

TechnoServe

A working solution to world hunger.

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TECHNOSERVE, INC.
MATCHING GRANT
NO. PDC-0158-A-00-1100-00
FIRST ANNUAL PROGRESS REPORT
JULY 1991--JUNE 1992

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49 Day Street • Norwalk, Connecticut 06854 • USA
Tel (203) 852-0377 • (800) 99-WORKS • Fax (203) 838-6717 • Telex-965-981

TechnoServe is a non-profit organization founded in 1968.

**FIRST ANNUAL PROGRESS REPORT TO THE AID/FF/PVC
MATCHING GRANT NO. PDC-0158-A-00-1100-00**

INTRODUCTION & ORGANIZATIONAL SUMMARY

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

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

The benefits of TechnoServe's training and education programs directly translate into farmer self-sufficiency, sustainable levels of food supply and food security, increased family incomes, better education and medical services, and other community amenities such as clean water and sanitation systems and electricity. With these social and economic gains, the rural poor can break the cycle of poverty.

TechnoServe operates programs in Kenya, Ghana, Nigeria, Tanzania, Uganda, Rwanda; Costa Rica, El Salvador, Panama, Peru, Nicaragua, Guatemala and Poland. Its international staff of approximately 200 persons are all highly qualified professionals with specialties in agronomy, animal husbandry, economics, business management, finance, and rural sociology. Most of these professionals are citizens of the country of operation.

Currently operating on an annual budget of \$7 million, TechnoServe is funded by an international group of private donors including foundations, corporations and religious agencies and international multi-lateral organizations such as the World Bank, the International Fund for Agricultural Development and the Inter-American Development Bank. A traditional donor since 1974, the U.S. Agency for International Development is currently supporting TechnoServe through core, or Matching Grant, funds, and also through mission authorized cooperative agreements in El Salvador and Uganda.

TECHNOSERVE

ACCELERATING RURAL DEVELOPMENT THROUGH THE TECHNOSERVE NETWORK MATCHING GRANT PDC-0158-A-00-1100-00

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I. PROJECT CONTEXT

1.1. BACKGROUND

In 1990, with its 25th anniversary coming into view on the horizon, TechnoServe--its Board and international Staff--laid out a strategy for the decade of the 1990s. This "New Directions Strategy" called for an accelerated program to develop and install innovative modes of field activity undergirded by new internal support structures, thus enabling TechnoServe to dramatically improve and expand its services to small- and medium-scale rural community-based enterprises.

With the approval of a new five-year Matching Grant by the Bureau of Private and Voluntary Cooperation in July 1991, TechnoServe began to implement this New Directions strategy. Key components of this strategy are: 1) the move to a decentralized organizational structure--which emphasizes country self-management--and 2) the formation of a TechnoServe Network--an international alliance of autonomous national programs and affiliate agencies or partners.

A third equally key component is increased service to community-based rural enterprises emphasizing TechnoServe's "key sector" approach in an ongoing effort to promote sustainable growth in the rural sector.

The objective of this three-fold strategy is to achieve, by 1995, a total of 16 country programs operating within an international TechnoServe network--comprised of autonomous country programs, ongoing and/or new country programs, and affiliate organizations--effectively assisting a total of 300 community-based enterprises on an annual budget of \$9 million.

By July 1992, or the completion of Year One of Matching No. PDC-0158-A-00-1100-00, TechnoServe reports that it is on target and on schedule toward achieving its objectives. With an international staff of 200, TechnoServe is currently providing long-term assistance to 120 enterprises in 13 countries on an annual budget of \$6.7 million. This First Year Progress Report reviews activities involved in all three key components, with special attention to the institutional review, planning and training that are prerequisite to successful implementation of all three key components.

1.2. PROJECT RATIONALE AND RESOURCES

Rural areas often have abundant but under-utilized resources--both natural and human. Yet most small-enterprise efforts concentrate on urban areas, effectively ignoring rural poor majorities. This state of affairs has been accentuated over the years, and TechnoServe has struggled to respond to a growing local demand for its enterprise development services. In response to this demand, in May 1990, TechnoServe's Board of Directors mandated a New Directions Policy with the intent of capitalizing on TechnoServe's 22 years of enterprise development experience to achieve higher level of program impact in order to assist more of the world's rural poor in their struggles to achieve improved quality of life for themselves and their children.

TechnoServe's Board and staff agreed that the best way to achieve the desired increase in impact and expansion of services was by permitting our traditional country programs to operate more independently and by expanding our collaborative programming and training activities with local institutions. Thus, the New Directions Strategy calls for a carefully coordinated five-year effort to: 1) strengthen self-directive capabilities of individual country programs with a five-year goal of operational decentralization; 2) promote "wholesaling" of technical services through creative partnerships with local institutions; and 3) concentrate country program activities on sector-oriented agricultural enterprise (geographic and product specific).

A key factor in achieving increased impact will be the formation of a TechnoServe "Network." Comprised of a mix of autonomous country programs, new programs and affiliate-based programs, the Network--which will be carefully built over the five-year period--will provide the overall framework for TechnoServe to move in the stated directions. The Network will also ensure that TechnoServe's high standards are maintained while freeing local initiative and creativity.

Renewed matching grant funding from AID/PVC is critical to the implementation of this New Directions Strategy, for the internal restructuring and staff training on which so much depends are activities not commonly funded by private donors. With its emphasis on developing sustainable rural enterprises tied securely to market-oriented economies, this TechnoServe Strategic Plan is in complete accord with current AID priorities--the promotion of free market societies, micro-enterprise creation, credit programs and strengthening of local institutions--and reinforces the compatibility of the TechnoServe/PVC funding partnership.

Finally, in its concern for economic viability of rural enterprises, TechnoServe is directing special attention to the issue of agricultural sustainability in a context of concern for the environment and for conservation of natural resources, another AID development priority.

II. MATCHING GRANT METHODOLOGY

2.1. PROJECT GOAL

Through this new Matching Grant, TechnoServe's broad development objective is to achieve increased and successful participation and integration of low-income farmers in developing countries into market-oriented economies through the development of sustainable community-based rural enterprises which improve productivity and contribute to community development and national prosperity.

2.1.2. PURPOSE

In terms of specific results to be achieved during the five-year grant period, TechnoServe seeks to provide improved and expanded technical assistance programs--both directly and indirectly--to increased numbers of small- and medium-sized rural community-based enterprises in Africa and Latin America, and thus effectively assist larger numbers of the rural poor to participate in viable, environmentally sound, market-oriented agricultural production, processing, marketing and business organizations.

2.1.3. PROJECT METHODOLOGY AND STRATEGY

The means for achieving these specific results has been defined with an implementation plan with two tracks: 1) Institution Building--Internal and External and 2) Rural Enterprise Development.

2.1.3.1. Institution Building/Internal--Decentralization and Network Formation

The internal activities strategy is concerned with promotion of country program self-management capabilities as prerequisite for 1) increasing program effectiveness and 2) achieving country program autonomy, or self-management within the TechnoServe organization and assuming a peer position in the TechnoServe Network. Functions to be transferred and/or strengthened in each country program include some previously performed by Norwalk Headquarters. These include:

- Office Procedures
- Human Resources Management
- DataBase Management (MIS)
- Financial Management
- Evaluation

- Fund Raising
- Public Relations
- Project/Enterprise Review and Selection

Individual training programs will be provided for each country on the basis of Country Program Assessment. Skills upgrading will be provided through the medium of Regional Training Seminars and special course training.

Decentralization goals and plans will be set out on a track and time-table parallel to the definition and adoption of the constitution of the "TechnoServe Network," major tasks of the first three years of the Matching Grant.

Key inputs for this Internal Institution Building Strategy are:

- Country Program Assessments
- Administrative Training (material & seminars)
- Professional Upgrading (materials & seminars)
- DataBase Installation
- Evaluation Training
- Network Design and Formation

The TechnoServe Network may include:

- The TechnoServe Core Organization--all country programs at all levels of development (14-16 countries)
- Affiliate Organizations--development organizations which have been formed with TechnoServe assistance
- Counterpart Organizations--institutions which have acquired an enterprise development capacity through partnership arrangements with TechnoServe.

2.1.3.2. Institution Building/External--Counterpart Strengthening

Formation of innovative institutional partnerships is the operative mode of this strategic component. By forming working partnership with host country development institutions and NGOs, TechnoServe aims to "wholesale" its enterprise development methodology with the result that more rural communities and more community-based enterprises will receive vital technical assistance and training. In forming these working partnerships, TechnoServe will provide advisory services and training geared toward basic functions of local institutions as well as training in enterprise development. A demonstrated capability in this regard will be a major factor in qualifying such institutions for membership in the TechnoServe Network. Benefits of membership will include provision of advisory services by TechnoServe worldwide staff with respect to enterprise methodology, evaluation, and data management.

The institutional service programs will consists of the following key inputs:

- Design of Individualized Training Programs
- Enterprise Development Training and Field Applications
- Institutional Management Training
- Information Systems Training
- Evaluation Training

2.1.3.3. Rural Enterprise Development

Provision of technical assistance programs in an increasingly cost-effective manner--to community-based rural enterprises and related development institutions--is the purpose of this component. In certain countries, this track will operate as a parallel, or complement, to innovative partnership operations. This is currently the case in Tanzania, Nigeria, and El Salvador. TechnoServe will concentrate on long-term business development within a sector focus in our usual integrated format which ranges from production through processing, credit and marketing activities.

Expansion to two new countries--one each in Latin America and Africa--is TechnoServe's minimum goal with official new country start-ups targeted for Years Three and Four.

Major output indicator in this category will be the number of enterprises assisted over the project period. TechnoServe's goals in this area is 300-400 major community-based enterprises receiving assistance through the TechnoServe Network.

Long-term assistance programs will be provided to 30-40 development institutions, including--but not exclusive to--partners and affiliates.

To ensure that TechnoServe advisors stay on the cutting edge of rural enterprise development, technical training opportunities and materials will be provided during the grant period. In addition, training of part-technicians will be promoted within the greatest extent possible within project communities, and suitable materials and training modules will be developed and disseminated as part of this activity.

2.2. KEY ACHIEVEMENTS OF YEAR ONE

Project implementation for Year One of the Matching Grant were on target with projections in TechnoServe's Implementation Chart (See Attachment II).

Key achievements included:

- **The 7th International Senior Staff Meeting**

The 7th Senior Staff Meeting took place in Norwalk in October 1991. As planned, this convocation functioned as the take-off point for the Institutional Strengthening/Decentralization activity.

Thirty-eight senior TechnoServe staff committed themselves to the Decentralization Strategy, the formation of the TechnoServe Network, and also to the long-range goal of an annual service outreach to 300 community-based enterprises by Year Five.

In addition to reaching group consensus on strategy, TechnoServe staff completed Country Training and Governance Assessments. During the following months) November 1991 to June 1992, these documents enabled staff to prepare agendas for special training modules which were conducted during the Regional Conferences in March and April in Latin America and Africa .

- **Strengthening Country Self-Management Capabilities**

Successful decentralization and self-management will depend to a large degree on consistent, quality performance in the line of duty. To this end, professional upgrading was a primary focus for regional conferences held in Africa (April 1992) and Latin America (March 1992) providing refresher courses to country program staff in such TechnoServe "basics" as feasibility studies, business plans, and market research.

During the year, professional staff from Norwalk's Financial Services Department travelled to both Africa and Latin America and conducted specialized training seminars for country controllers in TechnoServe's IFOAFM accounting and in job (project) costing systems.

During the same period, home office staff travelled to both Latin America and Africa to provide on-site training in Human Resources management.

In addition, continued training of country program staff in computer skills was provided during the same period by visiting staff from TechnoServe's MIS Department.

- **Full Implementation of TechnoServe's Field Database and Management Information Systems**

A major achievement of Year One was completion of the design, installation, worldwide training effort, and commencement of operation of TechnoServe's Field Database and Management Information Systems. With basic design completed by December 1991, Norwalk-based MIS staff traveled to each country program completing

installation and providing training to local staff. Based on TechnoServe's historical model of quarterly operating reports, our computer-driven MIS system--which is now fully operational in all countries excepting Nicaragua and Guatemala--produces a variety of reports. In addition to vital operations information, our MIS system can track social impact and environmental data, as well as impact summaries for use with development and donor communities alike.

- **Board Reaffirmation of New Directions Strategy**

In January 1992 the Board and Executive Committee Reaffirmed this direction with the publication of the Strategic Policy Statement, emphasizing institutional partnerships, expansion of services to reach more community-based enterprises and formation of local advisory Boards as part of this decentralization, network forming strategy.

- **External Institution Building and Partnership Formation**

Efforts to seek strong, innovative working partnerships within the regions have borne fruit: in Latin America with the conclusion of agreements with both the Inter-American Development Bank and the World Bank (Panama), and in Africa with the German-based Kreditanstalt fuer Wiederaufbau--KfW (Rwanda and Kenya) and the World Bank (Ghana).

III. MONITORING AND EVALUATION

3.1. MONITORING AND EVALUATION: GRANT INFORMATION

No changes have been made--either in terms of category or number--with respect to magnitude of inputs, assumptions, critical indicators or benchmarks as described in the Proposal, notably the Description of Program Inputs under Item C16-Program Foundation, or the Logical Framework, as presented in TechnoServe's Five-Year Matching Grant Proposal as Revised May 1, 1991.

3.1.2. TECHNOSERVE'S MONITORING AND EVALUATION SYSTEM

TechnoServe has a well-developed project/program monitoring and evaluation system, as well as trained staff to make it work.

Monitoring is accomplished via an integrated reporting system which includes, in order of increasing detail: the Country Specific Strategic Plan, Country Specific Annual Plan, Quarterly Project Operating Report, the Monthly Management Memorandum, the Project Feasibility Report, Project Business Plans and Project Completion Report. Tracking all these is the TechnoServe Field DataBase--a computerized monitoring system that tracks some one hundred key project variables. The latter include socio-economic and financial variables which are regularly monitored by TechnoServe staff.

Evaluation is carried out on two levels. TechnoServe evaluates not only for impact but for cost-effectiveness as well. Impact evaluation is performed by home and field office personnel through an integrated system of baseline, periodic and final evaluations. This ongoing system is applied at both project and program levels. In respect of the Matching Grant, key variables have been added to the database in order to track unique indicators, such as:

- Numbers of project enquiries
- Numbers of project investigations
- Demographic information, i.e. numbers of women participants
- Numbers of staff training sessions and seminars
- Numbers of counterpart training seminars
- Numbers of major enterprises assisted

3.2. MIDTERM ASSESSMENT

The Midterm Assessment for Matching Grant PDC-0158-A-00-1100 is scheduled for the latter quarter of CY1993, or early CY1994.

IV. REVIEW AND ANALYSIS OF PROJECT RESULTS BY REGION AND COUNTRY

4.1. AFRICA DIVISION

TechnoServe is assisting five country programs with Matching Grant funds: Ghana, Kenya, Nigeria, Rwanda and Tanzania. In July 1992, activities commenced in a sixth country--Uganda--under the auspices of a Mission funded Cooperative Agreement. While initially the program will concentrate on rehabilitation of rural credit programs, TechnoServe envisions moving to traditional TechnoServe program focused on community-based enterprises--utilizing Matching grant funds--probably sometime in 1994.

During the year, the major program emphasis was on Internal Institution Building as characterized by three main activities, or programmatic thrusts:

- **Upgrading Country Accounting Levels and Capabilities**
 - i. Senior level accountants/controllers were hired for each country program.
 - ii. Training sessions in TechnoServe's Financial Management System were conducted by Norwalk Financial Services staff in March and September 1992.
- **Installation of the Field DataBase**

During the year, TechnoServe headquarters staff provided on-site training in computer skills and use of the TechnoServe DataBase to produce strong and accurate monthly and quarterly project operating

reports. Training sessions were held in Ghana and Nigeria in April and Tanzania and Kenya in May.

- **Upgrading Project Management Skills**

The "TechnoServe University" held in Ghana from April 25-30 commenced a four-year divisional training curriculum which is designed to ensure that by 1995 each TechnoServe field office has a consistently high level of professional expertise to provide cost-effective technical assistance to low-income people well into the 21st Century. This training program provides the conceptual framework and effective means to assure TechnoServe's decentralization and enhanced field autonomy. To this end, courses focus on governance, skills upgrading (service delivery), strategic planning, evaluation, etc.--TechnoServe's enterprise development methodology.

The agenda for the Fall 1992 Regional Conference (scheduled for Mombasa in October 1992) was carefully crafted during the last quarter of Year One. Advanced training in Financial Management and Human Resources Management will continue the move toward country program strengthening and effective decentralization.

- **Rural Enterprise Development**

Each country program in Africa made significant progress in the expansion of services directly to community-based enterprises and indirectly--through stronger working partnerships with national and international development organizations.

4.1.2. GHANA

Responding to host government and World Bank demand, in 1991 TechnoServe/Ghana scaled-up its commodity sector focus--cereals and palm oil. Consistent with Matching Grant goals, TechnoServe also commenced work in a third sector, i.e. commercial pineapple production.

Sector development is progressing in partnership with major institutional donors. During the year, TechnoServe/Ghana contracted with the Government of Ghana and the World Bank to begin to implement a major palm oil processing project. Based on TechnoServe's pilot work in this area, the palm oil program will replicate the TechnoServe community-based processing model to 60 rural communities in Ghana and bring benefits to an estimated 500,000 people by 1997. TechnoServe will select groups, set up mill site, procure appropriate equipment, and provide technical and managerial training and assistance throughout the period.

For several years, TechnoServe has been working in partnership with Sasakawa/Global 2000 to assist maize farmers access agricultural inputs, store and market their crops. This partnership--which

commenced with two farm services cooperatives in 1987--had such an impact that it was expanded to include thirteen other farm service cooperatives in the Volta Region and--during the past year--expanded to the Upper West Region at the request and with financial support of the World Bank.

A major impetus to expansion of this sectoral focus came from the successful entry by TechnoServe/Ghana into Title II Monetization in 1991. A Food for Peace Monetization Planning Grant and the strong support of USAID Mission provided critical support for this TechnoServe "first" which will monetize 21,000 tons of wheat over a three-year period. The first shipment--5,000 tons--was successfully "monetized" in March 1992. Proceeds from the sales will be deposited in a "trust" fund and will be used to underwrite expansion of technical assistance services to community-based enterprises in specific food crop sectors. In addition, the trust will provide loans, loan guarantees, or bridge financing to community enterprises on a limited and selected basis. Finally, trust funds will enable TechnoServe/Ghana to advance quickly to self-management as a goal of decentralization.

The dynamics of program growth necessitated a corresponding growth in TechnoServe/Ghana staffing pattern as advisors were hired and trained in anticipation of expanding service programs in the oil palm and maize sectors. Thus TechnoServe drew more heavily against Matching Grant Country Budget to prepare for the expanded program outreach. This draw-down will be off-set, however, in the immediate future by increased fees from the World Bank and from Title II "trust" funds.

With skills-upgrading, a major goal in addition to their participation in TechnoServe training activities, Ghanaian project advisors attended the FAM-sponsored Food Aid Management Workshop held in Accra in May 1992. As noted in the introduction to this section, TechnoServe/Ghana was host to the Regional Training Seminar or "TechnoServe University" in April 1992.)

Numbers of community-based enterprises assisted totalled 12, eight service (cereals) co-ops, and four oil palm processing enterprises with a total of 16,000 beneficiaries.

In February 1992, Peter Reiling--formerly Director of TechnoServe/R&D Department--moved to Ghana where he took over as Country Director. Paul Warmka moved on to assume a an assignment as Regional Program Officer. By the end of Year One of the Matching Grant, TechnoServe Ghana staff had reached the level of 40 persons, as projected in the Country Specific Activities in the Matching Grant proposal.

4.1.3. KENYA

An evaluation of the Kenya Mission "buy-in" to Partnership Grant activities, which was conducted in Fall 1991, resulted in Mission approval for incorporation of TechnoServe/Kenya activities into the new Matching Grant. Effective March 16, 1992, TechnoServe/Kenya began to benefit from the various staff training programs scheduled under Matching Grant PDC-0158-A-00-1100-00, notably timely participation in the "TechnoServe University" held in Ghana for regional staff from April 25 to April 30. One Kenyan project advisor travelled to Addis Ababa in June 1992 to participate in the FAM Food Aid Management Seminar on Monetization.

During the year, TechnoServe/Kenya continued its concentration on food sectors, specifically, milk processing (the subject of the Partnership Grant "buy-in") and horticulture. Community-operated water systems--or mini water-utilities--another TechnoServe/Kenya specialty which received renewed impetus during the report period.

Improving the management of agricultural cooperatives has been the goal of TechnoServe's assistance program to the Taita Hills Horticultural Production Center, a 600-member cooperative supported by Germany's Kreditanstalt fuer Wiederaufbau (KfW). This German "Bank for Reconstruction and Development"--established through the Marshall Plan--has been so pleased with the results obtained by TechnoServe that it has decided to extend the benefits of the project and provide funding to TechnoServe to work with farm communities in the Mombasa Watershed commencing in CY 1993.

During the year--July 1991, June 1992, TechnoServe/Kenya--with a staff of 12--assisted two horticultural enterprises, four mala milk enterprises and one community water project. Numbers of beneficiaries exceeded 25,000.

4.1.4. NIGERIA

For TechnoServe/Nigeria, Year One of the new Matching Grant marked the establishment of the first group of community-based enterprises in this West African nation. These five enterprises are women's groups who were assisted in the development of palm oil and cassava processing enterprises that will serve as replicable models for the program.

The significant difference here is that this outreach was achieved by working through counterpart organizations. Since its inception in 1990, TechnoServe/Nigeria has worked in partnership with several local NGOs, and TechnoServe's first priority was to strengthen the enterprise promotion and self-management capacities of such counterparts as:

- The Country Women's Association of Nigeria (COWAN) and its membership of 15,000 women

- The Farmer's Development Union (FADU), with 3,000 members
- Nsukka United Self-Help Organization (NUSHO) with 2000 members
- Imo Self-Help Organization (ISHO) with 1,500 members.

In working to development the professional capabilities of these counterparts, TechnoServe/Nigeria moved ahead of its Year One schedule when it initiated an assistance program to ISHO during the year.

These associations have roughly 1,000 community-based food processing enterprises with approximately 20,000 participants, nearly all of whom use traditional, labor-intensive, processing methods which are very small-scale. With TechnoServe guidance, the counterpart associations will promote procurement of small-scale, low-cost processing equipment as well as the use of improved, higher-yielding crop varieties.

On target with Year One goals, seven training sessions were held for the counterpart associations. Community-based enterprises assisted numbered five, with a total number of 191 members (155 women) and 19,375 beneficiaries.

TechnoServe's Country Director is Meg Bowman, who has achieved staffing level goal for Year One--i.e. a total of seven persons--and implemented staff training as she has worked toward the institution building and enterprise development goals set for the country program. TechnoServe project advisors have participated in all internal training opportunities and have also participated in the Food Aid Management Monetization Seminar held in Accra in April 1992.

4.1.5. RWANDA

Initiated in 1985 through a Cooperative Agreement with USAID/Kigali, TechnoServe/Rwanda moved onto a broader base of financial support from the international donor community and a program focus that emphasizes the development and replication of viable agro-industrial models with a commodity sector focus and transfer of TechnoServe's methodologies to appropriate local institutions. Matching Grant funds are being directed to support this program expansion and also, most importantly, to the long-term goal of building TechnoServe/Rwanda into a fully indigenized, self-managed country program.

To that end in 1991, a Rwandan national--Themistocles Gasana--was been appointed Country Director. With a program staff totaling 12, the indigenization process is ahead of the Matching Grant schedule. Staff training has been a major emphasis in Rwanda, with accounting and budgeting of high priority. TechnoServe/Rwanda is

distinguished by the quality of its professional staff of eight advisors, who are outstanding for their analytical, planning and technical training skills.

Despite the still difficult political situation in Rwanda, Mr. Gasana and his staff have made considerable progress with replication of several enterprise models developed by TechnoServe/Rwanda during the past few years. Of these, pilot work in community-based rice production and processing and sunflower oil production and charcoal production are being expanded, with among them a total of six community-based enterprises receiving long-term technical assistance. USAID/Rwanda will provide funding for replication of the sunflower model in five communities.

With respect to strengthening local institutions, the Kreditanstalt fuer Wiederaufbau (KfW) will support TechnoServe/Rwanda in the provision of short-term business advisory services in partnership with the Development Bank of Rwanda.

TechnoServe/Rwanda is one of the first African programs to form its own advisory committee, a group of prominent Rwandan businessmen who now meet on a quarterly basis, and the likely precursor to a formal local support group, a major step toward autonomy in the TechnoServe Network.

4.1.6. TANZANIA

TechnoServe's program strategy in Tanzania is to develop a full TechnoServe program of assistance to rural agricultural community-based enterprises via direct assistance and indirect assistance--through strengthening local NGOs and other institutions. Formally initiated in 1991 (after a two-year start-up period), TechnoServe's Tanzania program has two major sector thrust--dairy and basic grains.

Country Director Geoff Burrell, formerly of TechnoServe/Kenya, established a permanent office in Arusha in 1991 and promptly commenced technical assistance programs with major NGO partners in both dairy and basic grain sectors.

Efforts to develop community-based mala milk enterprises are being developed in partnership with the Presidential Trust Fund for Self Reliance of Tanzania whose staff are receiving training in enterprise development in the context of the promoting milk processing enterprises for women. By strengthening this local NGO in its effort to serve the credit and technical assistance needs of women for enterprise development, TechnoServe will have a significant indirect impact on a large number of women beneficiaries. Thus, the first TechnoServe project in Tanzania, developing a cultured milk processing enterprise in Kilimanjaro Region (modeled after the "mala" milk pilots in Kenya) is with Ushiriika wa Waanawake (literally, Women's Partnership), a 351-

member women-sub-group of the Nronga Farmers' Cooperative Society. By September 1992, the women's group was producing and marketing 500 half-liter packets of cultured milk in Moshi town per week and in the same month commenced deliveries to Dar-es-Salaam.

The success of the Nronga project has brought prominence to TechnoServe/Tanzania which is now regarded as a dairy expert by World Food Program, the Government of Tanzania and notably by Dutch and German donor agencies. The Dutch development agencies have been conducting dairy work in the Tanga region on the northern border of Tanzania between Mt. Kilimanjaro and the east coast, an area heavily populated with thousands of small dairy producers. A dairy sector study got under way at the close of the report period and--depending on the recommendations--activities will be scheduled for 1993. Both Dutch and German (KfW) agencies seem interested in providing long-term financial support for the Tanga endeavor.

The second program, "sector", track is being developed in partnership with Sasakawa/Global 2000 (SG2000) in northern Tanzania. With SG2000 providing ag inputs, TechnoServe is organizing several thousand small-holder farmers into farm service associations to address credit, processing and marketing challenges. Currently at a level of six associations, the program will be doubled in size to twelve associations and 35,000 beneficiaries.

TechnoServe/Tanzania staff has been scaled up to a current level of four project advisors and a new accountant have benefited from TechnoServe training programs during the year.

4.2 LATIN AMERICA

TechnoServe has been working in several countries in Central and South America for over a decade: El Salvador since 1975, Panama since 1981, Nicaragua from 1977 through 1983 and again beginning in 1991, Guatemala since 1989, and Peru since 1981. Each of these countries experienced dramatic political changes in recent years, and each is struggling to solidify peace and political stability. Difficult economic structural adjustments at the national level has created hardships and new obstacles for TechnoServe's traditional clients, the small-scale farmers. During Year One of the new Matching Grant, grant funds enabled TechnoServe to implement its long-term strategy which emphasizes program decentralization and institutional partnerships to achieve wider programmatic impact.

In context with the Internal Institution Building Strategy, the following developments stand out:

- **Program Audit**

The first full-scale program audit was conducted in El Salvador during 1991. This activity yielded TechnoServe's formal Audit

Guide for Financial and Human Resources performance and will be the prototype for all TechnoServe country programs.

- **Upgrading Project Management Skills**

The regional seminar, held in El Salvador in March 1992, trained and tested all country project advisors for level of skills in standard operational areas as business planing, feasibility analysis, and sector analysis. The results found universally that advisor skills in these areas were quite high and that the need within the division was for specialized training involving human relations--i.e. managing problem situations--and special subjects such as environmental analyses, etc. Special training seminars will be scheduled in the Regional Conference in October 1992.

- **Field Database**

By the end of the report year, the FDB was fully operational in major countries--Peru, Panama, Costa Rica, El Salvador--with field personnel fully trained and data being accurately and fully entered.

The **External Institutions** component received strong impetus in two major areas:

- **Building Working Partnerships with Key Development Institutions**

TechnoServe entered into major working agreements--all with key sector focus--in Peru, Panama, El Salvador--with para-statal organizations, government ministries, and international development organizations.

- **Nurturing the Growth of Affiliate Organizations**

The first TechnoServe "spin-off"--ACAIPADE in Costa Rica--became fully independent. The experience, and its implications for the future, are currently the subject of a special evaluation.

In context with its Rural Enterprise Strategy, during Year One of this Matching Grant, TechnoServe provided direct assistance to 200,000 low-income farmers in six countries in Central and South America.

In March 1991, Luis Chavez--formerly TechnoServe's Vice President for Finance--moved to the Latin American Division where he assumed the role of Vice President.

4.2.1. COSTA RICA

Officially founded in Costa Rica in 1989, the Association for Integral Assistance for Development (ACAIPADE) was founded for the purpose of assuming complete responsibility for TechnoServe's development role and project portfolio. A period of institution and staff building followed. As agreed with ACAIPADE's Board of Directors, TechnoServe is to provide technical and financial support over a three-year transition period ending in 1992.

In 1991, all TechnoServe projects were transferred to ACAIPADE, while one TechnoServe advisor (on TechnoServe payroll) worked on the staff providing ongoing training and direct technical assistance. This working arrangement was found to be counter-productive, and--during Year One of the Matching Grant--TechnoServe traded its position on the staff for two seats on ACAIPADE's Board of Directors: TechnoServe Regional Vice President, Luis Chavez, and El Salvador Country Director Carlos Abarca now formalize this affiliate relationship and advisory capacities through this arrangement.

TechnoServe's on-going training responsibilities will be carried out through sub-grant arrangements with ACAIPADE. Since some Matching Grant training funds may be allocated to this activity, approval will be sought from AID/FFA/PVC.

The ACAIPADE model--and experience--holds important lessons with respect to the projected TechnoServe Network. For this reason, an external evaluation is currently being conducted. The results will be published--and first discussed--at the LA Regional Meeting in Panama in October 1992.

4.2.2. EL SALVADOR

Our largest program in Latin America, TechnoServe/El Salvador assisted 30 major community-based enterprises--most of them cooperative of the agrarian reform sector--during the year. In addition, TechnoServe/El Salvador is assisting 12 local development institutions, including para-statals and government agencies providing technical training in enterprise development, thus achieving maximum outreach and impact in the rural sector.

With a staff of 43 nationals, 30 of them project advisors, and an annual budget of \$1.8 million, TechnoServe/El Salvador has achieved all criteria for autonomy. A self-funding capability is virtually assured from international donor institutions in addition to USAID. High quality--in terms of "good" projects and staff performance--are given factors. With self-management at such a level, TechnoServe/El Salvador provides the TechnoServe organization with the perfect opportunity for studying and defining the "autonomy" experiment, its benefits and prerogatives.

During the next five years (the period of the Matching Grant), TechnoServe El Salvador will continue its focus on strengthening Phase I, III Agrarian Reform Cooperatives. It will also play a major role in the reconstruction period and, in a departure for TechnoServe, address reconstruction issues:

- i. repair and restoration of infrastructure
- ii. resettlement, vocational training of Sandinista combatants
- iii. micro-enterprise creation in urban and rural sectors

In accordance with TechnoServe's Matching Grant proposal, grant funds will not be allocated to program activities as described above. Rather, because of the rich training opportunities the program offers, TechnoServe El Salvador will function as a training hub for TechnoServe staff from around the world. Thus, matching grant funds will support various training seminars and opportunities for in-country staff and visiting staff from other TechnoServe programs.

Finally, the program and will also function as a conference site and workshop for exploring the issues surrounding the questions of decentralization, autonomy and network formation, questions which will require firm answers within the next couple of years.

4.2.3. GUATEMALA

TechnoServe commenced program activities in Guatemala in 1989 under a one-year assistance agreement concluded with PRODAC, a quasi-governmental office attached to the Ministry of Agriculture to provide institutional strengthening assistance to agricultural marketing centers and limited grant funding provided by USAID. Program activities were expanded to farming communities in the Highland Region with a special focus on non-traditional vegetable crops for export.

The demonstrated success of this project provided the basis for negotiations with the Government of Guatemala for the establishment of a permanent TechnoServe program in the country. Working toward this end throughout Year One of the Matching Grant, TechnoServe Country Director Atilio Bravo--who had been transferred from the Costa Rica program--proceeded to develop program plans and working relationships with government agencies PRODERE and FONAPAZ and detailed plans for the development of rural enterprises in resettlement zones in the Peten Region and in the Central Highlands surrounding Lake Atitlan.

With government decisions still in abeyance in July 1992, and no other significant funding firmly in sight (despite UNDP interest), TechnoServe decided to withdraw its resident country staff and provide periodic assistance as needed from outside the country. Mr Bravo relocated to Nicaragua and staff from other programs in the

region will provide service as may be requested by GoG agencies. TechnoServe remains poised to commence full program activities should the financial support be forthcoming.

Matching Grant funds budgeted for Guatemala program development will be reassigned in consultation with AID/FFA/PVC.

4.2.4. NICARAGUA

In accordance with its Matching Grant plan--and after an eight-year absence from the country--TechnoServe re-established its country program in Nicaragua. TechnoServe/Nicaragua officially opened its doors in Summer 1992 following preliminary operations lasting more than one year. Staffing consists of two advisors (one Country Director) and one support staff.

Delays in availability of USAID funding has prompted TechnoServe to approach the Inter-American Development Bank. Our proposal for long-term assistance is pending, with full approval expected by the end of December 1992. This program will focus assistance on a mix of farming communities and cooperatives and will represent both sides of the political spectrum, Sandinistas returning to farming and traditional small-scale farmers and farmer cooperatives. In this program, TechnoServe will be moving away from the traditional sectors (basic grains, cotton, coffee) and focus farm production on cattle, dairy production and citrus fruits.

As outlined in the Matching Grant proposal, grant funds will be allocated to both internal and external institution building once the program is under way and to experimental or pilot work in other agricultural areas.

4.2.5. PANAMA

TechnoServe's enterprise development activities in Panama have been increasingly successful and important to the country's agricultural sector and small-scale farmer, as the country deals with economic and political reform. During the past year, TechnoServe/Panama worked closely with the Government of Panama and the Inter-American Development Bank on the development of an integrated program to address the needs of small and medium-scale farmers. The name of the program "PROMESA" is the Spanish acronym for "Program for the Modernization of Agricultural Enterprise" and means "promise" in Spanish. When initiated in October 1993, the program will provide a significant boost to TechnoServe activities in Panama.

This important development is the result of consistent hard work by TechnoServe/Panama in behalf of small-scale farmers, notably in the Provinces of Veraguas, Cocre, Herrera, Chiriqui and, most recently, in the Canal Zone where TechnoServe has been working in partnership with Panamanian environmental agencies INRENARE (The Institute of

Renewable Natural Resources) and ANCON (Nature Conservancy) to assist subsistence farmers in the environs of Lake Alajuela.

TechnoServe's long-standing program of assistance to cooperatives in Veraguas Province resulted in an official request to design a \$10 million program for the International Fund for Agricultural Development (IFAD). This program will focus on the Association of Cooperatives of Veraguas (ASCOVE), an organization which has been revived and expanded with TechnoServe assistance in the past two years.

In another significant move, at the request of the U.S. Ambassador Deane Hinton, Technoserve/Panama took on a coordinating role for Peace Corps volunteers in Panama. Commencing formally in September 1992, TechnoServe will work with Peace Corps volunteers in the rural province--notably Veraguas--and provide guidance and training as the volunteers assist in the creation of rural micro enterprises.

The "collaborative partnership" is a prominent feature of the program activity of TechnoServe/Panama. In addition to its work with the Inter-American Development Bank (IDB), TechnoServe has been working closely with the Ministry of Planning, for whom it has become the principal planning agent to design the first projects under its democratization program, a program that will focus on health, housing and enterprise development.

TechnoServe's emphasis on innovative partnerships with development institutions has brought about a dramatic surge of interest in TechnoServe's capabilities and there is growing recognition of TechnoServe/Panama as a major development agency in the country. Matching Grant funds are pivotal in this process, providing the means for continued staff training and staff building and for the experimental pilot work in agricultural sectors. Matching Grant funds in 1991 were critical to TechnoServe's continued efforts in strengthening local development, farm service organizations--such as ASCOVE--into regional NGOs of real capacity to help their subsistence farmer constituencies.

4.2.6. PERU

From 1986 to 1991, Partnership Grant funds were a major factor in facilitating the growth of TechnoServe's program in Peru. Matching Grant funding provided vital support for sustaining the level of technical assistance in Peru's coastal river valleys and for conducting exploratory work in alternative agriculture during 1991-1992. While the value of the Soles was frozen by GoP action during the year, the inflationary spiral continued, a strain felt by TechnoServe as well. For this reason, it was necessary for TechnoServe to draw against grant funds budgeted for the Peru program at a higher rate during Year One.

This action enabled TechnoServe to sustain program momentum of key activities, notably the successful pursuit of a geographic "sector" approach to working with community-based enterprises in the Santa, Huaral and Canete River Valleys. By concentrating on specific crop sectors in these select regions, TechnoServe has achieved greater impact, bringing dramatic improvement in the incomes and lifestyles of 10,000 subsistence farm families, while 56,000 more people have benefitted indirectly. Despite the spiralling inflation and uncertainties created by the political situation, the benefits of this program have been:

- Increased agricultural production
- Land redistribution and entitlement
- Promotion of agro-industrial processing and marketing
- Improvement of irrigation infrastructure and water resource utilization
- Strengthening of service cooperatives and farm associations
- Successful introduction of non-traditional crops for export

The demonstrated success of these programs have resulted in requests from the Government of Peru for TechnoServe to replicate this sector program in other departments. Consequently, during the past year, TechnoServe conducted a program investigation in the Jequetepeque Valley, 660 kilometers north of Lima, where replication of the Santa Valley Program will begin in 1993. In the Chanchamayo Valley, in the rain forest of Junin Department, TechnoServe conducted an environmental impact study for the San Ignacio de Morococha Mining Company, an activity that also included a feasibility study on mulberry cultivation as an experiment in crop substitution.

In response to an invitation from USAID/Lima, TechnoServe/Peru is designing a crop substitution program for the infamous Upper Huallaga Valley.

The demonstrated success of this Peruvian program has enabled TechnoServe to begin operations in Bolivia, where--commencing September 1992--TechnoServe will commence a program in alternative crop development in the Chaparre Valley. This program--which will be initiated under a sub-contract with Planning Assistance--will focus on development of pineapple as an export crop, and agro-processing--juice and pulp--for local and export markets. Staff from TechnoServe/Peru and TechnoServe/El Salvador will be assigned to the project to provide direct assistance and also to train local staff.

TechnoServe/Peru, with its staff of 12, continued its close working partnerships with the CHINECAS Water Development Authority (National Development Institute), the Ministries of Agriculture and Education, and the Banco Agrario.

V. REVIEW AND ANALYSIS OF HEADQUARTERS SUPPORT FUNCTIONS

This section reviews the responsibilities and achievements of headquarters departments in vital "New Directions" functions: research and evaluation, development education, fund raising, technical training, matching grant administration and financial support. These tasks are carried out by three divisions: the Program Support Division, the Research and Development Division, and the Finance and Administration Division.

5.1. PROGRAM SUPPORT, GRANT MANAGEMENT, AND EXTERNAL AFFAIRS UNDER THE MATCHING GRANT

The Program Support Division--formerly the Department of Development and Administration--carries on its role as primary liaison with AID/PVC and its traditional oversight and reporting responsibilities for the Matching Grant. All aspects of fund raising, external affairs, and communications fall within the international scope of responsibilities of the department which--along with Finance and Administration--was reorganized in June 1991.

5.1.1. DIVISION REORGANIZATION

In June 1991, the position of Vice President for Program Support was created to provide for an exclusive focus on the critical support functions that constitute a lifeline for TechnoServe. Ms. Caroline Williams--who took on this leading role in summer 1992--comes to TechnoServe from the world of investment finance, most recently as a Managing Director with Donaldson, Lufkin, & Jenrette, Inc. This emphasis on finance is not accidental. It reflects TechnoServe's intent to broaden its support base and institutional linkages--or partnerships--in implementing development programs.

The administration of the Matching Grant remains this department's responsibility. Ms. Barbara Magner, Director of Government and Donor Relations, continues her oversight and reporting responsibilities for the Matching Grant and also liaison and grant development with other AID Bureaus, i.e. Food for Peace, Women in Development, and R&D.

Mr. Alexander Liu, formerly a Vice President of Bankers Trust and investment advisor to the Koch Administration in New York City, has joined the Program Support staff specifically to provide expertise in the field of trust management. Mr Liu brings his experience and expertise to particularly good use in the matter of currency exchange rates and debt-swap transactions. As a result, TechnoServe's first debt-swap was effected in Tanzania in October 1992, through the good office of Debt for Development.

During the year, the division carried on its active role in exploration and development of non-traditional working

partnerships--such as combined efforts with American land-grant universities--and exploration of new program opportunities.

5.1.2. FOOD FOR PEACE

As noted earlier in this report, in March 1992, TechnoServe commenced a three-year Title II Monetization Program in Ghana. Program Support provides institutional linkages to Food for Peace in respect to documentation and logistics of wheat shipments, and carries specific administrative responsibility at headquarters for development of guidelines for establishment (and management of) trust funds as a suitable vehicle for monetization proceeds. An Institutional Support Grant awarded by Food for Peace in June 1992--and administered by Program Support--will enable TechnoServe headquarters to provide professional guidance and services in respect of trust fund management. A new activity for TechnoServe Title II monetization has already demonstrated its effectiveness in helping TechnoServe achieve increased program impact.

5.1.3. FUND RAISING

The department efforts to attract substantial grant funds from corporations and foundations continues to meet with success, despite increasing competition and the bleak economic forecast. The Direct Mail Program, formally initiated in 1988, is on target with its "New Directions" goal of \$800,000 annually by 1994. Ms. Darlene Brown continues to manage this very successful program with the expert support services of Sanky Perlowin Associates, direct mail firm.

TechnoServe's Board of Directors provided effective leadership for the New Enterprise Campaign. Launched early in 1991, this campaign is close to achieving its three-year goal of \$3 million in order to launch new country programs and innovative new enterprises.

5.1.4. COMMUNICATIONS

TechnoServe continues to give special attention to outreach to its donor community specifically and the public at large. In addition to a growing number of newsletters and special reports for donors, Douglass Ray, Director of Communications, produced a new 20-minute video depicting TechnoServe programs worldwide. This documentary, which is narrated by TechnoServe "ambassador" Cliff Robertson, is impressing donor audiences around the country. Harrod Mirlin--the Toronto-based advertising agency working on a pro bono basis--produced a second series of TechnoServe ads, the first of which appeared nationwide in the 9/21/92 issue of TIME Magazine.

5.2. RESEARCH, DEVELOPMENT EDUCATION, EVALUATION

It is the task of the R&D Division to share TechnoServe's experiences, lessons learned, and methodologies with a broad international audience of development professionals.

During the period July 1991-June 1992, the story of TechnoServe's experiences reached new audiences through a major national conference, publication of the first of a series of teaching cases, and presentations at gatherings across the country and around the world.

In late June 1991, at Stanford University, TechnoServe co-hosted a gathering of 200 nonprofit professionals. The topic was cost-effectiveness in program delivery, a discussion centered on the various systems applied by select institutions and organizations ranging from delivery of health systems to management of cultural institutions like museums. The two-day seminar was organized jointly by TechnoServe, the Public Management Program of Stanford University and the Support Center of San Francisco. TechnoServe/R&D is now putting the finishing touches on the book, **Cost-Effectiveness in the Nonprofit Sector**, which features the individual conference presentations. This book will be published in February 1993 by Quorum Books of Westport, Connecticut.

The "teaching case" is another new vehicle R&D is utilizing to share TechnoServe experiences with a wider audience. Funded by AID through a Biden-Pell grant and based on the model pioneered by Harvard Business School, a TechnoServe series of 12 teaching cases will promote greater understanding of the complexities of international economic development among university students in the United States and abroad. Andrea Luery is TechnoServe's Manager of Development Education and chief author/editor of this innovative educational program.

From August through September 1991, R&D participated in the AID-funded external evaluation of the Partnership Grant in Africa. And, as the year 1991 ended, R&D Director Peter Reiling moved to Ghana to take the post of Country Director. Gerald Schmaedick, for twelve years head of TechnoServe's Latin America Division, moved to head R&D in January 1992.

5.3. FINANCE AND ADMINISTRATION ACTIVITIES UNDER THE MATCHING GRANT

This section presents all activities undertaken by TechnoServe's Finance and Administration Division in relation to the Matching Grant. Most activities were related to improving field office capabilities to decentralize operations. These activities included: training; the development of expanded auditing procedures in the areas of financial, personnel and data management; follow-up work in the further development and implementation of the Field Operations Database (FDB); and a few other activities in the area

of Home Office staff training. It is important to mentioned that the Finance and Administration was reorganized during the reporting period.

5.3.2. DIVISION REORGANIZATION

The Finance and Administration Division is composed of three departments: Financial Services, Human Resources and Administration, and Management Information Services. This Division was headed by Luis Chavez who has since taken the position of Vice President of the Latin America Division. Alberto Espinosa, who was Director of Management Information Services, assumed the position of Director of the Finance and Administration Division since May 1992. Terri Scofield assumed the position of Manager of the Human Resources and Administration Department. Jim McKinney assumed the position of Systems Manager in charge of all MIS activities. Mr. Espinosa's position of Director of MIS was never replaced because he will continue to give overall direction to that department. Instead, a programmer will be hired in 1993 who will continue the further development of TechnoServe's business software. Also there are preliminary plans to hire an entry-level accountant in 1993, so that the more experienced accountants can spend more time training and developing documentation. This reorganization has made the Division more cost-effective and, with the planned additions in 1993, will be able to sustain planned growth.

5.3.3. TRAINING ACTIVITIES

Training activities are geared at improving the institutional capabilities of TechnoServe's field offices so they have the necessary skills to operate in a decentralized mode. The main focus in the last year has been in the areas of financial management and management information systems. Financial Services staff traveled to Peru, Costa Rica, Kenya, Ghana, Rwanda, Nigeria and Poland to conduct financial management training activities. Financial management training is usually done in combination with financial audits. Maureen Lally from Financial Services also conducted a regional workshop in Kenya on financial management for all Controllers and Financial Managers in the African field offices. Even though Poland is not included in the Matching Grant, we are reporting on the training done in that country since it is part of our overall decentralization training plans. There is a similar workshop for Country Directors at our Africa Regional meeting in October 1992.

MIS staff traveled to Kenya, Tanzania, Rwanda, Poland, Guatemala, Panama, Peru and El Salvador to conduct computer training activities. Similar trips were taken by other Home Office staff, in coordination with the MIS Department to Ghana, Nigeria and Costa Rica. All computer training trips were taken in combination with Field Database (FDB) implementation trips.

5.3.4. FIELD AUDITS

One of the Division's objectives for 1992 is to increase the scope of audits to include financial, personnel and data audits. Financial audits have generally focused on ensuring that sound financial controls are in place in the field offices and that accounting procedures follow TechnoServe standards and Generally Accepted Accounting Principles (GAAP). Some financial management training has taken place in combination with these audits to address the weaknesses identified and to help field staff learn field financial management systems. Financial audits have been conducted in Peru, Costa Rica, Kenya, Ghana, Rwanda, Nigeria and Poland during the reporting period.

The nature of these audits have been expanded in depth and scope. Audits now include a study of policies and procedures to determine the extent to which a field office has the capabilities to carry out decentralized operations. As a result, the auditor recommends procedures that will improve the financial operations of the field office. In addition, the audit includes an assessment of the local training needed to improve the staff's skills.

The scope of audits also include the area of personnel management to ensure that our field personnel policies and procedures are in accordance with proper personnel management practices and TechnoServe standards, and to verify that such standards are applied consistently. One such audit has been conducted in El Salvador in July 1992 and three more are underway in Rwanda, Tanzania and Kenya.

The field operations database (FDB) is becoming more and more a key management tool. Data audits are part of auditing plans to ensure that the FDB is both consistent, accurate and reliable. The sources of the data is reviewed to verify that the FDB reflects what is really happening in the field. We also verify the integrity of both, field data and software. The data audits also reveal the extent to which the data reporting and quality control procedures are being followed and give an indication of the extent to which the staff involved in these procedures understand our data definitions and established procedures. Field data audits have been conducted in El Salvador, Kenya and Tanzania during the reporting period.

These expanded audits have proven to be very valuable in improving field capabilities in the move toward decentralized operations and in assessing local training needs. The typical audit report has been expanded and standardized into three separate reports: (1) Internal Control Report, which is very concise. This report presents problems found with internal controls, which MUST be corrected; (2) Recommended Procedures Report, which contains more details and recommendations in relation to procedural improvements needed to progress towards decentralization; and (3) Training Needs

Assessment Report, which identifies areas that require further staff training. The attached Internal Audit Guidelines (Attachment II) explain the nature and content of these audits. The guidelines were completed recently to help field offices prepare for such audits and as a self-assessment guide.

5.3.5. FIELD OPERATIONS DATABASE (FDB)

The FDB is our primary operations monitoring tool. During the reporting period the first version of the FDB system was implemented worldwide. An updated version was also developed with improved data collection and reporting capabilities. This new version has now been installed in all country programs except Rwanda, which is scheduled for implementation early in 1993. All countries have been visited once for initial installation and training on the FDB system. MIS staff have also traveled to Kenya, Tanzania, Guatemala, Panama, Peru, El Salvador and Costa Rica for FDB follow-up trips. These follow-up trips include the installation of the updated FDB version, data quality review, data collection process review, and further training. Each FDB trip is complemented with a trip report that outlines the activities undertaken, the established data collection procedures, and the staff responsible for these procedures. The attached memo (12/9/91 FDB Implementation in Rwanda--Attachment III) is an example of one such report.

The data quality stored in FDB has improved significantly in those countries where follow-up trips have taken place. The regular quarterly FDB reports are distributed on a selective basis to senior management, board members and donors. Our country directors have now conceptualized this tool, and many of them are actively using it for regular project and country program management.

With the reorganization of the Finance and Administration Division, some of the planned system development activities were temporarily delayed. Further development of the system is scheduled for 1993 when a full-time programmer will be recruited. The current system is a sophisticated database management tool designed in-house, which has the flexibility to expand and add new databases as needed with relative ease. The FDB is just one such database, which contains enterprise operations and beneficiary data. This FDB will be expanded in 1993 to include data on institutions, graduated projects, short-term assistance and training activities. Two other Home Office databases have been implemented using this tool to keep track of donor data, and for financial projections and budgeting control (Source/Use database). We will work with our field offices in 1993 to take advantage of this flexible tool and set up their own local databases.

VI. FINANCIAL REPORT

6.1. MATCHING GRANT FINANCIAL REPORT YEAR ONE

The Core Budget of the Matching Grant is \$4,500,000 of which \$1,800,000 has been obligated by AID/FVA/PVC. There are no Mission's Buy-in added to this Grant.

TechnoServe Matching Grant draw-down for Year One amounted to \$1,025,000 and TechnoServe's matching contribution for the same period amounted to \$2,153,847.

Expenditure Statements for the grant period July 1, 1991 through June 30, 1992 are provided in the following pages. In accordance with AID reporting guidelines, the financial reports include:

- AID MATCHING GRANT NO. PDC-0158-A-00-1100-00 BUDGETED VERSUS ACTUAL EXPENDITURES - YEAR ONE (7/1/91 - 6/30/92)
 - A.1 Summary Report
 - A.2 Program Report
 - B. Sources of Funds
- FINANCIAL PROFILE OF TECHNOSERVE, INC. FOR YEARS 1991 THROUGH 1996.

TECHNOSERVE FINANCIAL REPORT
 AID MATCHING GRANT No PDC-0158-A-00-1100-00
 Budgeted versus Actual Expenditures
 YEAR 1 (7/1/91 to 6/30/92)

G:MGRE2YR1.WK1

A.1 SUMMARY REPORT

| | AID | | TECHNOSERVE MATCH | |
|----------------|----------------|------------------|-------------------|--------------------|
| | BUDGET | ACTUAL | BUDGET | ACTUAL |
| Program Costs | 683,000 | 838,103 | 683,000 | \$1,761,117 |
| Indirect Costs | 125,000 | 186,897 | 125,000 | 392,730 |
| Procurement | 27,000 | | 27,000 | |
| Evaluation | 69,000 | | 69,000 | |
| Total | 904,000 | 1,025,000 | 904,000 | \$2,153,847 |

A.2 PROGRAM REPORT

| | AID | | TECHNOSERVE MATCH | |
|----------------------|------------------|--------------------|-------------------|--------------------|
| | BUDGET | ACTUAL | BUDGET | ACTUAL |
| Ghana | \$26,000 | \$167,621 | \$26,000 | \$282,884 |
| Kenya | 51,000 | 25,348 | 51,000 | 123,811 |
| Rwanda | 42,000 | 77,678 | 42,000 | 127,938 |
| Tanzania | 95,000 | 20,032 | 95,000 | 145,797 |
| Nigeria | 72,000 | 57,645 | 72,000 | 167,261 |
| New Country | 23,000 | | 23,000 | 77,154 |
| Salvador | 32,000 | | 32,000 | |
| Panama | 64,000 | 35,977 | 64,000 | 284,744 |
| Peru | 66,000 | 175,307 | 66,000 | 400,586 |
| Costa Rica | 42,000 | 67,048 | 42,000 | 25,376 |
| Nicaragua | 72,000 | 69,747 | 72,000 | 36,515 |
| Guatemala | 72,000 | 91,006 | 72,000 | 42,659 |
| New Country | | | | 12,523 |
| R&D | 49,000 | 50,694 | 49,000 | 33,869 |
| HO Matching Grant | 74,000 | | 74,000 | |
| Indirect Cost | 125,000 | 186,897 | 125,000 | 392,730 |
| Total Expense | \$905,000 | \$1,025,000 | \$905,000 | \$2,153,847 |

B. SOURCES OF FUNDS

| | |
|------------------------|--------------------|
| Religious Org. | \$212,810 |
| Foundations | 555,589 |
| Corporations | 260,931 |
| Individuals | 385,522 |
| PVO Collaboration | 34,769 |
| AID/Matching Grant | 1,025,000 |
| Host Country Inst. | 151,243 |
| Multilateral/Bilateral | 478,992 |
| Project Fees | 58,227 |
| Interest and Other | 15,764 |
| Total Sources | \$3,178,847 |

5 YEAR PRO-FORMA INCOME STATEMENT (Thousands)
For the Year Ending December 31,

| Description | 1991 Final | 1992 | 1993 | 1994 | 1995 | 1996 |
|-------------|---------------|------|------|------|------|------|
|-------------|---------------|------|------|------|------|------|

SUPPORT AND REVENUE

| | | | | | | |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Religious Org. | \$259 | \$346 | \$298 | \$330 | \$370 | \$410 |
| Foundations | 796 | 437 | 621 | 680 | 760 | 850 |
| Corporations | 488 | 616 | 508 | 560 | 620 | 700 |
| Individuals | 701 | 723 | 740 | 800 | 900 | 1,000 |
| Sub-Total | \$2,243 | \$2,122 | \$2,167 | \$2,370 | \$2,650 | \$2,960 |
| PVO Collaboration | 276 | 134 | 170 | 190 | 200 | 230 |
| AID/Matching Grant | 895 | 650 | 900 | 900 | 900 | 450 |
| AID/Washington | 350 | 450 | 303 | 100 | 0 | 0 |
| USAID Missions | 1,654 | 1,630 | 2,000 | 2,000 | 2,000 | 2,000 |
| Host Country Inst. | 208 | 359 | 394 | 430 | 480 | 600 |
| Multilateral/Bilateral | 483 | 599 | 1,250 | 1,500 | 1,800 | 2,000 |
| Project Fees | 103 | 130 | 49 | 55 | 60 | 70 |
| Interest and Other | 86 | 52 | 105 | 110 | 120 | 130 |
| NEC Campaign | 188 | 500 | 500 | 550 | 100 | |
| Monetization | | 466 | 489 | 540 | 600 | 700 |
| Total Income | \$6,486 | \$7,092 | \$8,327 | \$8,745 | \$8,910 | \$9,140 |

EXPENSES

| | | | | | | |
|----------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Ghana | \$471 | \$597 | \$903 | \$990 | \$1,100 | \$1,100 |
| Kenya | 365 | 366 | 343 | 370 | 420 | 420 |
| Rwanda | 433 | 209 | 267 | 290 | 330 | 370 |
| Tanzania | 124 | 196 | 306 | 330 | 370 | 420 |
| Nigeria | 202 | 222 | 329 | 360 | 400 | 450 |
| Uganda | 49 | 163 | 207 | 220 | 250 | 280 |
| Zaire | 52 | | | | | |
| Sudan | 7 | | | | | |
| AF Region | 53 | 25 | 39 | 40 | 50 | 55 |
| Salvador | 1,261 | 1,417 | 1,614 | 1,400 | 1,400 | 1,400 |
| Panama | 272 | 361 | 372 | 550 | 610 | 700 |
| Peru | 528 | 451 | 405 | 450 | 500 | 500 |
| Costa Rica | 114 | 106 | 62 | 70 | 75 | 85 |
| Nicaragua | 85 | 65 | 272 | 350 | 390 | 400 |
| Guatemala | 109 | 146 | | | | |
| Bolivia | | | 86 | 200 | 220 | 250 |
| LA Region | 5 | 20 | 32 | 35 | 40 | 44 |
| Poland | 226 | 371 | 300 | 100 | | |
| Other Activities | 15 | | | | | |
| R&D | 238 | 210 | 133 | 140 | 160 | 180 |
| HO Matching Grant | | 0 | 178 | 190 | 200 | 90 |
| Program Support | 751 | 857 | 930 | 1,020 | 1,120 | 1,150 |
| Administration | 943 | 890 | 976 | 1,050 | 1,150 | 1,200 |
| Total Expense | \$6,302 | \$6,672 | \$7,751 | \$8,155 | \$8,785 | \$9,094 |

CHANGE IN FUND BALANCE

| | | | | | | |
|---------------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Total Change | \$184 | \$420 | \$576 | \$590 | \$125 | \$46 |
|---------------------|--------------|--------------|--------------|--------------|--------------|-------------|

VII. LESSONS LEARNED AND RECOMMENDATIONS

- With Year One of the Matching Grant just concluded, it is too early to comment in concrete terms, let alone draw any conclusions, on the results of the decentralization, external institution building, and network building strategies. Specifically, the regional meetings scheduled for Years Two and Three will provide the appropriate and timely opportunities for re-examination of these goals, and adjusting our plans in accordance with our findings during the critical months of these two years. We will, therefore, reflect on our findings in this section of future annual reports.
- It is a fair assessment to say, however, that we have realized that the "network" concept will require more time to be developed conceptually, and great care taken in its formation. The destabilizing effect of moving too fast must be avoided.
- As a critical component in the decentralization process, the effectiveness of the staff training efforts undertaken in Year One cannot be doubted. The unifying effects of a uniform competence in key areas--i.e. financial management, database management, reporting--are evident in the quality and regularity of data now being communicated to headquarters.

VIII. ATTACHMENT 8.1
LOGICAL FRAMEWORK (ORIGINAL)

| | | | |
|--|---|---|---|
| <p>GOAL Increased & successful participation of low-income farmers in developing countries in a market-oriented global economy, through the medium of sustainable rural enterprises which improve productivity, create employment, and contribute to community development and national prosperity.</p> | <p>INDICATORS TechnoServe services reach an increased number of enterprises which have significantly increased productivity and income levels, and are sustainable after TechnoServe assistance has been withdrawn.</p> | <p>VERIFICATION -MIS data retrieval system -Quarterly operating reports -Monthly activities reports -Project Termination Reports -Case studies -Mid-term evaluation -Cost-effectiveness analysis -Post-Program Evaluation</p> | <p>ASSUMPTIONS -Maintenance of global political stability -Free market economies continue to thrive -International aid & credit flows are maintained & grow</p> |
| <p>PURPOSE To provide improved and expanded technical assistance programs - directly and indirectly- to increase numbers of small and medium-size rural community-based enterprises in Africa and Latin America, and thus effectively assist larger numbers of the rural poor to participate in viable, environmentally-sound, market-oriented production, processing, marketing and agricultural service and business organizations.</p> | <p>INDICATORS -Number of major rural enterprises assisted through decentralization and network strategies has doubled over current levels. -Sustainability achieved by majority of enterprises. -Sector and project approaches being replicated by other institutions. -Interactive network achieving measurable outreach and impact.</p> | <p>VERIFICATION -MIS data retrieval system -Individual enterprise audits -Quarterly operating reports -Monthly activities reports -Cost-effective analysis system -Project completion reports -Divisional field reports -TechnoServe program monitoring reports -TechnoServe Network conference reports</p> | <p>ASSUMPTIONS -Stable markets -Positive host government development policies -Favorable climatic growing conditions -Availability of development capital -Availability of development credit -Continued prioritization by AID & bilateral agencies of small enterprise development</p> |
| <p>OUTPUTS -> Increased numbers of economically viable, environmentally sustainable, rural enterprises -> Innovative institutional partnerships for greater impact -> A stronger, more effective and decentralized TechnoServe -> More accessible, cost-effective service delivery systems -> An international network of TechnoServe programs and counterparts -> Expansion into 2 new countries in Africa and Latin America -> Positive influence at national, AID and multi-lateral donor policy levels</p> | <p>INDICATORS -400 to 500 community-based enterprises assisted -2 to 3 wholly autonomous, largely self-funded country programs -3 to 5 regional/national collaborating affiliates -6 to 8 semi-autonomous country programs -2 new country programs established -36 MIS training seminars -150 to 200 decentralization training sessions -150 to 200 counterpart training seminars -2 international network conferences -1 international cost-effectiveness conference -TechnoServe policy recommendations sought and considered.</p> | <p>VERIFICATION -Monthly and Quarterly operating reports -TechnoServe Headquarters Management and Executive Committee Reports -Counterpart agreements -Project agreements -Feasibility studies -Analyses of sustainability targets -Staff training reports -Counterpart training reports -Project business plans, financial reports -Cost-effectiveness conference documentation -Publication of cost-effectiveness volume -TechnoServe Board of Directors Reports -Reports of network meetings -Network evaluations</p> | <p>ASSUMPTIONS -Continued demand by sponsor groups -Continued demand by counterpart institutions -Sponsor groups and institutions continue to have freedom to operate -Absence of natural disasters -Supportive host country governments -Retention of qualified, motivated staff -Sustained international private funding base -AID Matching Grant of \$7.5 million</p> |
| <p>INPUTS Institution Building Strategy: A. Internal -Form TechnoServe Network -Research, develop, and disseminate computer applications for program management -Implement interactive network MIS with TechnoServe Network countries -Refine & disseminate cost-effectiveness methodology -Strengthen institutional evaluation system B. External -Strengthen affiliates and counterpart organizations -Expand to two new countries -Implement institutional training programs -Promote autonomous TechnoServe country programs Rural Enterprise Strategy: -Increase agribusiness assistance to rural CBEs -Improve production and natural resource management of CBEs -Improve service and credit programs of co-ops and farm associations -Expand to two new countries -Research, develop, and disseminate advisor training materials/modules -Research, develop, and disseminate computer applications for enterprise management -Provide impact analysis and evaluation training to advisors to project advisors -Develop and implement field operation database system</p> | <p>INDICATORS FY 91 92 93 94 95 (\$000) 1396 1520 1568 1418 1370 546 476 588 710 554 1092 984 1110 956 712 Total Per Year 3034 2980 3266 3084 2636 1517 1490 1633 1542 1318 1517 1490 1633 1542 1318</p> | <p>VERIFICATION -Country Program annual plans and budgets -TechnoServe personnel records -MIS data retrieval system -TechnoServe training records -TechnoServe publications -TechnoServe Financial System -TechnoServe Annual Audit -Mid-term evaluation -End-of-Project evaluation</p> | <p>ASSUMPTIONS -TechnoServe programs complement USAID/CDSS -TechnoServe programs complement host country development priorities -TechnoServe strategies consistent with Board approved Strategic Plan</p> |

VIII. ATTACHMENT 8.2
IMPLEMENTATION PLAN

ACTIVITIES

Year 1 Year 2 Year 3 Year 4 Year 5
 QTR1 QTR2 QTR3 QTR4 QTR1 QTR2 QTR3 QTR4 QTR1 QTR2 QTR3 QTR4 QTR1 QTR2 QTR3 QTR4 QTR1 QTR2 QTR3 QTR4

HQ = Headquarters F = Field Offices

INSTITUTION BUILDING INTERNAL

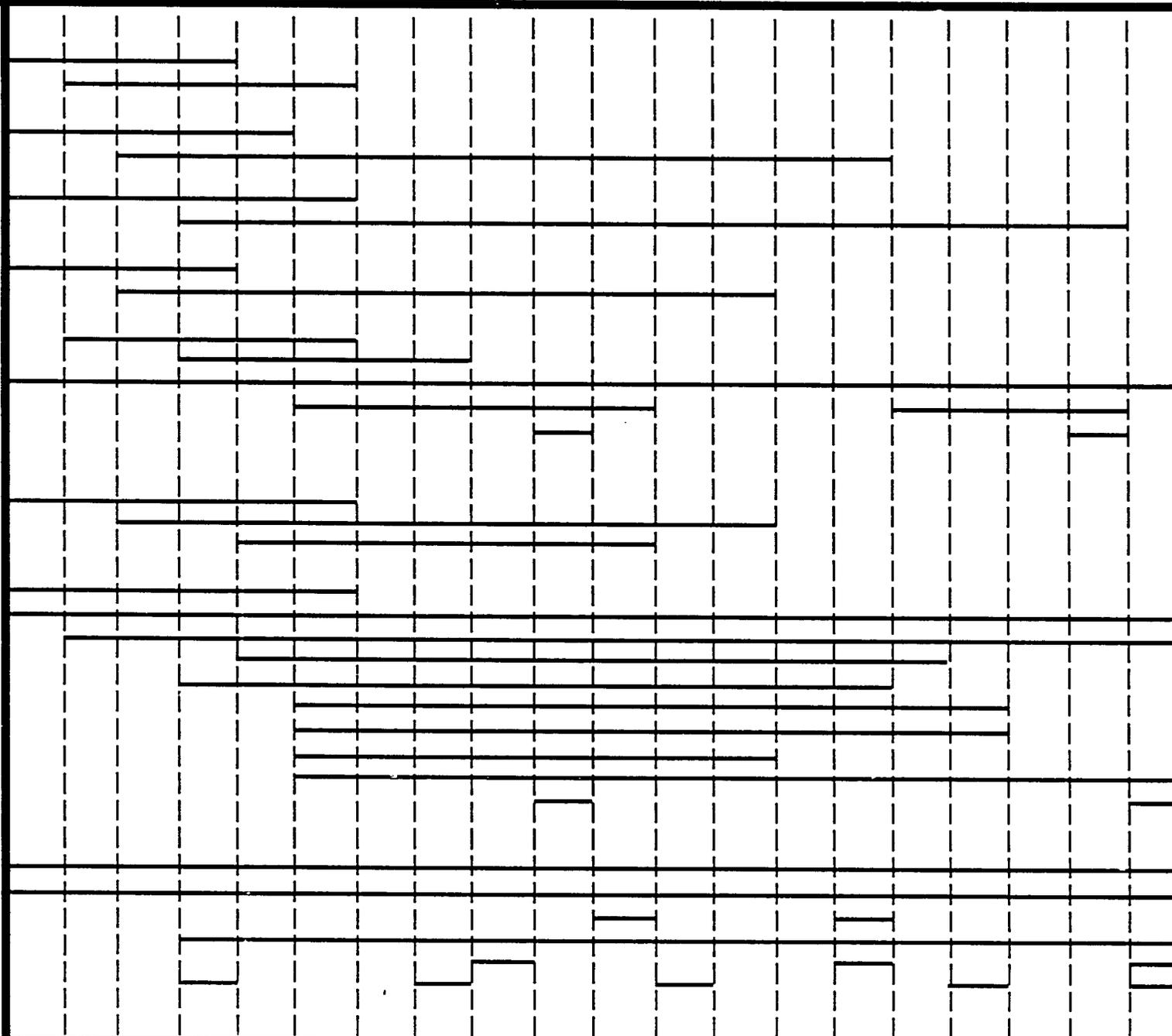
- Country Assessment F
- Decentralization Plans HQ/F
- Administrative Training
- Develop Materials HQ
- Sessions F
- Professional Upgrading
- Develop Materials HQ
- Sessions F
- Data Management System
- Complete Installation F
- Complete Training F
- Evaluation
- Develop Materials HQ
- Training F
- Program Monitoring F
- Network Formation HQ/F
- Program Evaluation HQ/F

INSTITUTIONAL BUILDING EXTERNAL

- Institutional Assessments F
- Strategies Development HQ/F
- Partnership Agreements F
- Institutional Training
- Develop Training modules HQ/F
- Promote CBE Assistance F
- Inst. Management Training F
- Info. Systems Training F
- Eval. Methodologies Training F
- Partnership Assessments F
- Formation of Local Advisory Boards F
- Formation of Network HQ/F
- Network Monitoring HQ/F
- Network Impact Evaluation F

RURAL ENTERPRISE STRATEGY

- Direct Assistance to CBEs F
- Paratechnician Training F
- New Country Start-ups HQ/F
- Policy Formation F
- Sustainability Assessments F
- Impact Evaluations F



VIII. ATTACHMENT 8.3
INTERNAL AUDIT GUIDELINES

**FINANCE & ADMINISTRATION
INTERNAL AUDIT GUIDELINES**

- 1. Financial Audit Guidelines - page 40**
- 2. Human Resources Audit Guidelines - page 69**
- 3. Data Management Audit Guidelines - page 76**

Internal Financial Audit Guidelines

Objective

The purpose of the financial audit is to ensure that field financial transactions are executed and recorded properly, are in accordance with generally accepted accounting principles (GAAP), and that these transactions are consistent with governing rules and regulations, as well as in accordance with grant agreements and contract stipulations. The audit will reveal the established controls and procedures, and will assess the extent to which these controls and procedures are complied with. In addition, the financial audit should also reveal areas that may benefit from improvement and further training as we move towards more decentralized operations.

The purpose of this document is to provide Country Directors (CD's) with a set of guidelines that will help them prepare for internal financial audits. It should also help CD's self-audit their country programs to find out if there are areas of financial control with potential exposure, and take the necessary corrective actions before audits take place.

Introduction

The audit consists of: (1) document reviews; (2) financial controls questionnaire; (3) compliance testing; and (4) audit reports. The depth and scope of the audit may vary depending on time availability and other circumstantial facts.

When internal control problems are found in the audit, it is the Country Director's (CD's) responsibility to respond as to how these problems will be addressed and what specific corrective steps will be taken. The specific internal control problems identified in the audit report will be pursued again during the next audit to see to what extent the necessary corrective actions were taken, and whether or not these actions have solved the respective problems.

Other procedural recommendations will be aimed at assisting the CD in taking the necessary steps to achieve strong financial systems and procedures. These recommendations will not be mandatory, but will be factors in determining the extent to which a country program has the local capabilities necessary for decentralized operations. These recommendations will be complemented by a training needs assessment report.

It is important to understand that the financial audits are not necessarily limited to the parts and reports described below. Based on the auditor's findings, other areas may be audited, which may result in special reports.

1. Document Review

The internal auditor will generally request in advance a set of documents for a specific

test month, but will not necessarily limit the review to these documents. Appendix 1 shows a sample audit document list.

2. Financial Controls Questionnaire

Upon arrival, the auditor will present the CD with a questionnaire on financial controls. The CD can respond these questions on his or her own or by consulting the necessary staff. The CD will then sign the questionnaire, indicating approval, and assuming responsibility of the financial controls described in the respective answers. The questionnaire is aimed at understanding the local financial controls and procedures. Appendix 2 shows a sample of a financial control questionnaire.

3. Compliance Testing

The purpose of these tests is to determine the extent to which the controls described in the questionnaire, as well as other necessary controls, are indeed in place and applied consistently. The auditor will apply a series of tests by cross referencing responses to the questionnaires against actual documents. Appendix 3 shows a sample of compliance tests. Appendix 4 shows sample tables to be used by the auditor for compliance tests.

4. Audit Reports

Audit reports are broken down into three separate reports:

- **Audit Report - Internal Controls and Compliance:** This is the audit report per se, brief and concise, addressing important internal control issues found during the audit and compliance procedures recommended. This is a two to three page report without much detail. It contains straight internal control recommendations that **MUST** be complied with. The CD should respond to each of these recommendations with a management comment, indicating the action steps that will be taken to correct the situation.

The auditor will submit this report to the Director of Finance and Administration (DFA) and the Controller (CTRLR). After reviewing the report, the DFA and CTRLR will meet with the auditor to discuss the results. The DFA will then approve the Internal Controls and Compliance Report and submit it to the Operating VP, who will then send it to the field and instruct the respective CD to respond and comply. In case of discrepancies with the VP these should be resolved before communicating with the CD. Subsequent audits will review the implementation of internal control and compliance recommendations.

- **Recommended Procedures:** This is where most of the details are presented. The recommendations in this report are oriented towards improved capabilities for decentralized operations. It is up to the CD to implement these recommendations, or

to take alternative actions to eliminate the weaknesses identified, with the understanding that these will be part of the Country Program's decentralization objectives. The auditor will submit this report directly to the CD with copies to the Operating VP. The implementation of the recommended procedures will not necessarily be part of subsequent audits, but if procedural weaknesses continue to exist they will be noted.

- **Training Needs Assessment:** Audits present an excellent opportunity to identify areas of financial management that require additional training. This report will recommend to the CD the staff training necessary to improve decentralized financial operations. The auditor will submit this report directly to the CD with copies to the Operating VP. The implementation of the recommended training plans will not necessarily be part of subsequent audits, but if staff deficiencies continue to exist they will be noted.

TECHNOSERVE INTERNAL AUDIT

PERFORMED BY: _____
DATE: _____

COUNTRY _____

AUDIT MONTH _____

In order to perform the internal audit on a timely basis, it is necessary for your office to provide the following information by _____. All information required directly corresponds to the audit month listed above, unless otherwise noted. (Please ignore the auditor references after each request, CE, CA4, RE2)

_____ Please request from the bank copies of the following checks: _____

_____ All supporting documentation and other backup for the following check numbers:

_____ [CA4, CA9, CA11, RE3, AP1]

_____ All cash receipts, supporting documentation, deposit slips and other backup for audit month.
[CA3, CA9, CA11]

_____ Petty cash vouchers and reconciliation form.
[CA7]

_____ Copies of all journals and subledgers, including cash and accounts receivables.
[CA9, RE4, RE6]

_____ Project Agreements and corresponding invoices for work completed.
[RE1]

_____ Vehicle log books for vehicles _____ and _____
[RE2, FA6]

_____ Invoices for all personal miles driven.
[RE2, RE4, FA6]

_____ Backup documents corresponding to purchase/sale of all capital equipment year-to-date.
[FA1]

- _____ Copy of the latest physical inventory taken.
[FA2, FA3, FA5]
- _____ An example of proof of taking advantage of discounts or
tax-exempt status, etc.
[AP2]
- _____ Job descriptions for all employees.
[PR1]
- _____ Original time sheets for all employees.
[PR3, PR4, PR5]
- _____ Evidence of work (memos, expense reports, etc.) for
employee _____.
[PR5]
- _____ Personnel records, including tax tables information for
employees _____ and
_____ and

[PR8]
- _____ Records of all employees either hired or terminated year
to date.
[PR10]
- _____ Field office accounting manual
- _____ Documentation regarding implemented internal controls

In capacity as internal auditor for TechnoServe, Inc. I respectfully request information verifying signatures authorized on all TechnoServe bank accounts.

Please confirm signatory authorization for the following accounts:

Please forward the requested documents to:

TechnoServe, Inc.
49 Day Street
Norwalk, CT 06854
Attn: Accounting Department

Thank you for your cooperation.

Sincerely,

Maureen Lally
Internal Auditor

COUNTRY _____

PREPARED BY _____

TEST MONTH _____

DATE _____

AUDITOR _____

DATE _____

INTERNAL AUDIT QUESTIONNAIRE

CASH1. CASH RECEIPTS

a) Is there control on cash payments received in the office, perhaps a log maintained by a person who opens mail and is independent of the person(s) responsible for accounting for such receipts? Is this log book reconciled to the official accounting records? By whom? How often?

b) Are checks immediately restrictively endorsed, e.g. stamped "For deposit to TechnoServe, Inc., Only." (If possible, the stamp should include the bank's name and TechnoServe's account number).

c) Are all receipts deposited to a TechnoServe checking account?

d) Are such deposits made promptly? How often? Who is

a) Are all disbursements made by check or from petty cash?

b) Are disbursements (except from Petty Cash) approved beforehand? By whom?

c) Is supporting documentation provided to the check signer? Are checks ever signed without proper support?

d) Is that supporting documentation stamped "PAID" or otherwise canceled when checks are signed?

e) Are any checks signed before the payee and amount have been filled in?

f) Are any checks made payable to "CASH"?

responsible for making the deposits?

e) Are bank deposit slips reviewed by someone other than the person who made the deposit? Are they reconciled to the log book and accounting records?

f) Are bank deposit slips and other receipts retained in the accounting records?

g) Are TNS receipt forms prenumbered, and unused receipts kept under lock and key? Are they signed by preparer? Who reviews the receipt books? Who distributes receipts for project fees?

2. CASH DISBURSEMENTS

g) How many signatures are required for checks? Are all checks of \$1000 or more (or the local-currency equivalent) signed by two TechnoServe Employees?

h) How often is petty cash audited? By whom?

i) Who are the signatories on bank accounts?

3. CHECK CUSTODY

a) Are all checks prenumbered?

b) Are unused checks kept under lock and key, available only to check signatories?

c) Are spoiled checks promptly mutilated (marked "VOID", with signature area torn off), and retained in the accounting files.

4. BANK RECONCILIATIONS

a) Are bank statements reconciled monthly to the program's cash journal (or similar book) and to the figures reported by CPRM.

b) Are reconciliations made by someone not otherwise involved in receiving or disbursing cash?

c) Are bank statements and paid checks delivered to that employee in unopened envelopes?

d) Do the reconciliation procedures include comparing cancelled checks with invoices or other supporting documents examining signatures, and investigation of any missing checks? Are cancelled checks ever requested from the bank?

e) Are reconciliations reviewed and signed by a supervisor (usually the CPRM) after checking balances reported on the CPRM and investigating any unusual items?

f) Are the bank records treated as confidential?

RECEIVABLES AND TRAVEL ADVANCES

1. Are invoices issued on a timely basis to projects in accordance with Project Working Agreements (or similar contracts), and on a timely basis?

2. Is all project fee income reported promptly on the CPRM as services are rendered?

3. Are invoices issued to employees for any personal use of TechnoServe vehicles, telephones, and supplies, and are employees notified of any receivables created by Home Office cash disbursements?

4. Are invoices issued for all receivables other than the ones discussed above?

5. Are copies of all such invoices made available promptly to the person(s) responsible for preparing the CPRM and maintaining details of balances receivable (usually in the form of an Account Receivable sub-ledger)?

6. Who reviews the CPRM information on receivables against the supporting documentation?

7. Do all employees acknowledge in writing the need for or receipt of travel or other expense advances?
8. Are expenses charged to travel or other expense advances properly documented and approved?
9. Are advances cleared regularly, within one month of their issuance?
10. Are receivables reviewed for possible bad debt? By whom? Is the home office notified of bad debts?
11. Are invoices prepared on prenumbered invoice sheets? Are all invoices entered into the CPRM?

FIXED ASSETS AND UNCAPITALIZED EQUIPMENT

1. Are capital purchases not in the current year's budget approved beforehand by the regional Vice President?
2. Are all fixed assets (except vehicles) and uncapitalized equipment items (other than minor items such as staplers) tagged?

3. Is a physical inventory of all vehicles and equipment (capitalize or not) taken at least once a year, and signed by the CPD?

4. Are log books maintained for all TNS vehicles? Are the individual trips written in detail or summary form?

5. Are the log books reviewed on a monthly basis? Are employees invoiced for personal use? Are these invoices cleared within 30 days?

6. Who is responsible for general asset maintenance?

7. Are replacement parts (vehicles and other assets) maintained as inventory? Are these stocks reconciled to a ledger book?

8. Are vehicles assigned to specific employees? Who/How is the use monitored?

9. Do all (licensed) employees have access to vehicle use?

10. How and where are vehicles stored at night and weekends? How is this monitored?

11. Are a minimum of three quotes obtained for all major purchases and sales? Are these quotes maintained in the asset records?

OTHER ASSETS

1. Is there supporting documentation for any deposits TechnoServe has made and can reasonably expect to recover in the future?

ACCOUNTS PAYABLES

1. Does TechnoServe pay all bills, including payroll taxes promptly?

2. Are vendors' statements reviewed by someone not directly involved in making payments, any overdue items investigated?

3. Are purchases reconciled when they are delivered to the office?

PAYROLL AND TIME REPORTS

1. Are all new employees hired on the basis of "Authorization to Hire" forms approved in advance by the Home Office?

2. Are job descriptions maintained for all employees?

3. Are all employees on payroll performing the duties described in their job descriptions?

4. Do all employees maintain time sheets, and are such time sheets reviewed and initialized by their supervisors? Are "Professional" employee time sheets entered into the CPRM?

5. How is over-time handled on the time sheets? Is compensation time given to employees for over-time?

6. When employees resign or are fired, are their rights under local labor laws promptly reviewed by local legal counsel?

2. Recommendations for improvement of controls:

3. Additional information:

Appendix 3

**Internal Audit
Compliance Testing**

CA - Cash Activity

1. Letter to bank re:confirmation of account signatories
2. Verify bank statement balances to CPRM balances
3. Verify date of cash receipts to date deposits; trace deposits in transit.
4. Review Disbursements for Approval, Support documentation, CPRM reporting and coding.
5. Investigate outstanding checks outstanding for 2 consecutive months.
6. Investigate any other items in bank reconciliation.
7. Verify petty cash imprest fund.
8. Review receipts and disbursements, year to date, for unusual items.
9. Determine if cash receipts and disbursements are posted to journals on timely basis.
10. Trace bank balance to bank reconciliation and balance per TNS books to CPRM.
11. Account for numerical sequence of checks and receipts.

RE - Receivables and Travel Advances

1. Review Project Agreements and verify invoices have been issued as required.
2. Review Vehicle log books for personal use and invoicing for same.
3. Review Cash Disbursements and verify invoices issued where required.
4. Trace invoices to the CPRM and subledger, verify that they are in agreement.
5. Discuss collectibility of receivables more than 3 months old with Country Director.
6. Review travel advances for proper authorization, documentation and settlement of unused balance.
7. Verify that invoices issued by Norwalk have been properly handled.

FA - Fixed Assets

1. Relate all purchases and sales, year to date, to authorizations.
2. Verify all vehicles physically present and good condition.
3. Inspect 6 items for tags, trace to Field Office control sheet and Norwalk records if capitalized.
4. Trace 3 items from Home Office records to physical items.
5. Verify that physical inventory has been taken within past year and signed by Country Director.
6. Review 2 vehicle logbooks to determine if up to date and use has TNS business or user has been invoiced.

OA - Other Assets

1. Verify supporting documentation for outstanding deposits.
2. Confirm outstanding deposits of \$1,000 or more with holding party.

AP - Accounts Payable

1. Review paid invoices to determine if overdue when paid, investigate overdue items.
2. Determine if TNS takes proper advantage of discounts, exemptions from import duties, sales tax, etc.

PR Payroll and Time Reports

1. Verify that job descriptions for all employees are current.
2. Verify that all employees on payroll are physical present.
3. Review timesheets for completeness, employee signature, and supervisor authorization.
4. Verify invoices to timesheets if applicable.
5. Verify one employee timesheet info to work evidence. (Memos, expenses reports, etc.)
6. Verify Home Office and legal counsel approval of separation for employees resigned/fired within year.
7. Verify mathematical accuracy of payroll page and all payments were made timely.
8. Select 3 employees from CPRM and trace to personnel records, review tax tables.
9. Select 3 employees from personnel records and trace to CPRM.
10. Hired/Terminated employees, YTD trace salary and deductions to personnel records, as well as hire date. Confirm termination terms are agreement with Home Office.

| RE5 - Collectible Receivables | Notes |
|-------------------------------|-------|
| | |
| | |
| | |
| | |

| PR2 - Discounts and Tax Exempt |
|--------------------------------|
| 62 |

| PR6 - Legal Counsel |
|---------------------|
| |

7. Bank Statement / Reconciliation

| CA5 - Outstanding Checks | CA6 - Other Items | OA1 - Outstanding Deposits | OA2 - \$1000 Outstanding | Notes |
|--------------------------|-------------------|----------------------------|--------------------------|-------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| 96 | | | | |
| | | | | |
| | | | | |
| | | | | |

8. Travel Advances

| Employee | RE6 - Authorization | RE6 - Documentation | RE6 - Unused Balance | Notes |
|----------|---------------------|---------------------|----------------------|-------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Travel Advances, continued...

| Employee | RE6 - Authorization | RE6 - Documentation | RE6 - Unused Balance | Notes |
|----------|---------------------|---------------------|----------------------|-------|
| | | | | |
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| | | | | |

9. Fixed Assets

| FA1 - Fixed Asset | Purchase Date | Sale Date | Authorization | Notes |
|-------------------|---------------|-----------|---------------|-------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

| FA6 - Log Book | Up to Date | Notes |
|----------------|------------|-------|
| | | |
| | | |
| | | |

| FA5 - Inventory |
|-----------------|
| |

Human Resources Audit Guidelines

Introduction

One of Finance and Administration's (F&A) objectives for 1992, as approved by our Executive Committee, is to increase the number and scope of audits to include not only financial management, but also project data and personnel management. This objective is consistent with TNS decentralization plans since it is intended to find areas of decentralized operations that need improvement and make the necessary recommendations.

The personnel audit has the following objectives: (1) Find out what personnel policies, procedures and practices are in place; (2) Determine to what degree these policies are consistent with TNS standards; (3) Assess the extent to which these policies are applied consistently across the board; and, (4) Establish a communication channel between TNS field staff and TNS Human Resources (HR) department.

The audit consists of four parts: (I) A written human resources questionnaire to be provided to, and completed by, the CD and an AA/AO; (II) Review of personnel documents; (III) Staff interviews; and, (IV) Audit Reports.

I. Written Questionnaire

The HR questionnaire should be provided to the CD and the designated AA/AO. The ultimate responsibility for the responses to the questionnaire lies with the CD. The questionnaire is intended to provide information about locally established policies, procedures and practices related to personnel. A typical questionnaire is presented in Appendix 1.

II. Review of Personnel Documents

This part of the audit is intended to support management responses to the questionnaire and to provide additional information with respect to HR policies and procedures. The following documents and files will be reviewed:

- Employee personnel files
- Personnel & Administrative Policies Manual
- Performance appraisals
- Salary comparability/compensation studies
- Salary review documents
- All other documents which should be in employee personnel files, but are not

Perform the following tests for each of these documents and files:

1. Select a group of employees and review all information related to them. Test for thoroughness.
2. Select a group of items from these documents and review those items for all employees. Test for consistency.

III. Staff Interviews

The staff interviews are intended as a way of gathering information related to personnel policies and procedures and their consistent application across the board. In order to maintain some flexibility, there is no pre-determined list of questions to be asked. The auditor should prepare a list of questions based on the responses to the questionnaire and aimed at understanding: (1) staff knowledge of personnel policies and procedures; (2) staff knowledge of their rights as TNS employees; (3) employees' sense of fairness and equity in the consistent application of personnel policies; and, (4) overall staff morale. The following is a non-inclusive list of issues that should be addressed during interviews:

- Recruitment processes, internal promotions, staff orientation
- Performance appraisals
- Salary policies, salary increases, internal/external equity
- Decision making authorities
- Organizational structure
- Staff morale, working conditions, working environment
- Administrative support of operations: vehicles, computers, secretarial, etc.
- Access to/knowledge of Personnel & Administrative Policies Manual
- Access to /knowledge of Blue Book
- Access to employee's individual personnel file

The staff interviews can be conducted either with a randomly selected group of employees or with all employees, depending on office size, time limitations, audit depth, and other pertinent considerations. In any case, the administrative officer (AO) in charge of HR should always be interviewed at the end. This person should be interviewed using two sets of questions, one directed to them as the AO, and the other as per regular staff interviews. In the context of interviewing them as the AO, the questions should be tailored to: (1) test the AO's knowledge of TNS policies, procedures and standards; (2) assess the AO's overall understanding of local personnel matters; (3) address issues that came up during staff interviews and had not been foreseen in the written questionnaires. The AO's responses to general staff interview questions will be compared with those of the rest of the staff as part of the analysis in part IV.

It is important to make individual staff aware that the interviews are confidential, and that their standing in the organization will not be compromised by their testimonies. The general purpose of the HR audit is not to conduct an inquiry or investigation. However, since these interviews open a confidential communication channel between field staff and HR, it is natural to expect that some staff will take advantage of the opportunity and come forward with voluntary allegations and grievances. It should be noted that these allegations are not necessarily a justification to issue audit opinions. On the other hand, the auditor has an obligation to listen to such claims with due attention, and follow up where appropriate.

Such cases should be classified in one of the following two categories: Case A, where the allegation is serious and can be documented. In the case of any serious allegation the auditor should make every possible effort to obtain as much documentation as possible. If the documentation indeed verifies or supports such a claim, the corresponding implications should be included in the audit report; Case B, where a claim cannot be documented or proved. If the claim is relevant, the auditor should make every effort to obtain testimonies from other staff to support or dismiss the claim. The results should be noted in the audit files and discussed with the respective Operating V.P., but should not be included in the audit report, until supporting documentation can be produced, if any.

IV. Audit Reports

The final analysis should be a cross reference of responses to questionnaires, document reviews and staff interviews. The analysis should test for inconsistencies that may point to inadequate policies or inconsistent application of those policies, and identify weak areas that require further attention and training. Three audit reports will be prepared after each audit with observations and recommendations consistent with TNS standards and decentralization objectives. These are (1) Internal Controls and Compliance, (2) Recommended Procedures, and Training Needs Assessment.

1. Internal Controls and Compliance

This is a brief and concise report addressing important internal control issues and critical personnel matters found during the audit, along with the corresponding compliance procedures recommended, which **MUST** be implemented. The CD then has to respond to each of these recommendations with corresponding management comments specifying how these problems will be addressed.

2. Recommended Procedures

This report will outline other findings and recommendations oriented towards decentralized operations. It would then be up to the CD to implement these recommendations, or take alternative actions to eliminate the weaknesses identified, with the understanding that these will be part of the country program decentralization

objectives. This report will contain more details and specific facts of field office procedures related to human resources, with recommendations aimed at assisting the CD to make staffing and personnel policy decisions to improve internal capabilities. The implementation of the recommended procedures will not necessarily be part of subsequent audits, but if procedural weaknesses continue to exist they will be noted.

3. Training Needs Assessment

Audits present an excellent opportunity to identify areas of human resources that require further training. This third report will be based on the previous two reports and other audit observations, and will outline the personnel areas that will benefit from training. This report can then be used to develop training plans. The implementation of the recommended training plans will not necessarily be part of subsequent audits, but if staff deficiencies continue to be found, they will be noted.

These reports will be approved and submitted as follows:

- The auditor prepares the three reports and submits them to the Director of Finance and Administration (DFA), who then meets with the auditor to discuss the results.
- The DFA approves the Internal Control and Compliance Report and submits it to the Operating VP, who then forwards to the respective CD with instructions to respond and comply. In case of discrepancies with the VP these should be resolved before communicating with the VP.
- The auditor submits copies of the other two reports directly to the CD with a copy to the Operating VP.
- Subsequent audits should review the implementation of internal control and compliance recommendations. However, it is up to the operating VP and the CD to implement recommended procedures and training programs recommended.

Appendix 1 - Human Resources Questionnaire

A. Recruitment:

1. Is there a standard interview procedure for new hires? Please describe.
2. Who is involved in such interviews and are these interviews documented?
3. Upon completion of the interview process is there a summary of the events and the final outcome of the interviews?
4. Is there a formal orientation program for new staff? If so, describe the program. If not, how are new staff exposed to TNS's policies and procedures, methodology, etc.?
5. Are existing staff made aware of new openings?
6. Is it a policy of your office to make every effort to promote staff internally? Please explain.

B. Personnel Manual

1. Does the field office have a current Personnel & Administrative Policies Manual?
2. Who is responsible for its amendments?
3. Is there a file which contains all the amendments made to the manual with their effective dates?
4. What outside sources are used to prompt amendments to the manual?
5. What is the authorization process to change policies?
6. Does every staff member have a personal copy of the manual? If not, is there a master manual which any staff member can have access to at any time in the office?

C. Employee Personnel Files

1. Does every employee have an individual file?
2. Do employees have access to their respective files? If so, do they know they have this right?
3. Are these files confidential? Who has access to them?
4. How are these files physically kept and are these files locked?

5. Check which of the following documents are kept in these files:

| | |
|--|--|
| Resume/job application | |
| Employment agreement/work letter | |
| Job description | |
| Agreement as to inventions acknowledgement | |
| Standards of conduct letter | |
| Drug and alcohol acknowledgement | |
| Performance appraisals | |
| Disciplinary notices | |
| Pay raise/promotions | |
| Resignation/termination letter | |

D. Performance Appraisals

1. Do you conduct yearly performance appraisals?
2. If not, by what means do you measure employee performance?
3. Who is involved in performance evaluations and how?
4. Are staff aware of all results and comments in their respective performance appraisals? Do they have access to their performance appraisal document/file?
5. Do you have mid-year performance appraisals? If yes, explain the purpose and relation to year-end performance appraisals.

E. Salary/Compensation Policies

1. Do you have salary scales? If no, explain how salary levels are determined. If yes, explain how salary scales are determined.
2. Do you use outside sources and/or consultants to establish salary levels/salary scales? If yes, list these external sources.
3. How do you provide for internal compensation equity?
4. How do you provide for external compensation equity in relation to the market?

5. List all the benefits that are part of staff compensation packages.
6. List all the allowances that are provided to staff under the compensation package.
7. Which of these benefits are mandatory by law and which are provided voluntarily by your office?
8. Which voluntary benefits are typical of other, similar organizations and which are unique to your TechnoServe office?
9. Do all staff receive all benefits? If not, explain who receives what and why.
10. Are the results of the performance appraisals tied to salary increases?
11. Who is involved in the salary review process? Do you have a salary increase method? (ie., flat increase, merit increase, etc.)

F. Employee Grievances

1. Are there policy guidelines in cases of employee grievance? If so, how are these policy guidelines communicated to staff?
2. What are the documentation procedures in such cases?
3. Which staff members are involved in such situations?
4. Are staff allowed to communicate their grievances to the Home Office?
5. What outside sources do you use to stay current with labor laws?

G. Staff Termination

1. Briefly describe your voluntary termination policies.
2. Briefly describe the typical voluntary termination severance payments.
3. Briefly describe your involuntary termination policies.
4. Briefly describe the typical involuntary termination severance payments.
5. Which of these payments are mandatory by law and which ones are TechnoServe?
6. Are voluntary payments made consistently to all staff? If not, explain why, and explain specifically reasons for: (1) denial of normal voluntary payments to some staff, and (2) extraordinary non-typical payments to some staff.

Data Management Audit Guidelines

Objective

The purpose of the data management audit is to ensure that the field operations data submitted to the home office has accuracy and integrity. This data must be a truthful representation of what is happening in the field. This data is critical to the organization since it is used to produce information for donors, board members, and TNS management. Field data information is used for different purposes, including: marketing, project management, impact measurement and country program monitoring. In addition, we must verify that the established procedures for data collection, data entry and quality control are followed, and that there is accountability. Finally, we must ensure the timeliness of data transmissions. As we move towards decentralization, the exchange of field data becomes more critical to independent operations, and hence the importance of auditing.

Guidelines

1. Data Quality

- For a project random set, look at all the numbers for these projects and see if the numbers make sense (i.e. reconcile net worth to net income).
- Print verification sheets and look at trends to see if they look correct.
- Check for conformance to the standard definition of a CBE.

2. Accuracy

- For the selected set above, trace the data to the source. Discuss differences with advisors.

2. Data Integrity

- Investigate the integrity of primary and foreign keys.
- Assess whether the CPRM and/or FDB software have been altered in any way.
- Investigate whether the data has been modified by hand or by unauthorized personnel.

3. Comments and Textual Data

- From the verification sheets, look for inconsistencies in text formats (i.e. different languages, very short vs. very long, etc).

- Review all comments for the sample selected above and review thoroughly, looking especially for compatibility with Monthly Management Reports (MMRs or MMMs) and explanations of unusual data (i.e. negative net worth).

4. Procedures

- Revise established procedures and check for compliance.
- See if all verification and quality control sheets required are being printed and signed, as per established procedure.

5. Report Uses

- Assess the extent to which local staff are producing reports from existing data and describe how are they using these reports for project management and decision making.

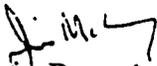
6. Staff Qualifications

- Test DQC knowledge of TNS/local projects and understanding of standard definitions.
- Test systems manager knowledge to support the system and determine whether or not data backups are being done regularly.
- Test data entry staff's understanding of the data entry screens and system menus.
- Meet with all available advisors who were involved in producing the data for the selected set above and test their understanding of the data they have supplied, in relation to the projects they manage and assess how well they understand the standard definitions.
- Assess to what extent supervisors are finding errors in the data quality review process.
- Check for the unnecessary use of Delete/Replace Primary Key options.

VIII. ATTACHMENT 8.4

FIELD DATABASE IMPLEMENTATION - TRIP REPORT MEMO

TECHNOSERVE MEMORANDUM

TO: Gasana Themistocles
cc. Alberto Espinosa, Ron Gillespie, Jim Herne
FROM: Jim McKinney
DATE: December 9, 1991 
REF.: FDB Implementation in Rwanda

After a long and successful trip, I've returned to Norwalk. This memo is to follow-up on my visit to Rwanda. In A, I briefly list my activities. In B, I describe the FDB data collection and verification procedure that TNS Rwanda should follow each quarter. Then, in C, I report the observations you and your staff made on the FDB system. But, before I continue, I first would like to thank you for your hospitality. I had a wonderful in Rwanda. I enjoyed working with you and your staff. I'm very glad I moved out of the Chez Lando. Staying at Bernard's house with his family was a great experience.

A. Activities

The subsequent list is a brief account of my activities during my week in Kigali.

- Met with you to discussed my agenda.
- Got a copy of your computer inventory.
- Installed Foxpro and FDB system on two computers.
- Met and described the FDB to all Rwandan staff.
- Described and discussed the FDB definitions with all PAs.
- Trained Chrysostome Mukezangango (DQC), Apronie Kalinganire (DE/SS) on FDB system collection and verification process.
- Trained Apronie Kalinganire on data entry and printing FDB the data and reports.
- Trained Apronie Kalinganire on how to back-up FDB system and how to create a home office diskette.
- Added new production activities: SN for Sunflower oil and RP for rice processing.
- Added the production unit SA for Sacks to record the production of coal.
- Manually cleaned all data bases and manually changed all job numbers.
- Worked extensively with PAs on collecting and verifying FDB data.
- Supervised the data entry all the FDB data on 3 CBE's.
- Worked on 4 of the other Rwanda computers to set them up and clean them of unnecessary files.
- Met with all PAs to discuss progress and questions.
- Showed PAs how to use tables in WordPerfect.
- Discussed the FDB usefulness, observations, suggestions and Rwandan information needs with all PAs.

B. FDB Quarterly Procedure

The following details the procedure established for our data collection and quality control in Rwanda:

1. There are two key roles in the field to be played by people who will have to take responsibility for: (1) Data Quality Control (DQC) and (2) System Supervisor (SS). Chrysostome Mukezangango will be the DQC person. He will be the central figure in all aspects of data collection and data quality review. All communications to and from the field in relation to the data itself, should be addressed or carbon copied to this person. Apronie Kalinganire will be the SS person. She will supervise all aspects of the system operation, data entry, maintenance, backups and Norwalk diskette. All communications in relation to the system and the home office diskette should be addressed to this person.
2. Apronie will also be the data entry clerk. She should print all the blank data entry forms and give them to Chrysostome for distribution.
3. The people ultimately responsible for data collection are the project supervisors. The project supervisors have different titles in each country, such as team leaders, project managers or project coordinators. But they all share one thing in common, they have ultimate responsibility for enterprise operations. This person(s) will collect the data from field advisors and enter them manually into the blank data entry forms.

It is important to remember that there are two places where textual comments can be entered. One is in the project file, where the description of the project should be entered. This needs to be done only once by the project supervisor, at the beginning of each project. The other place is the quarterly file where the project supervisor should enter project comments in relation to the quarterly activity. This is the place to explain events that had an impact on the enterprise's operations during the quarter. It is also a good place to explain unusual values of critical indicators, such as a negative net worth.

4. The manual data entry forms will be submitted to Chrysostome for a preliminary data quality review, primarily to check for adherence to standards and official definitions. Once this has been done, Chrysostome will give the data sheets to Apronie who will key in the data, and then print the data entered onto sheets that have an identical format to the manual data sheets. The manual sheets and printed sheets should contain identical information. Apronie will give both, the manual and the printed sheets back to Chrysostome.
5. Chrysostome will give both, the manual and the printed data sheets back to the project supervisors to check for accuracy. Once the data is accurate, the project supervisor will initialize the printed sheet, which will be filed. The data becomes "official" at this point, and its quality becomes the project supervisor's responsibility.
6. Once the data for all projects has been entered, Apronie will print the data verification sheets and the quarterly data quality control reports give them to Chrysostome. He will review the printouts for consistency and plausibility, and instruct to make corrections when necessary. Once the data is correct, he will initial the printouts, which will be filed.
7. The initialed printouts will then be submitted to you, who will take a final look at the data and edit the quarterly country program comments. These comments should incorporate all national and/or general program factors that may have affected project and program operations. These comments will be submitted for data entry to become an integral part of the database, and

should contain all information previously submitted in the Monthly Management Report (MMMs). It is hoped that this process will eliminate the need for MMMs in the future.

It is worth noting at this point that, in addition to these quarterly comments, which are different every quarter, the general description of the country program has to be prepared and entered once in the system. This should contain the "official" description of the country program and its objectives, and should be prepared by you. Once this text has been entered into the database, it will be available for printing in reports.

8. Country summary and project summary reports are then printed and distributed to you, Chrysostome, the project supervisor(s) and the advisors. They will review these management reports for exceptions requiring follow-up or justification. In addition, they will use these reports as tools to determine the impact, cost effectiveness and other pertinent facts of project performance. These are the same reports that the HO management will be reviewing 60 days after the end of the quarter.
9. Once the process is finished, Apronie will produce the home office diskette and make all necessary backups. The data should be copied to another computer with a replica of the FDB system, so that field advisors and management can run reports as needed, without running the risk of unintentionally modifying existing data. The home office diskette should be mailed to the MIS department.

This entire process should take place at the end of each quarter. Since it was agreed at the Senior Staff Meeting that TNS management will have their FDB Management Reports 60 days after the end of the Quarter, the MIS department will require the diskette from Rwanda arrive no later than 45 days after the last day of the quarter. When we receive your diskette, we will up-load the data to the central data bases, run some general quality checks and print the management reports.

C. Observations, Suggestions and Needs

While I was in Rwanda, the staff made some observations and suggestions about the FDB system. Below is a summary of these observations and suggestions:

1. One observation is that the project accounting in Rwanda is different than what is required by the FDB system. The Rwandan staff, especially the agronomists, will need to review the procedure and guidelines to cost accounting.
2. The 3 projects we are recording in Rwanda are each very different. Cavecuvi is the only true CBE in Rwanda. Abiyunze, the sunflower project, is a cooperative association of many groups started to produce sunflower oil. The Charcoal Project is a collection of 7 very small cooperative groups that produce Charcoal. We did our best to fit these unique projects into the FDB system.
3. TNS Rwanda is very interested in a computer tool that will track in more detail the accounts for their field projects. We discussed the possibility of developing a tool for TNS Rwanda

that could be maintained monthly by the PAs. This tool would then, at the end of each quarter, produce the required FDB financial numbers.

4. TNS Rwanda is also interested in a report that reflects the pay-out to the farmers. The PAs were interested in tracking the amount of money that goes to the farmers. They also said that they would like to see graphs and charts that would reflect the progress and success of the TNS Rwanda's development work.

Finally, I would like to confirm the fact that the FDB is an evolving system. It will continue to change and grow to meet the vast information needs of TechnoServe. The MIS department will carefully consider all your comments and suggestions, and in conjunction with the suggestions from the other field offices, we will change the FDB system accordingly.

Thank you for support during my stay. I think we made real progress towards managing TechnoServe and TechnoServe projects with accurate and timely information.

Please keep me informed with any problems, new ideas, or comments that you have about the FDB system and/or Rwanda's information needs and computer issues.

VIII. ATTACHMENT 8.5
COUNTRY DATA SHEETS

COUNTRY INFORMATION FOR
A.I.D. SUPPORTED PVO PROJECTS

Organization : TECHNOSERVE, INC.
 Project/Grant No.: PDC-0158-A-00-1100-00
 Grant Dates : 7/1/92/-6/30/96
 Funding Mechanism: Cooperative Agreement/Matching Grant

COUNTRY NAME OR HEADQUARTERS: COSTA RICA

Project Purpose:

To provide expanded technical assistance programs to increased numbers of small and medium-sized rural community-based enterprises and thus effectively assist larger numbers of the rural poor to participate in viable, environmentally-sound, market-oriented agricultural enterprises:

Project Implementation:

Beginning Date: 7/1/91 Estimated Completion Date: 6/30/96

Status: Matching grant support commenced 7/91.
 TechnoServe/Costa Rica activities now fully transferred to affiliate organization: ACAIPADE. Grant financing to training and evaluation activities.

| Project Funding: | | | | | | TOTAL | | | | |
|------------------|------|------|------|------|------|-------|------|------|------|-----|
| Year | 1991 | Year | 1992 | Year | 1993 | Year | 1994 | Year | 1995 | |
| AID | 67 | | 51 | | 33 | | 24 | | 18 | 193 |
| PVO | 25 | | 51 | | 33 | | 24 | | 18 | 151 |
| OTHER | | | | | | | | | | |
| INKIND | | | | | | | | | | |
| LOCAL | | | | | | | | | | |
| TOTAL | 92 | | 102 | | 66 | | 48 | | 36 | 344 |

Location in Country: Country-Wide

PVO Representative in Country: Carlos Paez, Executive Director
 ACAIPADE

Local Counterpart/Host Country Agency: ACAIPADE

COUNTRY INFORMATION FOR
A.I.D. SUPPORTED PVO PROJECTS

Organization : TECHNOSERVE, INC.
 Project/Grant No.: PDC-0158-A-00-1100-00
 Grant Dates : 7/1/92/-6/30/96
 Funding Mechanism: Cooperative Agreement/Matching Grant

COUNTRY NAME OR HEADQUARTERS: EL SALVADOR

Project Purpose:

To provide expanded technical assistance programs to increased numbers of small and medium-sized rural community-based enterprises and thus effectively assist larger numbers of the rural poor to participate in viable, environmentally-sound, market-oriented agricultural enterprises:

Project Implementation:

Beginning Date: 7/1/91 Estimated Completion Date: 6/30/96

Status: Matching grant support activities are focussing on skills upgrading activities.

| Project Funding: | | | | | | TOTAL | | | | |
|------------------|------|------|------|------|------|-------|------|------|------|-----|
| Year | 1991 | Year | 1992 | Year | 1993 | Year | 1994 | Year | 1995 | |
| AID | 0 | 0 | 0 | 26 | 21 | 19 | | | | 66 |
| PVO | 0 | 0 | 0 | 26 | 21 | 19 | | | | 66 |
| OTHER | | | | | | | | | | |
| INKIND | | | | | | | | | | |
| LOCAL | | | | | | | | | | |
| TOTAL | 0 | 0 | 0 | 52 | 42 | 38 | | | | 132 |

Location in Country: Country-Wide

PVO Representative in Country: Carlos Abarca

Local Counterpart/Host Country Agency:

COUNTRY INFORMATION FOR
A.I.D. SUPPORTED PVO PROJECTS

Organization : TECHNOSERVE, INC.
 Project/Grant No.: PDC-0158-A-00-1100-00
 Grant Dates : 7/1/92/-6/30/96
 Funding Mechanism: Cooperative Agreement/Matching Grant

COUNTRY NAME OR HEADQUARTERS: GHANA

Project Purpose:

To provide expanded technical assistance programs to increased numbers of small and medium-sized rural community-based enterprises and thus effectively assist larger numbers of the rural poor to participate in viable, environmentally-sound, market-oriented agricultural enterprises:

Project Implementation:

Beginning Date: 7/1/91 Estimated Completion Date: 6/30/96

Status: Matching grant support commenced 7/91, supporting staff training, and program expansion in maize, oil palm processing and fruit sectors.

| Project Funding: | | | | | | TOTAL | | | | |
|------------------|------|------|------|------|------|-------|------|------|------|------|
| Year | 1991 | Year | 1992 | Year | 1993 | Year | 1994 | Year | 1995 | |
| AID | 168 | | 45 | | 63 | | 89 | | 79 | 444 |
| PVO | 283 | | 45 | | 63 | | 89 | | 79 | 559 |
| OTHER | | | | | | | | | | |
| INKIND | | | | | | | | | | |
| LOCAL | | | | | | | | | | |
| TOTAL | 451 | | 90 | | 126 | | 178 | | 158 | 1003 |

Location in Country: Country-Wide

PVO Representative in Country: Peter Reiling

Local Counterpart/Host Country Agency:

COUNTRY INFORMATION FOR
A.I.D. SUPPORTED PVO PROJECTS

Organization : TECHNOSERVE, INC.
 Project/Grant No.: PDC-0158-A-00-1100-00
 Grant Dates : 7/1/92/-6/30/96
 Funding Mechanism: Cooperative Agreement/Matching Grant

COUNTRY NAME OR HEADQUARTERS: GUATEMALA

Project Purpose:

To provide expanded technical assistance programs to increased numbers of small and medium-sized rural community-based enterprises and thus effectively assist larger numbers of the rural poor to participate in viable, environmentally-sound, market-oriented agricultural enterprises:

Project Implementation:

Beginning Date: 7/1/91 Estimated Completion Date: 6/30/96

Status: Matching grant support commenced 7/91. Country program down-sized in September 1992, with advisory services being provided by Atilio Bravo and colleagues from bases of TechnoServe/Nicaragua.

| Project Funding: | | | | | | TOTAL | | | | |
|------------------|------|------|------|------|------|-------|------|------|------|-----|
| Year | 1991 | Year | 1992 | Year | 1993 | Year | 1994 | Year | 1995 | |
| AID | 91 | | 26 | | 75 | | 52 | | 57 | 301 |
| PVO | 43 | | 26 | | 75 | | 52 | | 57 | 253 |
| OTHER | | | | | | | | | | |
| INKIND | | | | | | | | | | |
| LOCAL | | | | | | | | | | |
| TOTAL | 134 | | 52 | | 150 | | 104 | | 114 | 554 |

Location in Country: Country-Wide

PVO Representative in Country: Atilio Bravo. See above.

Local Counterpart/Host Country Agency: N/A/

COUNTRY INFORMATION FOR
A.I.D. SUPPORTED PVO PROJECTS

Organization : TECHNOSERVE, INC.
 Project/Grant No.: PDC-0158-A-00-1100-00
 Grant Dates : 7/1/92/-6/30/96
 Funding Mechanism: Cooperative Agreement/Matching Grant

COUNTRY NAME OR HEADQUARTERS: KENYA

Project Purpose:

To provide expanded technical assistance programs to increased numbers of small and medium-sized rural community-based enterprises and thus effectively assist larger numbers of the rural poor to participate in viable, environmentally-sound, market-oriented agricultural enterprises:

Project Implementation:

Beginning Date: 7/1/91 Estimated Completion Date: 6/30/96

Status: TechnoServe/Kenya program approved for inclusion under Matchin Grant by USAID and AID/FFA/PVC in March 1992.

Project Funding:

| | | | | | | TOTAL | | | | |
|--------|------|------|------|------|------|-------|------|------|------|-----|
| Year | 1991 | Year | 1992 | Year | 1993 | Year | 1994 | Year | 1995 | |
| AID | 25 | | 54 | | 73 | | 69 | | 37 | 258 |
| PVO | 124 | | 54 | | 73 | | 69 | | 37 | 357 |
| OTHER | | | | | | | | | | |
| INKIND | | | | | | | | | | |
| LOCAL | | | | | | | | | | |
| TOTAL | 149 | | 108 | | 146 | | 138 | | 74 | 615 |

Location in Country: Country-Wide

PVO Representative in Country: John Makilya

Local Counterpart/Host Country Agency:

COUNTRY INFORMATION FOR
A.I.D. SUPPORTED PVO PROJECTS

Organization : TECHNOSERVE, INC.
 Project/Grant No.: PDC-0158-A-00-1100-00
 Grant Dates : 7/1/92/-6/30/96
 Funding Mechanism: Cooperative Agreement/Matching Grant

COUNTRY NAME OR HEADQUARTERS: NICARAGUA

Project Purpose:

To provide expanded technical assistance programs to increased numbers of small and medium-sized rural community-based enterprises and thus effectively assist larger numbers of the rural poor to participate in viable, environmentally-sound, market-oriented agricultural enterprises:

Project Implementation:

Beginning Date: 7/1/91 Estimated Completion Date: 6/30/96

Status: Matching grant support commenced 7/91.

| Project Funding: | | | | | | TOTAL | | | | |
|------------------|------|------|------|------|------|-------|------|------|------|-----|
| Year | 1991 | Year | 1992 | Year | 1993 | Year | 1994 | Year | 1995 | |
| AID | 70 | | 73 | | 75 | | 52 | | 57 | 327 |
| PVO | 37 | | 73 | | 75 | | 52 | | 57 | 294 |
| OTHER | | | | | | | | | | |
| INKIND | | | | | | | | | | |
| LOCAL | | | | | | | | | | |
| TOTAL | 107 | | 146 | | 150 | | 104 | | 114 | 621 |

Location in Country: Country-Wide

PVO Representative in Country: Augusto Zelaya

Local Counterpart/Host Country Agency: N/A/

COUNTRY INFORMATION FOR
A.I.D. SUPPORTED PVO PROJECTS

Organization : TECHNOSERVE, INC.
 Project/Grant No.: PDC-0158-A-00-1100-00
 Grant Dates : 7/1/92/-6/30/96
 Funding Mechanism: Cooperative Agreement/Matching Grant

COUNTRY NAME OR HEADQUARTERS: NIGERIA

Project Purpose:

To provide expanded technical assistance programs to increased numbers of small and medium-sized rural community-based enterprises and thus effectively assist larger numbers of the rural poor to participate in viable, environmentally-sound, market-oriented agricultural enterprises:

Project Implementation:

Beginning Date: 7/1/91 Estimated Completion Date: 6/30/96

Status: Matching grant support commenced 7/91.

| Project Funding: | | | | | | TOTAL | | | | |
|------------------|------|------|------|------|------|-------|------|------|------|-----|
| Year | 1991 | Year | 1992 | Year | 1993 | Year | 1994 | Year | 1995 | |
| AID | 58 | | 67 | | 43 | | 77 | | 59 | 304 |
| PVO | 167 | | 67 | | 43 | | 77 | | 59 | 413 |
| OTHER | | | | | | | | | | |
| INKIND | | | | | | | | | | |
| LOCAL | | | | | | | | | | |
| TOTAL | 225 | | 134 | | 86 | | 154 | | 118 | 717 |

Location in Country: Country-Wide

PVO Representative in Country: Margaret E. Bowman

Local Counterpart/Host Country Agency:

COUNTRY INFORMATION FOR
A.I.D. SUPPORTED PVO PROJECTS

Organization : TECHNOSERVE, INC.
 Project/Grant No.: PDC-0158-A-00-1100-00
 Grant Dates : 7/1/92/-6/30/96
 Funding Mechanism: Cooperative Agreement/Matching Grant

COUNTRY NAME OR HEADQUARTERS: PANAMA

Project Purpose:

To provide expanded technical assistance programs to increased numbers of small and medium-sized rural community-based enterprises and thus effectively assist larger numbers of the rural poor to participate in viable, environmentally-sound, market-oriented agricultural enterprises:

Project Implementation:

Beginning Date: 7/1/91 Estimated Completion Date: 6/30/96

Status: Matching grant support commenced 7/91.

| Project Funding: | | | | | | TOTAL | | | | |
|------------------|------|------|------|------|------|-------|------|------|------|-----|
| Year | 1991 | Year | 1992 | Year | 1993 | Year | 1994 | Year | 1995 | |
| AID | 36 | | 50 | | 49 | | 37 | | 23 | 195 |
| PVO | 285 | | 50 | | 49 | | 37 | | 23 | 444 |
| OTHER | | | | | | | | | | |
| INKIND | | | | | | | | | | |
| LOCAL | | | | | | | | | | |
| TOTAL | 321 | | 100 | | 98 | | 74 | | 46 | 639 |

Location in Country: Country-Wide

PVO Representative in Country: Jose Agustin Espino

Local Counterpart/Host Country Agency: N/A

COUNTRY INFORMATION FOR
A.I.D. SUPPORTED PVO PROJECTS

Organization : TECHNOSERVE, INC.
 Project/Grant No.: PDC-0158-A-00-1100-00
 Grant Dates : 7/1/92/-6/30/96
 Funding Mechanism: Cooperative Agreement/Matching Grant

COUNTRY NAME OR HEADQUARTERS: PERU

Project Purpose:

To provide expanded technical assistance programs to increased numbers of small and medium-sized rural community-based enterprises and thus effectively assist larger numbers of the rural poor to participate in viable, environmentally-sound, market-oriented agricultural enterprises:

Project Implementation:

Beginning Date: 7/1/91 Estimated Completion Date: 6/30/96

Status: Matching grant support commenced 7/91.

| Project Funding: | | | | | | TOTAL | | | | |
|------------------|------|------|------|------|------|-------|------|------|------|-----|
| Year | 1991 | Year | 1992 | Year | 1993 | Year | 1994 | Year | 1995 | |
| AID | 175 | | 31 | | 57 | | 52 | | 52 | 367 |
| PVO | 401 | | 31 | | 57 | | 52 | | 52 | 593 |
| OTHER | | | | | | | | | | |
| INKIND | | | | | | | | | | |
| LOCAL | | | | | | | | | | |
| TOTAL | 576 | | 62 | | 114 | | 104 | | 104 | 960 |

Location in Country: Country-Wide

PVO Representative in Country: Alberto Perez

Local Counterpart/Host Country Agency: N/A

COUNTRY INFORMATION FOR
A.I.D. SUPPORTED PVO PROJECTS

Organization : TECHNOSERVE, INC.
 Project/Grant No.: PDC-0158-A-00-1100-00
 Grant Dates : 7/1/92/-6/30/96
 Funding Mechanism: Cooperative Agreement/Matching Grant

COUNTRY NAME OR HEADQUARTERS: RWANDA

Project Purpose:

To provide expanded technical assistance programs to increased numbers of small and medium-sized rural community-based enterprises and thus effectively assist larger numbers of the rural poor to participate in viable, environmentally-sound, market-oriented agricultural enterprises:

Project Implementation:

Beginning Date: 7/1/91 Estimated Completion Date: 6/30/96

Status: Matching grant support commenced 7/91.

| Project Funding: | | | | | | TOTAL | | | | |
|------------------|------|------|------|------|------|-------|------|------|------|-----|
| Year | 1991 | Year | 1992 | Year | 1993 | Year | 1994 | Year | 1995 | |
| AID | 78 | | 60 | | 64 | | 58 | | 56 | 316 |
| PVO | 128 | | 60 | | 64 | | 58 | | 56 | 366 |
| OTHER | | | | | | | | | | |
| INKIND | | | | | | | | | | |
| LOCAL | | | | | | | | | | |
| TOTAL | 206 | | 120 | | 128 | | 116 | | 112 | 682 |

Location in Country: Country-Wide

PVO Representative in Country: Themistocles Gasana

Local Counterpart/Host Country Agency:

COUNTRY INFORMATION FOR
A.I.D. SUPPORTED PVO PROJECTS

Organization : TECHNOSERVE, INC.
 Project/Grant No.: PDC-0158-A-00-1100-00
 Grant Dates : 7/1/92/-6/30/96
 Funding Mechanism: Cooperative Agreement/Matching Grant

COUNTRY NAME OR HEADQUARTERS: TANZANIA

Project Purpose:

To provide expanded technical assistance programs to increased numbers of small and medium-sized rural community-based enterprises and thus effectively assist larger numbers of the rural poor to participate in viable, environmentally-sound, market-oriented agricultural enterprises:

Project Implementation:

Beginning Date: 7/1/91 Estimated Completion Date: 6/30/96

Status: Matching grant support commenced 7/91.

Project Funding:

| | | | | | | TOTAL | | | | |
|--------|------|------|------|------|------|-------|------|------|------|-----|
| Year | 1991 | Year | 1992 | Year | 1993 | Year | 1994 | Year | 1995 | |
| AID | 20 | | 31 | | 59 | | 49 | | 47 | 206 |
| PVO | 146 | | 31 | | 59 | | 49 | | 47 | 332 |
| OTHER | | | | | | | | | | |
| INKIND | | | | | | | | | | |
| LOCAL | | | | | | | | | | |
| TOTAL | 166 | | 62 | | 118 | | 98 | | 94 | 538 |

Location in Country: Country-Wide

PVO Representative in Country: Geoffrey Burrell

Local Counterpart/Host Country Agency: Presidential Trust for Self-Reliance

COUNTRY INFORMATION FOR
A.I.D. SUPPORTED PVO PROJECTS

Organization : TECHNOSERVE, INC.
 Project/Grant No.: PDC-0158-A-00-1100-00
 Grant Dates : 7/1/92/-6/30/96
 Funding Mechanism: Cooperative Agreement/Matching Grant

COUNTRY NAME OR HEADQUARTERS: AFRICA/NEW COUNTRY

Project Purpose:

To provide expanded technical assistance programs to increased numbers of small and medium-sized rural community-based enterprises and thus effectively assist larger numbers of the rural poor to participate in viable, environmentally-sound, market-oriented agricultural enterprises:

Project Implementation:

Beginning Date: 7/1/91 Estimated Completion Date: 6/30/96

Status: No formal explorations undertaken with Matching grant during 1991.

| Project Funding: | | | | | | TOTAL | | | | |
|------------------|------|------|------|------|------|-------|------|------|------|--|
| Year | 1991 | Year | 1992 | Year | 1993 | Year | 1994 | Year | 1995 | |
| AID | 0 | 0 | 55 | 41 | 23 | 119 | | | | |
| PVO | 77 | 0 | 55 | 41 | 23 | 196 | | | | |
| OTHER | | | | | | | | | | |
| INKIND | | | | | | | | | | |
| LOCAL | | | | | | | | | | |
| TOTAL | 77 | 0 | 110 | 82 | 46 | 315 | | | | |

Location in Country: N/A

PVO Representative: Ron Gillespie, Vice-President
Africa Division

Local Counterpart/Host Country Agency:

**COUNTRY INFORMATION FOR
A.I.D. SUPPORTED PVO PROJECTS**

Organization : TECHNOSERVE, INC.
 Project/Grant No.: PDC-0158-A-00-1100-00
 Grant Dates : 7/1/92/-6/30/96
 Funding Mechanism: Cooperative Agreement/Matching Grant

COUNTRY NAME OR HEADQUARTERS: NEW COUNTRY/LATIN AMERICA

Project Purpose:

To provide expanded technical assistance programs to increased numbers of small and medium-sized rural community-based enterprises and thus effectively assist larger numbers of the rural poor to participate in viable, environmentally-sound, market-oriented agricultural enterprises:

Project Implementation:

Beginning Date: 7/1/91 Estimated Completion Date: 6/30/96

Status: No formal new country program explorations undertaken to date.

Project Funding:

| | | | | | | TOTAL | | | | |
|--------|------|------|------|------|------|-------|------|------|------|-----|
| Year | 1991 | Year | 1992 | Year | 1993 | Year | 1994 | Year | 1995 | |
| AID | 0 | | 8 | | 46 | | 61 | | 37 | 152 |
| PVO | 13 | | 8 | | 46 | | 61 | | 37 | 165 |
| OTHER | | | | | | | | | | |
| INKIND | | | | | | | | | | |
| LOCAL | | | | | | | | | | |
| TOTAL | 13 | | 16 | | 92 | | 122 | | 74 | 317 |

Location in Country:

PVO Representative : Luis Chavez, Vice President
 Latin America Division

Local Counterpart/Host Country Agency: