

PROJECT ASSISTANCE COMPLETION REPORT

GRANT No. 522-ESF-0258  
International Executive Service Corps

A. Background: IESC is a non profit US Private Voluntary Organization that provides production management and marketing assistance to private enterprises, and technical services to private and public agencies in developing countries worldwide. The services are provided by retired U.S. executives whose only compensation is reimbursement of travel expenses and in-country per diem.

B. Project Goal and Purpose: The Project Goal is to strengthen private sector organizations and enterprises to assure the growth of a healthy market-oriented economy. The Project purpose is to provide partial or total financing for short term assistance to resolve production, management and marketing problems of small and medium-sized private Honduran firms who are unable to pay the standard costs for services provided by the Grantee, International Service Corps (IESC). Whenever possible, beneficiaries will pay as much as possible for these costs.

C. Project Description: Under this grant, small and medium-sized businesses, export-oriented projects and private sector organizations were provided production, management, and marketing assistance. The services are provided by retired U.S. executives whose only compensation is reimbursement of travel expenses and in-country per diem.

D. Project Output: In general, most of the objectives were accomplished. By the end of the project, 186 projects (against 100 planned during the life of project) in assistance to small and medium-sized businesses have been completed in Honduras by IESC's volunteer executives. Furthermore, total project activity in the last year comprised the signing of 112 agreements for assistance in the country which placed Honduras first among the nations served by IESC worldwide.

E. Input: In August 1984, a Grant Agreement was signed with USAID/Honduras in the amount of Lps.100,000 for a period of two years for technical assistance to micro, small and medium enterprises in Honduras. This grant has been extended twice ending December 31, 1988 for a cumulative total of Lps.1,250,000,00 and covered expenses of approximately eighty-five volunteers.

F. Output Planned but not accomplished

All outputs were accomplished.

G. Financial Status:

The last Financial Report from the Controller/FARS office shows the total amount expended through April 30, 1989 was L927,854.08. The IESC bank account as of September 22, 1989, showed a balance of L243,298.53. The principle in this account was Lps. 236,300.68 and the amount of interest earned was L.6,997,84. Thus, IESC reimbursed a total of L.243,298.53 to the Government of Honduras on September 25, 1989.

H. Adjustments in Project Design: In 1988, IESC opened an office in Tegucigalpa, which since 1984 had been covered by the San Pedro Sula Office. The decision to open a new IESC office in Tegucigalpa was made because of the difficulty in trying to implement a distant marketing program and, most important, support the Volunteer Executive in Tegucigalpa from a city located some four and half hours away by car.

I. Results of Evaluations. Project files include financial analysis reviews prepared by AID/FARS and a final Project Evaluation was performed by the International Science and Technology Institute (ISTI), AID/PSP office received the final report in January 1989.

The evaluation findings stated that:

1. IESC/Honduras has provided an increasing amount of assistance to diverse sectors of the economy and to a wide variety of skill areas. Wide diversification in terms of types of industries assisted has been achieved.
2. The effectiveness of IESC assistance in terms of employment generation, productivity, sales improvement, and profit management, though difficult to measure statistically, was evident from interviews and anecdotal evidence. Client satisfaction was high and in an overwhelming majority of cases, the clients believed they received much more assistance than they had specifically contracted.
3. Funding for the IESC/Honduras program comes from three sources: client contributions, USAID/Honduras and the IESC Core Grant. Through 1988, the IESC Core Grant, funded through PRE Bureau in AID/Washington, covered the operating costs of the San Pedro Sula office, as well as the recruiting/IESC Stamford overhead costs. In 1989, the Core Grant no longer will cover recruiting costs in Honduras. These costs will have to be covered by USAID or by the clients.
4. Each IESC office in Honduras should utilize formal marketing plans which would include a minimum number of potential client visits per week, and targets on sizes and sectors of businesses. They should also consider geographic, or local considerations, and any other criteria suggested by the Country Director and USAID/Honduras in targetting their promotion activities. Use of advisory boards is another means of marketing IESC services.

J. Summary of Lessons Learned:

Four major lessons were learned during project implementation.

1. Guidelines for charging IESC clients and selection of recipients need to be established.

Under the follow-on project, a minimum client contribution in local currency equivalent of US\$1,000 has been established, and needs for future projects activities be established in such a way so that the volunteers are providing technical assistance for at least one month. The selection of recipients will be based on the

financial information and site visit to assess the physical condition and asset level of the client company. The information will be used by IESC to determine the level of financial support which will be required by a potential client.

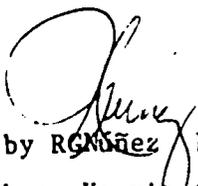
2. IESC's marketing efforts must be more focused and expanded.

IESC should establish target numbers for projects, both by size and sector, and a budget for advertising should be made.

3. Field offices are necessary to expand the number of projects and the sectors served. The opening of a field office in Tegucigalpa demonstrated this. Under the follow-on project, IESC will open a new office in La Ceiba.

4. Achievement indicators need to be developed to measure project impact. Under this project, how many consultancies were carried out, how many volunteer were contracted and the service provided was measured. However, no data base existed to measure whether VE assistance resulted in greater income or increased employment. In the design of the follow-on project, clear purpose level indicators and output measurements were developed.

- 4 -



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