

# PROFIT

Promoting Financial Investments and Transfers

PD-ABI-553

- *Private Health Care Providers*
- *Employer-Provided Services*
- *Innovative Investments and Transfers*

ISA 88349

**PROJECT PERFORMED FOR**  
**U.S. Agency for International**  
**Development** (*Office of Population*)

**Deloitte &  
Touche**



Member DRI International

In association with

Boston University Center for International Health

Multinational Strategies, Inc.

Development Associates, Inc.

Family Health International

PD-ABI-553

# **FIRST YEAR WORK PLAN**

**PROMOTING FINANCIAL INVESTMENTS AND TRANSFERS**

**PROFIT PROJECT**

**Deloitte & Touche**

**Contract Nos.:     DPE-3056-C-00-1040-00  
                          DPE-3056-Q-00-1041-00**

**January 31, 1992**

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January 29, 1992

Dr. Jennifer Adams  
U.S. Agency for International Development  
Office of Population  
Family Planning Services Division  
Room 809, SA-18  
Washington, D.C. 20523-1819

Dear Dr. Adams:

Deloitte & Touche is pleased to submit the **FIRST YEAR WORK PLAN** for PROFIT (Promoting Financial Investments and Transfers) to the U.S. Agency for International Development.

We have appreciated the opportunity to review an earlier draft of this document with you, and have incorporated your suggestions. The PROFIT team is fully committed and enthusiastic to begin this challenging assignment.

We are looking forward to working with A.I.D. and the Office of Population on this new and innovative project. If you have any questions, or wish to discuss the document, please feel free to contact me at (202) 879-4952 or by fax at (202) 638-7303.

Very truly yours,



Donald R. Nicholson II  
Project Director  
PROFIT

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# **SECTION 1**

## SECTION 1. PROJECT OVERVIEW

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This document presents a first year work plan for the PROFIT project, also known as "Promoting Financial Investments and Transfers," for the U.S. Agency for International Development's (A.I.D.) Office of Population. This is the first of five annual work plans, and it describes in some detail the first year's activities. A five-year strategy for the PROFIT project, which provides an overall framework for the project's approach, is being submitted to USAID at the same time as this work plan. Although some material is repeated here from the strategy document, it is assumed that the reader has access to both documents, which complement each other.

### 1.1 PROJECT BACKGROUND

PROFIT, or "Promoting Financial Investments and Transfers," is a new and innovative project of the Family Planning Services Division (FPSD) of A.I.D.'s Office of Population (R&D/POP). PROFIT was designed to increase the for-profit sector's contribution to support family planning service delivery in developing countries. The PROFIT team is the latest to join FPSD's group of cooperating agencies, or CAs. As part of this group, PROFIT will support FPSD's overall mandates. However, PROFIT fills a new and unique role. This five-year project will use financial leveraging techniques in support of private sector family planning. PROFIT represents a new way of thinking about how donor groups can contribute to family planning.

The PROFIT project is composed of a consortium of five firms, led by the international financial services and accounting firm of Deloitte & Touche (D&T). Subcontractors include Multinational Strategies (consultants in international finance), Development Associates (a family planning training contractor), Boston University Center for International Health (consultants in public health finance), and Family Health International (family planning research specialists). These firms bring together a broad range of financial and family planning skills and experience. The core PROFIT team

includes fourteen full-time staff members, based in Washington, D.C. Seven staff members constitute the core team's technical unit and seven the administrative. In addition, PROFIT will place Country Directors in six countries. Deloitte & Touche's local offices in all the PROFIT countries will provide local business knowledge and advice to the project. PROFIT will also draw on the assistance of a four-person Expert Advisory Panel.

PROFIT will conduct financial transfers and develop projects that stress sustainable private sector initiatives. A.I.D. has established an investment fund of \$17.4 million to be used for such transfers, which may include conversions of developing country debt or of corporate blocked funds. The PROFIT team expects to be able to show, at the end of PROFIT's five years, that A.I.D.'s investment fund has resulted in considerably more in family planning resources.

## 1.2 PROFIT MISSION

The mission of the PROFIT project is two fold:

- To facilitate private sector involvement in sustainable family planning projects
- To create and use innovative financial leveraging techniques and models for those projects.

This statement of PROFIT's mission identifies both the end and the means. PROFIT will seek to use the private sector to close the resource gap. This is a propitious time to begin because:

- There are large amounts of developing country debt available at a discount
- There are new financial techniques to use "frozen assets"
- Opportunities for using debt are likely to diminish, making now the time to act.

### 1.3 PROFIT GOALS

PROFIT has established five strategic goals for the project:

- Act as a catalyst for private sector initiatives in family planning
- Establish twenty significant and sustainable projects
- Leverage A.I.D. funds by an average of four to one
- Achieve a measurable impact
- Create a central resource base of information and skills.

#### 1.3.1 Goal One: Act as a Catalyst

PROFIT offers an opportunity to create model projects demonstrating that family planning in the private sector can be profitable and sustainable. Once this has been demonstrated, PROFIT expects that corporations and entrepreneurs will be motivated to create additional initiatives, based on the PROFIT model. PROFIT offers three important factors as a catalyst:

- *Money.* PROFIT's investment fund will provide crucial start-up funds or risk capital, and will induce investors to team up with A.I.D.
- *Private sector skills.* The PROFIT team is primarily drawn from private sector financial institutions, and knows how to attract outside investors. The team also knows how to manage investments for longer-term success and profitability.
- *Contacts.* The PROFIT team has worked around the world, and has extensive background and contacts in the business, financial and family planning communities. These can be tapped to identify promising investments and to find partners.

### 1.3.2 Goal Two: Establish Twenty Projects

PROFIT resources will be focused, not spread thinly. PROFIT will establish twenty projects in ten countries -- a limited number of significant projects in a limited number of countries. Sustainability will be emphasized. The PROFIT team has defined a "significant" project as one that involves an investment of at least \$500,000; that involves one of the three biggest health or family planning providers in the country; or that involves a corporate entity with at least 5,000 employees. A "sustainable" project will generate sufficient funds to continue after PROFIT is over, or will have access to continued local funding from other sources, and will have access to continued technical assistance if necessary.

PROFIT plans to have all twenty projects identified, and most underway, by the midpoint of its term (month 30). This accelerated investment schedule means that all of the \$17.4 million investment fund should have been disbursed by the middle of year three. The team has planned the schedule to allow sufficient time for each investment to produce measurable returns by the end of PROFIT's five years.

### 1.3.3 Goal Three: Leverage A.I.D. Funds by 4:1

For PROFIT, A.I.D. has established an investment fund of \$17.4 million. PROFIT expects to achieve a "multiplier," or leverage, of about four-to-one on those funds, resulting in \$60 to \$70 million for private sector family planning projects. This leverage will be accomplished in several ways:

- *Debt conversion.* Developing country debt, when traded in the secondary market, often sells at a discount. That is, the purchaser of debt can often negotiate a deal to receive more than the current market value when the amount is converted to local currency. For example, Brazilian debt recently traded at about twenty-five cents on the dollar. PROFIT could purchase \$250,000 worth of Brazilian debt and receive \$1 million worth of cruzeiros, the "face value" of the debt (less transaction costs), for use in Brazil.

- ***Blocked funds conversion.*** Blocked funds are corporate earnings, in local currency and held in local banks, that cannot be transferred out of the country. Multinational corporations may sell these funds at a discount to obtain hard currency. This is another way for PROFIT to gain local currency for local projects.
- ***Investment partners.*** PROFIT will structure its projects so that they are attractive to private sector investors, who may be local entrepreneurs or multinational corporations or individuals. This will spread investment risk, and help to ensure that PROFIT projects are designed with the fiscal discipline required by the market.
- ***Borrowing.*** PROFIT will also consider borrowing funds in local or international capital markets for projects that are expected to generate enough income both to pay back the funds during the life of PROFIT and to generate additional income.
- ***Leasing.*** PROFIT will also consider leasing, rather than buying, equipment or facilities. Leasing reduces risk and spreads capital costs over several years. Ideally, leases will include a purchase option, so that the enterprise can own the facilities or equipment at the end of PROFIT.
- ***Guarantees.*** PROFIT may offer guarantees to private sector investors and creditors, where PROFIT does not invest any initial capital but limits the risk to investors.

#### 1.3.4 Goal Four: Achieve a Measurable Impact

The group of countries in which PROFIT will operate presents widely varying economic, political and social conditions. PROFIT will carefully select projects that can succeed under local conditions and constraints. Because of the range of countries and types of projects, evaluation will be a challenging task. It may not be feasible or realistic to look for nationwide demographic impact, for instance.

Conventional, widely used family planning evaluation criteria apply only partly to PROFIT's scope of operations. PROFIT will define success criteria, in both financial and family planning terms, specific to each project and tailored to what the project can achieve. For example, an employer-based project may focus on increasing the number of users in an employee population, reducing absenteeism and realizing cost savings to the employer. A manufacturing project may focus on increasing availability of condoms or contraceptive drugs in the country as a whole. PROFIT will look at how well the goal of financial leverage was met, and whether projects generated enough revenue to be sustainable. The important issue of evaluation requires a careful and thoughtful consideration, project by project, of where results are expected and how they can be quantified.

### 1.3.5 Goal Five: Provide a Central Resource

The PROFIT project expects to serve as a resource for other R&D/POP or A.I.D. offices, other cooperating agencies, and USAID Missions. The resources available include financial and managerial skills, which may be used in joint efforts with other cooperating agencies. Other central resources include a project library with background on PROFIT countries, and information about financial techniques and investment management. PROFIT includes a buy-in component, so even Missions in countries where PROFIT does not operate can request technical assistance in areas where the PROFIT team has particular skills.

## 1.4 TYPES OF PROFIT PROJECTS

PROFIT will base the design of its projects on the goals described above. Family planning projects will fall into three major sectors:

*Private, market-based providers.* PROFIT will design projects that involve as partners groups of health care personnel, group practices, pharmacists, or professional associations. This sector may also include hospitals and insurance companies. The types of projects may include establishing new facilities, adding family planning services to an existing

practice, supplying training, or supplying commodities or informational material on a market basis.

- *Employer-based providers.* PROFIT will also approach employers of large numbers of workers, such as manufacturing plants, mines and plantations, to offer family planning as a benefit. To help ensure that these projects are sustainable, PROFIT will offer managerial as well as technical skills. Types of employer-based projects may include adding family planning as a benefit, establishing workplace clinics, establishing joint clinics for use by a number of employers in an area, and so on.
- *Manufacturing, marketing and distribution.* PROFIT will seek opportunities for investment in production or processing facilities, packaging of drugs or condoms, distribution, and in assisting to bring new technologies to market. Types of projects may include establishing new production facilities, upgrading of plants, expanding a distribution network, expanding an export market, or introducing a new type of condom, among others.

Two additional types of PROFIT projects may apply to any of the sectors mentioned above:

- *Privatization* of service delivery, production, or insurance currently in the public sector will always be an option considered. Indirect methods of privatization, such as contracting-out for services, may sometimes be appropriate. PROFIT will also look at the regulatory climate in the country as it affects the process of privatization.
- *Reduction of trade barriers* may affect family planning efforts at many levels. Such barriers may inhibit the import of raw materials or finished goods, thus limiting availability of modern methods; barriers may also affect national or regional distribution or restrict foreign investment. Indirect barriers such as price controls may inhibit the entry of the private

sector into service or commodity provision. PROFIT will explore trade barriers as they affect projects. We may recommend ways to operate despite these barriers, while making policy recommendations to improve the situation.

## 1.5 OVERVIEW OF THIS DOCUMENT

The PROFIT contract calls for each annual work plan to contain the following information:

- A project overview, to include background, strategy and goals;
- First year project objectives;
- First year program, describing sectors, countries and regions to be covered, with travel plans;
- New initiatives and their relationship to the project strategy;
- Financial, infrastructure and human resources required;
- Staffing, training and skill mix required;
- Evaluation indicators and plans for the year;
- Implementation issues; and
- Implementation plan, describing how implementation of the contract will be transferred from headquarters, after an initial planning and approval stage, to the field.

These required topics have been organized into the six sections presented in this document:

1. **PROJECT OVERVIEW**, summarizing the project's background, strategy and goals, which are further detailed in the accompanying strategy document.
2. **FIRST YEAR WORK PROGRAM**, including the sectors, countries and regions covered, as well as the administrative work plan for the project. New initiatives are not separately described, since PROFIT is a new project and all its activities are new.
3. **IMPLEMENTATION ISSUES**, identifying several issues which must be resolved to ensure that PROFIT operates successfully and without unreasonable obstacles.
4. **EVALUATION INDICATORS AND PLANS**, presented in summary from the PROFIT strategy document.
5. **IMPLEMENTATION STRUCTURE**, describing how the project will be implemented and the degree to which control will be exercised centrally vs. in field offices.
6. **REQUIRED RESOURCES**, describing the required financial, infrastructure and human resources, including staffing, training and skill mix.

We expect to use this format, with appropriate revisions, for each annual work plan.

## **SECTION 2**

## SECTION 2. FIRST YEAR WORK PROGRAM

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PROFIT's first year work plan covers project initiation and start-up in two major countries, with strategies for an additional four countries completed in preparation for the second year.

### 2.1 OVERALL IMPLEMENTATION STAGES

PROFIT projects will progress through five stages:

- Country assessment
- Deal flow
- Operation
- Growth
- Divestment.

During the first year of PROFIT, the team will focus on completing country assessments, to select where PROFIT will invest, then getting the first investments established, that is, "making the deals." Each stage is described here, to set the overall framework for the first year's activity plan. The five stages involve:

#### 2.1.1 Stage One: Country Assessment

- *Country assessment.* An initial visit to the target country will establish contacts and identify promising leads. The local D&T offices will be asked to assist with ideas and contacts. Initial ideas will be discussed, and a second trip will examine promising projects in more depth. The team will prepare a country assessment, describing where PROFIT is most likely to succeed and identifying a number of potential projects.

### 2.1.2 Stage Two: The Deal Flow

- *Project selection.* A number of potential projects will be reviewed in light of the economic environment, the success of similar projects, R&D/POP's other activities in the country, and other factors. A limited number of potential projects will be selected for in-depth review.
- *Project analysis.* The selected projects will undergo more careful scrutiny. Private sector investors will be asked to make tentative commitments, and a financial review covering required capital, projected revenues and many other factors will be completed. Like a private investor, PROFIT will carefully scrutinize financial and operational elements before proceeding. Results of the analysis will be documented in a Project Memorandum.
- *Preparation of investment.* R&D/POP and other A.I.D. parties will review and approve the Project Memorandum. PROFIT will then finalize arrangements with other investors, complete "due diligence" investigations, and prepare a Memorandum of Understanding between PROFIT and other parties to the transaction. Finally, an Investment Document will be prepared, setting out all these arrangements and committing the participants. Final legal and technical arrangements will then be put in place.

### 2.1.3 Stage Three: Operation

- *Implementation.* All the elements of the project will come together for project start-up. PROFIT will play an active role in helping to ensure that the enterprise gets off to a smooth start. Where problems arise, PROFIT will put together a task force to address the problem, control potential losses, and establish a means to prevent the problem from recurring.
- *Monitoring.* Following implementation, PROFIT will remain an active participant in the project, although the team does not expect to have to "micro-manage" each project. The PROFIT country directors, however, will play an active role in management. PROFIT will define a set of "vital signs" for each project, which the country director will review on a regular basis looking for potential problems.

#### 2.1.4 Stage Four: Growth

As the project unfolds, PROFIT will begin to look at opportunities to expand the project's scope or to replicate it elsewhere in the country or in the region. For instance, PROFIT may help an enterprise to reach new markets, to link up with a multinational corporation, or to obtain additional bank financing. If the project is generating sufficient funds, another facility may be opened, for example, or a product line expanded.

#### 2.1.5 Stage Five: Divestment

Finally, PROFIT will eventually divest itself of the project and the associated investment. Many investments will involve equity in an enterprise. PROFIT has proposed that, during the five-year life of the project, its investments will be held in a U.S.-based non-profit corporation, controlled jointly by A.I.D. and the project. This proposal seems the best way to hold equity during the life of the project; it is being reviewed by legal counsel. An "exit strategy" for each investment will be devised at the start of the project. At the end of the five years, PROFIT will turn these investments into an ongoing resource which may be used to continue the enterprise, support another A.I.D. effort, or be liquidated to obtain funds for another purpose.

## 2.2 SECTORS, COUNTRIES AND REGIONS

The sectors in which PROFIT will operate are dictated by the project's purpose: private sector oriented projects in family planning. Although we wish to explore a range of opportunities within that framework, we do not expect to deviate from those sectors.

Because PROFIT will concentrate on a limited number of longer-term projects, we do not expect to operate regionally. Although PROFIT will certainly consult with the regional bureaus in selecting projects, our focus will be much more in-depth on specific countries. Projects will be tailored to the conditions in each country, without an overall regional strategy. This is consistent with the new BIG country strategy.

Selection of PROFIT countries was guided by R&D/POP's BIG country strategy and priorities, by knowledge of the economic and private sector climate in each potential country, and by a desire to achieve diversity in location and projects. During the first year, projects will be started in two countries, and four more country strategies will be prepared. The countries to be addressed in PROFIT year one are:

- **Brazil**, to which an initial trip was completed in November 1991, with a follow-up trip scheduled in February 1992.
- **Nigeria**, with an initial trip scheduled for January 1992.
- **Mexico**, with an initial trip scheduled for February 1992 and follow-up shortly thereafter.
- **India**, with an initial trip planned for March 1992.
- **Indonesia**, with an initial trip planned for March 1992.
- **Philippines**, with an initial trip planned for June 1992.

Country Directors will be recruited during PY1 for the first two countries, most likely Brazil and Nigeria. During PY2 PROFIT will recruit Country Directors for four additional countries, to be determined after country assessments are complete.

Country Directors will be allocated space in the local office of Deloitte & Touche. They will have access to communications, such as telephone and fax, although we may purchase a fax machine if volume demands. They will also be allocated a computer from the project budget, for reporting and financial monitoring. One clerical/administrative staff person will be hired to assist at each location. The Country Directors will report to the Project Director, although direct oversight for specific projects may be delegated to another member of the technical team.

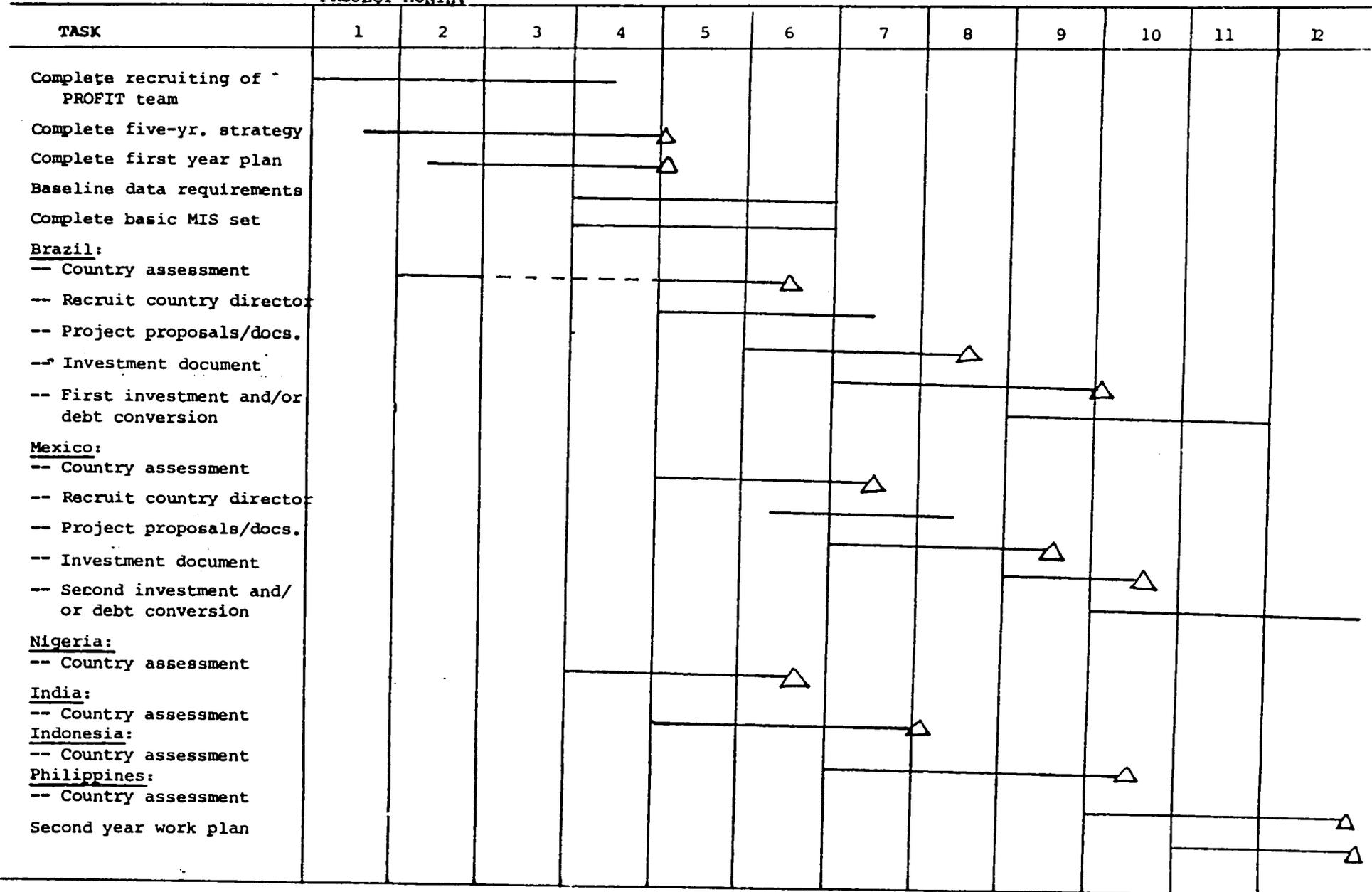
## 2.3 FIRST YEAR TECHNICAL WORK PLAN

Exhibit 2-1, on the following page, summarizes the major milestones to be accomplished during year one. These will include six country assessments, plus completion of the deal flow for at least three projects in the first two countries:

- The **country assessment** will result from the first two visits to each country. The first trip will be exploratory, to develop contacts and ideas for discussion with the project team. The second trip will develop project ideas in more detail, and may include initial steps leading to the recruitment of a Country Director. At the end of the exploratory phase, the team will produce a **country assessment report** (for which an outline is included in the strategy document) that describes the economic climate and initial identification of candidate projects.
- At this stage, assuming that a number of good candidate projects are available, the **Country Director** and assistant will be recruited and put in place. He or she will assume principal responsibility for oversight of PROFIT activities in that country; the initial assignment will be to develop more detailed feasibility information on the candidate projects.
- Subsequent visits to collect further information will result in development of **project proposals** and, where appropriate, **project memoranda**. These will describe the technical and financial aspects of a proposed project, and will be used for a go/no-go decision by R&D/POP. All relevant information for an approved project will be collected into the **investment document**, which will serve as a map for subsequent stages.
- **Project implementation and monitoring** responsibilities will be shared by the Country Director (where one exists) and a core member of the PROFIT team. These will include evaluation and dissemination activities specific to the project. The team will develop implementation and monitoring schemes tailored to the requirements of a particular project, guided by our overall reporting requirements and evaluation strategy.

Exhibit 2-1.  
PROFIT PROJECT: YEAR ONE  
TECHNICAL WORK PROGRAM

PROJECT MONTH:



LEGEND: △ = deliverable

Exhibit 2-2 on the following page shows a preliminary travel plan for the six countries addressed in year one.

### 2.3.1 Project Opportunities Explored To Date

During the four months since contract signature, the PROFIT team has also begun to explore opportunities for cooperation with major manufacturers. We have contacted a number of A.I.D. suppliers and received positive responses to the idea of PROFIT. We expect to continue this process and to draw in the resources of D&T's local offices as well. Among the firms that have been approached are:

- Ansell, regarding condom manufacturing plants in Brazil, Mexico and Nigeria
- Golden Cross, regarding HMO-provided services in Brazil
- Syntex, regarding manufacturing opportunities in oral contraceptives
- The Population Council, regarding joint-venture Norplant manufacturing opportunities in Indonesia, India and Mexico
- Schering, regarding several different manufacturing opportunities in Brazil
- Peru-USAID regarding a buy-in
- Family Health International, regarding plastic condoms
- An Indian entrepreneur regarding the use of mobile TV trucks for IEC purposes.

Exhibit 2-2

INITIAL PROFIT TRAVEL PLAN

<p><b>BRAZIL</b></p>	<p>Exploratory trip completed November 1991                  Follow-up trip February 1992                  1 to 2 subsequent trips to begin implementation</p>
<p><b>NIGERIA</b></p>	<p>Exploratory trip January 1992 as part of A.I.D.'s Project Identification Document (PID) Team                  Follow-up trip in 3rd project quarter</p>
<p><b>MEXICO</b></p>	<p>Exploratory trip February 1992                  Follow-up trip April 1992                  1 to 2 subsequent trips to begin implementation</p>
<p><b>INDIA</b></p>	<p>Exploratory trip March 1992                  Follow-up trip in 3rd project quarter</p>
<p><b>INDONESIA</b></p>	<p>Exploratory trip March 1992                  Follow-up trip in 4th project quarter</p>
<p><b>PHILIPPINES</b></p>	<p>Exploratory trip June 1992                  Follow-up trip 4th project quarter</p>

## 2.4 ADMINISTRATIVE AND MANAGERIAL WORK PLAN

PROFIT's first year will entail a variety of administrative and managerial setup tasks to get the project underway and to ensure that the administrative structure facilitates PROFIT's personnel and activities. The various administrative tasks are summarized here.

### 2.4.1 Acquire PROFIT Space and Equipment

- Allocate office space for PROFIT personnel: seven technical specialists and seven administrative personnel, plus space for project library, project data base, project files, meeting area and visitor spaces. Set up phone, fax, intercom lines.
- Acquire most of the budgeted project equipment: including laptop computers for travel assignments; data base PC and scanner with software; project fax for central project office; PCs for use in Washington Office and for desktop publishing and project financial reporting. PROFIT plans to provide all Country Directors with a PC, but assumes that only two will need separate fax equipment, since PROFIT's Country Directors will generally share space with the local Deloitte & Touche affiliates in DRT International offices. Determine computer setup for PROFIT's home office.
- Arrange for presentations from two to four travel agencies; the project does not need to commit to a single agency, but should know what the alternatives are and who can offer the best service.

### 2.4.2 Mobilize Expert Advisory Panel and Project Oversight Board

- Contact Expert Advisory Panel members, and send a package of introductory material: proposal, BIG country strategy, and PROFIT strategy outline. Set up first committee meeting for early January to solicit advice on overall project strategy.

- Schedule first meeting for Project Oversight Board, in February 1992, to review progress to date and discuss any remaining issues to be addressed.

#### 2.4.3 Build Project Data Bases

We have planned to install a data base system with a scanner to allow printed equipment to be scanned into electronic format and retrieved by the use of key words or other free text. This system will serve the project in several ways.

##### **Short-Term Consultants Data Base**

The first data base will contain consultants. This data base will give the PROFIT team quick access to persons with various specializations who are available for short-term work under either the core or buy-in contracts. The team will give preference to current employees of the five firms in the PROFIT consortium, where possible, but will also maintain information on a number of independent or outside consultants.

- Collect resumes from firms in project team;
- Collect, review and categorize resumes of external consultants;
- Establish procedure for reviewing and responding to unsolicited resumes;
- Start a file of bio-data sheets for likely candidates; and
- Begin process of recruiting for Country Directors and their supporting staff, if needed. Most recruiting will be done locally in each target country.

##### **Project-Related Information**

The PROFIT team will also build up a data base (or more than one) of project-related information. This will include information about past projects and lessons learned,

baseline information on the selected countries and private sector entities, information on current USAID family planning programs, information on debt swaps, trade and tariff data, and so on. As the year progresses, we will determine which information needs to be automated and what could more usefully be maintained in the project library, discussed below. We may also consider an on-line file of trip reports and other project documents.

#### 2.4.4 Disseminate First Year Project

We will begin by identifying and starting to build useful networks of contacts: the family planning community, starting with USAID cooperating agencies; decision makers in the countries; the banking community in targeted countries; USAID health and population officers; etc.

First year dissemination activities:

- Build mailing lists: A.I.D., Cooperating Agencies (CAs), missions, private sector.
- Identify upcoming speaking or publishing opportunities.
- Initiate mass mailing to banks and to bankers from developing countries who attended the last round of relevant multilateral development bank annual Governors' meetings.
- Plan first conferences and seminars. First one should be presentation of PROFIT strategy to other CAs.
- Develop PROFIT video.
- Establish links to: FP decision makers, health decision makers, other development agencies.

- Identify memberships needed.
- Plan for booth at certain conventions.
- Establish project "identity" to include common business cards, letterhead, report covers, folder, fax cover sheet, notepaper; begin a PROFIT brochure, and newsletter format.

#### 2.4.5 Establish Project Files and Library

- Files to set up include: proposal; contracts and subcontracts; strategic plan and first year work plan working papers; minutes of meetings; etc.
- Project library to include:
  - Articles about family planning
  - Articles about debt conversion
  - Material from previous projects
  - Newsletters and periodicals
  - PROFIT-produced documents
  - Subscriptions to relevant periodicals
- Correspondence files to include:
  - Letters sent and received
  - Faxes sent and received
  - Responses to resumes received
  - Various mailing lists to be set up/revised
  - DRT International member firms involved in PROFIT.

#### 2.4.6 Set Up Reporting Procedures

- Establish means of collecting information and producing monthly reports quickly, accurately and efficiently.
- Establish work breakdown structure tied to D&T's internal financial system to facilitate tracking and reporting.
- Finalize subcontracts and establish means of obtaining accurate time and expense data from subcontractors.

#### 2.4.7 Establish Project Procedures

- Travel clearance procedures.
- Resume handling procedures.
- Information dissemination policies and procedures.
- Performance evaluation procedures.
- Handbook for overseas assignments: report format requirements, assignment letter format, trip report requirements, invoice and time reporting formats, etc.
- Procedures for reviewing and responding to buy-in requests, for project approval, for financial transfer approval, and so on; document all in an operating manual.

The administrative tasks described above are summarized in a schedule shown in Exhibit 2-3, on the following page.

Exhibit 2-3.  
 PROFIT PROJECT: YEAR ONE  
 ADMINISTRATIVE WORK PROGRAM

TASK	PROJECT MONTH:											
	1	2	3	4	5	6	7	8	9	10	11	12
Establish PROFIT office *	[Task bar from month 1 to 3]											
Establish library	[Task bar from month 1 to 6]											
Establish admin. systems	[Task bar from month 2 to 6]											
Establish reporting procs.	[Task bar from month 2 to 5]											
Acquire equipment	[Task bar from month 2 to 6]											
Establish non-profit corporation	[Task bar from month 3 to 6]											
Develop project identity	[Task bar from month 3 to 5]											
Develop newsletter	[Task bar from month 3 to 10]											
-- Publish first issue	[Task bar from month 7 to 10]											
Develop and produce video	[Task bar from month 7 to 11] <span style="float: right;">△</span>											
Create mailing lists	[Task bar from month 4 to 7]											
Other project dissemination activities	[Task bar from month 4 to 12] (dashed line)											
Develop consultants data base	[Task bar from month 4 to 8]											
Develop project data base(s)	[Task bar from month 4 to 7]											
Develop project operating manual	[Task bar from month 5 to 10] <span style="float: right;">△</span>											
Expert Advisory panel meetings	[Meeting circles at month 3, 7]											
Project Oversight Board meetings	[Meeting circles at month 4, 9]											

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LEGEND:    △ = deliverable    ○ = meeting

## **SECTION 3**

### SECTION 3. IMPLEMENTATION ISSUES

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Because PROFIT is a new and innovative project, some issues that were raised during the proposal process are not fully resolved, although solutions are in progress in all cases. This section summarizes the remaining issues, and describes the resolutions in process. Other issues that may arise as implementation begins will be covered in subsequent annual work plans.

The issues identified to date, in approximate order of priority, are:

- Establishment of a process for approving investments, including debt swap/blocked funds conversion opportunities. The process should tie A.I.D. to a specified reaction time, so opportunities are not lost. The procedure should identify alternate individuals who can approve a transaction, should the PROFIT technical officer be unavailable. PROFIT suggests a maximum approval time of three days, to match the "Debt for Development Guidelines." Discussions on this procedure are underway with A.I.D., and a resolution will be reached and documented by the end of the second quarter of the project.
  
- Establishment of a project approval process, with guidelines for approvals of investments and negotiations with private sector investors. The procedure should describe background and financial data required to approve a project, means of projecting risk, and minimum/maximum PROFIT participation. Level of detail and approval process may differ by project type; for instance, an investment project may require considerably more financial data than a training project. Discussions are underway, based on the project life cycle described in this document and in the five-year strategy. A resolution will be reached and documented by the end of the second quarter of the project.

- Establishment of content, level of detail, and frequency of reporting required on disbursements of local currency resulting from a financial transfer and used for a project. The level of reporting may differ by project. Also establish requirements for local banking. Discussions are underway and a resolution will be reached and documented by the end of the third quarter of the project, well in advance of any local disbursements.
- Definition of the investment holding mechanism and its legal establishment. Since PROFIT will hold some equity investments during its five-year life, discussions have been initiated with A.I.D. and its General Counsel about the best mechanism. A non-profit, Washington-based corporation appears to provide the best alternative and plans are underway to establish such an entity for this purpose. The team expects to have a resolution by the end of the second quarter of the project, well in advance of the first equity investment.

Following is a description of the proposed investment holding mechanism, as presented in the Five-Year Strategy:

#### THE PROFIT TRUST

Since PROFIT will be making equity investments in some, if not all, of its projects, it needs a mechanism for holding those investments that will meet Government guidelines while minimizing Government and corporate liability. The precise vehicle for holding PROFIT investments is being worked out with A.I.D. contracting and legal offices.

PROFIT has proposed to establish a single, not-for-profit, U.S.-based corporation to hold investments without tax liability, and provide a means for aggregating income earned and capital gains. This appears to be the best way to meet the project's needs. Establishing trusts in each PROFIT country would be complex, time-consuming and probably expensive, so a single entity appears

to be preferable. Such a mechanism, once established, will enable PROFIT to hold its investments in a clean, stand alone vehicle that can be used beyond the end of the project to continue to generate program funds.

This non-profit corporation, perhaps called "The PROFIT Trust," would have a Board of Directors composed equally of PROFIT core team members and A.I.D. staff members. This Board would control the trust and make decisions about the control or divestment of PROFIT holdings. The trust would be set up to turn over control to A.I.D. at the end of the five-year period, or to dissolve and turn over proceeds of assets to A.I.D. Details of the trust mechanism, once resolved, will be distributed to R&D/POP and other interested parties.

- Agreement with R&D/POP on accelerated access to the \$17.4 million available for financial transfers. Early access to funds is necessary for certain financial mechanisms, such as purchase of options on debt for potential future PROFIT projects. The PROFIT strategy describes why investments to be made under PROFIT should be committed during the first thirty months of the project, in order to allow at least two years for monitoring results. We anticipate agreement on the timing and mechanism of release of these funds by the end of the third quarter of the project. A capital funds disbursement schedule will be prepared and adjusted, as necessary, to accurately reflect anticipated capital needs.
- Lastly, establishment and enforcement of an approval mechanism for the buy-in activities of PROFIT. This will require a balance between the needs and focus of the central project, and the need to be of service to Missions. Additionally, the RFP estimated that the team could achieve thirteen percent billability of all core team members on buy-ins. PROFIT will carefully monitor demands on core team time to determine whether that level is feasible, and whether buy-ins can be completed successfully with minimal involvement of core team members. This issue will be discussed with the R&D/POP technical officer, and buy-in selection,

approval and negotiation criteria will be developed and documented by the end of the third project quarter. (No buy-ins have yet been requested.) PROFIT may need to define a role for the R&D/POP technical officer in developing project designs and staffing patterns.

Other major and minor issues will inevitably arise during the first project year covered by this work plan. PROFIT management is confident that a close and frank working relationship with R&D/POP will help us to define and resolve each issue as it arises. The second and subsequent annual work plans will describe remaining issues that affect PROFIT activities during the period covered.

## **SECTION 4**

## SECTION 4. EVALUATION INDICATORS AND PLANS

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During PROFIT's first year, the team will focus on obtaining baseline data for countries and projects and on establishing an evaluation approach. While PROFIT's progress may be measured at the end of PY1, no individual project will be sufficiently developed to merit a structured evaluation. However, PROFIT will build evaluation factors into project design to ensure that the data obtained will assist to accurately measure results.

The five-year plan offers a more comprehensive discussion of PROFIT's evaluation strategy and philosophy. This section summarizes the important factors for the first year's activities.

### 4.1 ESTABLISH CRITERIA AND INDICATORS

The group of countries in which PROFIT will operate presents widely varying economic and political conditions. PROFIT will carefully select projects that can succeed under local conditions and constraints.

Conventional, widely used family planning evaluation criteria apply only partly to PROFIT's scope of operations. PROFIT will define success criteria, in both financial and family planning terms, specific to each project and tailored to what the project can achieve. For example, an employer-based project may focus on increasing the number of users in an employee population and on reducing absenteeism. A manufacturing project may focus on increasing availability of condoms or drugs in the country as a whole. PROFIT will look at how well the goal of financial leverage was met, and whether projects generated enough revenue to be sustainable. This section describes our current thinking on evaluation, which will be refined as specific projects are selected.

Because of the range and diversity of PROFIT countries, evaluation will be a challenging task. The team feels it is unlikely that PROFIT will result in measurable, nationwide

demographic results. Instead, we will define focused criteria for success for each project, including both financial and family planning indicators. These criteria will be tailored to results that the project can realistically achieve. We will also set some overall project measures to allow comparability.

From the outset, the team will seek to establish ways of measuring whether PROFIT has accomplished its purpose, whether it has had an impact, and whether its successes are replicable.

#### 4.1.1 Questions To Be Addressed

The evaluation expert will develop methodologies for evaluating:

- PROFIT as an innovative financial program
- PROFIT as a family planning program
- PROFIT as a project manager
- PROFIT's impact on target audiences
- Key PROFIT indicators.

In general terms, there are three main areas where PROFIT projects are expected to have an impact. First, PROFIT should increase private sector resources for family planning. Second, the increase in resources should lead to an increase in family planning provided by the private sector. Third, the increase in services should eventually be financially self-sustaining.

On the resources side,

- How much did private sector resources for family planning increase?
- How was the \$17 million leveraged?

- On the impact side,
  - Was there an increase in contraceptive use?
  - Did the private sector provide more family planning services and did its share of the market for contraception increase?
  
- On the cost and sustainability side,
  - Were projects eventually able to cover their recurrent costs? Were they eventually able to cover all of their costs?
  - How long did it take projects to cover costs, and was there a gradual increase in revenues and/or reduced expenditures over time?

#### **4.1.2 MIS Supporting Evaluation**

The PROFIT Management Information System (MIS) will be a crucial tool in evaluation. It will be used for data compilation, manipulation, and analysis. As indicators are developed, the PROFIT team will determine relationships and cross-references between them. Project variables will be cross-tabulated and analyzed against expected goals and objectives to evaluate project outputs on a continuum of investment and family planning activities. While the specific areas to be addressed and the data to be collected will vary, these steps need to be conducted for PROFIT as a whole, as well as for each individual project undertaken.

#### **4.2 SOURCES OF EVALUATION DATA**

Data to assess PROFIT's impact will come from a variety of sources, both existing and new. Where appropriate, PROFIT will draw upon the established sources for family planning evaluation to determine such items as use of contraception and source. In many instances, however, PROFIT will need to collect its own data, especially regarding the financial impact of its projects.

## *Impact on Contraceptive Use*

To evaluate PROFIT's impact on contraceptive use, the following existing sources of data will be used:

- **Demographic and Health Surveys/Centers for Disease Control Surveys**

These surveys provide information on method and source of contraception. Thus, these data should make it possible to determine trends in contraceptive use and source.

The disadvantage of national surveys is that they do not provide data on regional and local activities. Therefore, in situations in which information is needed on characteristics of target populations or impact on these target populations, surveys using these target groups as the sampling frame are needed.

- **Service statistics**

Data will be obtained on contraceptive services provided by projects including cycles of oral contraceptives and numbers of condoms distributed, number of IUDs inserted and number of voluntary surgical sterilizations carried out. In addition, similar information will be collected from government and private voluntary organization (PVO) programs. Thus, we will be able to make some determination if new services added to contraceptive use or private sector services substituted for government and PVO services.

- **Private, for-profit data bases**

PROFIT will also make use of existing private for-profit data banks in establishing baseline data on method and brand preference of major pharmaceutical purchasers. This will assist in determining trends in contraceptive use and source. An example of this type of data base is IMS, owned by Dun & Bradstreet. IMS is an on-line data base providing current information on pharmaceuticals, and on how each product is used by physicians in treating what conditions.

New sources of data to evaluate PROFIT's impact on contraceptive use include the following.

- **Surveys of potential users and users of new services**

One problem with service statistics data is that they do not identify the characteristics of users of new services. Are these new users previous users of other services, or are they new to family planning? If the users are substituting PROFIT services for another type, are they previous users of PVO or government services or of the private for-profit sector?

In some instances, it may be possible to do baseline and follow-up surveys to contrast method and source before and after new services are made available. This is particularly possible in the case of employer-based family planning services as the population sampled will be essentially unchanged by the intervention. In addition, users of insurance plans could be interviewed previous to and following the intervention. However, in the case of private providers, new populations are likely to be attracted by service provision and retrospective surveys will need to be the main evaluation tool.

### *Vital Signs*

For each PROFIT project, we will develop a set of "vital signs" for regular monitoring. "Vital signs" are measurable indicators of an enterprise's performance, and may include inventories on hand, raw material inventories, receivables, staff turnover, and monthly sales. We recognize that these may not always be easy to get, but we hope to assist the process by ensuring that a monitoring system is in place before making an investment; most likely, monthly or quarterly provision of vital signs will be a condition of financing.

The PROFIT project, either at headquarters or at the Country Director's office, will receive data on vital signs within fifteen days after the end of each month (or other reporting period), and will look for favorable or unfavorable trends. When he or she discerns a problem, the Country Director and the core team will determine how best to approach and resolve it quickly.

Although some "vital signs" will differ by type of project, some will be comparable. Using this reporting technique allows PROFIT to compare its projects regularly, which will lead toward some eventual conclusions on the relative degrees of success.

#### 4.3 WORK WITH OTHER EVALUATION ACTIVITIES

Evaluation of family planning projects is a high priority in R&D/POP, which is deeply concerned with ensuring that its projects achieve their goals. Although certain methods and indicators have been in widespread use for a number of years, these are currently undergoing critical scrutiny. R&D/POP is seeking better ways of measuring results, particularly in light of the new BIG country strategy, where more resources are directed at fewer targets.

The new evaluation project, awarded to the University of North Carolina by R&D/POP, is expected to be a good resource for PROFIT in its efforts to improve its evaluation methods. Family Health International, a team member, has extensive experience in family planning evaluation. Additionally, PROFIT will rely on the advice of the evaluation experts resident in R&D/POP, and will review evaluations conducted for previous projects. PROFIT plans to stay current with developments in the evaluation of other projects, and may revise its approach over the course of the five years to ensure that PROFIT evaluations are in tune with those of other projects, so that results may be compared.

#### 4.4 BUILD EVALUATION FACTORS INTO PROJECT DESIGN

Although we want to build on the accumulated expertise of those who have evaluated family planning projects over the years, we cannot ignore the fact that PROFIT is a unique and innovative project that will require new evaluation approaches. Most importantly, we will build financial and profit/loss criteria into our approach and indicators. We will also apply "sensitivity" tests to determine the level of accuracy that can be expected.

Because PROFIT will execute a range of projects, the evaluation expert will work closely with the other team members to ensure that an evaluation plan is included in the project approval document. Some indicators will be the same for all projects, but a greater number will differ by type. For instance, we will measure the success of a direct investment much differently than we will assess an employer-provided program. Each will use sets of technical and financial criteria. The frequency with which each project is monitored will also vary. The five-year strategy provides a number of examples of both types of indicators for the three major project components: innovative investments, private providers, and employer-provided services.

## **SECTION 5**

## SECTION 5. IMPLEMENTATION PLANS

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This section summarizes how PROFIT will be implemented through the team's organizational structure. The five-year strategy offers much more complete information about the activities involved in implementation, and supplements the information presented here.

### 5.1 ORGANIZATION STRUCTURE

PROFIT core personnel will work together as a single team from a single location in the Washington, D.C. area. PROFIT's organizational structure is described in the next section.

The PROFIT team has been organized into three working groups, with three levels of management oversight (exclusive of the A.I.D. Project Officer and the Office of Population, who provide the highest level of oversight). PROFIT's management is composed of a team of executives from the private and public sectors, including members of Deloitte & Touche's staff, the staff of its subcontractors and from unrelated firms. The team provides the full range of skills and background needed for PROFIT. Management of the project is provided by:

***The Project Director.*** Donald R. Nicholson II has primary responsibility for all PROFIT activities and will be the most publicly visible member of the team. He will direct PROFIT strategy and establish PROFIT policy. He will participate with key members of the team in negotiations with governments and private sector participants in PROFIT target countries. He will be responsible for PROFIT's public profile, and will normally be the PROFIT representative for press contacts and speaking opportunities.

To assist the Project Director, PROFIT has established three working groups, with clear reporting relationships within each group, to ensure that the Project Director's span of control is reasonable:

#### 5.1.1 Technical Unit

The technical unit includes the technical experts (Directors) in the key functional areas:

- **The investments director**, who will also serve as Deputy Project Director in the absence of the Project Director
- **The finance director**
- **The marketing director**
- **The family planning director**
- **The evaluation director**
- **The management information system (MIS) director.**

The Deputy Project Director assists the Project Director in ensuring that project activities are properly integrated. He also assumes command during any absence by the Project Director. In the event that both the Project Director and the Deputy Project Director are absent simultaneously, the Contract Officer will assume command.

PROFIT's team approach is to designate each technical director as the "lead" for one or two target countries in order to have a central point of focus and contact for each target country. This approach will expedite the assessment of projects and decision making, and contribute to an effective and successful project implementation. It will also delegate responsibility for monitoring country-specific activities among the technical directors, thus allowing the Project Director to focus on overall project management and direction.

#### 5.1.2 Administrative Unit

The administrative unit will manage administrative control and compliance with contract terms. The administrative team includes:

- **The contracts officer**
- **The administrative manager**

- **The finance officer**
- **Two administrative assistants**
- **Two secretaries.**

The Contracts Officer reports to the Project Director and serves as the main administrative point of contact for A.I.D.'s contracting office. The administrative unit will handle all project finances, and all administrative support activities. The publicity and dissemination functions of PROFIT will be administratively managed within the administrative unit.

In addition to the three working units are the following:

### 5.1.3 Project Oversight Board

The Project Oversight Board is comprised of senior officials from the firms in the Deloitte & Touche team:

- **Robin McPhail:** Partner in charge of D&T's International Lending Agencies consulting practice.
- **Dr. William Bicknell:** Director of Boston University's Center for International Health.
- **Paul Sacks:** President of Multinational Strategies.
- **Leveo Sanchez:** Chairman of Development Associates, Inc.
- **William Schellstede:** Executive Vice President of Family Health International.

The range of skills and experience in this group will strengthen the overall management of PROFIT and help direct the course and progress of the project. The board will supervise the contractual and administrative aspects of PROFIT, and will meet formally in Washington approximately quarterly to review current activities.

#### 5.1.4 Expert Advisory Panel

The Expert Advisory Panel will provide technical review of project content, and will help to determine PROFIT's overall strategy, activities and countries of operation. PROFIT will benefit from the expertise of its panel of respected members of the family planning, business and financial communities.

Members of the Panel are:

- **Ambassador Steven Bosworth**, former U.S. Ambassador to the Philippines and Tunisia and currently President of the United States-Japan Foundation. He sits on the board of Population Services International.
- **Dr. Peter P. Sumbung**, MD, MPH, Vice Chairman for the National Family Planning Coordination Board (BKKBN), Republic of Indonesia, since 1979. He formerly served in the Indonesian Ministry of Health and the World Health Organization.
- **Mr. Steven Sinding**, Director of Population Services for the Rockefeller Foundation, and former head of A.I.D's population programs and former Mission Director in Kenya.
- **Mr. Alan Stoga**, Managing Director of Kissinger Associates (KIA). Mr. Stoga's responsibilities at KIA include international and financial consulting for private sector clients.

The Expert Advisory Panel provides guidance to PROFIT on the project's strategic objectives and advises on the selection of the target countries. As PROFIT progresses, the Panel will be asked to review the proposed projects to ensure that all important aspects have been effectively addressed. The Panel members also have a wide range of

private sector contacts in the U.S. and overseas. Their contributions will benefit the dissemination of PROFIT's progress and achievements.

## 5.2 FIELD TEAM RESPONSIBILITIES

The nature of PROFIT dictates that it be managed centrally, for administrative matters. The Washington-based project team will determine the best means of controlling disbursements to be made in each country, as well as the best means of collecting data for evaluation. Further, we expect that most reporting to A.I.D. will flow through the Washington project office for correlation and compilation, although USAID Mission liaison will also be established at each field site. The central project team is responsible for all managerial and financial aspects.

### 5.2.1 Country Directors

The Country Directors will be recruited after projects have been selected and will have dual reporting responsibilities. For technical matters relating to the execution of the projects, the Country Directors will report to the technical unit, with direct responsibility to the technical expert in the project area (such as investments or family planning). For administrative matters, such as monitoring of expenditures, the Country Directors will report to the administrative unit. PROFIT will develop standard procedures and schedules for reporting by the Country Directors and/or PROFIT projects.

By the end of PY2, PROFIT expects to have a total of six Country Directors. If possible, all will be recruited locally, although it is recognized that in certain countries this may not be possible, given PROFIT's requirements. The actual recruitment process will be done in close collaboration with D&T's local affiliate, in part for expediency, but more importantly to assure the high professional and ethical qualities that are essential to the position.

PROFIT's Country Directors will be required to have relevant private sector experience. The Country Directors, some of whom may have regional responsibilities, will be of critical importance to the implementation and management of the PROFIT projects.

PROFIT does not intend to centralize all decision making in Washington, but rather delegate key areas of project supervision and management to the Country Directors. This implies decentralization, which is a key component of PROFIT's management system.

Country Directors in the PROFIT countries will be responsible for participating in project development, debt swap negotiations, local dissemination, monitoring the disbursements of local currency, monitoring investments and participating in management to assure project growth and development. They will also be expected to assist in collecting evaluation data as specified by evaluation plan, and other tasks as dictated by the needs of PROFIT.

Country Directors will be PROFIT employees and most likely housed in a Deloitte & Touche affiliate office. They will be required to submit time sheets, expenses and other administrative reporting directly to Washington on a regular basis.

PROFIT expects to maintain liaison with field teams through weekly mailings of project-related material, regular visits by core team members, and regional or country-specific conferences. PROFIT also expects to establish a means of obtaining feedback from the R&D/POP officers at the relevant USAID Missions to ensure their close involvement.

### 5.2.2 D&T Local Offices

D&T is the U.S. member firm of DRT International, a global accounting and financial services firm with offices in over 100 countries. D&T is therefore represented in every potential PROFIT country. The team expects that the local D&T member firms will make substantial contributions to PROFIT by providing knowledge of country conditions, introductions to private sector businesses, links to banks and legal services, and by supplying consultants to assist with PROFIT projects where necessary.

## **SECTION 6**

## SECTION 6. RESOURCES REQUIRED

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This section summarizes the required financial, infrastructure and human resource components required to implement the first year PROFIT work plan.

### 6.1 FINANCIAL RESOURCES

As of the date of this report, no major changes from PROFIT's financial plan, as presented in the Best and Final Offer of the D&T proposal, are anticipated. We expect to be able to follow that budget, possibly with some adjustments within the fifteen percent variation allowed contractually. Project team salaries are within the planned levels.

A summary budget is presented in Exhibit 6-1, on the next page.

As described in the previous section, however, the project team feels that it is important to ensure that the \$17.4 million available for financial transfers be available during the first thirty months of the project. If evenly distributed over three years, this would entail about \$6 million per year. So far, \$2.5 million has been obligated. It is difficult to estimate how much will be required for the first projects until they have been fully scoped, but we would like to request R&D/POP's assistance in arranging for these funds to be released on an appropriate schedule.

Exhibit 6-1  
**PROFIT Five-Year Budget**  
 (US\$ 000)

	<u>PY1</u>	<u>PY2</u>	<u>PY3</u>	<u>PY4</u>	<u>PY5</u>	<u>TOTAL</u>
<b>Services</b>	2,196	3,303	3,478	3,619	3,633	16,229
<b>Debt Conversion</b>	5,000	8,000	4,400	0	0	17,400
<b>Equipment</b>	160	320	320	0	0	800
<b>Travel &amp; ODCs</b>	362	410	390	398	404	1,964
<b>Total</b>	7,718	12,033	8,588	4,017	4,037	36,393

## 6.2 INFRASTRUCTURE

As PROFIT gets underway, we do not anticipate that we will need any change from the infrastructure as proposed:

- The project team will be housed together in a set of offices dedicated to the project.
- Required equipment, such as a fax and computers, is mostly in place or on order, with the exception of the computers to be sent to field offices.
- Field staff will be housed in the offices of D&T's local member firm. We will pay rent to the local office to provide space for a Country Director and a secretary, plus access to communications equipment. PROFIT will purchase a computer for use by each country group.

Any changes to these plans will be discussed with and approved by the PROFIT technical officer.

## 6.3 HUMAN RESOURCES

As of the date of this report, we do not anticipate any significant variations from the staffing requirements or levels of effort outlined in our proposal.

### 6.3.1 Level of Effort and Skill Mix

We have made one adjustment from the requirements of the RFP, by splitting the evaluation and MIS positions. Our proposal described this alternate approach, which was aimed at providing greater depth in each discipline and which has since been approved by R&D/POP. This change did not alter the overall level of effort for PROFIT, since each is a three-year position, with twelve months of the short-term consulting budget used for the sixth year.

### 6.3.2 Training

During the first year of PROFIT, training needs of the project team will be minimal. We plan to provide some training on software packages, to ensure that all staff members are familiar with the standard software to be used (Word Perfect 5.1 and Quattro Pro). The administrative manager and assistants will receive additional training in the selected desktop publishing tool; several alternatives are currently being evaluated.

PROFIT team members who are Deloitte & Touche employees are required to complete 40 hours of continuing professional education (CPE) each year, although the requirement can be averaged over three years. This is a requirement of the American Institute of Certified Public Accountants (AICPA) and applies to all employees of accounting firms, including consultants. We will carefully monitor the training received or conducted by each employee, and will seek to offer opportunities to speak, teach or write for publication, which count toward meeting the AICPA requirement. Our International Lending Agencies (ILA) group maintains a training plan for everyone in the group, and PROFIT employees will be included.

\* \* \* \* \*

This concludes the PROFIT first year work plan. The tasks described here are based on the overall project strategy, submitted separately. As the first year progresses, we may make appropriate adjustments to the steps or the countries identified. All such changes will be discussed with and approved by the R&D/POP technical officer. The second year work plan will incorporate changes to format and content where necessary to clarify project activities.