seven professionals and three administrative support people, and three short-term contractors.

EL SALVADOR

The TechnoServe program in El Salvador is TechnoServe's oldest and largest in Latin America. It was started in 1975 and many of the current staff have more than 10 years of experience with TechnoServe, including the Director and senior managers. Historically, this program has been funded by A.I.D. through Operational Program Grants with the local mission. TechnoServe is currently in the process of diversifying its funding base in anticipation of a scale-back of the AID program in the country. It is expected that as bilateral funding is reduced, multilateral agencies such as the IDB, UNDP, the World Bank will increase their activities.

The TechnoServe/El Salvador program has never had an "Amigos" group since the situation in the country during the 12 year civil war made this type of committee too political. Despite this, TechnoServe/El Salvador is fully decentralized and self-sufficient in administrative and programmatic functions. TechnoServe is in the process of creating and registering an autonomous local NGO, FUSADAR, whose officers are made up of 12 members of the TechnoServe staff. This entity was formed to attract donor support from European and other donors which will not support US organizations and will work parallel to, and in conjunction with, the TechnoServe program.

In the 1980s, the Agrarian Reform movement in El Salvador had a strong impact on TechnoServe's project activities. TechnoServe was a pioneer in providing assistance to these newly created cooperatives and has been a key player in the sector. Recently, agrarian policy has reversed and parcelization and individual ownership have become the norm and TechnoServe is finding it necessary to adapt its assistance approach to the agricultural

sector.

Historically, TechnoServe/El Salvador has worked with very traditional crops, primarily coffee, sugar cane, basic grains and cattle. In the 1990s TechnoServe has recognized the need to move towards non-traditional crops, particularly those appropriate for export, and place more emphasis on environmental impacts. TechnoServe is strengthening its marketing and environmental capabilities in order to better serve the farmers in El Salvador and is experimenting with new forms of organization and target groups, such as micro-enterprises. This is seen as a key market for the future.

Conditions in El Salvador have been changing since the peace accords were signed in January, 1992, ending a 12 year military conflict. In an effort to begin the process of post-war reconstruction, the GOES has established the Secretariat for National Reconstruction (SRN) and charged it with formulating a National Reconstruction Plan (PRN), which is regarded as one of the vital components for fostering the peace process and national reconciliation.

The objectives of the PRN are to assist ex-combatants and people displaced by the conflict to return to productive and peaceful lives and improve the social, economic and environmental conditions of the geographic areas most heavily affected by the conflict.

In July of 1992, TechnoServe was formally invited by the Office of the Vice-President of El Salvador to be the implementing agency for a pilot microenterprise project under the PRN in the San Miguel region. TechnoServe's goal is to use the San Miguel Ya project as a means of demonstrating the validity of the TechnoServe approach in supporting micro-enterprises and then increase its cost-effectiveness and impact with micro-enterprises by becoming an umbrella organization for NGOs working with micro-enterprise development sector. In this way, TechnoServe can leverage assistance to microenterprises in a cost-effective manner. TechnoServe is also implementing a one-year training program for demobilized soldiers under the PRN program.

TechnoServe/El Salvador is benefitting 30,296 people directly through its enterprise assistance and expects to reach another 69,225 through institutional assistance and special projects. The full portfolio of the program currently includes:

27 enterprise projects, of which 3 are co-financed by Plan International, 4 by EEC/PROCOOPCA and one by PRADEPESCA

it a popular site for regional headquarters of many corporations and organizations. Costa Rica is a research and development center in Central America and environment and eco-tourism are key areas of interest and funding in Costa Rica. Unlike many other countries in Latin America, Costa Rica presents surprisingly good social indicators. ACAIPADE staff, other development professionals and GCR officials maintain that while production is strong, productivity is low. They believe that Costa Rica should emphasize processing and marketing to increase the productivity of its productive sectors, without losing sight of social component.

In the past, multilateral and government agencies have hired independent contractors to support their activities. This year, some are experimenting with using NGOs rather than individuals to provide technical assistance and services. ACAIPADE has been selected by both a government agency and a multilateral organization as one of just a few NGOs to serve as a pilot project for this new form of contracting. If the results are positive, as they are expected to be, this could be a promising area of activity for ACAIPADE.

ACAIPADE's current portfolio consists of four enterprises and one institution receiving integral assistance, two short-term training programs and one consulting activity with the InterAmerican Development Bank. Beneficiaries of the enterprise assistance total 8,890 with an additional 141,250 people being benefitted by the institutional and special projects. ACAIPADE anticipates the incorporation of four more enterprises by year end.

Enterprises

Poza Azul Cooperative
Acosta Women's Association (AMA)
CAC Coto Brus
CAC Guacimo

Institutions

Confederation of CACs

Consultancies

PRONAMYPE/ILO four-month training program for microenterprises
DRIP program for training-of-trainers
Short-term Mission with IDB

ACAIPADE's 1993 budget is \$145,000 and staffing includes 6 full-time professionals, 4 full-time administrative people and 3 short-term contractors for a total of 13 people.

The following charts summarize program activities in Panama, El Salvador and Costa Rica:

TECHNOSERVE / PANAMA
PROGRAM MONITORING REPORT
AS OF: 08/26/93

ACTIVITY	1992	1993		
	ACTUAL	PROJECTED	ACTUAL	% OF GOAL
I. ENTERPRISES				
A. ENTERPRISES ASSISTED				
1. INTEGRAL	4	5	5	100.0%
2. SPECIFIC/SHORT-TERM	0	0	0	ERR
B. TRAINING ACTIVITIES				
1. EVENTS	9	20	29	145.0%
2. PERSONS TRAINED	36	100	145	145.0%
Female	11	50	60	120.0%
Male	25	50	85	170.0%
C. BENEFICIARIES	6,801	8,909	6,633	74.5%
Female	3,500	4,320	3,217	74.5%
Male	3,301	4,589	3,416	74.4%
II. INSTITUTIONAL STRENGTHENING				
A. INSTITUTIONS ASSISTED	2	4	4	100.0%
B. TRAINING ACTIVITIES				ERR
1. EVENTS	8	16	8	50.0%
2. PERSONS TRAINED	180	360	180	50.0%
Female	80	160	80	50.0%
Male	100	200	100	50.0%
C. BENEFICIARIES	18,414	17,914	20,219	112.9%
Female	8,930	8,688	9,806	112.9%
Male	9,484	9,226	10,413	112.9%
III. SPECIAL PROJECTS & CONSULTANCIES				
A. TOTAL CONSULTANCIES	2	2	5	250.0%
1. TECHNICAL ASSISTANCE	2	2	2	100.0%
2. TRAINING	0	0	3	ERR
3. EVALUATION	0	0	0	ERR
4. OTHER SERVICES	0	0	0	ERR
B. TRAINING ACTIVITIES				
1. EVENTS	1	0	6	ERR
2. PERSONS TRAINED	35	0	180	ERR
Female	19	0	80	ERR
Male	16	0	100	ERR
C. BENEFICIARIES	3,608	0	0	ERR
Female	1,750	0	0	ERR
Male	1,858	0	0	ERR
IV. INTERNAL STAFF TRAINING				
1. EVENTS	5	10	12	120.0%
2. STAFF TRAINED	9	10	10	100.0%
Female	2	3	3	100.0%
Male	7	7	7	100.0%
V. INSTITUTIONAL RELATIONS	10	10	15	150.0%
VI. EVALUATIONS				
A. SOCIO-ECONOMIC	0	0	0	ERR
B. COST-EFFECTIVENESS	0	2	1	50.0%
C. GRADUATED PROJECT	0	1	0	0.0%
D. OTHER STUDIES	0	0	0	ERR

**TECHNOSERVE / EL SALVADOR
PROGRAM MONITORING REPORT**

AS OF: 08/27/93

ACTIVITY	1992 ACTUAL	PROJECTED	1993 ACTUAL	% OF GOAL
I. ENTERPRISES				
A. ENTERPRISES ASSISTED				
1. INTEGRAL	32	36	30	83.3%
2. SPECIFIC/SHORT-TERM	0	6	3	50.0%
B. TRAINING ACTIVITIES				
1. EVENTS	182	150	163	108.7%
2. PERSONS TRAINED	2,691	3,600	2,690	74.7%
Female	1,076	1,440	106	7.4%
Male	1,615	2,160	2,584	119.6%
C. BENEFICIARIES	34,334	30,296	66,204	218.5%
Female	13,734	12,118	26,482	218.5%
Male	20,600	18,178	39,722	218.5%
II. INSTITUTIONAL STRENGTHENING				
A. INSTITUTIONS ASSISTED	1	3	2	66.7%
B. TRAINING ACTIVITIES				ERR
1. EVENTS	16	16	1	6.3%
2. PERSONS TRAINED	574	800	30	3.8%
Female	230	320	2	0.6%
Male	344	480	28	5.8%
C. BENEFICIARIES	65,320	69,255	69,255	100.0%
Female	26,128	27,702	27,702	100.0%
Male	39,192	41,553	41,553	100.0%
III. SPECIAL PROJECTS & CONSULTANCIES				
A. TOTAL CONSULTANCIES	6	4	4	100.0%
1. TECHNICAL ASSISTANCE	4	3	3	100.0%
2. TRAINING	0	1	1	100.0%
3. EVALUATION	0	0	0	ERR
4. OTHER SERVICES	2	0	0	ERR
B. TRAINING ACTIVITIES				
1. EVENTS	0	0	18	ERR
2. PERSONS TRAINED	0	0	812	ERR
Female	0	0	0	ERR
Male	0	0	812	ERR
C. BENEFICIARIES	1,662	3,132	2,444	78.0%
Female	665	1,253	978	78.1%
Male	997	1,879	1,466	78.0%
IV. INTERNAL STAFF TRAINING				
1. EVENTS	18	24	19	79.2%
2. STAFF TRAINED	150	200	129	64.5%
Female	60	40	27	67.5%
Male	90	160	102	63.8%
V. INSTITUTIONAL RELATIONS	42	35	32	91.4%
VI. EVALUATIONS				
A. SOCIO-ECONOMIC	0	0	0	ERR
B. COST-EFFECTIVENESS	6	5	0	0.0%
C. GRADUATED PROJECT	0	11	4	36.4%
D. OTHER STUDIES	0	1	0	0.0%

TECHNOSERVE / ACAIPADE
PROGRAM MONITORING REPORT
AS OF: 08/26/93

ACTIVITY	1992 ACTUAL	1993		
		PROJECTED	ACTUAL	% OF GOAL
I. ENTERPRISES				
A. ENTERPRISES ASSISTED				
1. INTEGRAL	6	8	4	50.0%
2. SPECIFIC/SHORT-TERM	0	0	0	ERR
B. TRAINING ACTIVITIES				
1. EVENTS	79	104	53	51.0%
2. PERSONS TRAINED	364	520	265	51.0%
Female	146	208	82	39.4%
Male	218	312	183	58.7%
C. BENEFICIARIES	4,460	5,000	8,890	177.8%
Female	1,784	2,000	3,556	177.8%
Male	2,676	3,000	5,334	177.8%
II. INSTITUTIONAL STRENGTHENING				
A. INSTITUTIONS ASSISTED	6	1	1	100.0%
B. TRAINING ACTIVITIES				ERR
1. EVENTS	50			ERR
2. PERSONS TRAINED	184	0	0	ERR
Female	55			ERR
Male	129			ERR
C. BENEFICIARIES	95,475	125,000	125,000	100.0%
Female	38,190	50,000	50,000	100.0%
Male	57,285	75,000	75,000	100.0%
III. SPECIAL PROJECTS & CONSULTANCIES				
A. TOTAL CONSULTANCIES	3	3	3	100.0%
1. TECHNICAL ASSISTANCE	2	0	0	ERR
2. TRAINING	1	2	2	100.0%
3. EVALUATION	0	1	1	100.0%
4. OTHER SERVICES	0	0	0	ERR
B. TRAINING ACTIVITIES				
1. EVENTS	50	75	326	434.7%
2. PERSONS TRAINED	184	276	479	173.6%
Female	74	110	192	174.5%
Male	110	166	287	172.9%
C. BENEFICIARIES	65,550	75,550	141,250	187.0%
Female	26,220	30,220	56,500	187.0%
Male	39,330	45,330	84,750	187.0%
IV. INTERNAL STAFF TRAINING				
1. EVENTS	12	15	15	100.0%
2. STAFF TRAINED	12	16	16	100.0%
Female	6	6	6	100.0%
Male	6	10	10	100.0%
V. INSTITUTIONAL RELATIONS	50	60	60	100.0%
VI. EVALUATIONS				
A. SOCIO-ECONOMIC	0	0	0	ERR
B. COST-EFFECTIVENESS	0	2	1	50.0%
C. GRADUATED PROJECT	0	0	0	ERR
D. OTHER STUDIES	0	0	0	ERR

III. RURAL ENTERPRISE STRATEGY

One of the three key areas of emphasis for TechnoServe in its current Matching Grant is its Rural Enterprise Strategy. TechnoServe's goal in this area is:

"To provide improved and expanded technical assistance programs -- directly and indirectly -- to increased numbers of small and medium-sized rural community-based enterprises in Africa and Latin America, and thus effectively assist larger numbers of the rural poor to participate in viable, environmentally-sound, market-oriented agricultural production, processing, marketing and business organizations."

In order to reach this goal, TechnoServe is providing direct assistance to rural enterprises and expanding institutional wholesaling, collaboration and training activities. TechnoServe has committed itself to increase emphasis on environmental issues, women, and other marginalized, at-risk groups.

To make its service delivery more effective, TechnoServe is intensifying training to its project advisors. Part of this effort includes the research, development and production of training materials and other documents for advisors, outside institutions and members of the assisted enterprises. TechnoServe is maintaining and improving its sector focus approach (by geographic area or commodity) and developing new information systems and standards to monitor its activities under the rural enterprise strategy.

Findings relative to the Rural Enterprise Strategy

In general, the Evaluation Team found that TechnoServe has been very successful in implementing its Rural Enterprise Strategy. TechnoServe's work in the field is widely recognized as being appropriate and effective. Direct assistance to enterprises is being successfully provided in the three countries visited by the Evaluation Team. In addition, institutional collaborations, wholesaling arrangements and training for NGOs is being carried out. Following is a summary of the team's findings in this area:

- ▶ TechnoServe's methodology is valid for work with CBEs, but it can also be applied to groups involved in non-agricultural activities (ie. "maquila" projects) and can be adapted for use with individual businesses (micro-enterprises). Many of the institutions that know TechnoServe well have urged it to diversify. These agencies are convinced that TechnoServe's enterprise development methodology works and that it can be successfully implemented with other types of projects.

- ▶ TechnoServe's product is clearly not creating or strengthening CBEs, nor is it merely providing technical assistance and

training. TechnoServe's product can best be defined as human and economic development to increase the level of well-being of low-income people. CBEs, institutional collaborations, training of NGOs and other activities are the mechanisms TechnoServe uses to fulfill its mission and should not be confused with the mission itself.

- ▶ In reporting on its activities, TechnoServe uses only two categories: CBEs and everything else (generally lumped together as institutions or short-term consulting). The Team found that as a result of these inadequate definitions, there is a great deal of confusion, particularly between U.S. headquarters and the field offices, about what TechnoServe is really doing. Often only CBE projects are presented to outside audiences and thus they are only seeing a portion of what TechnoServe does and a portion of its capabilities.
- ▶ The impact and beneficiaries of innovative approaches such as wholesaling, institutional collaborations and training for NGOs are difficult to quantify. TechnoServe's current reporting systems are not adequate to capture information on these types of institutional activities.
- ▶ Training is being carried out for advisors on a regional basis through annual seminars and other specific activities. However, the bulk of project advisor training is being handled exclusively by the individual field offices with little, if any, coordination between programs or regions.
- ▶ The enterprises assisted by TechnoServe expressed concern that TechnoServe needs to improve the services it provides in the area of marketing. TechnoServe has not yet fully developed the necessary skills and knowledge to help its clients benefit from the trend towards regionalization in Central America and the growing importance of non-traditional crops for export.
- ▶ Training materials are being developed on an "as needed" basis by individual field programs with little coordination between offices. The result is often a duplication of efforts or a lack of standardization of the materials produced.
- ▶ Multi-lateral donors in particular are moving away from funding individual or country-specific projects in favor of regional projects and comprehensive programs through umbrella NGOs. In addition, due to a deprioritization of the agricultural sector in Latin America, there is reduced funding available for CBE-type assistance.
- ▶ Surprisingly, nearly all institutions interviewed did not feel that being a North American corporation in any way hindered TechnoServe or affected relations, especially since all TechnoServe staff are host country nationals. In fact, many

felt that being a U.S. company was a positive factor and lends an image of responsibility and professionalism to the relationship. Only ACORDE in Costa Rica (an AID entity) stated that they would not work with a U.S. agency.

Recommendations for Improving the Rural Enterprise Strategy

Based on the above findings, the Evaluation Team offers the following recommendations for TechnoServe to improve its Rural Enterprise Strategy:

1. Adopt as policy a willingness to explore new activities and diversify as opportunities present themselves. Enterprise development should remain TechnoServe's primary focus, but it can and should be applied to other types of organizations of rural, low-income people.
2. Stop referring to TechnoServe's product as CBEs. TechnoServe identifies itself too closely with only being able to do "small stuff". As donors move towards funding large-scale, regional projects, TechnoServe must be able to demonstrate that it can do this type of work, using its enterprise development methodology as an effective mechanism.
3. Develop necessary systems for reporting and monitoring non-CBE projects, including institutional collaborations, training and other types of activities. Incorporate this information in TechnoServe presentations, publications and proposals. Specifically, the format for the 1993 Annual Report should be updated to reflect the full range of TechnoServe activities.
4. Develop a comprehensive training system for advisors to improve their skills and keep them current on new techniques and trends in agriculture and development. Coordinate activities between field programs and divisions as appropriate and cost-effective.
5. Improve service delivery to clients in the marketing area. As necessary, establish linkages with agricultural marketing channels, research and information centers and brokerage agencies to facilitate the planning, marketing and export of the enterprises' production.
6. Develop mechanisms to coordinate and share existing and newly developed information and materials between field offices. This includes technical studies, project designs, lessons learned from new experiences and activities, and other such documents.

IV. EXTERNAL INSTITUTION BUILDING STRATEGY

A second area of emphasis under the Matching Grant is concerned with the formation of institutional partnerships. By forming working partnerships with host country development institutions and NGOs, TechnoServe aims to "wholesale" its enterprise development methodology with the result that more rural communities and more community-based enterprises will receive vital technical assistance and training.

Specifically, TechnoServe's goal under the Matching Grant in this area is:

"To foster creative partnerships with local institutions, both public and private, capable of replicating and/or supporting enterprise development efforts.

In forming these working partnerships, TechnoServe is providing advisory services and training geared toward basic functions of local institutions as well as training in enterprise development. A demonstrated capability in this regard would be a major factor in qualifying such institutions for membership in the TechnoServe Network (see next section.)

Other elements of the external institution building strategy include improving the implementation and outreach capabilities of the partner organizations, promoting special emphasis on women in institutional partnerships, and having a "positive" influence at national, A.I.D., and multi-lateral donor policy levels.

Findings relative to the External Institution Building Strategy

The Evaluation Team found that TechnoServe is making good progress in working to improve the capabilities of international, national and local institutions. Moreover, TechnoServe's approach to enterprise development is well regarded and demand for training and technical advice from TechnoServe is high.

During its field visits the Team found many examples of how TechnoServe is increasing its impact through its institutional partnerships. Some of this has been through "more traditional" TechnoServe clients such as UCRAPROBEX and UCAFES which serve coffee and other cooperatives in El Salvador and together represent over 30 co-ops with over 20,000 members and more than 80,000 beneficiaries. Another is IPACOOOP in Panama which supports 330 co-ops. For these groups and others like them, TechnoServe assistance has included diagnostic studies, helping to set up accounting and other management controls, and providing studies on a request basis for commodity and marketing studies.

More and more, however, TechnoServe is responding to less traditional i.e. "creative", partnerships in each of the countries

visited by the Team. Some of these new partnerships are with government and quasi-government entities. For example, in Panama, Technoserve is partnered with the GOP's Ministry of Economic Planning and Policy's (MIPPE) Program to Combat Poverty (COPRAM) which coordinates the activities of 163 NGOs. TechnoServe is also working with the Government's Social Emergency Fund (FES) which provides funding to NGOs and works in three areas to provide administrative training.

In El Salvador, TechnoServe serves as umbrella organization in a pilot project for the National Reconstruction Secretariat (NES) which is working in parts of the country affected by the war and designed to impact of ex-combatants.

The Evaluation also found examples of creative partnerships with bi-lateral and multi-lateral organizations. One of the most successful is the Dutch-funded DRIP Project in Costa Rica through which ACAIPADE is providing financial training to trainers of trainers representing 60 NGOs. Another is with NATURA a \$25 million environmental project in Panama in which TechnoServe is promoting its "businesslike" methodology to 100 local NGOs.

The Evaluation Team's findings in this area follow:

- ▶ There appears to be a strong market for institutional strengthening. In Central America there has been a proliferation of NGOs and national governments are moving to privatize social services. The Team found great appreciation for the TechnoServe "business" approach from institutions receiving technical assistance and training and a high level of interest in TechnoServe from many which were not receiving assistance.
- ▶ In the three countries visited by the Evaluation Team it was clear that TechnoServe is supporting a lot of institutions, both public and private. These institutions are drawn to TechnoServe because of its reputation for professionalism and its business-like approach rather than its CBE philosophy.
- ▶ Although the Team is unable to quantify, it seems clear that the impact being leveraged through institutions is leading to an increased number of farmer beneficiaries.
- ▶ TechnoServe field programs are wholesaling not so much to replicate TechnoServe's approach but to complement the approaches and objectives of the institutions they are assisting. It is recognized in the field that each of these institutions has its own objectives and clients or targets which may not be precisely the same as TechnoServe's. Institutions do not want to become "mini-

TechnoServes" but want to become more business-like, and take what they want from the way TechnoServe operates.

- ▶ Every institution interviewed receiving assistance from TechnoServe gave it high marks for its methodology, approach, and professionalism. All maintained that although TechnoServe services were expensive compared to those of other organizations, the results were well worth the cost.
- ▶ As noted in the Rural Enterprise Strategy section, TechnoServe's reporting systems do not adequately capture information on its institution building activities.
- ▶ Although there is an emphasis on women in institutional partnerships in the Matching Grant proposal, the Team did not find much evidence of this. This may be a function of the inadequacies in the reporting systems, but more likely has to do with the way TechnoServe markets itself.
- ▶ TechnoServe programs in Panama and El Salvador appear to have good relations with the national governments. As ACAIPADE becomes more secure and better known it anticipates a good relationship with the Costa Rican Government. One factor contributing to this is the strength and strategic influence of the local TechnoServe/ACAIPADE Boards of Directors and Friends of TechnoServe groups.
- ▶ The Team found that relations with A.I.D. are diminishing in each of the countries visited. Rather than a reflection of dissatisfaction with TechnoServe, this is a function of reduction in USAID mission funding and re-prioritization away from the rural, agricultural sector. Long collaboration between USAID and TechnoServe is likely to end next year even though the mission rated TechnoServe/El Salvador in its highest NGO category of "A".
- ▶ The apparent trend of multi-lateral donors to move from funding individual country programs to regional programs is resulting in the creation of NGO umbrella-types of organizations and offers TechnoServe opportunities to increase its impact. Notable among these is the IDB which coincident to TechnoServe's decentralization effort is also decentralizing. The TechnoServe program in El Salvador has worked with the IDB and looks to expand this collaboration. At the time of this evaluation ACAIPADE was in the early stages of providing some consultant services for the IDB and was exploring future funding possibilities which it thought were promising.

Recommendations for Improving the External Institution Building Strategy

Because of the success of the External Institution Building Strategy, the Evaluation Team offers only the following recommendations:

1. TechnoServe should be more concerned with improving the capabilities of the institutions with which it is working rather than expecting the institutions to totally buy-in to becoming mini-TechnoServe's. The sharing of its experience and approach with other institutions is valid and worthwhile and TechnoServe can meet significant needs without cloning itself.
2. At both the field and Norwalk levels TechnoServe needs to become more aggressive in promoting its institution building capacities for the purpose of taking advantage of the market opportunities. One place to start would be to improve existing reporting systems to better reflect the many kinds of institutions being assisted as well as the kinds of assistance being given.
3. The Norwalk office (PS and R&D) should provide the field offices with assistance in identifying emerging regional institutions emanating from international donors.

V. DECENTRALIZATION STRATEGY

The issues of decentralization, autonomy and internal restructuring appear prominently in the Matching Grant Proposal, and are in fact key objectives of the grant program. Specific objectives related to the decentralization strategy are summarized by the following excerpt taken from the proposal:

"This internal restructuring will be achieved through a strategy which promotes country program self-management capabilities in areas such as strategic planning, administration, human resources and financial management, information management (MIS), environmental and social impact analysis, project monitoring and evaluation, fund raising, and replication."

Other elements of the decentralization strategy included training to support increased autonomy (either from Norwalk staff or others), improved field office management systems, and a strengthened internal evaluation system. By the end of the grant, TechnoServe is to have a "streamlined, service oriented home office which guarantees a minimum 25% core budget funding to autonomous programs, and higher support levels to other country programs".

Findings relative to the Decentralization Strategy

Overall, the Team found that TechnoServe has been making good progress on the decentralization strategy, and the field offices are benefitting from increased levels of autonomy. The Team's findings in this area are summarized below:

- ▶ Decentralization, and along with it, improved self-management capabilities, is occurring in the field.
- ▶ Training services from the Home Office have been provided - especially in the administrative functions. Training in the areas of fundraising and marketing, however, has not taken place.
- ▶ The definition and use of the term "autonomy" is confused, with differing and often conflicting, interpretations.
- ▶ The benefits of decentralization seem to be good, and in fact desirable. The advisability of moving to full "autonomy" (ie the creation of a local entity) remains questionable.
- ▶ Current and future roles of the Norwalk office are unclear and ill defined. The respective roles and responsibilities for marketing and fundraising among the operating divisions and the Program Support Department have become blurred.
- ▶ The field offices are making only limited use of the MIS

system (ie, the Field Data Base), and find that it is only applicable to the traditional CBE type projects.

- ▶ Internal institutional evaluations are occurring, but not on a regular basis, and without the structure of an internal institutional evaluation system.
- ▶ In the field offices visited, the Home Office is providing a minimum of 25% of core budget funding, with the exception of the El Salvador program.

In general the field offices welcome the effort to decentralize, and push more responsibility for project identification and development to the field. The idea of moving to full autonomy, as is the case in Costa Rica, was not seen as desirable at this time. The benefits of this strategy are not clear, and in fact there may be none.

Recommendations for Future Action on Decentralization

The Team has formulated a number of recommendations for consideration by TechnoServe which should help the organization better achieve the objectives of decentralization as set out in the Matching Grant. These recommendations are:

1. The respective roles of the Norwalk Divisional offices, the Program Support Department, and the field offices should be more clearly defined. As decentralization continues to progress the roles of these different functions within TechnoServe will evolve, and the roles need to be clarified as the evolution takes place.
2. TechnoServe, both at the home office and in the field, needs to take a more systematic approach to internal training. Coupled with this approach, TechnoServe should develop a mechanism to evaluate and report on the training efforts that have been undertaken.
3. The training provided by Norwalk staff should shift from purely administrative functions, to broader program management functions. The target audience would be Country Directors and Managers, and the subjects would include strategic planning, marketing and fundraising, and project monitoring and evaluation.
4. TechnoServe needs to become more thorough and systematic in its internal evaluation functions. The cost-effectiveness model is a good start, but this model provides only limited indications of project impact in the gender, social, environmental, and other non-financial areas.
5. Given the diversity of activities undertaken by the field

offices, and the likelihood that this process will continue, internal reporting systems need improvement to better capture the scope and impact of TechnoServe field activities.

6. The Norwalk office should present a broader picture of TechnoServe's capabilities to the outside world. The methodology is applicable to a wide range of situations, and as the field has shown, the organization can be successful in other activities besides the creation of CBEs.

7. TechnoServe has an obligation to share its 25 years of experience with other local and international NGOs. There is a great need on the part of these organizations and TechnoServe is uniquely capable of providing significant assistance to them. The objective should not be to create TechnoServe "clones", but to enhance the capabilities of these client organizations.

8. The Norwalk office (in particular Program Support and R&D) should provide the field offices with assistance in identifying, and taking advantage of, trends in the international development industry. The field believes that the Norwalk office is well placed to provide to provide timely and useful information to them on this topic.

TechnoServe will need to develop a plan to implement these recommendations and determine where the responsibility lies for each one. The R&D Office could expand its involvement in many aspects of the Matching Grant Program, particularly training, program evaluations, and internal reporting systems.

VI. THE TECHNOSERVE NETWORK

TechnoServe's Matching Grant proposal described the TechnoServe Network as follows:

"... an international alliance of autonomous and semi-autonomous national-level TechnoServe Organizations, TechnoServe Collaborative Partners, and TechnoServe Country Programs".

The Grant Proposal also mentions links with regional/national collaborating affiliate agencies, but the nature and extent of these relationships are not defined in the Proposal.

This definition of the TechnoServe Network was developed at an early stage in the thinking on the Network concept, and internal discussions regarding the makeup of the Network have continued since the start of the Matching Grant Program. The concept which is emerging would include "TechnoServe" field offices in three broad categories. These categories are:

1. Traditional TechnoServe Country Programs, which operate as they do presently, and which are linked closely with their respective Divisional staff in the home office.
2. Fully Decentralized TechnoServe Programs, which have much broader local operational latitude, and which receive services from the home office on an "as needed" basis.
3. TechnoServe Affiliates, or Local Autonomous Organizations, whose Mission, activities and management are consistent with TechnoServe's, but which operate independently.

The evaluation team visited three field offices in Central America, and these offices provide insights on how Network members in each of these three categories would function. The Panama office is a "traditional" program, which maintains close links with the Latin America Divisional staff and other home office functions. The El Salvador program, while not "fully decentralized" as yet, offers a good example of a program which could operate on a decentralized basis. The TechnoServe affiliate in Costa Rica, Acaipade, is the first truly autonomous local organization in the Network, and will offer valuable lessons to TechnoServe as it tries to expand the number of "affiliates," either through spin-offs, or through bringing outside organizations into the Network.

The distinctions between the first two categories are not obvious, and should be laid out as clearly as possible before the Network concept is formalized. The identification of an office as an "affiliate" is more clear, but TechnoServe also needs to set out the benefits and responsibilities of membership in the Network before additional organizations can be brought in. The sections

which follow lay out, in very general terms, a basic structure for defining these three categories.

Traditional TechnoServe Country Programs

Most of TechnoServe's existing field offices fall into this category at present, and this is likely to be the case for the near future. Despite this fact, the Team believes the process of decentralization should be continued and strengthened, with the goal of moving two or three of the most advanced of the present country programs to "fully decentralized" status by the end of the Matching Grant.

A more detailed definition of a "traditional" country program would include the following factors:

- ▶ The field office was established by TechnoServe, either via a traditional country program start-up, or through the implementation of a donor funded "project."
- ▶ The Country Director reports directly to his respective regional Vice-President in the home office, who is responsible for hiring and firing the Director.
- ▶ The authority delegated to the Country Director is defined by the guidelines as presently contained in TechnoServe's Blue Book of management policies.
- ▶ Projects and activities undertaken by the program are fully consistent with TechnoServe's Mission Statement and Strategic Plan (including wholesaling, etc.).
- ▶ The cost structure of the program will remain as it is as at present, with field costs (01 to 09 costs), Divisional Overhead (11 to 21 costs), and corporate G&A costs. The full Divisional Overhead rate will be applied to all projects and activities undertaken by the program.
- ▶ The decentralization process will be part of program development, through regular training and assistance in self-management functions. Traditional programs should be encouraged to take on more responsibility for their own management, with measurable targets being set.
- ▶ Traditional programs should not be constrained from seeking, and taking on, "innovative" activities, as is the case presently in many country programs. These activities might include credit, micro-enterprise assistance, environmental and/or ecological projects, etc.
- ▶ The Norwalk office will continue to play a major role in identifying and securing funding for these programs, with

program staff concurrently receiving training in the marketing and fundraising functions.

Periodically, traditional country programs should be subject to internal evaluations and audits to insure their activities are consistent with the TechnoServe Mission, and that they are making progress towards self management. The concept of "Program Audits" should be developed as a means of insuring the quality and consistency of program activities, and an "Institutional Capability Rating System" could be developed as a means of measuring progress towards decentralization.

Fully Decentralized TechnoServe Programs

Only El Salvador and Ghana could be considered as candidates for the category of "Fully Decentralized Programs" at this time. El Salvador is close to full decentralization, but Ghana now has an expatriate Director and staff capabilities in both the technical and administrative areas need strengthening.

The following characteristics would form a basic concept for a "fully decentralized" TechnoServe field office:

- ▶ A decentralized field office would generally be an office that was originally established by TechnoServe, and not an external organization brought into the Network from the outside.
- ▶ The Country Director continues to report directly to his respective regional Vice-President, but he also receives guidance from a local "Advisory Committee," if one is in place. The Vice-President holds responsibility for hiring and firing the Director.
- ▶ The authority delegated to a decentralized program is much greater than that delegated to Country Directors. Policies for Directors of these programs need to be developed and incorporated into TechnoServe's Blue Book.
- ▶ Projects and activities undertaken by the program are fully consistent with TechnoServe's Mission Statement and Strategic Plan (including wholesaling, etc.). With decentralized status, the program has greater freedom and leeway to undertake new and innovative activities.
- ▶ The cost structure of the program will change, as it will require fewer services from the home office. The cost structure will include field costs (01 to 09 costs), Divisional costs based on the time allocated to supporting the program (11 to 21 costs), and corporate G&A costs.
- ▶ Decentralization will have been formally recognized, and periodic assessments of the advisability of spinning off the

program as a local entity will be undertaken. Decisions on spin-offs should not be made until TechnoServe has more experience with the Acaipade experiment.

- ▶ Decentralized programs will be encouraged to seek and take on "innovative" activities, to a greater extent than at present. These activities will be seen as methods of applying TechnoServe's experience in new and different ways, and as a means of developing new partnerships and funding sources.
- ▶ The Norwalk office will play a greatly reduced role in identifying and securing funding for decentralized programs. Services will be offered in maintaining donor relations, and in identifying new potential donors. These services will be charged to the Program as part of the 11 to 21 costs.

Decentralized field offices should also be subject to periodic Program Audits to insure the quality and consistency of program activities. These audits would also serve as a means of insuring that the activities undertaken by these programs are consistent with the TechnoServe Mission and Strategic Plan.

Local Autonomous Organizations, or TechnoServe Affiliates

Only the Acaipade organization in Costa Rica can presently be considered as a member of the third category in the TechnoServe Network. The only other TechnoServe field office which may move into this category during the Matching Grant period is the Enterprise Promotion and Support Center Project in Poland. A major goal of this project is the establishment of a local non-profit organization to carry on the work of TechnoServe, and this continues to be a focus of our efforts. This category could also see the addition of outside organizations as members (perhaps including the BEST organization in Belize), but this category of the Network concept needs definition and attention to develop and bring in new members.

The following factors could be seen as distinguishing a TechnoServe Affiliate from the other two categories of field offices:

- ▶ An affiliate could move into this category from the decentralized category, but it is possible, and perhaps more appropriate, to bring outside organizations into the Network as a more cost-effective means of expanding the Network.
- ▶ The local Director will have links with the home office, with either a Regional Vice President or the Director of Research & Development, but he will not be controlled and directed by Norwalk. Norwalk has no authority to hire and/or fire the local Director.

- ▶ The local Director reports directly to his own Board of Directors and membership. Technical and administrative guidance is provided by the local Board, which also has complete discretion to hire and fire the local Director.
- ▶ The authority delegated to the local Director is not constrained by the guidelines contained in TechnoServe's Blue Book of management policies. A cooperation agreement between TechnoServe and the local organization will spell out the respective roles and responsibilities.
- ▶ Projects and activities undertaken by the local organization should be generally consistent with TechnoServe's Mission Statement. Based on the cooperation agreement, TechnoServe may choose to not participate in, and/or fund, activities it sees as inconsistent with its Mission.
- ▶ The costs of the affiliate will be a hybrid of those of a local NGO and those of a decentralized office. Projects developed and funded locally will be treated as strictly local activities and only 01 to 09 costs will be included. Projects operated jointly with TechnoServe will use a case by case formula for including Norwalk costs in the activity.
- ▶ Affiliate Programs will be invited, and encouraged, to participate in both regional and international TechnoServe functions. These would include regional planning and training sessions, and TechnoServe's periodic Senior Staff Meetings. The local affiliate will be required to cover the costs of participating.
- ▶ Affiliate offices have much greater leeway to seek out "innovative" activities, and are only limited by the authority exerted by the local Board of Directors. In a like manner to the decentralized programs, these offices can be seen as developing new trends and ideas for inclusion in the TechnoServe Network.
- ▶ The Norwalk office will generally provide services on an "as requested" basis, and the local affiliate will be expected to cover the costs of such services. These services could cover a wide range of tasks, from market research to assisting in proposal preparation.

Local Affiliates may, from time to time, be subject to periodic Program Audits to insure the quality and consistency of program activities. These audits would serve to assure TechnoServe that the affiliate's activities are consistent with the TechnoServe Mission. Findings from such a Program Audit could be the basis for modifying and/or terminating the cooperation agreement.

Regional/national collaborating affiliates

Examples of these affiliates provided in the Matching Grant Proposal included COWAN in Nigeria, and PRODAC in Guatemala. The evaluation team believes that these linkages cannot be defined as being part of the TechnoServe Network, but are more appropriately part of the External Institutional strategy included in the grant proposal. It appears unlikely that any of these relationships will develop to an extent where they could be called part of the Network, and TechnoServe should not include such activities in its definition of the network.

Moving towards a North/South Partnership

Much of the language in the grant proposal, such as decentralization and autonomy, implies a more equal relationship between Norwalk and the field offices. This could be defined as more of a partnership than a headquarters - subsidiary relationship. TechnoServe will need to work more diligently to define and develop this sense of "partnership" with its field offices. The process of decentralization will give Country Directors a greater sense of participation in the overall Mission of TechnoServe, but input from the field Directors should be sought for other, larger, issues relating to the management and direction of the organization.

Recommendations relative to Network formation

TechnoServe is still in the early stages of developing the Network concept, and defining the Network. The Evaluation Team recommends the following relative to the Network concept:

1. TechnoServe should develop, and formally adopt, a definition of the Network which is acceptable to all parties; Norwalk staff, field office staff, and affiliate organizations.
2. An objective means of measuring the degree of decentralization of field offices needs to be developed and applied. This measure would be the criteria for categorizing the members of the TechnoServe Network.
3. An additional set of management guidelines, to be applied to the "fully decentralized" program offices, should be developed and incorporated into the TechnoServe Blue Book.
4. Network expansion should continue both internally (through Country Program creation) and externally (through the inclusion of already existing "affiliates").
5. The criteria for membership in the TechnoServe Network for "affiliates", and the benefits of membership, need to be developed and formalized.

The Team believes that the basic elements of the Network are already in place. TechnoServe needs to develop and formalize the Network concept in the coming year to make the Network a reality.

BELIZE

In 1984 TechnoServe was contacted by Mr. Robert Graham, an individual from California who was impressed by what he saw in TechnoServe, and who wanted to do something personal to help the poor in the developing world. Mr. Graham had established his own foundation, Katalysis, which would become a conduit for his development assistance. TechnoServe was seen by Mr. Graham as a good model for the type of development work he wanted to do in Central America.

This initial contact eventually led to TechnoServe and Katalysis signing a contract to collaborate on the development of a local, independent, non-profit organization in Belize. Katalysis, and in particular Mr. Graham, did much of the ground work for the development of this organization, which eventually became known as the Belize Enterprise for Sustained Technology, or BEST. Katalysis also identified and selected the first Director of BEST, Mr. Carlos Santos, along with providing much of the initial funding for the agency.

From 1985 to 1989 TechnoServe, and in particular staff from the Latin America Division, provided a significant amount of guidance and technical assistance for the development of BEST. During that period there were twenty-two visits to Belize by TechnoServe staff, and more than sixteen visits by BEST staff to the TechnoServe programs in El Salvador, Costa Rica and Panama. As a result of this extensive training and cross fertilization, the internal management and project development systems used by BEST are closely modeled on TechnoServe's.

The process was not without its difficulties though, and the questions of funding and the focus of the BEST program were perhaps the two most contentious issues. The agreement between TechnoServe and Katalysis called for a "cash" contribution to BEST on the part of TechnoServe. Within TechnoServe "cash" was interpreted as the equivalent of services - the assistance being provided to BEST. This issue led to tensions between TechnoServe and Katalysis, but was eventually sorted out satisfactorily.

TechnoServe had a more difficult problem with the directions that BEST was taking, and this appears to be the issue which led to an eventual parting of the ways for TechnoServe. Because of TechnoServe's highly focused philosophy and methodology, it advised BEST to focus on agriculture, and particularly the creation of rural, agricultural CBEs. The Director of BEST was a strong willed person, and not at all bound by the limits of TechnoServe's approach. He naturally ventured into areas which were unfamiliar and uncomfortable for TechnoServe. By the end of the agreement with Katalysis in 1989, TechnoServe's visits had begun to taper off, and early 1990 appears to be the last of the regular visits by TechnoServe staff to BEST.

In the interim, BEST has continued to grow and prosper, and it has maintained its close relationship to Katalysis. Katalysis has also continued to evolve, and it now has links with local organizations in Honduras and Guatemala, and the linking of these various agencies is called the "Katalysis North/South Development Partnership". This partnership seeks to give equal weight and voice to the "southern" partners, rather than having the "northern" partner taking a lead role and giving guidance and direction to the agencies in the south. The process appears to be working well, with all the agencies involved working closely together in a mutually supportive manner. The Katalysis Partnership seems to be viewed by AID as an innovative and successful model, as it has received two successive Matching Grants for significant amounts.

TechnoServe continues to list BEST on its Annual Report as an "affiliate in Belize", but there has been no real contact between TechnoServe and BEST since 1990 or 1991. When the Matching Grant Evaluation process began, and the issue of the TechnoServe Network began to receive attention, the Director of the Research & Development Office contacted Katalysis and BEST to arrange a visit to Belize to re-establish contact with BEST. This visit took place at the end of the evaluation trip to Central America, with the Director of R&D spending three days in Belize, with one day spent with the staff of BEST.

Since TechnoServe's involvement with BEST ended, both TechnoServe and BEST have undergone significant staff changes. All the TechnoServe employees who had links with BEST have left the organization, and within BEST itself there is a new Managing Director, and only two BEST employees who were there when TechnoServe provided assistance. None the less, BEST has continued to use the principles and methodology that was developed with TechnoServe assistance, and it views its clients as "community based enterprises". BEST benefitted in many ways from the assistance provided, and it was able to grow into an effective development agency in a much shorter time frame than would have been the case otherwise.

While BEST talks of CBEs as their clients, their definition of CBEs has evolved as BEST interprets it in a local context. Belize is a very small country, with a population of only 160,000 inhabitants. Much of the population lives in the urban areas, and the rural population is scattered around the countryside in very small villages of 150 to 500 inhabitants. While Belize does have some areas with good agricultural potential, much of the country is jungle or swamp, placing real limits on the potential for agricultural CBE development. In response to these realities, BEST has focused on working at the village level, and it attempts to develop multiple economic activities within the area of the village to spread the benefits as widely as possible. This approach, while not entirely true to the TechnoServe CBE concept, does seem to be valid for the conditions in Belize.

This first restoration of contact was welcomed by the staff at BEST, and they are very interested in continuing a dialogue with TechnoServe. There does appear to be good potential for a sharing of lessons learned, and approaches to project development, between BEST and TechnoServe, particularly with the programs in the Central American area. TechnoServe has started by sharing with BEST information it has on the production of mala milk (a cultured form of milk, commonly consumed in East Africa) which might be a product suitable for development by a dairy cooperative client of BEST.

Based on this first visit, TechnoServe and BEST will be seeking ways to maintain contact, and to restore a sense of collaboration between the organizations. As a concrete step in this direction, the Managing Director of BEST will be in El Salvador during TechnoServe's Director's Meeting in September, and she will take time to meet the TechnoServe Staff gathered for that event. TechnoServe will also try to include BEST in its plans for regional training events in Central America. These initial efforts should lead the way to increased contact, and perhaps a closer relationship between BEST and TechnoServe in the future.

APPENDIX I: SCOPE OF WORK

TechnoServe

A working solution to world hunger.

SCOPE OF WORK FOR MID-TERM PROJECT EVALUATION MATCHING GRANT PDC-0158-A-00-1100-00

INTRODUCTION

In September 1991, TechnoServe was awarded a five-year Matching Grant (Cooperative Agreement) totalling \$4,500,000. The purpose of the grant is "to provide support for TechnoServe to provide improved and expanded technical assistance programs to increased numbers of small- and medium-sized rural community-based enterprises in Africa and Latin America and thus achieve increased and successful participation and integration of low-income farmers in developing countries into market-oriented economies." One of the conditions of the Cooperative Agreement--which extends from July 1991 through June 1996--is the performance of a mid-term evaluation. This self-evaluation is to be conducted by a TechnoServe team (drawn from its permanent staff) and it may also utilize the services of an external consultant. An AID-appointed external evaluator is also to be a party to this evaluation. The following paragraphs provide the background, terms of reference and questions to be addressed for the proposed mid-term evaluation.

BACKGROUND OF ACTIVITY

The five-year Matching Grant program was designed to enable TechnoServe to implement broad new directives of a new five-year strategic plan. Adopted in 1988 and reinforced through a new directions policy articulated by TechnoServe's Board of Directors in May 1990, the strategy aims at an institutional goal of achieving a higher level of program activity and impact around the world. Matching Grant PDC-0158-A-00-1100-00 directly addresses the directives of this strategic plan which call for a carefully coordinated program of activities which: 1) concentrates country program activities on sector-oriented agricultural enterprises (geographic and product specific); 2) promotes wholesaling of services through creative partnerships with international and local NGOs and development institutions; and 3) strengthens self-directive capabilities of individual TechnoServe country programs to achieve the goal of overall operational decentralization.

This self-directive or internal restructuring component is being achieved through a strategy which promotes country program self-management capabilities in such professional areas as strategic planning, administration, human resources and financial management, information management, environmental impact and social impact analyses, project monitoring and evaluation, fund raising and replication.

Increased country self-management and creative institutional partnerships are two key components toward the long-range goal of greater program impact. An additional component in this strategy is the formation of a TechnoServe "network" which was generally conceived of as a loose alliance of TechnoServe country programs, collaborating partner agencies and affiliate programs, including TechnoServe "spin-off" programs.

Utilizing its "key sector" approach, TechnoServe plans to achieve a five-year goal of long-term assistance to 300 to 400 rural enterprises by 1996 and a beneficiary population of 750,000 and resident country programs in 14-16 programs in Africa and Latin America.

PURPOSE OF THE EVALUATION

The main objective of this mid-term evaluation is to analyze and assess the progress achieved by TechnoServe in the implementation to date of the Matching Grant Project Proposal as revised 5/1/91 and detailed in its Logical Framework, Implementation Chart and Plan. The first two years of grant implementation--i.e., July 1, 1991 through June 30, 1993--constitute the period under review.

The evaluation--which will also assess progress against quantifiable targets as expressed in the Logical Framework--will produce an assessment of the effectiveness of the two-part grant strategy as a means to achieve institutional development and greater development impact, the original goals of the two-part strategy. The evaluation will conclude with recommendations for adjustments to the strategy during the final three years of the grant.

Since an end-of-grant external evaluation conducted in September 1991 was focused on Africa for field analysis, this mid-term evaluation will focus on TechnoServe country and affiliate programs in Latin America.

KEY QUESTIONS FOR THE EVALUATION

I. Institution Building Strategy

I-A. Internal

- Is the TechnoServe decentralization strategy still realistic, conceptually sound and effectively implemented to date?
- Does progress toward decentralization, or lack of it, suggest steps for revision to the original strategy?
- With respect to the improvement of TechnoServe's service delivery capabilities, what work has been done in the following professional areas:

- strategic planning
- administration
- human resources
- financial management
- information management (MIS)
- cost effectiveness
- environmental and social impact analysis
- project monitoring and evaluation
- fund raising/resource leveraging
- replication

I-B. External

- What has been the progress toward forming the TechnoServe network? How is it defined and convened?
- Is there any need to revised the concept or structure of the network activity?
- In what specific ways have partnerships with indigenous agencies been forged and strengthened?

II. Rural Enterprise Strategy

For each of the countries visited, the following questions will be explored:

1. What has been the progress toward quantifiable outputs as described in the project goal and logical framework?
2. What has been the nature and quality of technical support received from TechnoServe?
3. Are adequate controls and accounting systems in place to track grant expenses? Are actual vs. planned expenditures on track?
- ~~4. What is the progress toward decentralization?~~
5. What is the nature of institutional collaboration and affiliate relationships?
6. What are the prospects for financial viability and sustainability?

METHODS AND PROCEDURES

The mid-term evaluation will focus on field and headquarter's organization and activities and will include: 1) a mid-course evaluation of Latin America country programs and 2) a mid-course assessment of headquarter's functioning in the light of the grant objectives and the long-term new directional goals of TechnoServe.

- In undertaking this evaluation, TechnoServe will assign its own institutional "evaluation" team which will be comprised of three members: Mr. Jim Herne, Director, R&D; Ms. Barbara Magner, Director, Government and Donor Relations and Matching Grant Manager; and Ms. Julie Feick, Program Officer, Latin America Division.
- Mr. John Zarafonetis, a private consultant, will join the team as an AID-appointed external evaluator. Because of Mr. Zarafonetis' experience with TechnoServe's Partnership Grant Evaluation and its focus on Africa, the mid-term evaluation will direct its field assessment to country programs in Latin America, examining field operations and sector focus, program structure, progress toward decentralization, institutional collaboration and affiliate relationships.
- At Norwalk headquarters, the team will assess the effects and limitations of decentralization, progress toward network formation, the degree and type of organizational capacities now in place, and their capacity for achieving the long-term sustained growth and development impact which are the goals of the Matching Grant.
- To assist the evaluation team, TechnoServe will also utilize the services of The Conservation Company, a non-profit consulting firm based in New York and Philadelphia, to help with an assessment of organizational progress toward greater field self-management while retaining quality control and overall authority at headquarters level.
- All written materials pertaining to accounting, budgeting, planning, project implementation and management information will be made available to the evaluators, who will also conduct one-on-one interviews with home office and field staff.

TIME FRAME

The evaluation will extend from June through mid-September 1993 and will utilize up to 25 person days of Mr. Zarafonetis' time.

June 1993 Mr. Zarafonetis will visit Norwalk headquarters to work with the evaluation team to organize field procedures, review grant files, and interview headquarter's personnel. Three days will be set aside for these activities during June.

July 1993 The Norwalk visit will be followed by a visit to Central America--to Panama, El Salvador and Costa Rica--lasting no more than two weeks--i.e., twelve working days from July 21 through August 2. The field team will consist of Mr. Zarafonetis and Jim Herne and Julie Feick from TechnoServe headquarters.

August/September 1993 Ten days will be set aside for writing and revising the report; and two days in Washington in September for debriefing at PVC. The final document shall be ready for publication by mid-September 1993.

May 20, 1993

APPENDIX II: ITINERARY AND PEOPLE CONTACTED

**TechnoServe Mid-Term Evaluation
List of Persons Interviewed**

Visit to Panama, July 18 to 21:

Fondo de Emergencia Social (FES)

- Ing. Harmodio Barrios; Director of Evaluations
- Lic. Bedoya; Project Evaluator
- Lic. X. Ramirez; Director of Institutional Assistance
- Sra. Enita de Espino; Secretary
- Lic. Humberto Uricta; Project Director

Instituto Panameno Autonomo Cooperativo (IPACOOOP)

- Sr. Alberto E. Tello G.; Executive Director

Foundation Natura

- Sr. Rodrigo Tarte; Director

Ministry of Planning & Political Economy - Program to Combat Poverty (MIPPE - COPAM)

- Sra. Elizabeth Castillo; Acting Director (COPRAM)
- Sra. Gabriella Montoya; Project Officer (COPRAM)

Staff of TechnoServe/Panama

- Lic. J. Agustin Espino; Program Director
- Lic. Roberto Jimenez; Sub-Director
- Ing. Rodolfo Rodriguez; Project Coordinator
- Lic. Victor Moreno; Project Coordinator

Grupo de Amigos de TechnoServe

- Sr. Pedro Moreno; Lawyer, former Supreme Court Justice

Grupo para el Desarrollo Empresarial (GRUDEM)

- Sr. Roberto Bermudez C.; Director

Cooperative San Sebastian, R.L.

- Sr. Danilo Martinez; President
- Sr. Gregorio Martinez; Vice President
- Sr. Orlando Nunez; Treasurer
- Sr. Urcino Nunez; Member at Large
- Sr. Marixenia de Donado; Manager
- Sr. Celso Gomez; Sales Manager
- Sr. Emiliano Nunez; Member

Union Campesina de Lago Alajuela (UCLA)

- Sr. Erick Hernandez; President
- Sra. Cecilia Montero; Secretary/Accountant
- Sr. Virgilio Hernandez; Manager

Cooperative Productores de Mola, R.L.

- Sra. Idalides Alfaro; President of the Education Committee
- Sra. Serafina de Cerezo; Manager
- Sra. Rosa Angela Martinez; Accountant

Visit to El Salvador, July 21 to 24:

Staff of TechnoServe/El Salvador

- Lic. Carlos Abarca; Program Director
- Lic. Roberto Vega; Manager, Planning & Evaluation Department
- Sra. Ligia A. de Luna; Project Advisor/Planning & Evaluation
- Sra. Alma F. de Mendez; Director of Administration
- Lic. Rene Hernandez; Director of Institutional Projects
- Lic. Carlos Flores; Director of Enterprise Projects

Agency for International Development, El Salvador office

- Mr. Tully Cornick; Agriculture & Natural Resources Officer
- Sr. Tony Gonzalez; Assistant ANR Officer

San Francisco Suchitoto Cooperative

- Sr. Jose Victor Salinas Castro; President
- Sr. Jose Francisco Grande Rodriguez; Secretary
- Sr. Cipriano Lopez Diaz; Admin. Council Member
- Sr. Jose Victor Salinar; Acting Manager
- Sr. Francisco Guillen; Stockkeeper
- Sr. Cesar Rendon; Administrative Manager
- Sr. Rogelio Castaneda; Production Manager
- Sr. Roberto Erazo; Manager of General Services

Secretariat of National Reconstruction (San Miguel Ya project)

- Sr. Jorge Donis; Manager of Micro-Enterprise Projects

Union of Production, Processing and Export Coops (UCRAPROBEX)

- Sr. Ulises Palma; President
- Sr. Mario Monroy; General Manager

Union de Cooperativas de Cafe de El Salvador (UCAFES)

- Sr. Eduardo Castillo; General Manager

Association Cooperativa de Produccion Industrial, Ahorro, Credito y Consumo (El Rubi) R.L.

- Sra. Gloria Enuid de Alvarado; President
- Sra. Maria Hortencia de Hernandez;
- Sra. Dina Arely Lafaro;
- Sra. Graciela Sanchez;
- Sra. Ana Lucia Rena de Paz;

Visit to Costa Rica, July 24 to 30:

Staff of ACAIPADE (TechnoServe affiliate in Costa Rica)

- Ing. Carlos Paez; Executive Director
- Ing. Alberto Ramirez; Project Coordinator
- Sr. Douglas Soto; Consulting Unit Manager
- Sr. Edwin Molina; Training Manager

Inter-American Development Bank (Costa Rica Office)

- Sr. Miguel A. Rosales; Local Specialist

Members and Board of ACAPAIDE

- Dr. Hernan Fonseca; President of Acaipade Board of Directors
- Sr. Jose Miguel Alfaro; Member of Acaipaide Board
- Sr. Alberto Vargas; Ex-Officio Member of Acaipade Board
- Sr. Julio Chavez; Acaipade Member & former Director

Programa Nacional de Apoyo a la Micro-Empresa (PRONAMYPE)

- Sr. Yessid Barrera; Program Manager
- Sr. Luis Fernando Calvo;
- Sra. Sara Rodriguez;

Cooperativa de Ahorra y Credito Naranja

- Sr. Rodolfo Solano; Manager
- Sr. Jose Manuel Salazar; Credit Manager
- Sra. Guiselle Alfaro; Assistant Manager
- Ms. Martha Hesla; Peace Corps Volunteer

Asociacion Costarricense para Organizaciones de Desarrollo (ACORDE)

- Sr. Bernardo J. Alfaro; Chief Executive Officer
- Sr. Joaquin Aguilar; Project Advisor

Instituto de Fomento Cooperativa (INFOCOOP)

- Lic. Edwin Rodriguez; Technical Division Manager

Visit to Belize, July 30 to August 3:

(NB: Mr. Herne was the only Team Member to visit Belize)

Belize Enterprise for Sustained Technology (BEST)

- Mrs. Bridget Cullerton; Managing Director
- Mr. Hugh McSweeney; Chief Operating Officer
- Mr. Lisandro Quiroz; Agronomist

Macal Agricultural Cooperative, Ltd.

- Mr. Manfred Lohr; Chairman
- Mr. Michael Bradley; Plant Manager

Gales Point Community Cooperative

- Mr. Alpheus Smith; President