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TECHNOSERVE
1980 ANNUAL REPORT

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TABLE OF CONTENTS

	<u>PAGE</u>
I INTRODUCTION	1
II TECHNOSERVE & THE MATCHING GRANT	2
III ACHIEVEMENT INDICATORS	6
IV COUNTRY PROGRAM REVIEW	8
V LESSONS LEARNED	21
VI EVALUATION	27
VII MARKETING & FUNDRAISING ACTIVITIES	35
VIII STAFF ACTIVITIES	41
IX FINANCIAL STATEMENTS	44
X APPENDICES	50

-1-

I INTRODUCTION

This Annual Report has been prepared in compliance with reporting requirements of Matching Grant AID/SOD/PDC G-0211. Its purpose is to provide AID/Washington with a concise yet detailed synopsis of Technoserve's 1980 world-wide operations. The data presented in these pages has been gathered from field and home offices, drawing upon Technoserve's management information system, as also upon the live testimony of its professional staff. The format adopted takes into account the guidelines for Annual Matching Grant Reports and Self-Evaluation prepared by PDC/PVC in November 1979, as also upon the requirements of the Technoserve's Matching Grant Agreement.

This second year of Matching Grant support confirmed the unique value of this funding mechanism as a resource for meeting the challenges of expanding development opportunities. The grant has enabled Technoserve to undertake new program initiatives while simultaneously consolidating its operational bases in established country programs. Technoserve's performance in 1980 carried forward on the momentum provided by initial application of the funds in 1979. Sections of the following report, most notably those entitled "Technoserve and the Matching Grant" and "Achievement Indicators", provide a record of the validity of our pre-grant expectations and the solidity of our growth.

Other Sections deal with the historical development of Technoserve's country programs and new country initiatives, provide an account of our ongoing evaluation efforts, and describe the development of a marketing strategy which will compliment and sustain the new impetus provided by the Matching Grant. They complete this end-of-year retrospective as they also underscore the basic vitality and viability of the agency.

II TECHNOSERVE AND THE MATCHING GRANT

As part of the Matching Grant Annual Report process, Technoserve has been asked to report on what has been accomplished and to evaluate the Matching Grant program against its intended objectives. In July 1978, Technoserve set out three major areas of activity for the Matching Grant program: "strengthen its ongoing country programs; strengthen its enterprise development support systems; and undertake a number of new thrust activities". Technoserve rates itself in these three areas as follows: very good; good; fair to good.

Technoserve was to have strengthened its ongoing country programs in Kenya, Ghana, El Salvador and Nicaragua. Despite situations of economic and political disruption, these four country programs are strong and effective. The programs in Ghana, El Salvador and Nicaragua are being managed by host country nationals. Twenty-five major enterprises/projects were provided with significant assistance in 1980 (up from 17 in 1979) in addition to numerous situations in which Technoserve provided more limited assistance (also see Sections III-Achievement of Planned Objectives and IV-Country Program Review).

While outputs and impact increased in the four ongoing country programs, costs did not rise significantly. The costs of operations in the four countries totaled \$1,255,000 in 1979 against an estimated \$1,485,000 in 1980 or an increase of 18% which is considerably less than the inflation rate in those countries. This improved cost effectiveness would appear to be due to Technoserve's ability to be more efficient in assisting enterprises with which it has had previous experience. Cases in point would be the eight animal feedmill and cattle fattening projects in El Salvador and the three major savings and credit societies assisted in Kenya.

Technoserve has had no project nor program disasters in 1980, attesting to the general level of competence of the staff working in Ghana, Kenya, Nicaragua

and El Salvador along with the support staff in the United States. Enterprise selection analysis, implementation, management, hand-over and monitoring have been more professionally handled.

Despite the constraints imposed by the political and economic environments, there have been increased working relationships with host country institutions and transfer of capability to those institutions.

In the area of strengthening its enterprise development support systems, Technoserve has done well in some places and less well in others. Enterprise development systems and procedures are generally well understood by most Technoserve staff and project sponsors. Technoserve receives financial statements and comments on the economic and social condition of major projects on a monthly basis. The enterprise selection system operates relatively well with most of the major decisions being made in the field by Technoserve field staff consulting directly with project sponsors.

As mentioned elsewhere, Technoserve's staff is continually undergoing training and upgrading as evidenced by the May 1980 Senior Staff Meeting. Greater emphasis has been placed on the training of host country nationals so that they might take over the full responsibility for their own enterprises.

Technoserve's efforts to improve its evaluation and impact analysis have produced mixed results. A major 169 page case study titled "Taking Stock: A Case Study of A Cattle Project in Rural El Salvador" was completed and is available for distribution. A study titled "Los Laureles Family Profiles" was undertaken which documents in great detail the lives of four people associated with a Technoserve project in Nicaragua. (This study is not yet ready for distribution.) Impact analysis work is underway in El Salvador to obtain an overview of the effect of all of Technoserve's feedmill projects there. A similar undertaking is being considered in Kenya relating to Technoserve's savings and credit projects.

While some very good impact analysis work was completed in 1980, the "system" for continuing this work is not yet clear, nor, apparently, does the state of the art in the area of evaluations make it possible for Technoserve to "standardize" on certain impact indicators which can be easily monitored and reported.

There seems to be no easy answer for assessing the ultimate impact of enterprise development projects. Technoserve must continue working on this problem.

The third area covered by the Matching Grant is new thrust activities including collaboration with other institutions and launching new country programs. Here again, Technoserve's performance has been mixed. Technoserve has been attempting to start up program activities in new African and Latin American countries including Panama, Peru, Botswana and Cameroon. Excellent progress has been made in all four countries but Technoserve has chosen to not yet announce that it is "off and running" in any new country. This is because Technoserve has felt that its self imposed prerequisites have not yet fully been met (see Section V- Lessons Learned). There is solid evidence that Technoserve's program is wanted in all four countries. The problem is that it takes an inordinately long time to get host country institutions to officially commit their requests for our assistance to paper and/or to formally agree to pay for part of Technoserve's services. Therefore, even though we have full time Technoserve staff working on projects in Cameroon and Panama at this time, we have chosen to not yet consider the programs as having "started". One of Technoserve's highest priorities for 1981 is to start at least two new country programs.

Technoserve has done reasonably well in collaborating with U.S. and host country PVOs as well as local and international development institutions. Through its BASIG (Business Advisory Service in Ghana) project in Ghana, Technoserve has

been working with approximately 20 Ghanaian and international PVOs. In Latin America, Technoserve has worked with organizations such as CARITAS, CREDHO, FUNDE, etc.

Among the multilateral organizations, Technoserve has been instrumental in helping projects receive capital funding from the Interamerican Development Bank. Technoserve bid unsuccessfully on a UNIDO project in Botswana. Technoserve has also submitted two major papers to the World Bank relating to the World Bank's efforts to work more closely with PVOs. Technoserve expects to continue playing a role in trying to bring closer working relationships between the World Bank and PVOs.

As noted elsewhere, Technoserve has played a leading role in the establishment of The Association of PVO Financial Managers and the Personnel Coop, both of which activities have resulted in tangible, operational collaboration between U.S. PVOs.

While Technoserve has undertaken a limited number of consulting activities, these activities do not appear to warrant quite as much attention as was originally anticipated. Technoserve does feel, however, that a modest amount of consulting work can complement activities.

III ACHIEVEMENT OF PLANNED OBJECTIVES

A. Definition of Project Output Indicators

The Matching Grant Agreement specifies that Technoserve 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 Technoserve as follows:

1. Project Requests Investigated: The number of project requests which Technoserve investigates or prescreens during the reporting period. Information must be available in Technoserve files documenting the request and the investigation.
2. 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.
3. 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.
4. Project Agreements: Number of formal project-related agreements. To qualify as an output, each agreement must be complete and in written form.
5. 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.

B. Output Indicators for Other Activities

Matching Grant funds were to be used by Technoserve to initiate services in one new country in Africa and one in Latin America. Technoserve's

Corporate purpose and project criteria are the basis upon which new country programs are evaluated. These evaluations assess the needs/opportunities for Technoserve to implement these projected new country programs. Host country institutional collaboration, availability of local and foreign financial resources to support Technoserve's work, identification of project opportunities and the potential "fit" between Technoserve's 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. Additional information and outputs relating to new countries is contained in Section IV.

C. Achievement Indicators

	<u>Total</u>	<u>Target Ranges</u>
1. <u>Project Requests Investigated:</u>	77	16 - 25
2. <u>Project Analyses:</u>	115	10 - 20
3. <u>Project Plans:</u>	38	8 - 15
4. <u>Project Agreements:</u>	29	5 - 10
5. <u>Projects Assisted:</u>	33	24 - 30

IV COUNTRY PROGRAM REVIEW

Technoserve currently has fully-operating programs in four countries: El Salvador, Nicaragua, Ghana, and Kenya. In addition, programs will likely be initiated in Panama and Cameroon. Investigations are being carried out looking towards possible program or project start-up in Peru, Botswana, Nigeria and Zaire. The present status of program activities in all of these countries are summarized in the following sections.

A. El Salvador

Never has the El Salvador program been faced with as many project opportunities - or project constraints - as it did during 1980. On the one hand, the political turmoil and resultant economic and social difficulties in the country contributed to a major increase in interest for our services related to project enterprises and institutional assistance tied to enterprises by public and private sector groups. This interest, however, could not be efficiently converted to actual project implementation as hoped for due to conditions hindering Technoserve efforts: inaccessibility to rural project sites because of military clashes between the government and dissident groups and, generally, insecure travel conditions; frequent changes in leadership among targeted groups for aid due to policy conflicts or personal threats; and delays in development bank financing for projects caused by fund shortages. The record, nonetheless, speaks eloquently of the national staff's determination to provide assistance to low income groups in spite of these obstacles: no projects receiving assistance were abandoned, even in zones of virtually constant combat, some project work surpassed expectations, and several new significant project opportunities were developed to the pre-feasibility stage.

The program continued to place emphasis on cattle related projects.

Five animal feed concentrate production/marketing projects were assisted - two new ones being set up during the year. Three combination feed mill/confined cattle fattening projects were set up and in operation by the close of the year. Advisory assistance was terminated to three feed mills, as the enterprises were turned over to full management of the cooperatives which had requested our technical/administrative services. Services were also completed at the ACACYPAC rice milling and marketing project, which continues to operate on its own.

Prefeasibility work was completed on two medium scale projects dealing with henequen processing and distribution. (Henequen is an important local fiber that is heavily used in agricultural sack production and for artisan crafts.) Assistance at this stage of development was also provided to a vegetable production project backed by the Episcopal and other church groups, and to two new cattle fattening projects - one tied to the same group working with the Episcopal Church, and the second a "spin-off" from highly successful feed mill project set up in 1979-1980 with a progressive group. All projects assisted are cooperatives. The projects mentioned above represent only the most viable of over a dozen new opportunities investigated.

In 1980, Technoserve collaborated with many El Salvadorean institutions to enable the project development process to assume as smooth a flow as possible given the conditions. The relationships between Technoserve, these agencies and the cooperatives to whom project work is addressed have improved as a result of the frequent contacts. Resources are being applied in a more effective manner and problems resolved sooner as a result of application of different institutional expertise. Some instances of institutional collaboration between Technoserve and the cooperatives include: Agricultural Development Bank, Federation of Savings and Loan Cooperatives, Natural Resources Division of the Agricultural

Ministry, Agrarian Transformation Institute, Ministry of Education and the Supply Regulation Agency. Technoserve has also discussed assistance services with the Ministry of Agriculture and Livestock and USAID/El Salvador, much of these tied in one way or another to the Agrarian Reform. Technoserve believes that it has developed a successful model of enterprise development which has wide applicability to various sectors of the economy of El Salvador and can also contribute to national institutional development.

B. Nicaragua

Considering that Technoserve/Nicaragua started 1980 dealing with a recently formed Sandinista government - uncertain as to the position of the new leadership towards international development agencies or its development priorities - the Nicaragua program has achieved reasonable success in enterprise development assistance with both the private and public sectors of the country. As a result of establishing our technical capabilities and experience to assist in the extensive national reconstruction effort now underway, both the U.S. and Nicaraguan governments, as well as several independent private groups, have requested, and subsequently contracted (or commenced negotiations) for Technoserve's services.

Agricultural production and agro-industrial processing projects were the focus of Technoserve efforts. Substantial progress in training local management to take over administrative and technical responsibilities was achieved at both the large Santa Ana cotton gin project and smaller Los Laureles grain and oilseed production activity. As a result, targeted 1981 withdrawal of ongoing advisory services appears attainable. Pre-feasibility reports were prepared for 2 cooperatives who requested services to develop rice and coffee processing capability respectively, besides administrative assistance to improve actual activities. A feasibility

study is underway at the coffee project.

Preliminary assistance agreements were signed and executed with three church-related cooperative projects to provide technical and administrative assistance to improve the efficiency and control over established activities. Public agencies like the Agrarian Reform Institute (INRA) were provided technical assistance in determining the markets for henequen and in designing a plan for installation of chicken incubators.

In addition, preliminary contacts were sustained with the government regarding possible assistance to marginal pineapple farmers and with a joint public-private association of egg producers concerning a possible study of egg demand and marketing policies. Finally, technical assistance was provided to the government by studying the feasibility of rehabilitating and returning to operating condition eight cotton gins located throughout the country.

As a result of these efforts, Technoserve has increased its visibility with agencies such as USAID, FUNDE, CEPAD, Catholic Relief Services, and IDB in the international sector, and with MIPLAN, FINAPRI (Preinvestment Fund), PRO-CAMPO (government technical assistance), and INRA among national agencies. Further development of and diversification to new and existing projects is expected in 1981.

C. New Country Investigations, Latin America

1. Panama

Panama has been the focal point of new country development efforts in the Latin American Division. This effort has gone reasonably well and we have been assisting one project since June of this year. Low level efforts have been undertaken to identify future possibilities in Peru. These investigations in Peru have been carried out by piggybacking trips on other travel to the region. All travel has been

12

a non-profit corporation in Panama. All of these steps have laid an appropriate foundation for future program activities in Panama. The chief obstacle preventing the full establishment of a program is the identification of a funding base. Financial support from local institutions is the first piece of such a base. The second is that the needs of the poor, rural Panamanian must be demonstrated to our donor community which sees Panama basically in terms of the Canal and Panama City.

2. Peru

In spite of the low level of effort in Peru to date, it does appear that Technoserve has good opportunities there. A Federation of cotton farmers in the Cafete area has been identified and they have requested our assistance in the establishment of a cotton gin. Other project possibilities have also been identified and will be studied on future exploratory trips. An evaluation of the possibilities of government support has not as yet been possible due to the recent change of administration in Peru. The ingredients now seem present to make Peru an excellent candidate for a future Technoserve country program. Opportunities to work in Costa Rica, Ecuador, the Dominican Republic, and Honduras have come to our attention, but we have been unable to explore these given our resource constraints. We have decided it is necessary to focus our new efforts on one or two countries at a time.

D. Ghana

BASIG (Business Advisory Services in Ghana) has continued to transfer management capabilities to other private agencies in Ghana with success. In the first nine months of 1980, over twenty clients were served including international agencies such as CRS, CLWR, YMCA and CODEL and local organizations such as the Ghana Rural Reconstruction Movement, Ghana (Canadian Lutheran World Relief

Organization of Volunteer Assistance. Christian Service Committee and Christian Mothers Association.

To increase its rural outreach, Technoserve has extended organizational and technical advice to rural community groups. These groups are referred to BASIG by Technoserve Agricultural Extension Officers for assistance in establishing or rehabilitating village-based activities in blacksmithing, charcoal production and small-scale food processing.

The Mfantsiman and Nnudu projects have shown continued growth and acceptance of their extension services to small-holder farmers and cooperatives producing sugar cane and food crops. By mid-year, almost twice as many farms were being serviced as at the end of 1979.

In addition to supplying agronomic advice, Technoserve extension officers have promoted traditional labor-sharing cooperative groups among farmers. They have also served as referral agents to the BASIG project of community groups seeking to produce their own farm implements and process some of their own foodstuffs.

As an outgrowth of services provided under BASIG, Technoserve provided eight months of full-time assistance to the Christian Service Committee under contract. The local sponsor group was helped to organize and staff a service center in Tamale providing inputs and marketing services to nine agricultural extension stations in northern Ghana. Assistance was provided in personnel recruitment and training, sourcing of inputs and equipment, financial and management control systems and office procedures.

Through BASIG, Technoserve helped 26 members of the Afiadenyigba Farmers Association incorporate and begin collecting equity for a commercial project study to gauge the viability of the enterprise. Rabbit production could provide a source of scarce protein and increase the incomes of the rural farmer participants.

done from Panama which we are also using as a base for regional operations.

Technoserve has been assisting the Federation of Agricultural cooperatives (COAGRO) in Panama with the planning and installation of a fertilizer mixing plant. The Federation includes in its membership 28 cooperatives throughout Panama. Total membership in affiliated cooperatives is approximately 7,500. The cooperatives are involved in all aspects of agriculture in Panama. While some cooperative members are relatively prosperous, Technoserve believes this federation is a singular vehicle for reaching the low-income farmers of Panama. In accord with our policy of seeking support from local institutions Technoserve is currently negotiating with COAGRO a counterpart contribution to help cover the cost of long term permanent assistance to this Federation. The Federation has indicated its desire for this assistance and is attempting to make a decision regarding payments to Technoserve. Prospects are good that we will enter into some form of agreement for regular services to COAGRO during early 1981. Technoserve has also made efforts with government institutions. We have worked closely with the Department of Agribusiness and the Ministry of Agriculture (MIDA). As a result of this collaboration we have worked out a proposal for assistance to implement a series of priority agribusiness projects in Panama. This proposal is currently being studied as part of the 1981 budgeting process of the government. Technoserve has visited several cooperatives throughout Panama. We have had discussions with the coffee producing cooperative of Blanca Flor and the cocoa producers cooperative in the Bocas del Toro area. Both of these cooperatives have expressed interest in our assistance and are possible future projects. Based on these promising prospects already identified, Technoserve has installed two of its senior employees on a residential basis in Panama. We have also registered Technoserve as

E. Kenya

Under a monitoring agreement, Technoserve continued to offer advice to the Harambee Savings and Credit Cooperative Commission, a commission which was returned unopposed as the elected Management Committee at the annual Delegates Conference as a mark of the members' appreciation for its work. Technoserve welcomes the transition from the Management Commission to the elected Committee and is proud to have been associated with the Commission.

Continued members' confidence was evidenced by the growth in membership from about 19,300 in January to over 20,300 in June while share capital rose to over \$6.8 million. During this period, Harambee disbursed 3,583 loans worth \$2.563 million, of which 2,840 loans were for development purposes worth \$2.372 million.

Technoserve's full-time advisory management agreement with Reli Savings and Credit was successfully completed at the end of April and a Monitoring Agreement entered into on the 1st of May. Technoserve personnel have focused on ensuring that the handover to society officials was smooth by checking all installed systems and training of the staff.

Reli's membership rose to 17,270 at the close of June and a total of 3,316 loans worth \$1.93 million were disbursed, of which \$1.64 million was for 2,461 development loans.

Three full-time Technoserve staff provided management service to the Ardhi Cooperative Savings & Credit Society Ltd., whose membership stood at 2,595 at the close of June. The management services agreement was successfully completed at the end of July, and Technoserve management was able to show some commendable results, including the following: achieved a seven-day loan payment; brought financial and management documents and reports to date; improved society's monthly cash flow; and reduced,

substantially, audit costs to the society.

Allied Ranching continued to provide supportive ranch services to its member ranches. Technoserve plans to phase out its direct management role by the end of 1980, but will continue to work closely with the company's management under a monitoring agreement.

Under a two-year management contract signed in late 1979 with the 1500 member Drumvale Farmers Cooperative Society, Technoserve has worked to recondition this mixed farming operation based on a revised business plan for 1980.

Reconditioning has taken the form of retooling farm infrastructure as well as the provision of structures, like farm offices. Water supply systems have been considerably improved through the reinstallation of the borehole and the construction of a new dam; poultry houses and the farm dairy have been re-roofed, and a new dairy plant and a power generating plant installed.

Technoserve's manager on site at the 1500 member Nguu Ranching Cooperative has found that the society's principal problem has been the acquisition of development capital to implement its plans. Technoserve reactivated and updated an application for a loan from the Agricultural Finance Corp (AFC). The AFC has shown a willingness to provide the society with a \$338,000 loan, seeking a longer term management agreement with the society when the funds become available.

Under a short-term letter of agreement with the Undugu Society of Kenya, Technoserve developed an accounting/financial control system for this social welfare and vocational training society. Founded in the early 1970's by Father Arnold Grol, a White Father, the society is made up of nine different activities including vocational training, basic and adult education, sewing cooperative, youth clubs and community centers, group

homes for destitute children, an agriculture project, and a small business loan scheme.

A second phase of assistance is envisioned to implement the systems designed and train society staff in their effective use.

F. New Country Investigations, Africa

1. Cameroon

Technoserve has been investigating the possibility of establishing a program in the United Republic of Cameroon since May 1979. A draft protocol agreement with the Government was submitted in June 1980 and is currently under study. Technoserve expects to receive a response from the Government which may include permission to operate in Cameroon. When received, Technoserve plans to open an office in the country, and begin formal project investigations. A final protocol agreement will be negotiated as circumstances permit.

A ready market exists for Technoserve's services in Cameroon. A feasibility study for a feed mill in the Eastern Province has been done for a local sponsor. In the Western Province a village committee has asked Technoserve for assistance to plan a project to grow and market soybeans. Technoserve is helping to organize and conduct field trials, and if these prove successful, may conduct a thorough project study.

Technoserve has held preliminary discussions with sponsors of several other projects. These include a project to raise swine and produce pork for the Yaounde market, a vegetable gardening project, and a project to produce palm and palm nut oil.

There are also several institutional opportunities. Discussions have been held with the Cameroonian Development Bank (BCD), the National Rural Development Fund (FADER), the Fund for Assistance and the

the Guarantee of Credit for Small and Medium Sized Enterprises (FOGAPE), and the Departments of Community Development and Cooperation and Mutuality (Coop/Mut) in the Ministry of Agriculture. The BCD is about to draw down a \$15 million line of credit from the World Bank to promote the development of small and medium sized enterprises. BCD officials realize that their customers will need managerial assistance if these funds are to be used effectively. A survey of the customer's need may be one way for Technoserve to begin to collaborate with the bank.

A similar needs assessment would be helpful for FONADER and FOGAPE. As the "Peasants' Bank", FONADER's major task is to provide credit to promote the development of Cameroon's rural sector. FOGAPE exists to provide guarantees for loans made by public and private financial institutions to small and medium sized enterprises, as well as to provide consulting and other services.

Coop/Mut. has just completed a study of the "potential for development efforts within the cooperative sector". Technoserve could provide assistance in several areas to which the study assigns high priority. These include the training of both cooperative and Coop/Mut. personnel, and the development of credit unions and marketing cooperatives. The Director of Community Development has expressed an interest in having Technoserve work with women's marketing groups and other village-level enterprises.

2. Botswana

Technoserve has investigated several opportunities in Botswana during 1980. Close ties with government livestock officials led to a visit by TNS/Kenya staff and the VP/Africa. Though it became apparent that intervention was not possible in the livestock sector due to disease, other leads were followed in the agriculture and credit sectors.

Botswana Government officials voiced an interest in Technoserve involvement in a UNIDO-sponsored study of village-based sorghum mills. Though the Technoserve proposal to UNIDO/Vienna did not lead to the study contract, officials in Botswana are still considering Technoserve involvement in the implementation phase.

At the request of a mineworkers union and officials of several ministries, the Technoserve team visiting Botswana investigated the possibility of helping local groups organize institutional savings and credit societies. Discussions are being held with the Africa Cooperative Savings and Credit Association to arrange a joint visit to Botswana early in 1981 to explore this opportunity further.

3. Nigeria

Discussions were held in the United States and Nigeria with Dr. Emmannual Anakwanzie regarding Technoserve assistance in the development of a large integrated poultry operation in Anambia State, Nigeria. Dr. Anakwanzie represented the local sponsors during his visit to Technoserve's offices in Connecticut. It was decided that it would be in the best interests of the sponsors and the project if a broiler operation was launched as a first step toward the full development of this project (local feed production and mixing, eggs, chicks, broilers, slaughter and marketing). This approach would reduce the need for foreign exchange and initial outside technical assistance, thus reducing the overall development risk of the contemplated project. If they achieve success during the initial phase, the sponsors have voiced an interest in seeking further assistance from Technoserve in the fully developed (integrated) project.

4. Zaire

The VP/Africa met in New York and for several days in Indiana-

polis with the General Secretary of the Church of Christ in Zaire (Disciples), Dr. Elonda Efefe. The purpose of his mission was to elicit ideas and support for the development of the Republic. Dr. Elonda is a member of "The Royal Order of the Leopard" of Zaire and indicated he would report his findings at the highest levels of government, since the church was now being asked to become involved in the economic and social, as well as spiritual, development of Zaire. Dr. Elonda indicated that a similar meeting would probably take place in early 1981 where the government and church would present their proposals for further private voluntary assistance to Zaire.

V LESSONS LEARNED

In reviewing the Lessons Learned in 1980, particularly as they relate to the Matching Grant Program, Technoserve believes the following are noteworthy.

A. Host Country National

Approximately 80% of Technoserve's overseas staff are host country nationals. Two things have become increasingly apparent. First, the success or failure of a program such as Technoserve's is closely related to the capability and commitment of the host country nationals it employs. Second, in order to attract capable and committed host country nationals, it is necessary to have nearly competitive salary scales and benefit programs which place host country nationals almost on a par with their national colleagues employed in the private sector.

B. Local Politics and the PVO

While a PVO must operate in a political environment overseas, it is possible to maintain an image of being apolitical and not involved in partisan politics. Technoserve has maintained its presence and program in Nicaragua, El Salvador, Ghana and Kenya, all of which have undergone significant political change in the past year or two. Technoserve has been able to reduce the risk of its being expelled from a country when a new government takes over by being viewed as concentrating all of its efforts on its enterprise development program without regard to what political faction may or may not be in power.

C. Political Instability and Effectiveness

It is a corollary to the previous paragraph, however, that political and/or economic instability considerably reduces the amount of effective work that a PVO can get accomplished in a developing country. Physical risk in some Latin American countries has made it impossible to be in the field as

frequently as Technoserve would like. The breakdown of infrastructure and economic institutions in Africa has often made it slow going in the development of new enterprises.

D. New Country Start-Ups

Technoserve has decided that in the long run the maximum contribution to development can be made by developing a new country program only after certain self-imposed prerequisites are in place. These prerequisites include some form of recognition by the host country government or other important local institution; evidence that there are a significant number of enterprise development projects seeking Technoserve's assistance; and at least an understanding with the USAID Mission that they have no objection to our starting a program in the country concerned. These self-imposed prerequisites have slowed Technoserve's entry into new countries, but it is Technoserve's opinion that the high initial investment will more than be repaid in the future.

E. Unwanted Business Systems

One of Technoserve's most significant contributions to the enterprise development process is helping enterprise sponsors install sound accounting business and management systems within their enterprises. As the enterprises have gotten larger and involved greater amounts of money, Technoserve has found in certain cases that powerful leaders within the enterprise structure do not want sound accounting systems because such systems would prevent these leaders from continuing to misuse the funds of the enterprise. Technoserve has been forced to discontinue services to some enterprises because of this problem.

F. Process vs. Projects

Technoserve frequently encounters the problem of trying to explain the difference between "process" (the self-help enterprise develop-

ment process) and "projects" (building X number of schools in Y village). Donors, including AID, are often uncomfortable with funding a process where the individual enterprises or projects cannot be pre-determined two or three years in advance. Nevertheless, Technoserve believes that it is "process" rather than "projects" which can make the greatest contribution to development.

G. Good Administration Takes Time and Costs Money

Technoserve has learned that it takes considerable time and costs a considerable amount of money to establish sound personnel administration procedures, reliable accounting processes, internal auditing programs, reporting systems for its Executive Committee, etc. However, Technoserve has further learned that the cost of not having such sound administrative systems is much higher than the cost of ensuring they are in place and operating satisfactorily.

H. Enterprise/Project Selection

When a large number of potential enterprise ideas are brought to Technoserve by host country nationals, Technoserve is likely to make good choices as to which enterprises will be economically viable and socially beneficial. Technoserve has found that it often reviews twenty enterprise ideas before selecting one with which to work. When the pool of enterprise ideas from which to select is too small, Technoserve is more likely to make a bad judgement in deciding which enterprise to assist.

I. Post Project Monitoring

Technoserve is a non-profit organization depending on grant funds, and therefore it is possible to establish formalized post-project monitoring arrangements with projects Technoserve has previously assisted. While not charging those projects for such monitoring assistance, the monitoring activity appears particularly valuable in ensuring that the systems and

Training originally made available to the enterprise do in fact stay in place.

J. Recognition of the Need for Management

Many local development or financing institutions are significantly lacking in organization and management know-how. This very lack of management know-how includes a lack of appreciation of the value of such know-how. Therefore, these institutions often do not recognize or appreciate the need for and cost of technical, organizational and managerial assistance. Some such institutions believe "money is all that is needed".

K. Money vs. Management

While recognizing the absolute necessity of having capital funds available for enterprise development activities, Technoserve has still not encountered a situation in which the lack of capital financing was the key constraint. Technoserve continues to be aware of what so many others recognize as a key constraint, that is, the availability of organizational and management know-how.

L. Monitoring and Evaluation

Monitoring and evaluation systems can be most effective when they are integrated into the ongoing operational processes of an organization such as Technoserve. In the business community, the "bottom-line" is the major evaluation tool and it is an integral part of operations. As the state of the art improves in the area of social analysis, Technoserve believes that its program would benefit by including some aspects of that social analysis directly in its operating methodologies.

M. The Starting Point

Technoserve has demonstrated to its satisfaction that the place to start in any new country, environment, commodity sector, etc., is in the field with the development of enterprises. This hands-on experience with primary business development gives Technoserve valuable know-how and credibility with host country nationals and local institutions.

N. Influencing National Policy

It appears possible for a PVO such as Technoserve to sometimes influence national policy lending regulations, marketing mechanisms, national cooperative by-laws, etc. This can only be done, however, if a PVO such as Technoserve has "earned its stripes" in the field and developed a number of relatively large enterprises in the sector in which it wishes to influence policy.

O. Availability of Raw Materials

We have learned that it is not uncommon to find that enterprise sponsors have an inflated opinion of the amount of raw material available for processing. It is, therefore, of great importance that production figures for any agricultural product be carefully checked and verified as part of the feasibility study. Otherwise, the danger is that the processing facility will have excess capacity which decreases its profitability.

P. Matching Grant

Technoserve has become increasingly aware that the AID Matching Grant (or similar grant mechanism), while representing less than one quarter of Technoserve's total income, is probably the single most important and useful source of income for the organization. It permits Technoserve to undertake most of its new initiatives and experimental projects while providing for the necessary back-stopping functions so important to a well run organization:

Q. Food Production

While Technoserve's program is focused on the enterprise development process in general, it has been seen that the principle interest of the groups with whom we work is increased food production. Some 75% of our projects directly involve the production, processing, and marketing of

food. Most of the remaining enterprises are indirectly related to food.

VI EVALUATION

Evaluation of Technoserve programs is inherently more difficult than is the case with some other PVOs. This is due to the fact that Technoserve does not provide a tangible "product" which lends itself to being easily counted or measured. Our product is services provided by our staff, and this fact leads to the difficulties we encounter in carrying out meaningful evaluations.

The current evaluation system makes use of five operational mechanisms to carry out its purpose. They are: pre-project surveys and analyses; routine planned vs. actual performance assessments; post-project evaluations; routine documentation generated by the project development process; and quarterly project operating reports. In addition, from time to time, there are selected, in-depth case studies of particular projects (two of which were carried out in 1980).

Ultimately, however, the measure of Technoserve's contribution is provided by the extent to which the assisted project manages to become a self-supporting and self-reliant enterprise serving its membership, the extent to which such an enterprise consistently improves the lives of its membership by raising their standards of existence, and the extent to which institutional constraints surrounding the project are removed.

This means designing and setting criteria and indicators with which to gauge the improvement in the quality of life, criteria and indicators which must be locally relevant.

Perhaps the most obvious way to evaluate the programs is indirectly, that is, by looking at the enterprises and using them as indicators of the quality of the technical assistance they have received. This is meaningful to a certain extent and is undoubtedly necessary. Technoserve uses performance of the enterprises as an important part of its Management Information System (see attached examples of Quarterly Project Operating Reports). However, an evaluation of this

type must be conducted in light of the multitude of external, uncontrollable factors which come to bear on the enterprise affecting its performance either positively or negatively. Thus it is necessary to attempt to "filter out" these elements to the greatest extent possible if an accurate determination of the quality of Technoserve's assistance is to be obtained.

The goal of Technoserve, though, is not to build or assist enterprises. It is to assist people in improving their lives using the process of enterprise development as a tool or vehicle. Thus, meaningful evaluations of Technoserve performance must focus on their impact on people. This is much more difficult than counting buildings or looking at profit and loss statements.

Sociological and economic analyses of communities are, in general, expensive in resources and time since the focus of their studies - social life - is extremely complex. Technoserve is a management and technical agency and cannot hope, nor is it desirable, to replicate the work of the numerous specialized and well-endowed research institutes existing in various countries. However, it is essential that it develops skills and approaches specifically tailored to its needs as an enterprise development agency to assess and document the social effects of its assistance.

As part of its increasing emphasis on impact analysis, Technoserve has employed a Kenyan citizen with a Ph.D. degree in Political Science from Princeton. This person is currently assisting with the establishment of criteria and a methodology for carrying out impact analysis in our country programs.

One of the lessons learned, however, is that it is not practical to develop an "Evaluation System" which can be used for all Technoserve projects. When our Kenyan assistant was originally hired, it was hoped that an evaluation system could be designed. Since that time, it has been determined that the great diversity of Technoserve projects makes such a system impractical. The objective now, therefore, is to attempt to establish uniform criteria for carrying out impact

analysis in the different social and economic environments in which we work. The specific means utilized to analyze the impact may vary from project to project, however.

Technoserve spends a good deal of its time in program/project evaluation and review. Those activities are described above. But Technoserve, as an organization, is also subject of evaluation by outside evaluators. During 1980, external evaluations have been made of Technoserve programs in Kenya, Nicaragua, Ghana and El Salvador by external evaluators. These evaluations have been commissioned by AID. The results of the evaluations have generally been good, as evidenced by the apparent willingness on the part of AID to commit funds to our programs in these countries. Corrective action has already begun on some of the recommendations.

The following is a brief summary of 141 pages of evaluations and, though the summary cannot be 100% accurate or all-inclusive, some positive statements and recommendations regarding deficiencies do stand out:

A. Kenya: OPG Mid-Term Evaluation (7/80)

This evaluation was undertaken by two outside evaluators with Technoserve's full cooperation and support. Some of the key findings include:

1. "The evaluators found that Technoserve's impact on self-help enterprise development in Kenya has occurred at two levels of significance: the technical and management systems aid and support it has provided to client enterprises and its advocacy and leadership in effecting changes in government policies and actions. It is the evaluators' finding--and that of Government of Kenya observers and the officials and members of client enterprises--that benefits flowing from the Technoserve role in dealing with government and parastatal agencies has appreciably wider and longer term significance than its help in improving the situations of its clients' sub-projects."

2. "The ramifications of Technoserve assistance to the cattle ranching industry in Kenya through Allied Ranching are of appreciably greater significance to the economy of the nation than more recent managerial interventions at the Drumvale and Nguu sub-projects." (This observation is due apparently to the fact that Drumvale and Nguu are relatively new projects and have created only limited national impact.)
3. "The administrative apparatus of Technoserve/Kenya and the home office is adequate and spare."
4. "Assistance to large credit societies is an unqualified and cost-effective success."
5. "Comments volunteered and elicited at the client (savings and credit) sub-projects and elsewhere were singularly complimentary to Technoserve's management and accounting systems, policy advice and training of staff."
6. "The evaluators found that Technoserve has worked diligently to comply with the mandated level of output between July, 1978 and March, 1980 and has met this quantitative requirement of the Operational Program Grant in substance and spirit."
7. "In both of the sub-programmatic sectors (livestock and savings and credit) in which Technoserve has operated, the low and middle-income people who constitute the projects' target population are secondary beneficiaries of Technoserve intervention. The assisted enterprises are the primary beneficiaries and assessing socio-economic impact is made more difficult by the length of the time frame for development in the livestock ranching/dairy farming sub-projects." "The evaluators recommended an approach that accepts the reality that Technoserve's own sub-project selection criteria--which are corporate--and the compatible Operational Program Grant criteria generally create a context in which successful sub-project assistance has significant impact on Kenya's rural and low-

income beneficiaries." "Quantification and evaluation of the socio-economic benefits of the Technoserve Kenya sub-projects at the goal level is now being approached." (It was recognized that both sub-programs require separate approaches and have their own distinct methodological problems.)

B. Nicaragua: Pre-OPG Award Evaluation (2/80)

This evaluation was undertaken at the request of USAID/Nicaragua as a precondition to Technoserve's receiving an Operational Program Grant from USAID/Nicaragua. The evaluation was undertaken by one external evaluator with Technoserve's full cooperation and support. Technoserve has just been awarded an Operational Program Grant for Nicaragua.

Some of the key findings of the evaluation included:

1. "Within the limits of my (the evaluator's) understanding of the Government of Nicaragua and USAID/Nicaragua development priorities and strategies, it appears that the Technoserve/Nicaragua program is directly relevant."
2. "The first important benefit observed was the avoidance of wasting scarce local resources. As a result of the Technoserve/Nicaragua project screening and pre-feasibility studies, many ill-advised activities were discouraged and participants were encouraged to look at other more favorable alternatives."
3. "The second major economic benefit observed was that most project activities implemented with Technoserve assistance resulted in positive economic benefits to the participants, increased net worth for the cooperative and the generation of needed local employment."
4. "Not all Technoserve/Nicaragua projects have proved to be economically self-sustaining. However, most projects now have expanded their economic alternatives: access to credit, supplies and new markets or have a basis

for trying a new crop or process."

5. "It should be noted that there is an inevitable tension between Technoserve/Nicaragua's twin objectives of economic and social impact. Economic benefits tend in these projects to be tied to short-term phenomena (a crop year); social and organizational improvements are longer term and less measurable processes."

6. "On balance, Technoserve/Nicaragua is an effective program. Indeed, it is substantially more effective than most such efforts I have observed."

7. "Good technical assistance is not cheap. Bad technical assistance is a disaster at any price. The Technoserve/Nicaragua staff is well paid. Given the competency and dedication of the staff, the salaries appear justified."

8. "I conclude that Technoserve/Nicaragua is a relatively efficient conduit of development resources. Combined with its apparent effectiveness, Technoserve/Nicaragua is a cost-effective program for the rural sector of Nicaragua."

9. "Technoserve/Nicaragua may need to establish more specific project selection criteria to avoid being stretched too thin or being seduced into marginal projects. The need to leverage scarce developmental inputs may require a more stringent approach."

10. "Technoserve/Nicaragua should formulate project-specific budgets with specific performance benchmarks for themselves and for project participants. Technoserve/Nicaragua needs a more systematic method to allocate and control its technical assistance costs to a particular project."

11. "Technoserve should consider formulating project-specific phase-out strategies to assure transfer of or development of local skills and

capabilities. In this regard, Technoserve/Nicaragua might consider adding a training specialist experienced in skill transfer."

12. "Because of the importance of rural development and the nature of the development assistance process, I recommend a substantial and sustained commitment by USAID/Nicaragua in support of Technoserve/Nicaragua."

C. Ghana: Mid-Project External Evaluation (FAAD) (5/80)

USAID/Ghana had an external evaluation conducted of its \$3,400,000 Farmer Association and Agribusiness Development Project (FAAD) which the USAID Mission had developed. USAID/Ghana had asked the evaluation team to provide inputs regarding whether or not the FAAD project should continue into a second phase and whether FAAD provides a model for replication by other USAID Missions. The following are several of the key findings of the review:

1. "At all levels, the advantages of FAAD are impressive." "The evaluation team is unanimous in recommending there be a Phase II of the FAAD Project." "The team is unanimous in recommending that the FAAD model be considered for replication in other missions."
2. "A spin-off of (Technoserve's original sugar factory projects) was the design of BASIG (the Business Advisory Service in Ghana)." "Technoserve has played a major facilitative role in technical and managerial services to other FAAD PVOs (through its BASIG program)."
3. "Technoserve has worked with and through indigenous organizations (farmer extension activities) and has achieved excellent results according to increased numbers of groups, of members, or acreage in sugar cane and of increased incomes."
4. "Technoserve has no (local) Board of Directors in Ghana and in this respect is atypical of FAAD PVOs."

5. "Technoserve has attempted to facilitate the growth of a total system, cane syrup, by working both with the factory facilities as well as the agricultural production units. Managerial personnel have been trained by Technoserve at two factories."
6. "Technoserve has developed the BASIG program beyond all expectations."
7. "Technoserve has been utilized to assist in feasibility studies and to get the Cristian Service Committee FAAD project operationalized."

D. El Salvador: OPG Annual Review (10/80)

The following is a quote from a letter received from USAID/El Salvador (Evaluation documents have not been received): "USAID/El Salvador has completed its review of the specific program evaluation required in accordance with our Agreement. Based on that review, we have concluded that progress of the Project is satisfactory and in accordance with the established targets set forth in the Agreement's Implementation Plan."

VII MARKETING AND FUNDRAISING ACTIVITIES

During the course of 1980, a Marketing Division was created within Technoserve. This division has taken over the fundraising and promotional activities which were formerly carried out by the Division of Planning and Operational Support (DPOS). A Marketing Director was hired, bringing the number of persons involved full-time in fundraising and external relations to two, plus administrative support. It is expected that this new and greatly increased emphasis on obtaining private source funding will lead to additional private revenue for Technoserve during 1981 and later years. It has only been during the fourth quarter of 1980 that the Marketing Division became fully operational.

High on the list of priorities of the Marketing Division is the development and publication of new promotional and explanatory materials about Technoserve. This activity has already begun; it includes the following materials:

- A. A new corporate brochure which expands and clarifies the organization and philosophy of Technoserve. This brochure will be used as a marketing tool here in the United States by the Marketing Division, and, to some extent, by the operating divisions in Africa and Latin America. This brochure has just been printed and is being distributed. A sample copy is attached.
- B. A Question-and-Answer pamphlet has been developed which covers much of the same material covered in the brochure, but in a much briefer format. The objective of this pamphlet is to try to anticipate the questions that potential donors would have about Technoserve and address these questions in as clear and concise a manner as possible. A sample copy is attached.
- C. Another major marketing tool is the Technoserve Newsletter. It is felt that this Newsletter can work in both areas of our marketing effort: increasing the general awareness and the general understanding of the problems facing the developing world, as well as explaining and clarifying

Technoserve's actions on the problems which face these countries. As a result, the Newsletter will dedicate space not only to explaining Technoserve's programs themselves, but also to explaining and clarifying the context within which these programs are implemented and the "lessons learned". It is planned to make the Newsletter a quarterly publication beginning in 1981, effectively expanding it from the current twice-a-year publication schedule. It will be used in place of the Semi-Annual Report and will contain a part of the information previously published in it.

D. The 1979 Annual Report has received much praise by those who have read it. A similar format will be followed for 1980 and future years and it is anticipated that they will compliment the brochure and the other public relations materials.

E. A series of project sheets which will explain briefly different types of Technoserve projects are also being developed. These will be included in the folders as required for the marketing efforts of specific country programs and at the divisional level. The purpose of these sheets on the individual projects will be to enable each user group to tailor the whole package to its specific marketing requirements. These will be made available in English as well as in the different foreign languages which are used in countries where we work. Currently several are available in English, Spanish and Swahili.

F. Finally, it is felt that there is a need within Technoserve to be able to explain the organization through the use of photographs. In that respect, a slide show which would last approximately 10 minutes is being prepared. It will explain the different types of activities in which Technoserve is currently involved. The purpose of this slide presentation would be twofold: first, it will be used by members of the Technoserve staff, either in Marketing or Operating divisions, to assist them in

explaining Technoserve to different types of audiences. Second, it is expected that this presentation could be sent, along with an accompanying tape or script, to groups to utilize in the event that it was not possible for a Technoserve staff member to be present.

This is the general plan for Technoserve promotional materials. Along with these materials, a number of other pieces of information are being developed in the languages of the countries where we operate. To date, a Spanish language brochure, similar in some respects to the English corporate brochure, has been prepared and will be ready for use by January 1981. A French language description of Technoserve and its activities is available and will be printed for use in French-speaking countries as soon as the need for these materials is sufficiently great to justify doing so. Also, some materials are being prepared in Swahili, and it is expected that the Kenya office will develop additional materials which will then be prepared by the Marketing Division for distribution. All of these foreign language materials will be utilized by the Country Program Directors as part of their project or country level marketing effort.

Also available for use in the marketing effort are a number of project studies which have been prepared in past years. These studies were not prepared for the purpose of supporting marketing efforts, but they can be used in certain instances as a demonstration of Technoserve's project analysis capability. It is felt that the use of these detailed project studies, along with the Quarterly Project Operating Reports which are now being prepared at the country program level, would be very useful in marketing the Technoserve process with corporations and businesses, as they demonstrate clearly Technoserve's emphasis on the business side of development. They also show that Technoserve staff is able to speak "business language", which should help to differentiate Technoserve from many other PVOs.

These materials form a key part of Technoserve's recently-completed marketing strategy. This new planning paper covers a three year period, from 1981 to 1983, and lays the groundwork for the entire fundraising effort during those years. The strategy can be summed up as follows:

No major shifts in Technoserve marketing strategy are anticipated for the next three years. What is expected is an increased emphasis on certain elements of the existing strategy, and not a shift to totally new areas. There will be a continuation of the effort to consolidate and strengthen the funding base with the church agencies. This will be expanded somewhat to include greater contact at the church board and congregational level. Second, much greater emphasis will be placed on developing sources of business community support for Technoserve's activities. This will represent a major activity on the part of the Marketing Division and is expected to provide increased revenue by 1983. Third, there will be a continuation of the current efforts to create a donor club amongst corporation executives, with a goal of obtaining 100 members willing to contribute \$1,000 a year to Technoserve. Fourth, a continuation of the Matching Grant will be negotiated with USAID during the summer of 1981, with a goal towards obtaining approximately \$750,000 per year by the end of 1983. A key factor in dealing with AID in the Matching Grant negotiations will be Technoserve's ability to open and sustain two new country programs, as these new program initiatives provide the principal justification under which the Matching Grant funds will be increased. Finally, major new efforts will be undertaken to develop sources of funding in Europe with the international private organizations which previously had provided funding to Technoserve. It is hoped that by 1983 these international organizations will be providing funding at a level of around \$200,000 per year to Technoserve. The overall goal of all of these efforts will be to provide a \$4 million annual income for Technoserve by the year 1983.

Special emphasis is being placed on increasing Technoserve's funding

from the business community which historically has been limited. A consultant has been retained to assist in this process, and a business community marketing strategy is being developed. As is mentioned elsewhere in this review, it is felt that Technoserve should be attractive to members of the business community due to the fact that there are many similarities between Technoserve's activities and short-term objectives and those of many corporation.

Efforts are currently underway to determine the most likely prospects in the corporate world, and several large corporations have been approached with positive results: Caron International Corporation and Chase Manhattan Bank have recently provided funding; Chase Manhattan Bank has indicated that it will likely begin more significant funding of Technoserve during 1981. A grant request has been sent to Control Data Corporation, and indications are that it will be funded. There is also likelihood of obtaining grants from other corporations in the first quarter 1981. This effort will receive a considerable amount of attention on the part of the Marketing Division during 1981.

A good start has been made in developing a group of \$1,000 or more individual donors with a core of five having just been established. Recognizing that Technoserve was receiving nothing from corporations three months ago and very little from individuals, the recent progress in these two areas bodes well for the future.

A list of 1980 support sources is shown on the next page.

TECHNOSERVE 1980 SUPPORT SOURCES

CHURCHES:

Disciples of Christ (Christian Church)
Episcopal Church in the U. S. - Presiding Bishop's Fund
Canadian Lutheran World Relief
Lutheran Church in America
Manhattan Beach Community Church, California
Maryknoll Fathers
Reformed Church in America
Third Reformed Church, Holland, Michigan
Wantagh Memorial Church, New York
United Church Board for World Ministries
United Presbyterian Church in the USA
United Methodist Committee on Relief

FOUNDATIONS & CORPORATIONS:

CODEL
PACT
International Foundation
West Baking Co. Foundation
Aimee Mott Butler Trust for Charity
Chase Manhattan Bank
Caron International Corporation

INDIVIDUALS:

\$1,000 Club Contributors
Other Contributors

HOST COUNTRY INSTITUTIONS:

Banco Central (Nicaragua)
Ministerio do Planificacion (El Salvador)

U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT:

Aid Washington
USAID Mission Grants

REVENUES:

Project Fees
Consulting Fees
Interest and Miscellaneous

VIII STAFF ACTIVITIES

Technoserve's greatest asset is its dedicated staff of some 80 people most of whom are well qualified development specialists. The majority are citizens of the countries in which they work. Most professional staff members have advanced degrees in development related disciplines such as management and finance, agronomy, animal husbandry, engineering, economics and public administration.

The Matching Grant has played a significant role in making it possible for Technoserve to continue its training and upgrading of staff. In addition to the staff training session held in Costa Rica in December 1979, a major Senior Staff Meeting was held in Norwalk in May 1980. The meeting brought together Country Program Directors and senior staff from Latin America and Africa and officers and senior staff of Technoserve's home office to confer on matters such as "bottom-up" planning, budgeting, new marketing strategies, case studies, evaluations and reporting procedures.

One of the overall objectives of the Matching Grant is to continue to improve the capability and credibility of PVOs and their staff and to share this capability with other development organizations.

Technoserve's staff has played a key role in three activities which came to fruition in 1980. The Association of PVO Financial Managers was formed and includes over 50 PVOs. Technoserve's Controller acted as the secretary of the Association and is a member of its Steering Committee. Three major symposia were held during 1980.

A Personnel Co-op was formed, with Technoserve's Director of Personnel and Administration acting as Chairperson of the Planning Committee and a member of the Steering Committee. Three major seminars were conducted by the Co-op in 1980.

To ensure the continued good stewardship of funds entrusted to Technoserve, Technoserve created an Audit Committee from among its Board of Directors. The position of Internal Auditor was also developed with four overseas audits having been conducted by the Internal Auditor under the direction of the Audit Committee.

In the area of social analysis, Technoserve made some forward progress with its staffing, and also suffered a setback. Technoserve's Program Officer/ Evaluations, located in the home office, terminated her services with Technoserve during 1980. Technoserve is currently in the process of determining the best way to structure and staff the very important home office responsibility for impact analysis and evaluation. At the same time, a highly qualified Kenyan national was hired as Impact Analyst to work in Kenya. Skills in analyzing social impact are also present within the staff in El Salvador. The vast majority of Technoserve's staff continued to work on the development of enterprises, the training of host country personnel to run those enterprises, and the transfer of enterprise development capability to host country institutions.

In the original Matching Grant Proposal, Technoserve had estimated that the staff would increase to about 92 people by the end of 1980. This has not occurred for two main reasons. First, unexpected delays in starting up the programs in Panama and Cameroon prevented the staff buildup which had been foreseen. Once these new programs are fully operational, increases will be made accordingly, resulting in a jump in staff levels which should take place in 1981.

The second reason for the failure to increase staff levels has to do with the violence and civil war which was a factor in both Nicaragua and El Salvador during 1980. This has meant that staff turn-over in those countries has been much higher than had been anticipated. We have had difficulties in keeping all of the available openings filled, especially in El Salvador, since most of the positions require frequent travel to areas where there is considerable violence.

Technoserve had a full-time staff of 80 at the end of the year, up from 62 at the end of 1978. The end of year assignment of staff worldwide is as follow:

El Salvador	17	
Nicaragua	14	
Panama	2	
Ghana	9	
Kenya	19	
Cameroon	1	
USA - Home Office	<u>18</u>	
	80	Total

IX FINANCIAL STATEMENTS

The following four financial exhibits show expenses and fundings related to the Matching Grant for 1979 and 1980:

Exhibit A - Technoserve Expenses and Funding - 1979 Actual

These figures tie into Technoserve's 1979 financial statements which have been audited by Price Waterhouse and Co. "Other AID" includes funds from PACT.

Exhibit B - Technoserve Expenses and Funding - 1980 Forecast

These figures are based on a forecast presented to and accepted by Technoserve's Board of Directors on November 17, 1980.

Combining the 1979 actual figures with the 1980 forecast

indicates that Technoserve will have utilized approximately \$1,000,000 of the Matching Grant while "matching" \$975,000.

While Technoserve's Executive Committee might be reluctant to approve such an action, it is possible for Technoserve to dip into its reserve funds so that Technoserve would completely meet its matching requirement as of December 31, 1980, should that be necessary.

Exhibit C - Country Detail of Expenses and Funding - 1979 Actuals

("Unified Budget" format) . In 1979 there was an "OPG (and PACT)-MG overlap" in Kenya and a PACT-MG overlap in Nicaragua.

(PACT is a private corporation receiving AID funds and subgranting them to entities such as Technoserve.) No such "overlaps" occurred in other country programs in 1979. Exhibit C illustrates that no "double funding" took place. Technoserve's accounting system and tests performed by its auditors, Price Waterhouse and Co., guarantee that no "double funding" occurs regardless of the source of funding - churches, foundations, host country governments, or

AID. Country Detail of Expenses and Funding figures for 1980 are not yet available. However, the 1980 presentation would be similar to that of 1979 and Technoserve's auditors will insure that no double funding takes place.

Exhibit D - Standard Form 269 for periods 7/1/80 - 9/30/80 and 1/1/79 - 9/30/80

This is the most recent Financial Status Report covering the Matching Grant.

Exhibit A

TECHNOSERVE EXPENSES AND FUNDING

1979 Actual

All Figures in U.S. \$

	Private Contributions	Matching Grant	Other AID*	Other Government	Total
New Country Programs					
Cameroon		32,892	2,847		35,739
Other Africa	199	19,044			19,243
Panama		46,568			46,568
Other Latin America		9,639			9,639
	<u>199</u>	<u>108,143</u>	<u>2,847</u>		<u>111,189</u>
Ongoing Overseas Programs					
Ghana	79,104		104,391		183,495
Kenya	85,988	32,047	277,000		395,035
Salvador	47,900		165,431	179,383	392,714
Nicaragua	192,544	81,350	10,143		284,037
	<u>405,536</u>	<u>113,397</u>	<u>556,965</u>	<u>179,383</u>	<u>1,255,281</u>
Evaluations & Consulting	<u>1,316</u>	<u>41,963</u>			<u>43,279</u>
Supporting Services					
Fundraising	6,442				6,442
General & Administrative	16,156	212,426	71,608		300,190
	<u>22,598</u>	<u>212,426</u>	<u>71,608</u>		<u>306,632</u>
TOTAL	429,649	475,929	631,420	179,383	1,716,381
10% Transfer	47,593			[47,593]	—
	<u>477,242</u>	<u>475,929</u>	<u>631,420</u>	<u>131,790</u>	<u>1,716,381</u>

"Other AID" includes PACT

Exhibit B

TECHNOSERVE EXPENSES AND FUNDING

1980 Forecast

All Figures in U.S. \$(000)

	<u>Private Contributions</u>	<u>Matching Grant</u>	<u>Other AID²</u>	<u>Other Government</u>	<u>Total</u>
New Country Programs					
Cameroon		91	3		94
Other Africa		10			10
Panama	36	65			101
Other Latin America		16			16
	<u>36</u>	<u>182</u>	<u>3</u>	<u> </u>	<u>221</u>
Ongoing Overseas Programs					
Ghana	20		156		176
Kenya	173	65	303		541
Salvador	30		158	207	395
Nicaragua	111	57	205		373
	<u>334</u>	<u>122</u>	<u>822</u>	<u>207</u>	<u>1455</u>
Evaluations & Consulting		35			35
Supporting Services					
Fundraising	30				30
General & Administrative	46	185	134		365
	<u>76</u>	<u>185</u>	<u>134</u>	<u> </u>	<u>399</u>
TOTAL	446	524	959	207	2136
10% Transfer	52			(52)	-
Match	<u>498</u>	<u>524</u>	<u>959</u>	<u>155</u>	<u>2,136</u>

Country Detail of Expenses
And Funding
("Unified Budget")
1979 Actuals

All Figures in U.S. \$

<u>Kenya</u>	<u>Private Contributions</u>	<u>Matching Grant</u>	<u>Other AID</u>	<u>Total</u>
Salaries, Wages & Benefits	38,575	25,539	212,431	276,545
Travel, Lodging & Living	20,274	1,326	36,978	58,578
Office Operations	15,683	4,633	27,591	47,907
Other	<u>11,456</u>	<u>549</u>	<u> </u>	<u>12,005</u>
Total	<u><u>85,988</u></u>	<u><u>32,047</u></u>	<u><u>277,000</u></u>	<u><u>295,035</u></u>

<u>Nicaragua</u>	<u>Private Contributions</u>	<u>Matching Grant</u>	<u>Other AID</u>	<u>Total</u>
Salaries, Wages & Benefits	115,738	57,775	6,000	179,513
Travel, Lodging & Living	35,344	11,003	2,563	48,910
Office Operations	16,309	12,422	1,580	30,311
Other	<u>25,153</u>	<u>150</u>	<u> </u>	<u>25,303</u>
Total	<u><u>192,544</u></u>	<u><u>81,350</u></u>	<u><u>10,143</u></u>	<u><u>284,037</u></u>

FINANCIAL STATUS REPORT

(Follow instructions on the back)

1. FEDERAL AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH REPORT IS SUBMITTED Agency for International Development		2. FEDERAL GRANT OR OTHER IDENTIFYING NUMBER (Matching Grant) AID/SOD/PDC G-0211		OMB Approved No. 80-RO180	PAGE OF 1 1 PAGES
3. RECIPIENT ORGANIZATION (Name and complete address, including ZIP code) TECHNOSERVE, INC. 11 Belden Ave. Norwalk, CT 06852		4. EMPLOYER IDENTIFICATION NUMBER 13-2626135	5. RECIPIENT ACCOUNT NUMBER OR IDENTIFYING NUMBER	6. FINAL REPORT <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
7. BASIS <input type="checkbox"/> CASH <input checked="" type="checkbox"/> ACCRUAL		8. PROJECT/GRANT PERIOD (See instructions) FROM (Month, day, year) 1-1-79 TO (Month, day, year) 12-31-80		9. PERIOD COVERED BY THIS REPORT FROM (Month, day, year) 7-1-80 TO (Month, day, year) 9-30-80	

10. PROGRAMS/FUNCTIONS/ACTIVITIES ▶	STATUS OF FUNDS						TOTAL (g)
	(a) Salaries & Fringes	(b) Travel & Allowances	(c) Office Costs	(d) Other	(e) Divisional Indirects	(f)	
a. Net outlays previously reported	\$ 1,828,433.68	\$ 370,730.87	\$ 290,154.63	\$ 171,364.60	\$ 60,138.09	\$	\$ 2,720,821.87
b. Net outlays this report period	343,894.70	51,460.92	50,270.83	40,445.82	32,519.33		518,591.60
c. Program income credits							
d. Net outlays this report period (line b minus line c)							
e. Net outlays to date (line a plus line d)	2,172,328.38	422,191.79	340,425.46	211,810.42	92,657.42		3,239,413.47
f. Non-Federal share of outlays	1,628,575.52	313,619.71	240,861.05	171,137.37	34,886.35		2,389,080.00
g. Federal share of outlays (line f minus line e)	543,752.86	108,572.08	99,564.41	40,673.05	57,771.07		850,333.47
h. Unliquidated obligations							
i. Non-Federal share of unliquidated obligations shown on line h							
j. Federal share of unliquidated obligations							
k. Total Federal share of outlays and unliquidated obligations							
l. Total cumulative amount of Federal funds authorized	686,000.00	140,000.00	129,000.00	45,000.00	-0-		1,000,000.00
m. Unobligated balance of Federal funds	142,247.14	31,427.92	29,435.59	4,326.95	[57,771.07]		149,666.53

11. INCURRED EXPENSES		a. TYPE OF RATE (Place "X" in appropriate box) <input type="checkbox"/> PROVISIONAL <input type="checkbox"/> PREDETERMINED <input type="checkbox"/> FINAL <input type="checkbox"/> FIXED			12. CERTIFICATION I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.	SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL TYPED OR PRINTED NAME AND TITLE Adrian S. Wheeler, Controller	DATE REPORT SUBMITTED 12-12-80
b. RATE	c. BASE	d. TOTAL AMOUNT	e. FEDERAL SHARE	TELEPHONE (Area code, number and extension) (203) 846-3231			

17. REMARKS: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with legislation.

X

APPENDICES

A. Taking Stock: A Case Study of a Cattle Project in Rural El Salvador,
by Susan Goldmark.

Published in September 1980, this study is the first in-depth evaluation examining the impact of one of Technoserve's projects. A multi-disciplinary approach was used in order to provide the most comprehensive view possible of the project.

B. Quarterly Project Operating Reports

A selection of reports routinely compiled by country Program directors and home office analysts tracking individual project performance throughout the year as an example of on going project monitoring and self-evaluation.

C. World Bank Papers

Technoserve's concrete proposals for World Bank/PVO collaboration on development projects:

1. "Implementation: The Key to the Successful Use of Development Resources." Presented June 17, 1980 at the World Bank/PVO Meeting, Washington, D.C.
2. "Organization and Management in Enterprise Development." Presented December 4, 1980 to World Bank/PVO Workshop on Small Scale Enterprise Development, Paris, France.

D. Marketing Materials

A portfolio of new materials for marketing purposes, including Annual Report, General Information Brochure, Questions & Answers.

E. Additional Indicators: El Salvador Feedmills

Indicators which inform on business activity as well as social impact.