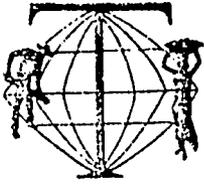


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TECHNOSERVE

1979 ANNUAL REPORT

Prepared For

Office of Private & Voluntary Cooperation
Bureau for Private & Development Cooperation
Agency for International Development
United States International Development Cooperation Agency
Washington, D. C.

Submitted By

Division of Planning and Operational Support
Technoserve, Inc.
Norwalk, Ct.

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GLM/SGG

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I. Introduction

This report is in compliance with the requirements of Grant No. AID/SOD/PDC G-0211. Its purpose is to provide AID/Washington with information on Technoserve's 1979 worldwide operations. The format and content of the report are based in part on the reporting requirements set forth in Technoserve's Matching Grant Agreement. It also takes into account the Guidelines for Annual Matching Grant Reports and Self-Evaluations prepared by PDC/PVC on November 30, 1979. The data in this report was gathered from Technoserve field offices and the home office. This report of necessity is a brief summarization of the extensive information available in Technoserve's management information system about its 1979 overseas operations and projects assisted.

1. Funding

Annual financial statements, which are subject to Price Waterhouse & Co. audit, are included in this report. Funding sources, both private and public, are noted with references to Technoserve's matching contributions. Technoserve's functional expenses are reported also, including cost allocations in each country program and the home office.

2. Program Effectiveness

Summary reports of each Technoserve division and Office of the President make up the body of this report. These reports summarize the objectives for 1979 and the results achieved. Major project activities are described separately for each country program and division in the report.

3. Development Impact

An effort has been made to briefly document the impact of Technoserve's 1979 operations overall, as well as on a project-by-project basis. Matching Grant funds are applied to Technoserve activities, in whole or in part, as necessary and allowable.

4. Lessons Learned

Project-specific lessons learned in 1979 are contained in the country program or divisional sections of this report. Additional lessons learned are stated in a more generalized manner in the text which immediately follows.

5. Summary Self-Evaluation Comments

- A. All project-related targets for 1979 were exceeded and assistance was provided to more projects last year than any previous year in Technoserve's history (detailed below).
- assistance procedures were more effectively applied
 - staff size and capability increased significantly
 - project replication was possible in three of four country programs
- B. Income projections approved by the Board of Directors in November 1978 had to be scaled down nearly \$300,000 by September 1979. Expense projections and the actual rate of expenditure were reduced accordingly.
- political instability in Nicaragua, El Salvador and Ghana resulted in the sudden loss of income or made it more difficult to raise funds
 - marketing (fundraising/grant solicitation) did not receive adequate attention until mid-year
 - new evaluation and reporting activities necessary to derive data required by donors were slow starting and internally difficult to implement fully

- Financial support from churches, foundations and corporations became more difficult to raise than in the past
 - Traditional donor funding requirements became more inflexible and demanding; this includes both public and private sector donors in the U.S.A. and overseas.
- C. Staff additions and separations were significant in scope during the year. Thirty-seven new staff were hired for a net increase of 17 over 1978.
- local political instability and violence, internal indigenization efforts, lack of funds to use staff effectively, uncertain career paths or the need to upgrade staff capability caused most separations.
 - new staff hired were integrated more rapidly and effectively into overseas operations than previously
 - Technoserve is a high-risk and often high-stress organization; staff attrition is to be expected
 - nearly all staff leaving Technoserve continued to work in the development field in non-profit, governmental and profit-making entities
 - management must continuously assess ways and means to upgrade staff interest and capability by providing appropriate career incentives and training within the limits of resources available.
- D. The start-up of two additional country programs was not accomplished as projected.
- this goal greatly depended on the availability of Matching Grant funds, which funds were not received until June 1979

- disrupted operations in three of four country programs due to political instability delayed management actions to identify, evaluate and implement new programs

- significant progress was made, however, in both Latin America and Africa to initiate new programs in 1980.

E. Evaluation, monitoring and reporting activities were significantly upgraded during 1979.

- improving the worldwide management information system was well underway by year's end.

- monitoring and reporting functions affecting operations and donor relations were better integrated

- increased impact evaluation knowhow and work accomplished was considerable, given staff and resources available

- while most internal targets concerning these activities were met, externally imposed requirements increased significantly.

F. Technoserve's collaboration with church development entities, other private voluntary organizations (PVOs) and consortiums of PVOs was far greater in 1979 than in any previous year.

- such collaboration was significant both overseas and in the U.S.A., as noted elsewhere in this report.

- informal associations formed or in the making in which Technoserve participates includes PVO personnel administrators, financial managers, fundraising managers and evaluation officers

- much of this collaboration was stimulated or fostered by AID/W, USAID missions, church and consortia donors.

G. Relations with AID/W bureaus and USAID missions was generally very good throughout the year.

-- most progress made by Technoserve in 1979 depended directly on AID financial support to a significant degree

-- the Matching Grant, as in the case of previous AID/W grants, is the most crucial U.S. Government support received because of its generally flexible terms and conditions. If this grant were not available to Technoserve, it is unlikely that more restricted grants could either be raised or used effectively/responsibly overseas

-- field evaluation activities with USAID missions generally improved, but the concept of partnership between Technoserve and USAID missions, both in terms of project implementation and evaluation, requires further strengthening

-- AID policies, procedures and process overall remain cumbersome and unpredictable. The responsiveness and efficiency of PDC/PVC, however, improved dramatically in 1979.

-- Technoserve's capability and attitude in dealing with AID improved but much remains to be learned by Technoserve in such matters.

6. Major Lessons Learned in 1979

A. Providing technical and managerial assistance in support of self-help enterprise development in less developed countries is increasingly important and increasingly difficult.

B. In order to sustain Technoserve's corporate capability to assist enterprises which benefit low-income people, public sector support, including host country governments, is absolutely essential.

- C. No matter how difficult, Technoserve must serve project sponsors and local development institutions within the limits of their capabilities, based on their priorities. Technoserve priorities are determined this way, and donor support must be secured in accord with this process.
- D. Technoserve must evaluate the impact of its work (and the enterprises and institutions assisted) on the target population more thoroughly. Technoserve needs to empirically assess on a continuing basis the strengths and weaknesses of enterprise development as a tool for human development.
- E. Efforts initiated in 1979 to facilitate increased host country institution building, indigenization of Technoserve programs and staffs and transfer of management/technical capability through project replication and training of host country nationals should be sustained.
- F. Technoserve must devote more staff time and attention in the field and the home office to increase financial support for its program from public and private sources. This can be done by systematically designing and implementing an integrated marketing plan (fundraising, grant solicitation, fee-generating activities).
- G. Technoserve's autonomy and apolitical character in developing nations is sustained by its own actions and decisions. Donors and governments cannot force Technoserve to act contrary to its policies in these matters by threatening to cut off funds or preventing the delivery of services to assisted projects. Its integrity in these respects and the correctness of its actions was demonstrated several times in 1979 in political change situations in Nicaragua, El Salvador and Ghana. It was further demonstrated by requests and/or receptivity to receiving its services in politically diverse nations such as Uganda, Cameroon, Togo, Botswana, South Africa, Guatemala, Costa Rica, Chile and Panama to name a few.

II. Achievement of Planned Objectives

1. Definition of Project Output Indicators

The Matching Grant Agreement specifies that TNS will use some of the funds to investigate, analyze and assist projects. Project activities are delineated by specific output indicators. These indicators are defined by TNS as follows:

Project Requests Investigated: The number of project requests received which TNS investigates or prescreens during the reporting period. Information must be available in TNS files documenting the request and the investigation.

Project Analysis: The number of economic, institutional or social project analyses completed during the reporting period. To qualify as an output, each analysis should be complete and in written form.

Project Plans: Number of economic, institutional or social project plans developed to guide the implementation and/or operations of projects. To qualify as an output, each plan must be complete and in written form.

Project Agreements: Number of formal project-related agreements. To qualify as an output, each agreement must be complete and in written form.

Projects Assisted: The total number of projects at all stages of development assisted during the reporting period. To qualify, assistance to a project must be governed by one or more written and signed agreements.

2. Output Indicators for Other Activities

Matching Grant funds were to be used by TNS to initiate services in one new country in Africa and one in Latin America. TNS' corporate purpose and project criteria are the basis upon which new country programs are evaluated. These evaluations assess the needs/opportunities for TNS

to implement these projected new country programs. Host country institutional collaboration, availability of local and foreign financial resources to support TNS' work, identification of project opportunities and the potential "fit" between TNS' capability and experience are inherent parts of the new country assessment process. Implementing these activities and verifying same through appropriate documentation provides the basis for reporting on this Output Indicator.

TNS also projected carrying out several activities to upgrade its MIS, evaluation and reporting systems. The Output Indicators governing this work are verified by the plans and documented results towards accomplishing the objectives involved.

The transfer of capability to local development institutions and/or the indigenization of TNS' current country programs were major objectives for 1979, which constitute another Output Indicator which can be verified by the documented results achieved.

Increasing TNS' visibility in and service to the development community generally was also an important objective in 1979. Its accomplishment can, in part, be assessed by the extent to which TNS participates in collaborative activities with other PVOs, church development entities and public and private sector entities concerned with the promotion and impact of enterprise development in less developed nations. These activities also are accomplished by dissemination of TNS' corporate knowledge and lessons learned through its and others' publications, forums and conferences.

To expand its capability and outreach in the development process, TNS projected increasing its total staff worldwide to 80 by the end of the year.

3. New Country Investigations

New country investigations were carried out in Guatemala, Costa Rica, Panama, Chile, Peru, Nigeria, Cameroon and Uganda. This work was to have begun early in 1979, but was delayed until the second quarter, since the AID/Washington Matching Grant did not come through until June. Efforts are currently underway to establish programs in Cameroon and Panama if appropriate and possible. Concurrently, major project opportunities are being evaluated in Panama and Nigeria and assistance was provided to a rural community development association in Guatemala to export avacados to Great Britain.

4. Evaluation

Program support activities focused primarily on efforts to upgrade TNS' evaluation, reporting and management information systems (MIS). The work accomplished included the following:

- Analyze the current MIS and effect appropriate changes to improve TNS' data-gathering methodologies and procedures. Emphasis is being placed on documenting human development impact of the projects assisted; when appropriate, such information is to be included in studies, reports, proposals and publications. Approximately 70% of the work projected to upgrade the MIS has been accomplished, and the internal reporting process has been improved. This additional information more effectively integrates business development data with human impact data.
- Prepared a specific grant evaluation plan and reporting process governing the USAID/Salvador Operational Program Grant. That plan was approved by the Mission and implemented by TNS/El Salvador. Completed preliminary work to implement similar plans with USAID Missions in Ghana and Kenya, the Ministry of Planning in El Salvador and with one other major donor.
- Initiated the first major empirical case study evaluation of a TNS project. The case study is interdisciplinary in character and includes inductive

and deductive analysis within its scope. The history of the cooperative involved, TNS' assistance role, impact on the people affected and anthropological profiles of the people affected is included therein. This case study, methodology and lessons learned will be published and disseminated to TNS members, donors and the development community.

5. Institution Building

Transfer of capability in favor of local development institutions and/or indigenization of current TNS programs has progressed ahead of schedule. Local nationals now direct Technoserve operations in Nicaragua, El Salvador and Ghana.

Transfer of capability in favor of local development entities progressed significantly during the period. Eighteen PVO, church, parastatal and government ministries received management training, systems development and appropriate technology assistance. The organizations affected are all engaged in differing facets of enterprise development, small holder farmer production, cooperative and savings and credit development.

Institution-building opportunities are evaluated in new country investigations as well.

6. External Relations

Significant progress was made during the period to disseminate TNS' corporate knowledge and lessons learned in favor of the development community generally. Collaborative activities with other PVOs in the United States and Europe, public and private sector entities, in support of the development process generally, and the promotion of self-help enterprise development in particular, is now an integral part of TNS operations. Participation in such activities is determined on the basis of their cost and the opportunity for TNS to make an effective contribution.

Technoserve staff participated in seven meetings and conferences concerned with private corporations becoming more effectively involved in agricultural and small-scale enterprise development in less-developed nations. Principals included the Industry Council for Development, the International Agricultural Development Service, the Council of the Americas, the American Friends Service Committee, Barclays Bank International Development Fund, the Netherlands Finance Corporation, the Ecumenical Development Cooperation Society (Holland) and others.

TNS staff were also represented in some ten working groups and conferences of PVOs convened by AID, CODEL, PACT, New TransCentury Foundation, the Advisory Committee on Foreign Aid, the American Council of Voluntary Agencies and the Department of State. The focus of these collaborative activities included sources and uses of funds to promote self-help enterprise development, transfer of capability between PVOs and church development entities, project impact evaluation, U.S. constituency development in support of foreign aid, environmental protection and appropriate technology.

Dissemination of corporate knowledge and lessons learned was accomplished through five TNS publications and contributions to two major publications of the AID Development Support Bureau and Practical Concepts, Inc., as well as the University of Denver. The first concerned a training manual on agribusiness and rural enterprise implementation procedures for AID personnel and contractors. The second was a case study on appropriate technology to promote small holder sugarcane production, processing and marketing. This case study was disseminated at the United Nations Conference on Science and Technology in Vienna in September.

7. Staff

Technoserve had a full-time staff of 79 at the end of the year, up from 62 at the end of 1978. The assignment of staff worldwide was as follows at the end of the year:

El Salvador	16
Nicaragua	14
Panama	1
Ghana	9
Kenya	19
USA - Home Office	<u>21</u>

Total 79

III. Achievement of Output Indicator Targets

1. Projects

The following charts document the 1979 results of work done compared to projected targets.

	<u>Results</u> <u>1/1/79-12/31/79</u>	<u>Target Ranges</u> <u>1/1/79-12/31/79</u>
Project Requests Investigated	75	16-25
Project Analyses	73	10-20
Project Plans	37	8-15
Project Agreements	31	5-10
Projects Assisted	37	24-30

2. New Country Program/Projects

	<u>Results</u> <u>1/1/79-12/31/79</u>	<u>Target Ranges</u> <u>1/1/79-12/31/79</u>
Preliminary Investigations	8	5-10
Program Feasibility Evaluations	2	2-4
Project Analyses	5	Not Projected
Projects Assisted	1	Not Projected
Programs Implemented	0	2

3. Status of Major Projects

The following two charts graphically indicate the status of our assistance to enterprises in our current country programs at the end of the year. The enterprises involved affect over 65,000 families and total capital invested is approximately \$30 million. These projects and the 18 local development institutions assisted affected the lives of over 500,000 people in the countries in which we operate.

TNS LATIN AMERICA REGION

Status of Major Projects as of 12/31/79

<u>Project Name</u>	Feasibility Study	Start-Up	Operating	Self-Sustaining	Status of TNS Services
<u>El Salvador</u>					
ACACYPAC (rice mill; savings & credit co-op)					Ad-hoc Assistance
ACADES (small grocers' coop)					Concluded
ACOPECC (clothing production)					Concluded
ACOPADEC (feed mill co-op)					Ongoing
COPIGAC (feed mill co-op)					Concluded
ACOPARSANGE (feed mill co-op)					Ongoing
ACASJMRL (feed mill co-op)					Ongoing
CORRALES (feed lot)					Concluded
CACCSA (feed mill co-op)					Ongoing
Feed Concentrate Service Co.					Concluded
ACOPALIM (feed mill)					Ongoing
COSAN (feed lot)					Ongoing
ACOPALPAZ (feed lot)					Ongoing
ACOPAVE (feed lot)					Ongoing
<u>Nicaragua</u>					
SANTA ANA (cotton gin co-op)					Ongoing
LOS LAURELES (food prod. co-op)					Ongoing
CEPAD (church development agency)					Ad-hoc Assistance
CORCO (coffee processing)					Ongoing
FECACNIC (savings & credit co-op federation)					Ongoing

TNS AFRICA REGION

Status of Major Projects as of 12/31/79

<u>Project Name</u>	Feasibility Study	Start-Up	Operating	Self-Sustaining	Status of TNS Service:
<u>Ghana</u>					
Alanfam (sugar processing)	[REDACTED]				Concluded
Promase (sugar processing)	[REDACTED]				Concluded
Mfantsiman (extension service)	[REDACTED]				Ongoing
Nnudu (extension service)	[REDACTED]				Ongoing
BASIG*	[REDACTED]				Ongoing
Christian Service Committee	[REDACTED]				Ongoing
<u>Kenya</u>					
Allied Ranching	[REDACTED]				Ongoing
Harambee Savings & Credit	[REDACTED]				Ad hoc asst. & monitoring
Drumvale (mixed farm. co-op)	[REDACTED]				Ongoing
RELI Savings & Credit	[REDACTED]				Ongoing
AFYA Savings & Credit	[REDACTED]				Concluded
Mombasa Ports Savings and Credit	[REDACTED]				Concluded
Cooperative Bank of Kenya	[REDACTED]				Ad-hoc Assistance
Ardhi Savings & Credit	[REDACTED]				Ongoing
Nguu Ranching Co-op	[REDACTED]				Ongoing
Gov't. Payroll Computer Program (Savings & Credit)	[REDACTED]				Concluded
Co-op College of Kenya	[REDACTED]				Concluded
Rift Valley Inst. of Science & Tech./AT Int.	[REDACTED]				Concluded

* The Business Advisory Services in Ghana project included direct assistance to 14 church-related and private voluntary development organizations operating in Ghana.

IV. Financial Statements

The following charts present the estimated income, expenses and functional cost allocations of Technoserve's 1979 worldwide operations. These figures, while generally accurate, are subject to audit. Technoserve's auditor is Price Waterhouse & Co.

TECHNOSERVE, INC. 1979 EXPENSES

January - September 1979
Actual Expenses as Reported on SF-269

	<u>Covered by Matching Grant</u>	<u>Covered by Other Sources</u>	<u>Total</u>
Salaries & Fringes	\$246,543.23	\$593,032.08	\$ 839,575.31
Travel & Allowances	44,138.73	131,907.84	176,046.57
Office Costs	43,331.17	87,351.54	130,682.71
Other	15,926.90	70,855.91	86,783.81
Total	<u>\$349,940.03</u>	<u>\$883,148.37</u>	<u>\$1,233,088.40</u>

January - December 1979
Estimated Expenses
(\$000)

	<u>Covered by Matching Grant</u>	<u>Covered by Other Sources</u>	<u>Total</u>
Salaries & Fringes	\$ 352	\$ 844	\$1,196
Travel & Allowances	63	188	251
Office Costs	62	124	186
Other	23	94	117
Total	<u>\$ 500</u>	<u>\$1,250</u>	<u>\$1,750</u>

TECHNOSERVE, INC.

Estimated CY 1979 Income & Expense; For Match
(\$000)

<u>PRIVATE SOURCES</u>	<u>Income</u>	<u>Expense</u>	<u>For Match</u>
Church Organizations			
Brot fur die Welt	\$ 23.0	\$ 23.0	\$ 23.0
Canadian Lutheran World Relief	46.0	46.0	46.0
Disciples of Christ	6.5*	2.5	2.5
Episcopal Church	25.5*	22.0	22.0
Maryknoll Fathers	5.0	5.0	5.0
Reformed Church in America	9.0*	7.5	7.5
Third Reformed Church	2.5*	1.5	1.5
United Church Board for World Ministries	20.0	10.0	10.0
United Methodist Church	22.5	7.5	7.5
United Presbyterian Church - USA	50.0*	40.0	40.0
Others	3.0*	1.0	1.0
Foundations			
Aimee Mott Butler Trust	7.0*	2.5	2.5
International Foundation	16.5*	15.5	15.5
Public Welfare Foundation	1.0	1.0	1.0
Others	2.0*	0.5	0.5
Individuals	4.0*	1.5	1.5
Host Country Institutions			
Banco Central de Nicaragua	129.5**	123.0	123.0
Harambee Savings & Credit (Kenya)	7.0*	2.5	2.5
Donated Services			
Price Waterhouse & Co.	7.0	7.0	7.0
Schaffer, Brucker & Marcus, P.C.	4.0	4.0	4.0
Fees			
Assisted Enterprises	92.0	92.0	92.0
Universities	1.0	1.0	1.0
Other			
Gains on Sales	39.0*	16.0	16.0
Interest	16.0*	5.5	5.5
SUBTOTAL: PRIVATE SOURCES	<u>539.0</u>	<u>438.0</u>	<u>438.0</u>
<u>PUBLIC SOURCES</u>			
Government of El Salvador	179.5**	168.0	
Private Agencies Collaborating Together	213.0	213.0	
USAID Mission Grants (PACT)	431.0	431.0	
Matching Grant	500.0	500.0	
TOTAL	<u>\$1862.5</u>	<u>\$1750.0</u>	<u>\$ 438.0</u>

* Part or all of this income is unrestricted and can be used for expenses incurred in 1979 or other years. In 1979 Technoserve will use approximately 35% of such unrestricted income.

** A portion of this grant income is used to purchase vehicles and other fixed assets.

TECHNOSERVE, INC.

CY 1979 Functional Expenses
\$000 - Estimated

Ghana

1117	Alanfam Processing Plant	16.9
1121	Promase Processing Plant	9.8
1122	Mfantseman Agricultural Extension Project	33.7
1123	Nnudu Agricultural Extension Project	17.5
1124	Business Adv. Services in Ghana (BASIG)	30.7
1125	ASI Poultry	2.0
1126	Christian Service Committee - Tamale	7.5
1196	New Project Identification	2.5
1198	Program Development & Administration	64.4

Kenya

1208	Allied Ranching (Taita) Ltd.	54.9
1212	Harambee Savings & Credit	16.4
1214	Computer Program-Savings & Credit Societies	0.7
1215	Drumvale Mixed Farming Co-op	103.3
1216	Kenya Cattle, Ltd.	28.1
1217	Reli Savings & Credit	45.5
1218	Afya Savings & Credit	8.9
1219	Nguu Ranching Co-op	23.7
1220	Ardhi Savings & Credit	35.5
1221	AT International/Rift Valley Inst. of Sci. & Tech.	3.1
1222	Mombassa Ports Savings & Credit	0.6
1223	Savings & Credit Manual	1.1
1296	New Project Identification	40.8
1298	Program Administration	37.4

Africa Region

2801	Cameroon Program Evaluation (9-12/79)	20.0
2802	Nigeria Poultry	10.0

El Salvador

3401	COPIGAC - Feed Mill Co-op	12.9
3403	ACADES - Small Grocers' Co-op	4.7
3404	ACOPARSANGE Feed Mill Co-op	28.9
3405	ACOPECC - Clothing Production Co-op	0.7
3406	ACASJMRL - Feed Mill Co-op	43.1
3407	ACOPIVES - Tire Retreading Co-op	0.7
3408	ACOPADEC - Feed Mill Co-op	24.5
3409	ACACYPAC - Rice Mill & Savings & Credit Co-op	58.9
3411	Corrales - Feed Lot	21.5
3412	CACCSA - Feed Mill Co-op	22.8
3413	Bolivar Pre-Co-op	3.6
3414	ACOPALPAZ - Feed Lot Co-op	13.4
3415	ACOPAVE - Feed Lot Co-op	16.7
3416	COSAN - Feed Lot Co-op	20.0
3417	ACOVALLE - Sugarcane Processing	1.5
3418	ACOPALIM - Feed Mill Co-op	18.1
3496	New Project Identification	24.6
3497	New Local TNS Entity Development	8.7
3498	Program Development and Administration	84.7

Nicaragua

3502	Jinotega - Coffee Co-op	0.3
3505	CEPAD - Church Development Entity	2.9
3506	Los Laureles Co-op - Sesame	4.6
3507	Los Laureles Co-op - Vegetables	24.0
3508	Santa Ana - Cotton Gin Co-op	91.7
3509	Los Laureles Co-op - Oilseed	38.4
3510	RIVAS - Mixed Farming Co-op	3.4
3511	Chicolapa - Henequen Processing	6.1
3513	C' RCO - Coffee Processing Co-op	12.9
3596	New Project Identification	22.9
3598	Program Administration	63.0
XXXX	Loss on Devaluation	14.8

Latin America Region

4901	Panama - COAGRO	10.0
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DPOS - Supporting Services

8110	Administrative Reporting	38.4
8120	Collaboration	19.0
8130	Evaluation for Grantors	11.9
8210	Fundraising	7.4
8220	Grant Solicitation	35.3

DPOS - Program

83i0	Evaluation Systems	28.0
8330	Personnel Development	3.2
8350	Corporate Memory	1.6
8371	Case Study - Salvador	10.9
8372	Case Study - Kenya	1.4
8373	Case Study - Nicaragua	1.0
8401	Africa General	4.0
8402	Latin America General	3.4
8411	Guatemala	3.2
8412	Costa Rica	1.1
8413	Panama	25.7
8415	Cameroon	17.3
8417	ACOSCA	1.0
8419	Peru	5.7
8420	Uganda	1.5
8601	University of Dayton	0.6
8602	University of Denver	0.7
8603	PCI/Dominican Republic	0.2
8604	FEDPA	0.9
8799	General	1.6
9000	Office of the President*	205.0
TOTAL		1,750.0

* All expenses not identifiable with any of the above functions but indispensable to the conduct of all those activities and Technoserve's corporate existence. Includes expenses for the overall direction of Technoserve, general record-keeping, business management, general Board activities and related purposes. Consists of expenses incurred by the Office of the President staff (President, Director of Personnel, Controller) and the costs of general legal counsel and independent auditors.

V. Office of the President, Personnel & Administrative and Financial Departments

The Office of the President provides central management, legal and internal auditing services to TNS. It convenes the meetings of the Management Committee, which represents all divisions. The President's Office also serves as the main liaison with TNS' Board of Directors and Executive Committee and convenes meetings of these groups as appropriate. During the year the office had a staff of seven, which includes the President, three staff in the finance department and three in the personnel and administrative department. Two of these staff persons are part-time employees and external legal counsel also reports to the President.

The planned objectives for 1979 were effectively addressed during the year. Three important activities were initiated or accomplished. First, leadership was provided to increase TNS' growth in a cost-effective manner. Overall corporate capability was upgraded and the number and size of projects increased. The policies and priorities of the company were modified to make it possible to respond more effectively to the changing needs and opportunities in the countries in which TNS operates.

Secondly, management decision making was further decentralized and streamlined. A positive element of flexibility was introduced, providing for more rapid replication of similar projects. Policy decisions were implemented to investigate and assist larger scale projects which would benefit significant numbers of low-income people. Decisions were taken to balance the mix of project activities in accord with increased staff capability.

Career incentives for personnel were implemented, more aggressive evaluation activities approved, fiscal controls and personnel administration were upgraded.

1. Office of the President

During the period 16 Management Committee meetings were held. The Executive Committee met six times and TNS' Annual Meeting took place in May. This meeting includes one of the two yearly meetings of the Board of Directors. Discussion papers concerned with new challenges and opportunities were developed and presented to the Executive Committee, Board of Directors and Members of the corporation for action based on management's recommendations. An internal Audit Committee, made up of members of the Board of Directors, was organized. With the approval of the Directors, an employee thrift (savings) plan was implemented, to which TNS contributes. The second meeting of the Board of Directors took place in November. Budgets and key objectives for 1980 developed by management were reviewed and approved by the Board.

During the period the President made four overseas trips to assist current country programs and help evaluate new country programs. Countries visited include Panama, Nicaragua, El Salvador, Ghana, the Cameroon and Kenya.

The President served on the PACT Board of Directors and Executive Committee and participated in several meetings convened by AID/Washington and other PVOs.

2. Personnel and Administration Department

During the period department staff revised TNS' Personnel and Administrative Policy Manual in accord with the Foreign Earned Income Act of 1978. Major assistance was provided to the other divisions to recruit and hire 37 new staff, to transfer one between Ghana and Kenya and assist the separation of 16 staff. A part-time person was hired to administer the PACT group employee insurance program in which TNS participates. A limited orientation program for new staff was implemented.

The personnel administrator assisted the President with overall salary administration, pension and savings plans. The administrator also serves as Assistant Secretary to the Corporation and assists liaison work with the Management Committee, Executive Committee, Board of Directors and Membership.

3. Financial Department

During the period the TNS accounting system was modified and upgraded to provide information along divisional lines, rather than on a country-by-country basis. New forms and statements were introduced to assist overall financial management in accord with approved budgets and variance analysis requirements.

In the first quarter, the Controller and his staff worked closely with TNS auditors, Price Waterhouse & Co., to prepare final statements on TNS' 1978 fiscal operations. Price Waterhouse signed off on TNS' 1978 audit without reservation. A copy of the 1978 audit is forwarded with this report

Staff participated in three meetings with other PVOs to form a PVO financial managers' association. TNS' Controller helped organize a symposium on data processing for PVOs. An evaluation of electronic data processing systems which might be employed by TNS was initiated.

The Controller assisted the Overseas Education Fund and Planning Assistance to set up Federal Reserve Letters of Credit.

During the period one part-time bookkeeper was hired by the department.

4. Annual Meeting

The Annual Meeting of the members of the TNS Corporation took place in New York City on May 16, 1979. A Board of Directors meeting is also convened during the course of the Annual Meeting. Incorporated in the State of New York, TNS met its obligations under New York State law during the Annual Meeting.

The status of TNS' program was reviewed by the members and appropriate resolutions approving the actions of the Executive Committee and Board of Directors were effected.

The Members elected eight new persons to membership, raising total membership to 69. The members also elected from their group seven of TNS' 21 directors. The terms of the remaining 14 have not expired.

The Board of Directors elected four Officers of the Corporation and appointed five others. The Officers elected were John B. Caron, Chairman, Edward P. Bullard, President, Doreen Tilghman, Secretary and John D. Lange, Jr., Treasurer.

The Board of Directors received with approval the 1979 audit of TNS' financial statements.

5. Technoserve Offices

Technoserve, Inc.
P.O. Box 3262
Accra, Ghana, W. Africa

Technoserve, Inc.
P.O. Box 14821
Nairobi, Kenya, E. Africa

Technoserve, Inc.
P.O. Box (05) 38
San Salvador, El Salvador, C.A.

Technoserve, Inc.
P.O. Box 1027
Managua, Nicaragua, C.A.

Technoserve, Inc.
11 Belden Avenue
Norwalk, Connecticut, 06852 USA

VI Africa Division: Summary of Program Effectiveness in 1979

The Division met or exceeded its 1979 ongoing program and project objectives. Further, good progress was made in evaluating the possibility of initiating a new country program in the French-speaking country of the Cameroon. Personnel objectives were met or exceeded, including the hand-over of the Ghana program to a local national. Staff capability was significantly upgraded with the hiring of 16 new staff, a net increase of 9 over the previous year. The size, scale and number of projects assisted increased significantly. Projects included formal assistance to other PVOs and church-related development entities, and the initiation of agricultural extension services in Ghana.

The delivery of services was impeded several times in Ghana during the period due to political instability and serious economic depression. Several times during the year the country was virtually out of fuel. Nevertheless, the Ghana program objectives for 1979 were met by the end of the year. Progress in Kenya was significant, becoming the largest program operated by Technoserve. Project replication with increased cost effectiveness improved the capability of Technoserve to assist enterprises more efficiently.

The following sections of this report summarize project activities, their impact and the lessons learned in Ghana and Kenya. Technoserve's work in Africa is widely viewed as being both effective and desirable in support of improving the productivity, income and employment of low-income people, as well as the effectiveness of host country development institutions, public and private.

Increased staff capability and experience makes it possible for management to project an ambitious program for 1980, contingent on the availability of financial support for Technoserve program .

1. Summary of Ghana Program Activities

The socio-political environment and Ghanaian economy continued to deteriorate during 1979. A violent coup d'etat delayed the delivery of petroleum from Ghana's international suppliers. Transportation was brought to a halt for several weeks in mid 1979; spare parts and equipment were scarce due to lack of foreign exchange. In addition, the International Monetary Fund estimated a 15% monthly inflation rate in Ghana in 1979.

Development activities, difficult to implement under even normal circumstances, were constrained by these conditions. Technoserve's program continued to operate in an orderly manner, but investigations of new enterprise projects were postponed.

Mr. John Doku, a Ghanaian citizen and Technoserve's third longest term employee, was named Country Program Director of Technoserve/Ghana. His predecessor now serves as Technoserve's Africa Division Livestock Officer and is investigating new program possibilities in other African countries. Economic instability warranted transferring a Technoserve expatriate financial analyst to the Kenya Program. A Ghanaian agronomist was added to the staff in late 1978 to provide extension services to farmers who supply sugarcane to the Alanfam project. Technoserve hired another Ghanaian agronomist to provide extension services to small scale farmers who supply sugarcane to the Promase project in mid 1979. By the end of 1979, Technoserve/Ghana had a total staff of 11, of which two were expatriates.

In accord with USAID's Farmer Association and Agribusiness Development (FAAD) Grant program, Technoserve and USAID staff participated in a field evaluation of the Technoserve/Ghana. This evaluation, carried out in February 1979, covered the work accomplished by Technoserve in 1978. The results of

the evaluation were positive and USAID confirmed its intention to continue financial support for the program.

Despite economic hardships, the Promase and Alanfam sugar processing plants continue to operate profitably. Direct management of Alanfam and Promase Projects transferred from Technoserve to direct-hire project staff by the end of June. In March and August, 1979, respectively, Technoserve began to concentrate on providing extension services to small farmers growing sugarcane and other food crops. Technoserve agronomists made approximately 600 visits to 100 small holder farmers in the Mankessim area in 1979; some 240 visits were made to 45 Nnudu area farmers from September - December 1979. The newly implemented Nnudu extension project is expected to assist 55 farmers in 1980.

Responding to the needs of other PVOs, churches and community development organizations in Ghana, Technoserve formally initiated a business advisory service. The BASIG project provides management and technical assistance, systems and development and training to improve these organizations' operations which support self-help enterprise initiatives. In 1979 Technoserve assisted thirteen organizations through this program.

Technoserve Project Activities in Ghana (U.S. \$1.00 = ¢2.75)

A. Alanfam - Sugarcane Processing Plant

Complete management responsibility for the Alanfam sugar syrup factory project was transferred from Technoserve to the project sponsors and management in March 1979. Technoserve staff helped to rehabilitate enterprise operations, install a new furnace, repair vehicles and other equipment and fully implement the project's nuclear farms. A business plan and personnel policy operating manual was prepared and the enterprise's staff was trained to operate the enterprise. Since the completion of its advisory services Technoserve no longer receives financial information on Alanfam.

During the first half of 1979, the enterprise directly employed 82 people who earned approximately ¢52,000. Sales were in excess of ¢120,000. Cane purchases from approximately 75 farmers in the area totalled ¢30,000.

The families that supplied cane to Alanfam operated 35 farms and employed an estimated 25 laborers. These farms range between 7 and 10 acres; including land planted in sugarcane. Many are members of the Mfantseman Farmers' Association which receives agricultural extension assistance from Technoserve. In early 1979, Technoserve and Alanfam personnel assisted the farmers to prepare their land and receive input supply loans. Both also assisted area farmers to borrow working capital for cultivation of cane from Barclays Bank; these loans were granted because Alanfam agreed to buy the cane and Technoserve promised to provide agricultural extension services to borrowers. Alanfam provided 50 tons of seed cane to area farmers from the enterprise's nuclear farms.

The technology developed for the Alanfam plant has been successfully replicated by three farmers in the Aseibu area. This new plant was constructed on their own initiative without any assistance from Alanfam or Technoserve

staff. It indicates that area residents find this technology appropriate to their needs. Due to high transport costs, the farmers supplying cane to this plant are expected to receive more income than they would if selling to Alanfam.

B. Promase - Sugarcane Processing Plant

The Promase sugar syrup factory project also operated profitably during the period, guided by its own management. Until September, Technoserve provided ad hoc technical assistance concerned primarily with equipment maintenance, securing spare parts and training of project management to use the financial systems and controls prepared by Technoserve in the previous period.

During the first half of 1979, Promase cane purchases from Nnudu area farmers was in excess of ¢74,000; enterprise sales exceeded ¢200,000. Profits exceeded ¢60,000. The enterprise signed a contract to supply half of the syrup it produces to a biscuit manufacturing company in Accra, and its overall marketing capability improved.

Promase purchased cane at higher than the control price and did not charge transport fees to the farmers. All area farms who had cane to sell to Promase were able to do so. Several are cooperative farms. This enterprise employed approximately 60 people during the period, including 20 women. Like Alanfam, the enterprise supplied seed cane to area farmers.

Replication of this project was also accomplished during the first half of 1979 without assistance from Promase or Technoserve. Entrepreneurs established a near-exact copy of the Promase plant at Somanya, 18 miles from Promase. The relatively abundant supply of sugarcane in the area and this plant's distance from Promase makes it possible for both plants to operate

profitably. The replication of the Promase plant, in particular, demonstrates the potential for the appropriate technology involved to be implemented throughout rural areas in Ghana. A case study on this technology was prepared by Technoserve for dissemination at the United Nations Conference on Science and Technology Development in Vienna in September 1979.

The installation of a water supply system by Promase for its factory has resulted in water being available to people in the Nnudu community. Overall, an estimated 95% of those benefitting directly and indirectly from the establishment and operation of the Promase enterprise are low-income rural people by Ghanaian standards.

C. Mfantsiman Agricultural Extension Services Project

This extension project services farmers in the Mankessim area near the Alanfam sugar processing plant. The project goals are: (1) to provide assistance that increases the productivity and income of participants; (2) to demonstrate the advantages of farmers working together to solve common problems; (3) to develop farmers' confidence to request and receive assistance from government and private development agencies; and (4) to encourage these farmers to invite the participation of others in this group activity.

Technoserve agronomists assisted small farmers to grow sugarcane, maize, cassava, yams, plantains and other food crops, and to purchase and correctly use fertilizer. In addition to this technical advice, Technoserve staff also enabled these small farmers to lease uncultivated land from local chiefs.

Forty-five individual farms operated by 100 farmers, including eight cooperative farms operated by 59 farmers, were assisted. Women own five farms and constitute approximately one-third of the farmers assisted. A total of 100 acres was planted; farm sizes range from 1/2 to 12 acres.

Six hundred on-site farm visits were made by Technoserve excursion staff. Project activities are tracked by Technoserve staff by preparing quarterly project reports based on on-site entries made by field staff in extension service log books. All activities are systematically planned and implemented; project reports compare results achieved to activities planned. Activity indicators are analyzed and reported to management semi-annually; these include: number of farms visited, number of farmers, total acreage, number of visits, number of farm family members, major field operations and general comments.

The people affected by this project have an estimated annual per capita income of Q150. They live in traditional mud dwellings whose residents include an average of five children and three adults. Some families own a few head of cattle, goats, or chickens. All rely exclusively upon farming for their cash income. Since the cost of living rose approximately 200% during 1979, the increased productivity of farmland due to extension services was especially important.

Farmers meet as a group with Technoserve staff at least once each month at different family farms. Participation in these meetings is very high; about 80% of farmers attend. Special problems, credit requirements, scheduling of direct labor assistance on each other's farms and demonstration exercises are dealt with at these meetings.

Many of these farmers belonged to cooperatives which failed. Previous negative experiences with extension and informal organizational activities caused them to lose confidence. This project has helped to reverse this process. Farmers now perceive themselves as an association working together for their mutual benefit. They assist each other to solve common problems such as credit, input supply, cultivation, harvesting, and marketing. Their

initiative caused the Ministry of Works to improve some roads in the area.

D. Nnudu Agricultural Extension Services Project

The success of the Mfantseman Extension Services Project caused Technoserve/Ghana staff to implement a similar project in the Promase project area. The Nnudu Extension Service project, begun in September 1979, assists subsistence farmers in six villages along the Volta and Eastern regions' boundary. Sugarcane is the only cash crop which can grow on the low land of this region.

The services provided by Technoserve are basically the same as in the Mfantseman Extension Service project. During September - December 1979, Technoserve agronomists made 240 visits to 12 farms, some of which belong to cooperative societies. Technoserve assisted 45 farmers plant 80 acres.

Local leadership was provided by a member of the National Sugar Cane Growers Association. He has organized district leaders to facilitate extension services being available to area farmers.

In 1980 Technoserve hopes to help encourage the formation of a traditional Ghanaian cooperative society. This society, known locally as "Nnobua" is informal and requires no registration. It enables individuals to operate their own farms on cooperative or privately owned land. Cooperative members assist each other to clear, plant, weed and harvest their crops. Inputs are bought in bulk by the cooperative and shared. This kind of cooperative is gradually replacing the type in which all farmers do everything in common. Ghanaian farmers have not been enthusiastic about this latter, more formal type of organization. Technoserve also plans to encourage the formation of this traditional society among Mfantseman farmers.

E. Business Advisory Services in Ghana (BASIG)

This project's purpose is to assist Ghanaian community groups and foreign and indigenous private and voluntary organizations implement projects which benefit low-income people. Technoserve's focus was on private and church-associated organizations engaged in economic development activities primarily in the rural sector.

All assistance provided to these organizations was in accord with Technoserve's corporate purpose and project criteria. In each case, the assistance was designed to improve the organization's capability to provide services or implement economically viable projects.

Technoserve responded to 28 requests for assistance from development agencies including technical assistance for the MIDAS project operated by AID. The demand for Technoserve's services was much greater than expected in the 1979 plan. The availability of Technoserve staff made it possible to assist 14 private and church-related development organizations. These include:

- Christian Service Committee (CSC)
- Association of People for Practical Life Education (APPLE)
- World Education, Inc.
- Asempa Publishers (subsidiary of the Christian Council of Ghana)
- Young Women's Christian Association (YWCA)
- Ghana Rural Reconstruction Movement (GHRRM)
- Catholic Relief Services (CRS)
- People's Educational Association (PEA)
- St. Michael's Catholic Mission/Cooperative Farmers Club of Techiman-Ajumako

- CODEL, Inc.
- Ghana Organization of Voluntary Activities (GOVA)
- Canadian Lutheran World Relief
- Archdiocese of Tamale
- The Salvation Army

Technoserve provided up to four person days services per month to these organizations. Six Technoserve staff participated in this project; it provided an opportunity for them to expand their experience and advisory capability in support of local institution building.

An information system was designed to track the services to the organizations assisted and report on the work done and results achieved. In some cases Technoserve advised these agencies not to proceed with their projects because of a lack of resources or capability to implement them in an economically viable manner.

The services provided to these agencies varied considerably in scope and depth. They included analysis of enterprise-related activities, organizational and financial planning, technical analysis of production processes, logistic support and marketing, the development of management and accounting systems, personnel recruitment and training, equipment procurement and maintenance systems.

The subprojects analyzed and assisted included several irrigation schemes to increase production acreage by drawing water from small catchment dams. Rabbit breeding, gari (cassava) milling and palm oil cracking facilities were also evaluated. Selection of equipment to install a chick hatchery and feed mill and analysis of poultry feed formulas and sources of supply were completed for one agency. Technoserve helped several agencies evaluate and plan agricultural extension services throughout Ghana. A plan to assist the implementation of a small-scale maize and cassava processing facility was completed. Several

agencies requested and received specific training assistance to implement agricultural extension projects involving diverse cultural and land tenure issues.

Many of these organizations receive financial support from some of the same foreign donors that support the Technoserve/Ghana program. These include Bread for the World in Germany, the Canadian Lutheran World Relief, Church World Service, the United Church Board for World Ministries and USAID. Technoserve's assistance at times included advice on how to prepare reports in accord with the regulations and grant agreements these agencies have with external donors. Technoserve also helped plan a February meeting of Ghanaian church development entities for a CODEL representative. He discussed the purposes and financial support available from CODEL to private church-related development entities operating in Ghana.

The Christian Service Committee of Ghana received the greatest amount of Technoserve assistance under the BASIG project. The following tasks were accomplished:

- A conceptual feasibility study was prepared to investigate the incorporation of an agricultural service and input supply facility in Tamale. The facility would be owned and operated by CSC and nine community and church-supported agricultural stations throughout the Northern Region;
- The study resulted in CSC being awarded a \$500,000 grant over a two-year period for the project from USAID in June 1979;
- CSC requested full time Technoserve assistance to implement the project. A service contract was being negotiated between Technoserve and CSC in late December of 1979. CSC will pay a fee to Technoserve for services provided using its USAID grant.

-- CSC proposes that the project include the construction and implementation of a warehouse, the installation of five maize hammermills in several of the agricultural stations, the implementation of an agricultural input marketing program, the rehabilitation or drilling of up to fifteen new wells, and the addition of 500 new farmers to receive extension services from CSC through the agricultural stations in the Northern and Upper Regions of the country.

The nine CSC agricultural stations involved in this projects assist some 305 villages. Each benefits an average of 150 farm families. The project envisioned is expected to have a direct impact on 24,000 low income farm families. The indirect impact of this activity is substantially greater.

3. Impact of the Technoserve Program in Ghana

A. Increase the Capability of Host Country Institutions:

The major capability transfer activity in Ghana during the year was the full implementation of the Business Advisory Service Project in Ghana (BASIG). Under this project, Technoserve staff provided specialized assistance and training to ten indigenous Private Voluntary Organizations (PVO).

Technoserve assistance to these PVOs is focused on enterprise development and increasing the productivity of the Ghanaian people they serve. As a whole, these organizations' impact on thousands of low-income people throughout Ghana, particularly in rural areas. These private sector non-profit and voluntary groups are a major resource and network to deliver basic services and resources to low-income families in Ghana.

B. Reinforce Local Initiative, Leadership and Capability

Technoserve staff completed the development and implementation of appropriate managerial and technical systems governing the operation of two small-scale sugarcane processing enterprises in the Mankessim and Nnudu areas. The training of direct-hire personnel in the enterprises to use the systems was also accomplished. Both are now self-sustaining.

The BASIG project, in response to local initiatives and leadership, helped improve the capability of ten other PVOs and increase the development resources available to them. The two extension programs in the Mankessim and Nnudu areas

directly foster the efforts of small-holder farmers to increase their productivity of cash and food crops by encouraging group action which fosters individual initiative.

C. Discourage the Implementation of Unviable Projects

Upon request, Technoserve investigated some 12 new enterprise project possibilities in 1979. While many of these projects appeared to be viable on paper, it was necessary to advise project sponsors that economic, institutional and external constraints affecting Ghana would negatively impact on their projects. These constraints included legal organization problems, lack of foreign exchange, lack of adequate transport, unstable price and market conditions.

It was necessary to advise many enterprise sponsors that if they implemented their projects, there was a high probability they would fail. Labor intensive small-holder farmer efforts to cultivate basic food crops and low-risk cash crops were encouraged and assisted.

D. Increase the Income of Enterprise Input Supplier:

Both the Alanfam and the Promase projects, as well as the two sugarcane processing projects replicated from these, substantially increased the income of small-holder sugarcane farmers. Relatedly Technoserve's extension programs in Mankessim and Nnudu, which increased the productivity of low-income farmers growing both food and cash crops like sugarcane, fostered significant increases in income of the farmers assisted. The assistance provided under BASIG to several of the voluntary organizations in Ghana was for the express purpose of increasing the income of people in rural areas assisted by those organizations.

E. Transferring and Replicating Positive Uses of Appropriate Technology

The hallmark of Technoserve's Ghana program with respect to transferring appropriate technology was the replication of the Alanfam and Promase sugarcane processing plants. The technology developed by Technoserve for Alanfam and Promase was replicated by farmers and entrepreneurs in two new enterprises, one at Aseibu and the other, a near-exact copy of the Promase plant, at Somanya. The implementation of these new plants demonstrates that the technology can be effectively replicated in Ghana without dependence on external technology or utilization of significant amounts of scarce foreign exchange. The technology employed fosters the pragmatic interdependence between small-holder farmers and the small sugarcane processing plant.

Appropriate technology transfers also included the replication of financial and accounting systems and controls designed by Technoserve to fit the Ghanaian business environment. Systems developed in several projects were transferred through the BASIG project to several other enterprises and voluntary organizations.

These transfers demonstrate that the cost of appropriate equipment and systems technologies can be increasingly modest as such technologies are replicated in the environments in which they have been tested and successfully implemented.

F. Draw Outside Resources into Projects

Technoserve's assistance to other PVOs and foreign donor agencies resulted in grants being awarded by foreign church donors and USAID to these PVOs in excess of \$1 million in 1979, and up to \$3 million over the next three years. In 1979 alone, external resources provided to enterprises and PVOs assisted by Technoserve was five times greater than the Technoserve/Ghana budget for the year.

G. Improve Agricultural Practices and Farmer Productivity

The two extension projects implemented in the Mankessim and Nnudu areas provided direct assistance to 204 farmers who operate 55 family-operated farms and 11 cooperative farms. Over 180 acres of sugarcane was planted, and the yields of acreage growing basic food crops were upgraded. The extension services provide for the farmers an informal association resolving common problems, gaining access to credit and input supplies, securing markets for their crops while providing basic food crops for family consumption.

Through BASIG, several farm cooperatives and voluntary organizations were assisted by Technoserve to implement several facets of their agricultural and enterprise activity. In one case, the Christian Service Committee of Ghana, Technoserve's assistance will benefit farm families in 305 villages of northern Ghana.

H. Sustain and Increase Employment :

Technoserve assisted enterprises, family and cooperative farms directly employed over 327 people, including 145 self-employed low income farmers. Indirect employment impact of Technoserve's assistance to other enterprises and Private Voluntary Organizations under the BASIG project is significantly greater. In the case of Alanfam and Promase, 142 jobs sustained or created in these two plants would not have been possible in early 1979 without Technoserve assistance. A similar opinion is justified with respect to employment on many of the farms assisted by the Manfantsiman and Nnudu Agricultural Extension projects.

The jobs created or sustained are the result of appropriate technology and capability transfer, facilitating the flow of financial and material resources to the people effected and significant efforts on the part of Technoserve staff to overcome serious input supply, foreign exchange and marketing constraints.

I. Infrastructure and Services into Project Related Communities

The implementation and operation of the Promase plant resulted in subterranean resources being tapped for the plant, thereby providing water to families in the Nnudu community as well. The Mankessim farmers assisted under one of the extension projects resulted in area farmers gaining the attention of the Ministry of Works to improve rural roads to make it possible for them to market their crops. Technoserve assistance to Alanfam and Promase resulted in transport, input supply and credit facilities flowing from these enterprises to their sugarcane farmer suppliers.

4. Lessons Learned in Ghana

A. Replication of appropriate enterprise concepts, technology and systems can be accomplished in a cost-effective manner.

This was demonstrated by the development of two additional sugar processing plants by farmers and entrepreneurs at Aseibu and Somanya. Systems developed for enterprises assisted can be effectively transferred to other PVOs through activities like Business Advisory Services in Ghana (BASIG) project.

B. Field evaluation activities should be jointly planned and implemented by Technoserve and the donor(s) involved.

The purpose of evaluation should be positive; that is, learning as much as possible about the impact of the assistance process and how to accomplish mutual objectives more effectively. Replicating what is successful, disseminating what works, taking corrective action in the face of problems can be the benefits of an evaluation process positively conducted. Donor evaluation should not be arbitrarily and independently planned and implemented. Joint evaluation activities, however, should be part of grant agreement terms and conditions.

C. Given massive economic breakdown, productivity related technical assistance efforts can focus effectively on the small holder farmer.

Agricultural extension to increase the productivity of low-income farmers by providing essential technical advice and facilitate the flow of scarce input supplies can sustain or increase food and cash crop production on small-scale farms during periods of national economic crisis.

D. Technoserve's managerial and technical expertise can be effectively transferred to other PVOs.

This institution building activity may be more valuable to foster during periods of economic crisis in a country like Ghana than continuing efforts to assist

increasingly high-risk individual enterprise projects. The assistance provided to other PVOs focused on economically productive/enterprise-related activities consistent with Technoserve's corporate purpose, criteria and capability.

E. Extension services can be a necessary "backward linkage" assistance component to small-scale processing enterprises, including sugar syrup plants like Alanfam and Promase.

Extension services can foster the positive interdependence between small holder farmers and small-scale processing plants. Extension services can increase the productivity and therefore the income benefits of the farmers supplying raw materials to these small-scale processing plants. Small holder farmer supplies reduce the need of the enterprise to invest capital in plantation-type raw material farming activities.

F. The development of small-scale appropriate technology food processing plants like Alanfam and Promase can stimulate small holder farmer productivity.

This has been accomplished by providing input supplies and facilitating credit being available to such farmers. In addition, such plants can be economically supplied raw materials from farmers living in a tight radius to the plant. Thus the technology employed is more appropriate to increasing rural productivity than the relatively large-scale, capital-intensive sugar refineries like Asutsuare and Komenda in Ghana.

G. An effective process governing group action among rural farmers may be more important than fostering a particular type of legal entity being formed by them.

Farmers can work closely together in an informal association as in the case of the Mankessim and Nnudu area farmers who are benefiting from Technoserve's

two extension projects. Suggestions that these farmers form some type of cooperative or corporation is neither timely, practical or in accord with the rural entrepreneurship and independence of the Ghanaian farmer and his family. Local agrarian traditions must be understood and respected to effectively deliver agricultural extension services that increase farmer productivity and income.

H. Contingency plans concerned with the relocation of personnel in times of emergency should be developed by management. Poor communications between the home office and Ghana and serious political/civil disruption warranted proceeding to prepare such a plan in Ghana. Such plans reduce arbitrary action on the part of individual staff members, while providing for appropriate program management and control in the event of precipitous staff departures.

1. Summary of Kenya Program Activities

Official recognition and support for the Technoserve/Kenya program was demonstrated by the new government which came to power after the death of the nation's president, Mzee Jomo Kenyatta. Mr. Joseph A. Gethenji, Permanent Secretary and Director of Personnel Management, Office of the President, agreed to be nominated as a Member of the Technoserve Corporation. He was elected to membership at Technoserve's Annual Meeting in May. Negotiations continued with the government in regard to Technoserve's application to be officially registered as an International Mission committed to the social and economic development of Kenya.

In line with its 1979 goals, Technoserve significantly increased its capability to assist projects in the livestock and savings and credit areas. Ten new staff members joined the Technoserve/Kenya program - five financial experts, three livestock experts and two administrative staff personnel. Four staff members left the organization. The number of professional staff working at the project assistance level rose from six to fourteen during 1979; four expatriates remain on a total staff of twenty.

Overall Technoserve/Kenya's Program Scope has expanded to the point where it has a direct impact upon the lives of 272,160 people and 45,360 shareholders/project participants. Technoserve assisted projects in Kenya are capitalized at shs. 179,500,000, placing Technoserve in the position of being directly involved in supporting some of the most significant development oriented enterprises in Kenya.

During 1979 Technoserve carried out on request analyses of five

large savings and credit societies having a total membership of 33,500. Management agreements have been signed with two societies, Reli and Ardhi, while an additional agreement with the 17,000 member Harambee Cooperative Savings and Credit Society calls for Technoserve to perform a role in monitoring the progress of that society through 1980 to ensure its smooth transition to management by an elected committee.

The establishment and sound operation of Savings and Credit Societies in Kenya offers wage-earning low and middle income Kenyans and their families access to credit which would not be available to them elsewhere. The flow of locally generated savings entrusted to these societies into productive investments in agriculture and housing constitute genuine steps toward self-reliance. However, Kenya faces a major and publicly acknowledged problem to the extent that the sound management of these credit societies has not kept pace with their rapid development. The Development Plan of 1979-83 states:

"The most serious constraint to the further growth of the Cooperative movement is an internal one that is, the shortage of qualified and experienced personnel needed to carry out accounting and management functions. This personnel shortage is such that the Government, through the Ministry of Cooperative Development has had to control and supervise many cooperatives to ensure their orderly growth. The removal of this constraint is vital to the continued development of the cooperative movement."

Technoserve activities in the livestock sector are also consistent with Government of Kenya objectives. The 1979-83 Kenyan Livestock Development Plan specifies that the "most important" aspects of the continuation of the Livestock Development Program are "on-ranch management training" and the "preparation of long and short-term management plans."

Technoserve/Kenya's 1979 Plan called for the company to focus its efforts in the livestock area on "developing its capability to provide direct management services to Kenyan ranching units" and "establishing itself as an entity capable of improving ranch management standards in Kenya." That Plan called for an overall long-range goal of "developing skilled Kenyan ranch managers and contributing to increased productivity in the livestock sectors."

During 1979, Technoserve provided direct management assistance to two livestock projects, Allied and Drumvale. Technoserve and the Commonwealth Development Corporation investigated the potential of establishing a major unified ranching operation in the Taita area of Kenya. Technoserve livestock experts began to assist the 1,500 member, 42,000 acre Nguu Ranching Cooperative Society.

A computer program was designed to provide monthly statements to the 90,000 members of twenty government affiliated savings and credit societies throughout Kenya. A Technoserve computer expert provided follow-up training to staff of the Ministry of Cooperative Development and several government affiliated savings and credit societies.

Technoserve has collaborated with and worked to transfer capability to the following Kenyan institutions: the Ministry of Cooperative Development, the Cooperative Bank, the Cooperative College, the Ministry of Agriculture, and the Agricultural Finance Corporation. Collaboration has also taken place with the United States Agency for International Development, the Commonwealth Development Corporation, the Canadian High Commission, and the NORDIC Project. Technoserve staff worked with field representatives from Partners for Productivity, Appropriate Technology and PACT to analyze the Rift Valley Institute of Science and Technology. In all, limited assistance was provided to approximately 13 enterprises and institutions, including cooperatives.

2. Technoserve Project Activities in Kenya (U.S. \$1.00 = Kshs. 7.00)

A. Harambee Savings and Credit Society

Management responsibility for the Harambee Savings and Credit Society was transferred from Technoserve to the Society's staff in 1979. All management systems and financial controls were implemented as designed, operating manuals were prepared and the Society's management and staff training was completed. In late 1979 management of this Society was transferred from the government appointed Management Commission to a Management Committee elected by members.

The Society effectively serves its members in an economically viable manner. In the first quarter, a dividend of 8 percent was declared for 1978, and a similar dividend is projected for 1979. Since the inception of Technoserve's assistance to this project, membership, which was declining, rose from 15,000 to 17,000 members. Share capital increased by 16.3 million shillings to a total of 35.3 million shillings by the end of the third quarter. During January - September 1979 over 12 million shillings was loaned to Society members. By June, defaults on loans outstanding had dropped to 1.32 percent.

A monitoring and ad hoc assistance agreement with the Society was effected which will remain in force until the end of 1980. The Society also awarded Technoserve Kshs. 15,000 (\$7,000) gratuity in appreciation for the work completed. This gratuity is over and above the Kshs. 221,000 (\$31,000) cost reimbursements paid by the Society for direct services rendered by Technoserve over a two and one-half year period. As in the case of other projects, Technoserve utilized Harambee's fees and gratuity to assist other projects in Kenya. The success of Technoserve's assistance to Harambee caused several other large Kenyan savings and credit societies to request similar assistance.

1. Reli Cooperative Savings and Credit Society

A brief three month Letter of Agreement with this 15,000 member Savings and Credit Cooperative was signed and service to the society initiated during August. The agreement calls for Technoserve to initiate the development and installation of appropriate management and financial control systems for the society and envisions the later signing of a Service Contract under which the society's employees would be trained in the implementation of these systems. Technoserve personnel assigned to the project immediately set to work with employees of the society to streamline the society's loans processing procedures and clear-up the backlog of unprocessed loans. During August and September alone 1,543 loans to members totaling Kshs. 5,934,100 were approved for payment. Whereas prior to August 83% of all loan applications had been held in Reli office for over six weeks, the situation had improved by the end of September to the point where most loans were being paid within 1 - 4 weeks of receipt of application. Work on reorganizing the filing system and reconciling members personal accounts was also begun. Consultations were held with Railways officials to redesign their payroll computer program to hold and report members loans and share balances.

This project directly created 14 new jobs. During the third quarter, share capital increased by Kshs. 3,193,483 and Kshs. 15,448 was paid to the Society's staff.

2. Ardhi Cooperative Savings and Credit Society Ltd.

Assistance to this 2,600 member Credit Union organized to serve employees of Kenya's Ministry of Lands and Settlement was initiated in August under a one year Management Service Agreement. Because the society has been housed in one small room in the Ministry's headquarters immediate steps were initiated

to provide a new pre-fabricated 1,200 sq.ft. office block. The block was constructed and ready for occupancy in mid-October. Despite the problems created by insufficient working space, Technoserve staff were able to install a new loans processing system based on a loans policy approved by the committee and to clear a backlog of loan applications dating to March 1979. Loans to members totaling shs. 1,857,625 were processed from April to September.

D. Allied Ranching (Taita) - Livestock Project

This ranch managerial, technical and input supply service company, continued to operate profitably to the benefit of the Taita Ranches which owned Allied. In addition to helping Allied shareholders ranches, Allied and Technoserve personnel provided financial management assistance to several other area ranching and non-ranching small-scale enterprises. A radio-telephone system to improve communications between the ranches and Allied and reduce stock theft problems was designed.

Allied and Technoserve staff collaborated with the Commonwealth Development Corporation, a British investment/management parastatal entity, to prepare a pre-feasibility study exploring the potential of establishing a major unified ranching operation in the Taita area. The 790 shareholders of the seven Taita ranches and the 550 people employed by those ranches and Allied could benefit significantly if the proposed new company, Kenya Cattle Ltd., is implemented as conceptualized in the pre-feasibility study. First, they would have control of the new company and will benefit from dividends paid to them as shareholders. Second, the new company would be managed by Allied under contract, and the Taita ranches would retain control of Allied. Third, the ranch companies will receive an annual fee from Kenya Cattle which will lease the land from the current ranch owners. Nearly 90% of the Taita ranches' shareholders are low-income people.

The prefeasibility study indicates that by combining the operations of the Allied affiliated ranches in a single holding company under a common management structure could have a considerable economic, environmental and human impact. This company would provide the most effective development of a breeding herd, utilizing the range land and assets already in place. The vulnerability of the 700,000 acres involved, given the limited rainfall patterns and cyclical draught, requires the economies of scale and centralized management conceptualized in the study. This would maximize income benefits and livestock-related food production.

The Taita ranches, Allied and the Government of Kenya approved the study of this project. The Commonwealth Development Corporation agreed to this project in principle during the fourth quarter. A study team, composed of experts from CDC's London office and two Technoserve employees began an in-depth feasibility study in November.

Revenue generated by the Taita ranches and Allied during the period was in excess of Kshs. 4 million, and income to the families affected was over Kshs. 1 million. New local investment in the enterprises totaled Kshs. 280,000.

E. Drumvale Farmers' Cooperative Society - Mixed Farm

Technoserve continued assistance to this 1,460 member 12,000 acre mixed farming enterprise. A two year Management Services Agreement was signed during the third quarter. The 1978 books of account were rewritten, and the 1979 accounts brought up to date. An analysis of the managerial and financial needs of the co-op was completed. This data is being used to develop a business plan to guide farm operations.

In response to the co-op's request, Technoserve staff are involved in the day-to-day management of the farm. Under the direction of the Technoserve project manager, major productivity increases were achieved. Daily sales of

milk rose 50% over the previous year, and egg sales increased 100%. Sales for the first three quarters were over Shs. 470,000 and members invested an additional Shs. 16,000 in the co-op. The project employed 56 people who earned over Shs. 180,000 during 1979.

Technoserve staff designed a new milk cooling system to reduce spoilage. An improved management information system was designed and implemented, based on Technoserve's experience in the Allied project. A combination of loan and overdraft facilities totaling Shs. 1.2 million was approved for the society by the Kenya Commercial Bank.

F. Nguu Ranching Cooperative Society

Technoserve also assisted this 1,500 member 42,000 acre cooperative ranch. A Technoserve analysis revealed the immediate need for the cooperative to extend its land leases by agreement with the Ministry of Lands to 45 years; this is a policy approved by the Kenya Government. Once accomplished, the land lease will serve as collateral to refinance the co-op's debt, including provision for additional capital to revitalize ranch operations. Technoserve projects that the land lease and refinancing goals will be accomplished in the third quarter. A medium-term service contract between Nguu and Technoserve is expected to be signed once the land lease and refinancing objectives are accomplished.

Both Drumvale and Nguu are major enterprise activities of the Wakamba people in Machakos District. Local leadership of these cooperatives is capable, and the projects can become socially and economically viable with appropriate managerial, technical and training assistance. The cooperative members actively participate in decision making and strongly support their elected management committees. Local development institutions and banks also

support these projects. They effectively collaborate with TNS to promote the co-ops' economic viability and self-sustaining potential.

The people participating in these projects are primarily subsistence farmers who cultivate food crops on average land holdings of two to six acres. The people live in traditional mud-hut housing with grass roofs, and each household numbers from six to ten people. Family income is approximately Shs. 5,000 per year, and most children receive a primary school education.

Both of these cooperatives have operated for some time. Their members have invested a significant amount of their limited savings in these enterprises, but the financial benefits derived to date have been very small to nil. They continue their commitment to these cooperatives because of a strong local tradition of social unity among Wakamba clans. They view the cooperatives as instruments to legally safeguard their control of the land involved. Effective control and utilization of co-op held land is the best near-term opportunity for members to derive economic benefits for their families and future generations. They believe the cooperatives will provide them a good return on their invested capital over the medium and long term.

The people's commitment to the cooperatives has increased since TNS became involved. They see considerable improvement in co-op operations. Technoserve believes that these projects can be turned around to operate in an economically and socially viable manner, if the partnership and commitment between co-op members, local development institutions and TNS is sustained in the near term.

G. Other Activities

Technoserve assisted the Ministry of Cooperative Development and other government agencies design and implement a new system for savings and credit societies. This system includes account balances in the payroll slips of approximately 90,000 savings and credit society members each month throughout Kenya. Technoserve has, through the auspices of the Cooperative Department, trained 30 society staff members to use this system.

A two-phased consulting agreement with Appropriate Technology International for a study of the Rift Valley Institute of Science and Technology was signed. This work was completed during the third quarter.

At the request of the Mombasa Port Cooperative Savings and Credit Society and the Ministry of Cooperative Development, Technoserve completed a brief preliminary analysis of the Society's financial affairs. The major conclusion of that report was that a very dangerous situation exists in the Society as a result of competing credit facilities being offered by the Kenya Cargo Handling Co. Ltd., the employer of Society members. Technoserve has therefore requested the Ministry of Cooperative Development to assist in resolving this problem prior to Technoserve providing any further assistance to the Society.

At the request of the Cooperative Bank of Kenya officials, Technoserve developed recommendations relevant to the settlement of a major creditors account held by the Malaba-Malakisi Cooperative Union Ltd.

3. Impact of the Technoserve Program in Kenya

A. Increase the capability of host country institutions

Capability transfer in favor of Kenyan institutions was a major aspect of the Technoserve Kenya program in 1979. Accomplishments included the introduction of the management and fiscal control systems developed in the Harambee curriculum of Savings and Credit Society into the Cooperative College of Kenya. Through the Allied project, ranch managers from Kenya and elsewhere in Africa were trained to utilize the management systems and control developed in the Allied project for livestock enterprises.

The day-to-day management of the Harambee Savings and Credit Society, the largest savings and credit society in Africa, was handed over to society personnel who were trained by Technoserve.

B. Reinforce local initiative, leadership and capability

Technoserve worked closely with the leadership of two mixed farm and livestock cooperatives to determine how best to revitalize them and train their direct-hire personnel to operate the cooperatives in a

viable manner. Through Allied, Technoserve has greatly reinforced local commitment and capability to operate the Taita ranches.

Savings and credit society leadership and the Ministry of Cooperative Development were rigorously supported by Technoserve to demonstrate that the large savings and credit societies in Kenya can be managed effectively, thereby strengthening this crucial private sector cooperative movement.

C. Demonstrate the positive uses of appropriate technology

In Kenya, the most significant technology developed and applied to projects assisted in 1979 was in the form of management, financial and training systems. The application of these systems ranged from simplified accounting procedures for ranch managers with limited education to collaborating with government representatives to more effectively use computers to provide savings and credit society members with financial statements on their savings, loans, dividends, etc. on a monthly basis.

Technoserve's work in Kenya in 1979 demonstrates clearly that appropriate technology in the form of appropriate management systems is a crucial part of viable enterprise development at the grass roots level.

D. Sustain and increase employment

The Allied project which facilitates the ongoing operation of the Taita ranches created or sustained some 500 jobs during 1979. Employment in the savings and credit society, mixed farming and other livestock projects was also substantial. Technoserve's assistance in favor of self-help enterprises is one of the most effective ways to create and sustain employment for low-income people, particularly in rural areas.

E. Increase the credit available to low-income people

Technoserve assisted the Agricultural Finance Corporation to revise its lending policies to ranches. This will provide more livestock sector credit for low-income participants in ranch development. In

the Harambee Savings and Credit Society alone, nearly 4,000 loans totaling over \$2 million dollars were made to society members -- people who do not qualify for credit from other financial institutions.

Similar results were achieved by assisting the business planning and management processes of two additional major savings and credit societies and the Drumvale and Nguu agricultural co-ops.

F. Increase the productivity of agricultural enterprises

The assistance provided to the mixed farming and livestock projects significantly increased their food production. Direct professional assistance of the Technoserve type at the grass roots level can directly increase food production while strengthening the enterprises assisted through appropriate business planning and on-the-job training of personnel.

4. Lessons Learned in Kenya

A. In countries like Kenya it may be more important for Technoserve to assist with the turnaround of enterprises in trouble than to assist the start-up of new enterprises.

The time frame for Technoserve's assistance to have an impact on the target population and local economy is less. Assisting such enterprises, therefore, may be more cost effective.

B. Replication of successful assistance activities in similar enterprise projects should be fostered and can be accomplished in a cost-effective manner.

This is clearly demonstrated in Technoserve's work in the savings and credit movement and mixed farming/livestock sectors in Kenya.

C. Managerial and technical capability can be effectively transferred to host country development institutions.

Agencies like Technoserve can accomplish this objective if they develop management systems appropriate to the local environment with the conscious intention of making those systems available to other institutions and enterprises. This was demonstrated in the dissemination of the systems developed in the Harambee Savings and Credit Society, to other societies, Ministry of Cooperative Development and the Cooperative College. It is equally true in the case of the ranch management systems developed in Allied for the Taita Ranches, which systems are now available through Allied to many other livestock enterprises in Kenya and throughout Africa.

D. Impact evaluation activities must be fostered in order to get data which demonstrates the positive impact of self-help enterprise development on the target population.

In recognition of this need, the Kenya program will employ a Kenyan professional to facilitate impact analyses of the enterprises assisted, as well as Technoserve.

E. In some cases, the formal local incorporation and indigenization of a foreign assistance program like Technoserve may not be necessary or desirable.

In the case of Kenya, Technoserve is asked by the government to continue to upgrade the capability of local development institutions already in place, rather than attempt to start a Kenya Technoserve. Government belief in this policy is exemplified by the fact that expatriate work permits for Technoserve staff are regularly approved by the Kenyan Government -- which would not be the case if Technoserve's work and staff capability in Kenya were not accepted by the government.

F. In assisting relatively large-scale, complex enterprises, it is useful to provide assistance through a series of phased activities, based on clear concepts and objectives to be accomplished at each phase.

Technoserve uses the phased assistance approach in its work in savings and credit and livestock sector projects in order to strengthen the commitment and self reliance of project sponsors to their enterprises.

G. A management by objective method of operating can and should be employed by organizations like Technoserve.

The 1979 Kenya program demonstrates that planning and implementation through management by objective makes it possible to significantly increase the size, scope and effectiveness of a Technoserve country program in a short period of time. It consciously fosters project replication, systems development and appropriate decentralization of program authority and responsibility.

VI. Latin American Division: Summary of Program Effectiveness in 1979

Despite the serious political unrest in both El Salvador and Nicaragua, the Technoserve programs in these countries were operating effectively at year end. The personnel of the Division has been upgraded and greater responsibility has been entrusted to local nationals. During 1979 the program directorship was handed over from expatriates to local nationals in both countries. Staff capabilities in critical areas such as engineering, financial analysis, agronomy and accounting were significantly strengthened through staff changes and additions.

The total number of projects assisted during the year increased significantly. More projects were assisted than in any previous year in Latin America. A process is underway to establish an independent legal entity in El Salvador to assume the functions which Technoserve is now carrying out in that country.

Technoserve's delivery of services were interrupted to some extent by the political disturbances which occurred in the region during 1979. Only during a two-week period during the height of the civil war in Nicaragua were services entirely suspended in either country. However, a slowdown of our program was inevitable given the very real threat to the bodily security of our staff, both local and expatriate. By year end, however, normal services had been resumed to virtually all projects in both countries.

The details of how the program objectives are specifically being met are provided in the sections which follow. In general Technoserve is providing services which foster both the development of specific enterprises as well as the development of enterprise management capability in both El Salvador and Nicaragua. This process impacts significantly on the productivity, income

and employment of the low-income facilities affected. Technoserve provided substantial assistance to 22 enterprises in the region in 1979.

This assistance includes in-depth analysis of the feasibility of potential projects; the planning and assistance in the selection and installation of equipment; management systems development and implementation, the training of enterprise personnel and the phase-out of Technoserve assistance to self-sufficient enterprises. The Technoserve program in Latin America has also included significant assistance to local development institutions to upgrade their capability in enterprise development.

With the takeover of both Latin American country programs by local nationals and the upgrading of local staff to key management positions, the indigenization of the programs has been greatly increased. Of a total staff of 22 professionals only three are expatriates. In the case of El Salvador, specific and concrete steps have been taken and a plan is being implemented for the establishment of a local legal entity to assume Technoserve's activities in that country.

1. Summary of El Salvador Program Activities:

During 1979 the administration of the TNS office was restructured to expedite the indigenization of the El Salvador program. A new Salvadoran enterprise development entity replacing TNS is projected to be legally incorporated in 1980. A major step forward in this indigenization process was the naming of a Salvadoran, Francisco Lino Osegueda, as Country Program Director. By late 1979, only one non-Salvadoran TNS advisor remained on a staff of twelve professionals.

The Salvadoran Advisory Committee, formed to guide the turnover of the TNS program to a locally controlled entity, was expanded to nine members in mid-1979. This committee presented the Ministry of Planning a variety of legal options for the new Salvadoran entity, a revised statement of goals, a revised work plan for the turnover process, a draft budget for 1980, a letter requesting an extension of TNS' government agreement and an increased government contribution for 1980. The Ministry of Planning has indicated its agreement with this turnover plan and endorsed extending its agreement with TNS through 1980. An increase in the government contribution is also under study.

Increased civil disorder and political instability in the country constrained the timely implementation and completion of some project activities. The work and safety of expatriate personnel, in particular, was given special attention. Travel to project sites was, at times, restricted. Program priorities and management were appropriately modified to make it possible to meet commitments to projects assisted.

Five new employees were hired during this reporting period and three left TNS. Part of this turnover was the result of an effort to upgrade staff capability in technical and administrative areas. The new TNS Country Program Director is one of El Salvador's foremost cattle experts. TNS staff received training in animal feed utilization and livestock management. In addition, training sessions were part of a major effort to revise TNS' overall project evaluation procedures and management information system.

Salvadoran staff worked with the Division of Planning and Operational Support to develop and test a new semi-annual report format and methodology. This system provides more complete socio-economic information on projects assisted and compares TNS project objectives with those actually accomplished. TNS also streamlined its evaluation process of new potential cattle fattening projects. An analytical paper examined this concept in general; specific pre-project evaluations have been simplified.

On request, TNS prepared a summary training and orientation program on its enterprise development process for the project division personnel of the Ministry of Planning. The program was carried out in four training seminars. TNS staff also worked with INSAFACOP (the government co-op organization) and the Banco de Fomento Agropecuaria (a national development bank) to design criteria by which the San Juan de Merino co-op might analyze loans. INSAFACOP has successfully adopted these criteria for other co-ops throughout El Salvador. TNS staff designed a procedure to enable FEDECACES a USAID-funded cooperative savings and credit federation, to evaluate potential

industrial credit loans to cooperative industries. This procedure enabled FEDECACES to receive funds through COLAC (a Latin American federation of savings and credit co-ops) from the Inter-American Development Bank

TNS staff provided ongoing assistance or conducted in-depth analyses of 16 major projects during 1979. TNS concluded its assistance to the COPIGAC cooperative feed concentrate activity in October 1979. Co-op personnel are now fully trained and the co-op is operating profitably and expanding its services. Three new cooperative feed concentrate activities modeled after COPIGAC began operations in late 1978 - early 1979. They are progressing well, with seasonal demand patterns reflected in the operating results. Two new concentrate activities were evaluated and plant construction was initiated in late 1979.

The success of these feed concentrate production projects has led TNS to promote a "second generation" activity. This activity involves the feeding of cattle in confinement using co-op produced feed concentrate. TNS evaluated five potential projects using this concept; two cooperatives have begun to implement this activity.

TNS transferred management responsibility of the ACACYPAC cooperative (rice milling, feed concentrate and savings and loan activities) to FEDECACES and the co-op's board of directors. TNS assisted the cooperative to develop an effective strategy to respond to unforeseen external factors. TNS also completed its assistance services to a small grocers' cooperative in Salvador and a cooperative garment-making activity.

2. Technoserve Project Activities in El Salvador

A. ACACYPAC -- Cooperative rice milling, savings & loan and feed concentrate activity

Management responsibilities of the ACACYPAC Cooperative were transferred to FEDECACES, a savings and credit cooperative federation and the cooperative's board of directors and management in April 1979. Assistance to this co-op during the past six-month period included 1) an analysis of the co-op's savings and credit activity of the co-op and negotiating the implementation of TNS' recommendations with the co-op and FEDECACES, 2) an analysis of the co-op's feed concentrate milling activity and 3) an analysis of the rice milling activity. Changes in the market and other external factors warranted a total evaluation of this co-op's operations.

Government parastatal institutions offered higher prices for rice and lower interest rates for loans; this created strong competition for the co-op. Previously, the co-op had been the sole source of such services in the community.

In response, a contract covering the sale, milling and marketing of rice by the co-op to the government Grain Stabilization Agency was negotiated to resolve this problem. ACACYPAC successfully fulfilled this contract and, with TNS assistance, negotiated a new contract with this agency covering the 1979-80 agricultural cycle. The co-op also secured a new working capital loan for rice purchases and began its milling operations. In preparation for the conclusion of TNS assistance, the co-op hired a new manager for the rice milling activity. At the co-op's request, TNS' assistance was extended through early 1980.

In September, Technoserve repeated its recommendation to the cooperative that it seek a new focus for its credit activities or suspend these altogether, since production credit is being provided at cheaper rates by a branch of the National Development Bank which has been established in Nueva Concepcion. The co-op cannot compete with these artificially low, government-subsidized interest rates. Whether ACACYPAC or its funding agency FEDECACES (the Federation

of El Salvador Savings and Credit Cooperatives) can successfully adjust to this situation remains to be answered.

Technoserve also analyzed the business viability of the feed mill established by this multi-purpose cooperative. The analysis indicated that it could not achieve a local market penetration sufficient to reach breakeven profitability. The principal market area for the co-op's concentrate is located in a zone where a larger concentrate facility had been set up by the West German Mission and the Government of El Salvador. This large concentrate facility, established in April 1979, provided too much competition for ACACYPAC. Based on TNS' recommendations, the co-op voted to sell the plant equipment. Technoserve investigated potential buyers for this equipment and facilitated its sale to the San Alejo cooperative in late 1979.

B. COPIGAC -- Cooperative feed concentrate production activity in Sensuntepeque

The COPIGAC feed concentrate mill project has served as a model for various other TNS-assisted concentrate projects. Lessons learned, training procedures, construction design and equipment have been used to implement these newer projects more efficiently. Technoserve concluded its management and technical assistance services to COPIGAC in October 1979; all management responsibilities have been transferred to the TNS trained staff.

Co-op employees can effectively maintain equipment, buy inputs, manufacture and sell feed concentrate, produce monthly financial reports and keep daily production and sales records. The present secretary and manager are now able to complete the necessary documentation to secure loans from financing

institutions.

In early 1979, co-op and TNS staff solicited and received a loan from a Salvadoran development bank to (1) establish sales of veterinary supplies, (2) sell agricultural supplies, (3) finish plant construction and (4) purchase raw materials for feed concentrate. Although the bank was prepared to lend the co-op \$60,000, the co-op's board of directors decided that \$40,000 would meet the co-op's needs. This larger loan would have been an excessive burden.

During the third quarter of 1979, the co-op established a store selling veterinary supplies and agricultural inputs in the center of town. A new feed concentrate production plant was constructed and equipment was installed. Approximately 4,000 qq. of concentrate were sold between January - June 1979 to over 100 farmers. An additional 1,128 qq. were sold during the wet season when demand is expected to be low.

A cooperative in the neighboring town of San Isidro with approximately 60 members joined COPIGAC in early 1979. In July, COPIGAC had a total of 187 members. At the annual general assembly meeting, members voted not to distribute the co-op's 1978 net surplus of \$3,200 as dividends to members. Instead, the co-op will use this reinvested capital for new activities. Other beneficiaries of this project have been the 90 small farmers who sell grain, corncobs and husks to the co-op to make feed concentrate. Because there is no real market for these agricultural by-products in the region, this project has caused a net increase in these farmers' income. Members take great pride in the co-op and their participation at meetings is high.

Approximately 25 members volunteered to transport concentrate, visit other members to promote its co-op's sales and perform various other odd jobs. A co-op delegation visited the San Gerardo cooperative to examine its improved concentrate plant design.

In response to a co-op request, TNS staff formulated a new feed concentrate for hogs. This was tested on 10 pigs for one month and achieved good results. However, the current feed mixer cannot be used to manufacture the concentrate for pigs. Thus, before this activity can begin, new equipment must be purchased.

In addition to training co-op staff, the TNS project advisor visited approximately 12 members each month to talk to them about the concentrate. Generally seven of these were non-users and five used concentrate. During these visits he asked the families how they liked the feed concentrate and instructed them how to use concentrate properly. He also examined the cows and calves and advised how to control livestock diseases.

In early 1979, an association was formed between all the co-ops in the Cabanas Department. The government co-op organization, INSAFACOP, promoted this association to facilitate co-op interaction and problem solving. COPIGAC's president was elected president of this group.

C. ACOOPARSANGE -- Cooperative feed concentrate production activity in San Gerardo

Feed concentrate production began in late December and the plant was formally inaugurated in early February. Between January - June equity contributions from members rose by \$3,000 to a total of \$17,200. During the fiscal year of April 1978 - March 1979 a net profit of \$3,000 was generated through co-op sales.

To facilitate farmers' access to the concentrate, three feed distribution centers were opened in the region. Financial controls were installed and the co-op's miller was completely trained. The co-op's original manager and accountant left for personal reasons and were replaced. The new manager used to be in charge of the co-op's credit committee and therefore is rather familiar with co-op activities. The previous manager still actively promotes the co-op. The new accountant is almost completely trained; the co-op staff has learned how to buy inputs efficiently. TNS helps the co-op's administrative staff negotiate credit to purchase fertilizers and insecticides used during the planting season. The Banco de Fomento channeled credit through the co-op for members to buy cattle.

About 70% of co-op members were present at the March annual general assembly meeting. New members of the board of directors were voted into office. Ten co-op meetings have been held during the past six months, with an average attendance of 40 people. Members try to promote the co-op and the use of feed concentrate at these meetings. The TNS project advisor often attends to advise farmers how to use feed concentrate and fertilizers effectively. In addition, co-op staff have visited approximately 20 members at their homes to talk about co-op activities.

The co-op is a vibrant, growing institution in the community. Twenty five new members joined ACOOPARSANGE during the first half of 1979, raising co-op membership to 108. Approximately 50 members own cattle, most of whom buy concentrate. In addition, 20 non-members buy concentrate from the co-op; it is not known how many farmers buy feed concentrate from the other distribution centers in the area.

Eighteen members received \$28,000 worth of credit to purchase milking cows and heifers. Improving cattle breeds is a major priority for these people.

One of the most visible benefits of this enterprise was unexpected. Twenty seven families, most of whom work on coffee plantations outside the immediate San Gerardo area, now have electricity in their homes. Residents of this poor section of town organized and signed a petition to the electric company; this was the first time they had ever collaborated to improve their living standards. Their success is an important precedent in the San Gerardo community.

The co-op's women's auxiliary committee organized two fiestas in San Gerardo during this period; for one, the women constructed a float which paraded around town in a truck. These women prepared food for the feed mill inauguration ceremonies and helped to raise equity from members. Members of the co-op's education committee began collecting funds to build a basketball court for the community.

A few farmers have used the hammermill to crush their agricultural by-products into edible form for cattle. An estimated 80 farmers sold inputs to the co-op to make feed concentrate.

Field work for the case study on the San Gerardo project began in May 1978. A questionnaire was designed to determine what changes in milk production had occurred between the period before feed concentrate was used and in May. Thirty four feed concentrate users were matched according to the number of head of cattle and amount of land they owned. Five members of the community -- one with 7th grade education, another with a 9th grade

education, and three high school graduates conducted these interviews. This was the first time any of them had had a wage-paying job. A TNS project advisor began interviewing several families to learn more about their attitude towards the cooperative, their perceived constraints and their future plans.

The survey's results indicate that

- cows feeding concentrate produced an average of 11% more milk than their counterparts who had not been given concentrate;
- the milk production of cows consuming at least five pounds of concentrate each day was 17% greater than control group cows;
- cows feeding less than five pounds of concentrate each day had practically the same average milk production as control group cows;
- households using feed concentrate had a higher percentage of milking cows to total cows than their control group counterparts, indicating that feed concentrate may cause cows to have longer lactation periods;
- using feed concentrate is, on average, a profitable investment for farmers;
- over 76% of households using feed concentrate believed their cattle were healthier than they had been a year ago;
- almost all farmers fed their cows an improper balance of feeds.

Of the 34 households using feed concentrate in April 1979:

- 82% had less than 20 milking cows; 15% had 20-50 milking cows; 3% had 61-70 milking cows;

- 44% lived in adobe huts; 38% lived in mud and wood dwellings; 9% had wooden walls; 8% had brick; 3% had straw;
- 47% had dirt floors;
- 82% lived in houses with less than 3 rooms with an average of 7 family members;
- 76% had no electricity;
- 65% did not have potable running water in their home; family members must walk an average of 250 meters to their source of drinking water.

D. ACASJMRL -- Cooperative feed concentrate production activity in San Juan de Merino

Feed concentrate production began in January 1979. Six additional concentrate distribution centers were opened in surrounding areas. During the dry season San Juan de Merino farmers have been forced to keep their cattle in outlying areas closer to water. These distribution centers service these temporarily relocated cattle. Thus, most of the 2,000 qq. of concentrate sold during the dry season was through these distribution centers.

The primary constraint against selling concentrate in the immediate San Juan de Merino area was lack of water for cattle in the dry season. One of TNS' chief activities during this period was to investigate ways in which this water constraint could be alleviated. A TNS project advisor assessed the availability of water in the immediate project zone, selected potential sites for pond construction and assisted with the installation of these ponds.

By late June 1979 one co-op pond and seven additional private ponds had been constructed and were filled with water. An unplanned activity was

the investigation of stocking these ponds with fish donated from the Government of El Salvador. These ponds have improved the quality of life of San Juan de Merino residents. They have been used primarily for watering cattle, but can also be used by the community for washing and fishing. High-protein fish should help to improve nutritional levels of San Juan de Merino residents.

Cooperative staff assisted by TNS wrote proposals to various development agencies to help finance this activity. USAID provided a grant of \$2,500 to help construct the cooperative watering hole. A credit application was submitted to the Banco de Fomento Agropecuaria to cover these construction costs until USAID funds might be received. The Ministry of Agriculture donated fish to the pond and gave free technical assistance in fish farming. The bulldozer owner donated \$320 to transport his equipment and also donated one hour of machine operating time. The owner said he made these donations because he was very impressed with the cooperative's efforts.

The TNS project advisor also aided some co-op members to contract a bulldozer to help level the poor quality road to the main highway. Lack of adequate roads is seen as a major obstacle against increasing trade between San Juan de Merino and larger commercial centers. The cooperative donated \$62.00 for this activity, and five members each donated an additional \$32.00. Although this leveling only consisted of removing some of the larger rocks from the road so that vehicles might pass more easily, it does provide an example of how the co-op is improving the infrastructure of the region. Cooperative members hope to improve the roads further during the next year.

TNS staff have also been investigating the possibility of introducing better grasses to the region. This unplanned activity consisted of distributing these better-quality grasses to six co-op members for demonstration purposes.

The TNS project advisor visited approximately 20 co-op members on their farms during the dry season and an additional four farms during the rainy season to promote feed concentrate. Several talks were held at the co-op building -- each one with 30 members in attendance -- to explain proper concentrate use, the construction of silos to store cattle feed during the dry season, fish farming and the control of pests in bean plants.

Other important TNS activities during this period include: assisting the board of directors to legalize the purchase of land acquired to install the co-op's pond, training the accountant/manager, assistant accountant and miller and conducting a sales promotion campaign to get more distributors for feed concentrate. Technical difficulties involving the co-op's hammermill were repaired by a TNS engineer.

The co-op credit committee previously did not have standards by which to analyze production loan requests. A meeting between TNS, INSAFACOOOP (the government co-op organization), the Banco de Fomento Agropecuaria and all board directors was held to design criteria for analyzing loans. INSAFACOOOP has successfully adopted these criteria for other co-ops throughout El Salvador.

During the fiscal year of April 1978 - March 1979 a net profit of over \$7,000 was made on total income of \$96,000. Assets, share capital and total equity all increased during this period. Over \$1,000 of profits were generated from the concentrate activity alone during the first quarter of 1979.

Members' confidence in the co-op has risen since the pond and road leveling activities have been completed successfully. Thirty-two members joined the co-op during the first six months, bringing total membership to 304. Some of these members live outside the immediate San Juan de Merino area, which has only 1,000 inhabitants. Approximately 80 members own cattle; the rest plant corn, sorghum, beans and rice. About 40 co-op members bought concentrate during the past season. The cooperative also sells concentrate through six distributors to other area farmers. An estimated 100 non-co-op members bought small quantities of concentrate. All cooperative members grow crops and all have bought agricultural inputs from the co-op or have received production credit.

Beneficiaries of this feed mill project include those households who purchase feed, transporters or raw materials to the co-op and subsistence farmers, also co-op members, who grow sorghum and corn grain. The 20 families who sold these foodstuffs would otherwise have had to sell their goods, which were damaged by insects and not fit for human consumption, for 50% less than paid by the co-op. These families received a net increase in income, therefore, of almost \$2,000, or an average of \$100 per family.

The new co-op employee in charge of sales is female and has never been previously employed. She is from the area and could not otherwise have gotten a job in San Juan de Merino. Technoserve and co-op members conducted a survey of 71 San Juan de Merino members in August 1978. Of the 39 households who owned cows, 15% had only dry cows, 56% owned five or less milking cows, 15% had between 6 - 10 milking cows, 5% had 11 - 15 cows, while one household owned 23 milking cows and another owned 70 milking cows.

E. ACOPADEC -- cooperative feed concentrate activity in CACAOPERA

The feed mill plant was inaugurated and feed production began in January 1979. A TNS engineer successfully increased the electrical power to the mill so that it would operate efficiently. The TNS project advisor conducted a feed concentrate sales promotion campaign. He visited a number of farmers and sent letters to over a hundred cattlemen in the area. A demonstration test involving three cows each from three farms was conducted. Two from each farm were fed concentrate, while one ate cottonseed meal. The TNS project advisor reports that before concentrate use, cows produced between 4 - 5 bottles of milk daily; after 20 days of feeding concentrate, they produced between 6 - 7 bottles each day.

TNS Also formulated a special feed concentrate designed for calves in a new cooperative feed lot. Twenty calves were fed 18 - 20 pounds of concentrate per day for 35 days. A net profit of \$225 was made on this activity for the co-op. The co-op has voted to repeat this activity again in December with more than 50 heifers. The co-op will buy cattle when prices are low at the beginning of the dry season and sell these fattened animals when prices are high at the end of the dry season. After the cooperative bought a truck, TNS analyzed this operation and recommended how profitability might be improved. Technoserve agronomists assisted members to grow cereals on their cooperative farms. The TNS project advisor evaluated the feasibility of installing an additional co-op feed mill for agricultural by-products. Other activities included registering the co-op trademark, establishing the co-op's tax-exempt status, establishing additional sales distribution centers through cooperatives in Corinto and San Alejo and training the manager, millers and accountant.

The original feed concentrate miller, assistant miller and warehouse men quit their job for personal reasons. Apparently, they protested the co-op's hiring of a female bookkeeper. This sets back the project, since new people must now be trained to replace them. Also, the co-op leadership wishes to expand the scope of its activities very quickly, despite the lack of skilled personnel to manage such activities. This is diluting the resources available to promote the feed concentrate operation.

The financial statements covering the fiscal year from April 1978 through March 1979 show that co-op activities generated \$1,520 of profits. Members voted to reinvest 50% of these profits in ongoing co-op activities.

Approximately 20 of the 48 CACAOPERA members own cattle; all of these 20 members buy concentrate. In the CACAOPERA vicinity, about 10 non-members bought feed concentrate and 15 non-members used the milling services. CACAOPERA's feed concentrate was also marketed to the 375-member Corinto cooperative and the 119-member San Alejo co-op.

Although members are very enthusiastic about the co-op and wish to expand its activities to improve community facilities, they do not try to increase the number of co-op members. Therefore, co-op membership did not increase during the period.

F. Corrales, Nueva Concepcion - cattle fattening activity

In early 1979, TNS staff studied the economic viability of this feed lot enterprise. A cattle feed consultant visited the project site and reviewed the cattle fattening concept in May; subsequent analyses indicated the project was technically feasible. But although the project was economically and technically feasible, the most important ingredient was missing --

member participation. Although members were initially very enthusiastic about this concept, they were less eager to supply the necessary equity capital. Thus, Technoserve has discontinued its assistance to this group.

G. CACCSA -- cooperative feed concentrate activity in San Alejo

TNS completed preliminary and in-depth feasibility analyses of this project, designed a plant for concentrate production and advised members how to collect the equity capital needed to obtain financing. The cooperative's financial situation with FEDECACES, a government financing institution, was clarified: (This cooperative's relationship with FEDECACES had been extremely strained until April 1979. This is because the co-op was not able to repay its previous debts to this financing institution. This was a rather confused and delicate situation. One of FEDECACES' representatives had lost the only copy of documents listing how much each San Alejo cooperative member had repaid to the co-op. Since this document was lost, the co-op did not know who had paid what amount. When a San Alejo judge required members to repay the co-op, some said they had already paid, whereas others would not appear. Since no proof was available, long negotiations were required to resolve this issue.) FEDECACES agreed to give the co-op a longer amount of time to repay its loan and to charge low interest. FEDECACES also offered to finance this feed concentrate project.

TNS helped to clarify the co-op's tax-exempt status and assisted fertilizer and insecticide sales.

This co-op has 119 members, of which half own cattle. TNS advisors expect that 40 members will buy concentrate. An additional 20 non-members are also expected to buy concentrate immediately after operations begin

Other beneficiaries should be farmers in the region selling agricultural by-products to make feed concentrate and the 10 laborers who will be contracted to construct the plant.

H. Feed Concentrate Mill Service Company

A service company was seen as the mechanism through which this program of cooperative feed mill development could be indigenized and become self-sustaining. The establishment of an economically viable service company was to enable participating cooperatives to receive the kinds of technical and managerial services which they require but could not afford individually. It would also assist other cooperatives to initiate and maintain similar activities after TNS' program had been completed, depending on market conditions.

During the second quarter of 1979 this service company was more fully conceptualized and analyzed. It was seen as a company which could

- purchase raw materials in larger quantities which should result in lower prices;
- market feed concentrate produced by the cooperatives to regions outside their individual market areas;
- provide a service center for the cooperative's equipment and a store of spare parts;
- transport raw materials and finished products;
- provide financial management assistance;
- provide engineering and planning assistance to new cooperative feed mill projects.

The objective of this feed mill was to enhance the profitability of member co-ops while operating on a self-sustaining basis and generating sufficient surpluses to undertake new activities which may be identified by member co-ops. The services listed above would be provided on the basis of fees and/or commissions, as appropriate.

TNS' in-depth analysis indicated that a minimum of 12 cooperatives must belong to this service company for it to be economically viable. Thus, TNS recommended that it re-examine this service company concept during 1980-81, when more feed mills are expected to be operating.

I. ACOPALIM - cooperative feed concentrate production activity in Santa Rosa de Lima

In August 1979, TNS received a written request from the 66-member cooperative asking for assistance in the implementation of a cattle feed concentrate production and sales operation. In the same month TNS signed a Letter of Understanding with the group to analyze the feasibility of this activity. The technology involved will be the same as that employed by TNS in its ongoing Salvadoran concentrate projects. Technoserve estimates that project start-up will be in January 1980.

J. San Antonio Savings and Loan Co-op -- Cooperative cattle fattening activity in Joateca

The successful implementation of TNS-assisted feed concentrate projects has led to a "second generation" activity which builds upon this experience. This involves feeding co-op-owned cattle in confinement using co-op-produced feed concentrate. The Cacaopera cooperative experimented with this idea and achieved profitable results. Cattle were purchased, fattened and sold when

they reached the appropriate weight. Capital equipment and raw materials will be purchased within the country with preference being given to using raw materials from the rural area surrounding the project. Thus, the project will take advantage of the large quantity of agricultural by-products which are considered waste by most of the farmers but do have nutrient value for cattle. This concept was analyzed in late 1979; the project is expected to be implemented in early 1980.

K. ACOPALPAZ -- cooperative cattle fattening activity in Piedra Parada

The La Paz cooperative was founded in 1976 to supply its membership with needed agricultural inputs, consumer goods and agricultural loans at reasonable rates. In addition, it has been instrumental to foster the growth of honey production among its 78 members. In June 1979, TNS received a written request from the group asking TNS 1) to assist the co-op to establish a small-scale cattle fattening activity; 2) to assist the co-op to rationalize its current activities; 3) to assist the co-op in its accounting function; 4) to train co-op personnel in the above tasks. Technoserve has assisted co-op members to purchase land upon which to build a co-op building, a storage facility and an enclosed feed lot.

L. ACOPAVE -- cooperative cattle fattening activity in Nueva Guadalupe

This three-year-old cooperative currently sells agricultural inputs and provides loans to members. The 200-member cooperative requested TNS to investigate the co-op's financial and legal situation and analyze the feasibility of establishing a cattle fattening operation. Technoserve and co-op members conducted a survey to determine the socio-economic status of members. After TNS' pre-feasibility and feasibility studies indicated that

this activity was viable, the cooperative's general assembly voted to approve the collection of the necessary equity capital. However, several important administrative issues must be resolved before this activity can be implemented.

M. Other Activities

- The Evangelical Church has asked Technoserve to investigate the feasibility of a chicken broiler production and marketing activity for a small cooperative. This analysis was begun in late 1979.
- TNS investigated the feasibility of establishing a cattle fattening project for the Bolivar agricultural production co-op. Lack of member support has caused the implementation of this project to be suspended.
- TNS concluded its advisory services to ACADES, a small grocers' cooperative. In late February, an external audit, recommended by TNS, uncovered some mismanagement. The ensuing charges resulted in the dismissal of the existing co-op Board of Directors; many members left or reduced their purchases, resulting in a lower sales volume. Implementing TNS' suggestions has turned this co-op around from being economically unviable to modestly profitable.
- TNS concluded its services to ACOPECC, a cooperative garment-making activity, in March 1979. Due to TNS' recommendations -- coordination of production to sales volume to avoid overstocking, the pursuit of collection on credit sales, the promotion of sales and the implementation of closer financial/accounting controls, this project has been turned around from a very poor financial situation to a profitable one. During the first quarter of 1979, the co-op produced 1,590 shirts which raised almost \$9,000 for the 65 co-op members. Almost all co-op workers are previously unskilled, low-income women who were taught to sew by the cooperative.

3. Impact of the Technoserve Program In El Salvador

A. Increase the capability of host country institutions

Technoserve staff have conducted training programs for Ministry of Planning personnel and helped to design credit analysis procedures for FEDECACES and INSAFACOO. (See narrative section above). Technoserve's assistance to these organizations should improve their services to dozens of cooperatives and development projects throughout El Salvador.

B. Reinforce local initiative, leadership and capability

Technoserve staff have worked directly with community leaders to analyze, design and implement projects. Cooperative leaders are democratically elected by members of these local organizations.

Technoserve staff enable these organizations to gain access to outside resources. For example, most local leaders in the cooperative feed concentrate projects were not familiar with the sometimes complex bureaucratic procedures necessary to obtain credit. Technoserve staff provided advice on how to fill out the necessary forms and attended negotiations between bank and co-op officials. Some of these co-ops have since applied for and received additional loans without Technoserve assistance. Technoserve's training of local co-op personnel has increased their capability to manage co-op affairs more efficiently. Technoserve has transferred the management of the ACADES, ACACYPAC, ACOPECC and COPIGAC co-ops to co-op staff.

C. Discourage the implementation of unviable projects

Technoserve investigated over 20 projects in 1979. Only a small fraction of these community-inspired ideas had a reasonable chance of success; many were not economically viable. If these projects had been implemented and were unsuccessful, project sponsors probably would have lost their equity contributions to the project and perhaps even their mortgaged assets. An unsuccessful effort of this type can postpone other community organizing self-help initiatives indefinitely and thereby delay development efforts. In this way, Technoserve helped to channel the resources of small-scale farmers to more productive activities.

D. Increase the income of enterprise input suppliers

The feed concentrate activities purchase agricultural by-products from local farmers. Since no alternative demand exists for these products -- which often were left to decay -- their sale results in a net increase in income for farmers.

E. Increase and sustain Employment

El Salvador has the highest unemployment rate in Latin America. The Technoserve-assisted enterprises directly employ approximately 2200 people. Many of these employees were either previously unemployed or underemployed. In addition, the enterprise demand for input supplies and other services also creates and sustains employment.

F. Increase the productivity of cattle properly using feed concentrate

Results of a statistical survey show that cows feeding concentrate in the San Gerardo area produced more milk than cows without concentrate. Farmers believed that their cows were healthier and that using feed concentrate was a profitable investment. There are also indications that cows using concentrate had longer lactation periods than control group counterparts. Since milk products are consumed by these poor families, as well as sold, higher milk levels should result in better nutrition for children, as well as higher income. (See description of San Gerardo project, page 68, for more information).

G. Pull infrastructure and services into project communities

The San Gerardo co-op and 27 landless laborers living near the co-op building, with the assistance of Technoserve advisors, successfully petitioned the local electric company to extend its primary lines to this area. San Juan de Merino co-op members contracted a bulldozer to level the town's only access road to a main highway; this co-op also constructed a rain-fed pond to be used by cattle during the dry season for washing clothes and for fishing. Technoserve staff also helped other community members construct their own ponds. COPIGAC has established a co-op store selling veterinary supplies and agricultural input supplies.

H. Improve agricultural and livestock practices

Technoserve agronomists and cattle experts have discussed the proper use of fertilizer and feed concentrate, how to prevent and control crop and livestock diseases and improved cattle management techniques with

farmers and high school students. Demonstration tests have been conducted to prove the positive impact of feed concentrate. Before concentrate production began, most farmers fed poor quality feeds to their cattle; some used no feed at all during the dry season. Better care of cattle results in higher calving rates, increased milk production and weight and longer lactation periods. Credit provided through the San Gerardo co-op makes it possible for farmers to buy improved breeds.

I. Strengthen existing co-op organizations

Technoserve staff have often provided these coop's Board of Directors and management the first realistic assessment of the co-ops' financial status. The improved management information and accounting systems established by Technoserve staff positively impact upon all co-op activities, not only those directly assisted by Technoserve.

4. Lessons Learned in El Salvador

A. Sponsor groups may wish their organizations to grow faster than their ability to manage them.

The ACACYPAC co-op, for example, expanded its activities beyond its members' and managements' capability. In 1979 mechanisms were designed to reduce these activities.

Despite TNS' warnings, the CACAOPERA co-op, excited by its initial success, has begun a wide range of new ventures. They are diluting the resources available to strengthen previously established operations. A firm foundation for these earlier activities should be established before moving on to new ones.

B. Projects are easier to get into than out of

The COPIGAC, San Gerardo, San Juan de Merino, ACACYPAC and Cacaopera co-ops all requested that Technoserve's assistance be extended beyond what was originally negotiated. The effective implementation of ongoing projects should never be sacrificed in order to start up new projects.

During 1979, however, TNS received considerable pressure from one of its major donors to initiate new projects at the expense of providing assistance to ongoing projects.

C. Once trained, many project managers and accountants leave for more lucrative positions

Turnover of co-op staff is a very serious problem. After receiving training from TNS, some project managers and accountants decided to take

higher paying jobs often in larger municipalities. It is often difficult to find qualified replacements from these small communities since the number of high school graduates with appropriate skills is quite low. This problem has caused Technoserve to develop this lesson's corollary.

Corollary C-1

Who manages a project may not be as important as whether it is managed well.

Technoserve staff explored the concept of establishing a service company to, among other functions, provide appropriate management for feed concentrate co-ops. The Cacaopera co-op currently uses an accountant from another city who visits the co-op each week to examine the accounting books; such local expertise was not available. The use of women in various co-op positions, because of their greater attachment to the local area, is being explored.

D. Replicating projects is cost-effective

The start-up of a replicated project -- the feasibility study, project design, the investigation of appropriate technology, feed concentrate formulas and accounting systems -- are much less than those of the original. However, the implementation costs of a replicated project are similar to the original model. This is because training organization staff is very time consuming; the amount of time required for training depends upon the talent of those involved.

E. Progressive farmers should be involved in local organizations

The founders of the TNS-assisted cooperatives in El Salvador are the more enterprising members of the community. In San Gerardo, very low-income farmers would not risk contributing any equity to form the co-op

until the more progressive, wealthier farmers first provided an example. The inclusion of these low-income farmers helped to insure that the co-op would not become an exclusionary club by discouraging the membership of other poor farmers. Thus, the Cacacopera co-op dissuades new members by requiring a high initial membership fee. If cooperatives wish to integrate the skills and resources of more progressive farmers with the needs of lower income people then both must be included in the original co-op membership.

F. Successful cooperative small-scale enterprises encourage new membership

The feed concentrate activities have increased the visibility of their respective cooperatives. Their membership has significantly grown during 1979.

G. A strong organization must exist before new technology projects are introduced.

If the sponsor group is not committed to a new project, as evidenced by their equity contributions, then it is inappropriate for an outside agency, like TNS, to promote it. The Corrales sponsor group, although originally very committed in spirit to the project, had many members reluctant to contribute the funds they had pledged. Because this demonstrated insufficient commitment to the idea, this project was dropped.

H. The external environment affecting an economic activity should be as closely evaluated as its internal operating structure

In its 1976 analysis, TNS emphasized the internal operating weaknesses of the ACADES small-scale grocers' supply cooperative and therefore

recommended that management assistance be provided. More attention should have been given to the extremely competitive nature of this type of activity. A more careful analysis of the external environment would have indicated that very considerable efforts were necessary to turn the project around; this might have caused TNS to reject this project.

ACACYPAC's experience demonstrates how uncontrollable external factors can challenge previously acceptable operational strategies and necessitate an organizational adaptation. Management must respond decisively to external competition.

I. Livestock and agricultural extension activities are a necessary marketing component of the concentrate projects.

Continued demand for feed concentrate depends upon the positive results achieved by using that product. However, a survey of San Gerardo farmers feeding concentrate to their cows revealed that almost all misused it. Many fed too little concentrate, others improperly balanced it with other feeds. Thus, feed concentrate was not achieving all of its potential beneficial effect on milk production. The economic viability of the enterprise may be endangered if livestock extension services do not continue after TNS' withdrawal.

J. Co-ops provide an effective organizational mechanism to promote community development activities

In 1979, various TNS-assisted cooperatives provided a mechanism to organize community members for non-co-op-related activities. Members worked to improve the communities' infrastructure, organize fiestas and build recreational facilities. TNS staff are sensitive to these potential spin-off activities but require more time to follow up on these options with co-op members.

1. Summary of Nicaraguan Program Activities

During the first quarter, Mr. Gustavo Vega, a Nicaraguan national and TNS employee, was appointed TNS' Country Program Director. Despite extremely difficult conditions, Technoserve continued to operate and assist projects during most of the civil war period. Project activity was curtailed for a two-week period during the height of the civil war. As the situation began to stabilize, the Technoserve staff gradually resumed their normal assistance activities. These included the training of project personnel in accounting, administrative and operational functions and conducting project analyses.

Technoserve has received a letter of recognition from the post-war Ministry of Planning indicating its willingness to renegotiate its agreement. Technoserve has been encouraged by various other government institutions to continue our project development efforts and assistance to Nicaraguan institutions.

Since the end of the civil war, Technoserve's program has taken a stronger turn towards assistance to local development institutions. The Evangelical Committee for Development Assistance (CEPAD) renewed its agreement with Technoserve. Technoserve staff provided ad hoc assistance to the National Development Bank in assessing the requirements for a coffee processing enterprise in the Northern Region of Nicaragua. Technoserve has also been exploring a possible technical assistance agreement with FECACNIC, a federation of cooperatives.

Eight new staff members were hired in 1979 and three left Technoserve. New staff include five financial specialists, an agronomist, a mechanical engineer and a translator. By late 1979, only two non-Nicaraguan Technoserve advisors remained on a staff of ten professionals.

In August, the Division of Planning and Operational Support staff tested its new semi-annual reporting system in Nicaragua. However, the confused post-war conditions and the impossibility of visiting project sites made it difficult to gain much information on project impact. Technoserve should be able to derive more socio-economic data from the second semi-annual report process in early 1980.

In 1979, Technoserve continued to assist three major ongoing projects, to implement one new project and conducted an in-depth analysis of two additional projects. Three projects which Technoserve had assisted prior to the outbreak of fighting suffered such extensive damage that it was not feasible to resume work on them.

2. Technoserve Project Activities in Nicaragua

A. Santa Ana cooperative -- cotton ginning and marketing activity

The Santa Ana cooperative cotton gin was completed, installed, tested and began to process cotton in February. A cotton gin expert from the U.S. Dept. of Agricultural Southwest Regional Ginning Laboratory inspected the gin and wrote:

"I observed the ginning operation for five days and was very impressed with the operation as a whole. The plant was not shut down in five days on account of trouble, which is very impressive, considering the rough quality of the cotton they were ginning. The personnel were very well trained and doing an excellent job. The machinery layout was well designed and installed. The building is very well designed for the climate. I was especially impressed with the clean and orderly operation of the plant. I read some reports from the National Cotton Commission on the grades and fiber analysis of some of the cotton they had ginned. They were excellent. The gin plant would compare with any of the best we have in Texas....The gin is in an excellent position to gin lots of cotton. From what I saw of the country, the gin was located in the best possible spot."

Despite a deteriorating economy, civil war, lack of credit, financial panics and a currency devaluation, the co-op actually made an overall operating profit of \$43,000 during its 1978-79 fiscal year. The bulk of this profit resulted from its cotton marketing activities. The volume of cotton ginned by the co-op was far below that which had been anticipated but, fortunately, revenue per bale was higher than forecast and operating costs were lower than expected. Sales of agricultural supplies and ginned cotton were also much less than last year, reflecting Nicaragua's economic ills and disruption in the cotton industry.

After the conclusion of the civil war, TNS signed a new technical assistance agreement with the Santa Ana cooperative providing for the continuation of TNS services through 1980. Technoserve assisted the co-op to obtain a U.S.\$500,000 loan from the Inter-American Bank to establish

a small farmer credit activity and to help improve the co-op's working capital situation. Also attached to the loan was a grant to the co-op for U.S.\$30,000 to help cover the costs of Technoserve's assistance. Credit policies and accounting assistance were developed for the new production credit program.

Technoserve helped the co-op prepare for the 1979-80 cotton ginning season by designing and supervising a gin maintenance and repair program; investigating and evaluating the new government's ginning policies, interviewing personnel for key positions, coordinating the flow of cotton to the gin and supervising equipment installation. Sesame seed cultivation and marketing were also initiated with TNS assistance. TNS staff also searched for an experienced general manager and a chief accountant and solicited the refinancing of the co-op's current debt.

This co-op has 714 members, most of whom use one or more of its services. The co-op has helped these poor farmers rent land, acquire agricultural inputs and market their cotton production. Approximately 60 people were trained to operate the cotton gin and an additional 20 received training in management and accounting.

The co-op has initiated an educational scholarship fund for children of members; five students have received such scholarships in 1979. The co-op has established itself as an important spokesperson for small farmers in the area. The co-op president has been appointed a representative to the Chinandega Regional Credit Committee of the National Development Bank.

B. Los Laureles - agricultural production activity

In January TNS analyzed the results of the Los Laureles sesame seed crop harvested in December 1978. The 37-co-op members earned a net income of \$9,760, with an additional \$20,940 paid to labor in wages and in-kind benefits. Thus, each farmer earned an average net income of \$264. Since these farmers would otherwise have been unemployed, the project actually generated an average net income flow of \$830.

In early 1979, TNS staff assisted 28 members of this cooperative to plant and harvest their first vegetable and fruit crop. Political instability and the shutting of Nicaragua's border with Costa Rica prevented the successful marketing of these crops. These farmers' losses were somewhat alleviated by the wages they received from the co-op to cultivate their fields.

During the civil war, TNS and CEPAD coordinated emergency food shipments into this colonia. After the termination of the civil war, TNS assisted the co-op to finance, plant and cultivate rice, squash and sesame. The latter two crops will be marketed through the co-op to provide adequate controls on the repayments of debt owed to and by the cooperative.

C. The Evangelical Committee for Development Assistance (CEPAD)

At the request of CEPAD's Program Director, TNS prepared and conducted a seminar for this organization's staff. Twenty-two people from the regional and central offices of CEPAD participated. The purpose of the May seminar was to present analytical techniques to study the financing of new projects. Technoserve also prepared a manual for credit analysis of small enterprise for CEPAD And prepared a pre-investment analysis for one CEPAD project.

A new advisory agreement was signed with CEPAD in the second half of 1979 to replace an expired agreement. TNS staff have begun to design a short seminar to be given to CEPAD staff of project management and development.

D. Chiscolapa Cooperative - cooperative henequen processing activity

In April, TNS agreed to carry out a study for the Cooperativa Chiscolapa of Santa Lucia. This 170-member cooperative includes 30 members who cultivate 50 manzanas of henequen. In 1976 they obtained a \$20,000 loan from the FAO to establish a handicraft activity for the production and marketing of henequen wall hangings. A warehouse and workshop were constructed and operations were initiated. Because they were unable to produce enough to satisfy their buyers, their contract was cancelled. Farmers were unable to repay the FAO loan. The workshop is now closed.

The cooperative also serves as an intermediary for production credit to its members from the National Bank. Approximately 100 other small farmers in the area have expressed an interest in joining the society. TNS staff analyzed the cooperative's plan to obtain its own decorticators to serve the henequen farmers in the zone and market the raw fiber in Costa Rica. TNS also helped the co-op find a buyer for this fiber in Costa Rica.

It was determined that buying two small decorticators would enable the co-op to process 20% of the henequen produced in the entire zone. Most of the other decorticators in the region are either too small, too old or out of service. TNS will continue to investigate this activity in 1980.

E. CORCO - cooperative coffee processing activity

The CORCO Cooperative involves 248 small coffee growers whose average per capita income is approximately \$180/year. These farmers currently produce about 4,000 quintals each year, of which three-fourths is marketed through the cooperative. In May 1979, TNS agreed to study the feasibility of establishing a coffee processing facility on land which had been acquired by the cooperative. This installation would have sufficient capacity to process all of the coffee produced by current members and would attract 150 other farmers who have expressed an interest in joining the cooperative.

The preliminary results of the evaluation were completed in May and June in the midst of the civil war. The analysis tentatively concluded that, as a first step towards the installation of a fully integrated production, processing and marketing operation, the cooperative should install a "wet processing beneficio" with a capacity of 10,000 qq. per season. But Technoserve also recommended that an indispensable precondition to this installation would be a reorganization and strengthening of the co-op's general administrative and management systems.

The process described above was interrupted by the civil war, however, and it was not possible to fully discuss the results with the cooperative until September. At this time, at the suggestion of the Banco Nacional de Desarrollo, Technoserve was also requested to assist CORCO in the preparation of a loan request to the Inter-American Development Bank.

This \$320,000 loan was successfully negotiated in late 1979. It is to be used primarily as operating capital for the co-op and for the establishment

of a Revolving Fund to provide production credit to members. A \$15,000 grant was included to cover a portion of TNS' technical assistance costs.

The co-op has requested Technoserve to provide assistance in the following areas:

- implementation of appropriate financial control systems
- design and implementation of appropriate loan fund management systems
- design and implementation of appropriate general management systems
- design and implementation of appropriate cooperative development systems
- development of efficient coffee marketing systems
- preparation of a full feasibility study & implementation plan of installation of a co-op owned coffee processing beneficio (wet processing only as first step)

Technoserve has begun to revise CORCO's entire accounting system and analyze alternative coffee processing plant facilities. These and the other aforementioned activities will continue throughout 1980.

Other Activities

- Three preliminar, TNS project reports were being prepared when the most intensive fighting broke out. One was for a 404-farmer cooperative, Emanuel Mongalo de Rivas. Most of its members must rent small amounts of poor quality land for their farming activities. If appropriate, TNS will reassess these activities in 1980.
- Three projects suffered such extensive damage during the war that TNS could not resume its services to them after the fighting ceased.

3. Impact of the Technoserve Program in Nicaragua

A. Increase the capability of host country institutions

Technoserve trained 22 CEPAD staff members in analytical techniques necessary to study the financing of new projects. An accounting program is also being prepared for FECACNIC staff.

B. Reinforce local initiative, leadership and capability

Technoserve agronomists helped the farmers of the Los Laureles co-op plant their first vegetable and fruit crops. Financial experts helped to plan the efficient utilization of a co-op truck.

The Santa Ana co-op has established itself as an important spokesperson for small farmers in the area. Its president has been appointed a representative to the Chinandega Regional Credit Committee of the National Development Bank. The post-war government has designated this co-op to be the regional outlet for fertilizer distribution.

C. Draw outside resources into projects

Technoserve assisted the Santa Ana co-op to obtain a \$500,000 loan from the Inter-American Development Bank to establish a loan program for small-scale farmers. The CORCO cooperative received a \$320,000 loan from this development bank to provide production credit to its 248 members.

D. Demonstrate the positive uses of appropriate technology

The Santa Ana cotton gin has improved the quality of ginned cotton, thereby earning higher sales revenues for members and gin users. Technoserve agronomists taught Los Laureles farmers how to irrigate land using a simple, labor intensive technique. Lack of water had previously constrained farming activities during the dry season.

E. Sustain and increase employment

The Santa Ana co-op directly employed 60 people during 1979. The Los Laureles vegetable and fruit activity provided employment to 28 otherwise unemployed farmers.

F. Initiate alternative marketing outlets

Technoserve staff arranged for Los Laureles crops to be marketed in Costa Rica. Two successful trips were made before the Nicaragua-Costa Rica border was closed. Los Laureles farmers are now more aware of alternative markets for future harvests.

G. Increase the net income of small-scale farmers in Los Laureles

The Los Laureles sesame seed activity harvested in December 1978 generated a net income of \$9,760 with an additional \$20,940 paid to labor in wages and in-kind benefits. Each farmer earned an average net income of \$264 from profits alone. Since these farmers would otherwise have been unemployed, the project actually generated an average net income flow of \$830 for each farmer.

4. Lessons Learned in Nicaragua

A. "Business as usual" is not appropriate operating procedure during serious political crises.

Technoserve should not attempt to assist projects in a normal businesslike manner in the midst of severe economic and political disruptions. Activities should be scaled down to reduce the danger to Technoserve field staff.

B. Evacuation plans should be developed for all country programs

Technoserve should develop several evacuation plans and procedures for staff. New opportunities must be developed for staff not able to work in dangerous conditions.

C. During a massive national economic breakdown the production of food crops rather than export cash crops should be encouraged.

Civil war disrupted marketing activities throughout Nicaragua and caused a decrease in domestic demand for fruits and vegetables. The Los Laureles farmers could not market these crops to Costa Rica because the border was closed. Thus, these farmers incurred financial losses on a good harvest. Unfortunately, these crops were planted in February when it was impossible to know the extent and timing of the military offensive.

D. The decline of an enterprise can have a positive human impact

Technoserve staff helped the San Antonio cooperative in Esteli establish a thriving chicken and egg production activity. In September 1978, Esteli was devastated by aerial bombardment; it has been reported

that during the attack community members sought refuge in the chicken coops. All of the one thousand co-op owned chickens were slaughtered to provide food urgently needed by Esteli residents. The enterprise went bankrupt, but in the process it helped to reduce human suffering.

E. Technoserve should collaborate more with other development organizations during socio-economic crises

In 1979 Technoserve began to focus on assisting other private and voluntary organizations with greater outreach possibilities. Nicaragua's economic uncertainty made it unwise to investigate new project possibilities.

F. Co-ops can be an effective means to channel funds from private and international development entities to small farmers

Los Laureles farmers indirectly received funds from FECACNIC; the Santa Ana and CORCO co-ops will distribute loans received from the Inter-American Development Bank. The larger organizations would not have been able to afford the costs of servicing small individual loans to these farmers; many of the farmers were previously dependent upon moneylenders who charge high interest rates. The co-ops, thus, provided an effective link between large financing institutions and small farmers.

VIII. Division of Planning and Operational Support (DPOS)

Formed in late 1978, the activities of this division are concerned with four functional support categories of work. These categories include the following:

- Fundraising and grant solicitation appeals to donors from the home office;
- New country/program/project identification and development;
- Program support activities to strengthen overseas operations;
- External relations focused on increasing TNS' involvement and outreach in the development community.

The Division had a full time staff of four at the end of 1979, plus two independent contractors. DPOS is represented on TNS' Management Committee, Executive Committee and Board of Directors. Its staff works closely with overseas operations personnel and the Office of the President to accomplish company-wide objectives.

Many of the activities of the Division in 1979 are noted elsewhere in this report. The following information, therefore, summarizes the major activities of DPOS for the year.

1. Fundraising and Grant Solicitation

Income received or pledged from all sources for the year was \$1.86 million, \$960,000 of which was raised by DPOS. This includes the \$500,000 Matching Grant from AID/Washington, for which the Division is responsible. The balance of \$460,000 is from eleven church sources in the United States, Canada and Europe, four U.S. foundations and a small amount from individuals. Follow-up appeals to 12 corporations did not realize any income during the period. Thirty-one had been contacted in the previous period.

Private sector contributions are of major importance to the company, and the church constituency is TNS' most important source of private funds. Church support is also the principal source of unrestricted funding which provides crucial working capital reserves. Such funds make it possible for TNS to respond effectively to unforeseen problems and opportunities.

In the second half of 1979, DPOS initiated activities to broaden TNS' base of financial support, while increasing support to the extent possible from its traditional donors. Private sector support is increasingly difficult to raise, given the critical needs of so many people in developing nations, worldwide inflation and reduced funds being available from private sector sources.

2. New Program Development

New country program/project identification and evaluation activities during the period has been reported on above. DPOS was responsible for these activities through August 1979. To promote cost effectiveness and timely action, DPOS transferred these activities to Africa and Latin America operations staff in September.

The maturing of current country programs and their indigenization warrants TNS' near-term implementation of programs or projects in new countries. Political change and instability in some of the countries in which TNS now operates requires increased flexibility to utilize staff in other countries.

It should be noted, however, that TNS' mandate causes it to work in the more vulnerable developing nations. Despite civil war, violent coup d'etats and serious civil disorder in three of the current country programs during the year, it was not necessary to close any country programs and most projects receiving

assistance continue to do so. To date, TNS has not been specifically subject to major political decisions or actions which would negatively impact on continuing its work.

3. Program Support Activities

The Division focused on a number of efforts to upgrade TNS' data-gathering methodologies, systems and procedures to include more explicit information on human development impact within the scope of TNS' studies, reports, publications and donor proposals. During the period, more systematic efforts to document the quantitative and qualitative impact of the enterprises assisted was initiated. The work done included revision of the Management Information Systems in two country programs and initiation of similar work in one other program in the home office. This work will continue through the first half of 1980.

The internal reporting process to achieve the above objectives was significantly upgraded. Information now available to management and others more effectively integrates business development with human impact data in the projects assisted.

To more effectively respond to donor reporting and information requirements, the Division also initiated a selective process of explicitly drawing up and negotiating reporting and evaluation plans, including provision for on-site field evaluation as necessary and appropriate. The purpose of this work is to improve communications with TNS donors, while reporting more explicitly to them about the projects and activities they fund.

With respect to evaluation, the Division undertook several major initiatives. First, a case study was designed and implemented which systematically applies and integrates business development analysis with participant observer and

statistical survey analyses. This first case study will be completed in the first quarter of 1980 and disseminated to TNS' constituency. Further case studies are envisioned if they can be accomplished in a cost-effective manner and if funds are available for such work.

Secondly, TNS made a special effort to review the status of evaluation activities and techniques applied by others, including private voluntary and church organizations, as well as governmental and university-related development entities. This work resulted in considerable corporate knowledge on the "state of the art" of evaluation. DPOS staff also made a major effort to participate in development community forums concerned specifically with the evaluation process as that process concerns socioeconomic impact of diverse development policies and interventions. Thirdly, the Division made an effort to disseminate TNS' experience in project implementation and evaluation through its publications and by making contributions to the publications of other organizations.

4. External Relations

Increasing TNS' role and visibility in the development community is viewed both as a necessity and a service. Such activities are necessary to sustain TNS' credibility with host country institutions and donors interested in working with TNS to promote the enterprise development process in a manner which benefits low-income people. Relatedly, TNS' experience ought to be disseminated as widely as possible in the development community, in the hope that the lessons learned and capability developed might be transferred to other development organizations to the direct benefit of the people they serve. This service role also includes a public education component which helps clarify the complex problems and potential of human development being achieved through promoting self-help enterprise development projects.

During the period the Division prepared and published two Newsletters and one occasional paper, prepared in collaboration with the staff of the Africa and Latin America Divisions. The subject matter specifically attempts to disseminate TNS' experience and corporate knowledge. The Division also collaborated with other organizations to prepare material for three of their major publications. Staff also participated in a wide range of collaborative activities with other development organizations to improve our mutual effectiveness to serve low-income people and promote the development process generally. In all of these activities, TNS emphasizes its special knowledge and experience in the enterprise development field.

In addition, DPOS prepared some 26 specialized reports for donors in 1979 about its activities , including this one.