First Annual Evaluation of the International Foundation for Education and Self-Help's Debt for Development Program

AID Grant No. AFR-0479-G-SS-0008-00

May 1991

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ABBREVIATIONS

AEBL - American Express Bank Ltd., IFESH's financial agent for the program
AID - Agency for International Development, Washington DC
AID/W - Agency for International Development, Washington DC
CPA - Certified Public Accounting firm
IFESH - International Foundation for Education and Self-Help
MIS - Management information system
NGO - Non-governmental organization (European and multilateral term for a PVO)
OIC - Opportunities Industrialization Center (an indigenous African PVO affiliated with OIC International)
OIC International - Opportunities Industrialization Centers International (an American PVO)
PVO - Private voluntary organization
TDY - Temporary duty
USAID - Mission of AID located in a developing country

PREFACE

A. Aim of the First Annual Evaluation

This report assesses the first year of operation of the International Foundation for Education and Self-Help (IFESH)'s four-year "Debt for Development" program (AID Grant AFR-0479-G-SS-0008-00, dated 1 February 1990). Aim of the evaluation is to compare first-year planned versus actual results and suggest strategies, where needed, to help ensure the achievement of anticipated 4-year outputs.

Debt for development is an innovative, complex concept. IFESH is the first and only AID-registered PVO to have undertaken a debt-for-development assignment.* Both points are discussed briefly in Section C, below.

B. Background of IFESH and its Founder

IFESH, a charitable foundation organized in 1981, is a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. It pools and directs private and public resources towards four acute problems in the Third World: unemployment, hunger, illiteracy and health care. The Foundation focuses on programs that motivate and train--using self-help principles to improve the lives and incomes of the

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* In accepting IFESH's Fundng Proposal, AID recognized several of the PVO's special qualifications to perform the debt-for-development initiative: (a) the relevant background experience and affiliations of members of its Board, which includes a former Secretary of the Treasury, former Governor of the Federal Reserve, and former Chairmen of IBM and General Motors, and of PepsiCo's executive committee; (b) IFESH's close working relationship with the Chairman, American Express Company, and with its subsidiary, American Express Bank Ltd.; (c) IFESH's experience in a half-dozen earlier development and training projects in South America and Africa using blocked grants provided by U.S. corporate donors, including the Bank of America, American Express Bank Ltd. and Coca Cola; and (d) the long-standing, continuing audit and financial counseling services that IFESH receives from the national CPA firm Deloitte & Touche.

underprivileged. To date, it has funded vocational/technical, agricultural, small enterprise, and literacy skills training projects -- and provided on-site assistance by U.S. graduate students -- in Botswana, Central African Republic, Côte d'Ivoire, Ethiopia, The Gambia, Guinea, Kenya, Niger, Nigeria, Sierra Leone, Swaziland, Tanzania, Zaire and Zimbabwe.

In its support of programs, IFESH concentrates on providing seed money for locally developed projects that meet Foundation criteria, based on (a) demonstrated ability to use self-help principles in project performance; (b) a high promise of replication; (c) potential for project self-sufficiency; and (d) host-government approval and support.

The Foundation is a member of the family of organizations, founded by Reverend Leon H. Sullivan, that comprise the largest network of African-American self-help advancement programs in the U.S. and the Third World. These include Opportunities Industrialization Centers International (OICI)--a network of 17 indigenous training centers, in 12 sub-Saharan countries, that have taught over 20,000 Africans needed skills; Opportunities Industrialization Centers of America, which have provided vocational skills to over 1,000,000 trainees; Progress Investment Associates of the U.S.; and an IFESH affiliates in Nigeria and Peru. The Reverend developed the "Sullivan Principles," issued in 1977 to help eliminate inequities experienced by black workers under South African apartheid; has been pastor of one of the largest churches in America; and was for many years senior member of the Board of Directors of the General Motors Corporation.

C. IFESH's Debt for Development Program

The phrase "debt conversion" is used by the international banking community to describe transactions involving the purchase or exchange by creditors and private organizations of the debt of developing countries at reduced prices, and its conversion into local currency to permit the proceeds to be used to benefit the commercial or non-profit sector. Put another way, debt conversion is the process by which developing countries transform foreign currency obligations to creditors (e.g., commercial banks) into equity that is used by a PVO or for-profit corporation to support in-country activities. Over the past several years, a number of developing countries (mostly in Latin America in "debt-for-nature" projects) have established debt conversion programs to attract foreign investment or to repatriate flight capital.

It is into this environment that IFESH has entered with $2,000,000 of seed money from its AID Debt for Development Grant. The Foundation's unique program was conceived and designed for the purpose of purchasing debt owed by three African countries -- Nigeria, Guinea and Niger -- to U.S. commercial banks, and converting it into local currency to support indigenous PVOs in the implementation of self-help, human resource development and training projects in the debtor countries. By acquiring the countries' debt at a discount in the secondary market, IFESH, with AID assistance has simultaneously reduced the debt of these poor nations and obtained local currency funding for qualifying projects at highly favorable rates of exchange that have doubled AID's seed money.

IFESH contracted with the American Express Bank Ltd. (AEBL) to purchase the funding on its behalf. AEBL, a recognized leader in the conversion of such debt, has arranged sales of over $3 billion of developing country paper for third parties and completed the largest "debt-for-nature" swap transactions on record. The IFESH-AEBL working relationship goes back several years. The Bank and the American Express Company contributed the equivalent of $1.55 million in blocked local currency assets in Nigeria, and $5 million of blocked assets in Peru, for IFESH-supported self-help development projects. In both instances, the Bank and the Foundation were responsible for the enactment/promulgation of new policies and procedures by the host governments. And following Bank-designed procedures for obtaining foreign "blocked assets," IFESH negotiated approval for blocked asset transfers in Zimbabwe.

D. The Evaluation and its Methodology

The First Annual Evaluation of the Debt for Development program was conducted by Stanley A. Barnett, C.M.C, A.I.C.P., development economist and program design and evaluation consultant. He has been contract supervisor for three AID Program Design and Evaluation Indefinite Quantity Contracts (1975-85). During his work in 40 developing countries since 1953, he participated in some 20 evaluations (1976-1991), usually as team leader, mainly in sub-Sahara Africa, and mostly of indigenous and U.S. PVOs. A dozen of the evaluations focused on OIC International and/or its African-affiliate PVOs -- in assignments funded by AID/W, individual USAID Missions, OIC International and the United National Development Programme.

Pre-field-survey evaluation activity took place during March and much of April 1991. At IFESH headquarters in Phoenix, AZ, the evaluator was oriented by the PVO's officials, conducted primary and secondary research, and developed and reviewed preliminary evaluation plans and schedules. Thereafter, at his Westport CT office, the evaluator completed his analysis of project documentation, prepared survey interview materials, and wrote selected portions of the draft evaluation report..

The field survey (24 April - 5 May 1991) took the evaluator to the three countries in which IFESH's Debt for Development program is centered: Nigeria, Guinea and Niger. During the two-week period, he contacted headquarters officials and country representatives of the program's lead PVOs, Africare and OICI; Directors and staffs of USAID Missions; program advisors, executive directors and boards of directors of several of the designated subgrantees, including those of Niger OIC and Guinea OIC; a banker and a former ambassador active in the program's development; and members of the economic staff of the American Embassy at Lagos.* Whenever possible, he debriefed the lead-PVO, subgrantee and local IFESH representatives before leaving the country. The Executive Director of IFESH accompanied the evaluator throughout the field survey.

Upon returning to the U.S., the evaluator completed the draft report, reviewed its findings, conclusions and recommendations with IFESH officials in Phoenix; then edited the final report and had it reproduced.

* Appendix A to this report lists key persons contacted during the evaluation.

I. EXECUTIVE SUMMARY

Introduction: As the first Private Voluntary Organization (PVO) to receive an AID Debt for Development grant, the International Foundation for Education and Self-Help Grant (IFESH) has found itself a pioneer, blazing a trail through an unchartered wilderness.

Wisely, IFESH engaged the services of the American Express Bank, Ltd. (AEBL), an authority in the debt conversion process, as its agent to spearhead the technical process of debt conversion, i.e., leveraging AID's Grant "seed money" into local currency acquired at reduced prices in Nigeria, Guinea and Niger.

The Foundation and the Bank have encountered unforeseen obstacles in the participating countries, including declining economies and the need for protracted negotiations with governments and financial institutions in the participating countries -- all of which have required continuing overseas travel, caused delays, and have otherwise slowed progress of the Debt for Development initiative.

Nevertheless, the program has forged ahead to meet the overwhelming majority of its first-year aims -- more than many in the international banking and donor community had predicted possible. With the preparatory/pre-operational phase of the program mostly complete, IFESH's immediate task is to accelerate the project's implementation phase--providing financial and technical assistance, and monitoring the work of the subgrantees in motivating and training the underprivileged.

Inputs: The Debt for Development Agreement was signed by AID/Washington and IFESH on 1 February 1990. Between April and September of that year, AID provided IFESH with $1,961,503 to purchase and convert debt owed to U.S. commercial banks in Nigeria, Guinea and Niger. IFESH's first-year program contributions were $402,609 in cash and in kind.

Despite the complexity and tediousness of the process, all planned debt purchase and conversion outputs were completed during Program Year 1. IFESH and USAID Missions agreed on program activities and their respective roles. IFESH and its financial agent met with country officials to negotiate the debt purchase/conversion agreements and discuss program implementation; entered into participation agreements re. debt acquisition; and purchased the Nigeria and Niger debt in May 1990 and the Guinea debt in September 1990. Overall, the local equivalent of $5,587,187 of debt was purchased -- a sum equal to 285% of the AID Grant payments (somewhat higher than projected); and net local proceeds, after local discounts and bank fees were equivalent of $3,858,114 -- twice as much as the Grant payments.

All outputs also were accomplished in the selection and orientation of lead PVOs and subgrantees, and review of proposals submitted by them. Africare and OIC International -- both of which have led American-sponsored self-help efforts in sub-Saharan Africa for two decades -- were selected as lead PVOs for the program. IFESH visited their potential subgrantees in Nigeria, Guinea and Niger, in order to assess their capabilities and obtain advisory inputs from USAID Missions; and IFESH developed a comprehensive guide for proposal submission, conducting orientation workshops in its use for relevant headquarters and field staffs of the lead PVOs.

Six proposals for subgrantee projects -- two in each participating country -- were submitted to IFESH between May and October 1990. IFESH put the proposals through a detailed screening process that included IFESH staff review, approval by the Foundation's Board of Directors, and subsequent assessment by the Foundation's Technical Advisory Council and its Educational Advisory Committee. The projects (generally four-years in duration) concentrate on self-help initiatives in non-formal vocational, technical and business skills training, agricultural training, and literacy-health care training. Thus far, Debt-for-Development funding of $1,919,435 has been approved for the projects; that figure amounts to 65% of original cost estimates and 49.8% of available net program proceeds. After having received concurrence from host governments and local USAIDs, IFESH forwarded grant agreements to the subgrantees for signature.

In February 1991, IFESH authorized the transfer to the Nigeria and Guinea subgrantees of approximately $259,000, or 23.2% of total funds approved for their projects. Funds were not transferred to Niger subgrantees at that time; that country's acute economic problems temporarily blocked transfer of converted local currency to IFESH's Niger account. Late in Program Year 1, IFESH personnel conducted orientation workshops for the subgrantees. With initial disbursements of program funds not taking place until the start of Program Year 2, subgrantees were not positioned to submit progress reports, and IFESH did not begin systematic monitoring of their activity during the period under evaluation.

Pursuant to program design, IFESH identified International Fellows for assignment to subgrantee projects. The young graduate students (three of the four are women) were sent to Africa between July and September 1990. They each spent one academic year assisting subgrantee organizations. The subgrantees are generally quite satisfied with the caliber and scope of the Fellows' efforts. The cost of International Fellows' services are part of IFESH's contribution to the Debt for Development program.

Outputs re. reports and audits: IFESH made timely submission of the first three quarterly progress reports to AID, notifying the Agency of significant project variations, both in the reports and in periodic meetings with AID officials. The Foundation also contracted for the first annual evaluation during the period; this evaluation document replaces the need for a fourth quarter progress report. Because program funds had not been distributed to subgrantees by 30 September 1990 (end of IFESH's fiscal year), the stipulation that audits of subgrantees take place during Program Year 1 became moot. The audits will be performed during Program Year 2. (Deloitte & Touche, IFESH's auditor conducted a well-attended financial accountability seminar for subgrantee staffs in April 1991.)

Development of IFESH in-country infrastructure was partially completed during the evaluation period. Program monies were deposited in IFESH local bank accounts between June and August 1990. Although IFESH advisory committees were registered in the three participating countries, only IFESH/Nigeria (formed in 1989) was fully operational by the end of Program Year 1. At that time, local IFESH committee boards of directors and staffs were under recruitment in Guinea and Niger.

At this point, one-quarter through the planned four-year implementation period, it is impossible to gauge how closely subgrantee projects will meet their End-of-Project Purpose targets in terms of training completions and indirect beneficiaries. There is reason, however, to believe that some projections may be overly optimistic.

Major recommendations:

(1) The added experience that IFESH has gained during first-year implementation of the AID Debt for Development program has further strengthened the Foundation's ability in the debt purchase/conversion process. It is recommended that AID consider capitalizing on IFESH's expertise by providing it with additional funding under HR 5114;*

(2) That IFESH structure a more detailed management information system, to ensure accurate tracking of subgrantee performance during the operational phase of the program.

(3) That IFESH make major use of its Field Operation's Officer's services, during the program's second phase.

(4) Finally, that IFESH have subgrantees review and modify original beneficiary projections to more accurately reflect conditions at the start of project implementation.

* See page 33 of this report for the 27 October 1990 commendation of IFESH and its Debt for Development initiative by House of Representatives conferees considering HR 5114.

II. INITIAL YEAR PROGRESS: IFESH'S DEBT FOR DEVELOPMENT PROGRAM

Although AID concluded that a Logical Framework Project Design Matrix ("Logframe," or recommended structural format for an AID project) was unnecessary for the IFESH Debt for Development Funding Proposal, this Chapter, for clarity and ease of comprehension, reviews the Foundation's progress during the first year (1 February 1990 through 31 January 1991) of the four-year program within that conceptual framework's constituent cause-and-effect elements: Project Inputs, Project Outputs, Project Purpose and Project Goal.*

The Chapter first reviews (A) Project Inputs, in terms of financial, technical and other resources contributed by the Grantor; the Grantee; and tangentially by others directly concerned with IFESH's Debt for Development program -- the USAID country Missions and the subgrantees.

Most of the Chapter consists of (B) a detailed assessment of first-year progress made towards achieving the program's specifically delineated four-year Project Output targets.

Finally, it touches briefly upon (C) the initiative's End-of-Project Purpose Indicators and (D) its overall End-of-Project Goal --"briefly," because it is far to early in the program's history, at the one-quarter mark, to quantify relative progress achieved to date in regard to those last two "highest" elements of the Logframe.

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* AID's Logframe system highlights the relationship between a project's elements--representing a cause-and-effect sequence of actions--and their consequences. The appropriate initial causes of action are the "Inputs." The desired effects of these inputs are the "Outputs." The Outputs, in turn become the cause of the next desired result--achievement of the program's "Purpose," which, in turn, is expected to contribute importantly to achieving the overall (higher) Project "Goal."

I-A. PROJECT INPUTS

I-A-1. Financial Input of AID:

The Grant Agreement calls for AID to provide IFESH with $2,050,000. Of the total, $2,000,000 is to provide funds for debt conversion, i.e., for the purchase of debt owed to U.S. commercial banks by Nigeria, Guinea and Niger, in exchange for local currency to be used by IFESH in supporting local development programs as described in Attachment 2, "Program Description," of the Grant document. An additional $50,000 is set aside to pay for program audit expenses.

AID Grant payments were received by IFESH as follows:

o 23 April 1990, for purchase of Nigeria debt	$1,067,500
o 23 April 1990, for purchase of Niger debt	424,003
o 18 September 1990, for purchase of Guinea debt	470,000
Total	$1,961,503

II-A-2. IFESH Inputs

The Foundation is, in return, expected to contribute goods and services to the amount of $2,420,000 in cash and in kind, over the four years of the Grant. Of this amount, $2,100,000 is to cover the cost of program operations; and $320,000 to cover the expense of assigning 16 IFESH International Fellows to assist program subgrantees (for more about the Fellows, see II-B-4 of this report).

Constituent expense elements under the "program operations" category include: (a) day-to-day program administration and monitoring/evaluation of the program; (b) consultant services; (c) coordination of activities with American Express Bank Ltd.; (d) continuing in-country contact with representatives of the lead PVOs, host governments, USAID Missions, local banks, etc.; (e) support of IFESH's management/ monitoring infrastructure in the participating countries; (f) monitoring the performance of the indigenous subgrantees funded by the program; and (g) periodic contact with AID/Washington and the headquarters offices of the lead PVOs in the U.S., etc.

Through the first year of the Debt for Development program, IFESH incurred an estimated $402,609 of program-related costs:

Figure 1. IFESH INPUTS, YEAR ONE OF DEBT FOR DEVELOPMENT PROGRAM
1 February 1990 - 31 January 1991

Direct Services		
Proportion IFESH staff salaries/fringe benefits	$99,926	
Consultants	24,026	
Total Direct Services		$123,952
Travel and Transportation Costs		
Travel/transportation for IFESH staff, advisory groups	$43,788	
Travel/transportation for consultants	26,865	
Total Travel and Transportation		70,653
IFESH International Fellows assigned to subgrantees		
Stipends/grants	$41,939	
Travel, on-site allowances & insurance	51,848	
Total for IFESH International Fellows		93,787
Miscellaneous and Professional Fees		
Fees to AEBL for debt purchase/conversion activity	$75,000	
Other professional fees (accounting, etc.)	2,692	
Miscellaneous expenses	7,504	
Total for Miscellaneous and Professional Fees		85,196
Allocated portion of IFESH/Phoenix Office Expenses		29,021
GRAND TOTAL		**$402,609**

Sources: Various IFESH financial records and data

The value of direct services (salaries, fringes and fees) contributed by IFESH for its staff and consultants' program-related effort totaled $123,952, or 30.8% of the Foundation's total contribution during Program Year 1. Initiative-related travel and transportation was another large expense category, totalling $70,653, or 17.5% of the overall contribution. Travel costs were high primarily because of the financial and operational complexities of the Debt for Development program required frequent trips to the participating countries. (See Figure 2, on the next page, for a recapitulation of the intensive program travel by key IFESH personnel through February 1991.)

Stipends, grants, travel and on-site allowances, etc. for the services of IFESH International Fellows contributed to the program, equalled another $93,787, and 23.3% of the total. Professional fees and miscellaneous expenses accounted for $85,196, 21.2% of total; and allocated percentages (generally a quarter) of IFESH's overall Phoenix office costs totaled $29,021, the remaining 7.2% of IFESH's Year 1 contribution.

Figure 2. PROJECT-RELATED TRAVEL OF IFESH PERSONNEL THROUGH FEBRUARY 1991

- November 1989: IFESH Executive Director to Africa. Meetings in Nigeria with U.S Ambassador ,USAID officials, representatives of lead PVOs (Africare/Nigeria and Nigeria/OIC); in Guinea with officials of U.S Embassy, USAID and OIC/Guinea; and in Niger with U.S. Ambassador, Governor of the Central Bank, Minister of Finance and officials of USAID and Africare/Niger--to prepare for debt conversion process.

- March 1990: IFESH's President (Rev. Sullivan), Executive Director, and First VP of American Express Bank Ltd to Guinean Embassy, for meeting with Ministers of Finance, Planning and International Cooperation; Governor, Central Bank; Ambassador to the U.S.; and AID's Assistant Administrator/African Bureau--re. debt conversion agreement.

- June 1990: IFESH's Executive Director and First VP, American Express Bank Ltd to Nigeria for meetings with Minister of Finance, Governor of Central Bank, Director for Debt Development Programs and U.S. Ambassador; to open bank account for IFESH/Nigeria and conduct workshop for its local board. Also to Niger,, to open local bank account and meet with Minister of Finance,Foreign Minister and Minister of the Plan.

- August 1990: IFESH's Executive Director to Guinea re. debt conversion. Meetings with Finance Minister, Governor of Central Bank, OIC and Africare representatives and USAID Director/staff. Opened local bank account for IFESH.

- September 1990: IFESH's President and Executive Director, and First VP, American Express Bank to Washington. Project update meeting with AID Administrator and key staff.

- November 1990: IFESH's President to New York for meeting with Managing Director, Nigeria's Nationwide Merchant Bank Ltd., where converted debt purchase is deposited.

- November 1990: IFESH's President and Executive Director, and First VP, American Express Bank to Washington, for another project update session with AID Administrator/staff.

- November 1990: IFESH's Secretary/Treasurer and Deloitte & Touche officials to Washington for meeting with AID/African Bureau's Associate Assistant Administrator for Market Development and Investment.

- Late 1990: Visit to Nigeria by First VP, American Express Bank acting as agent for IFESH. Purpose: to check whether Ministry of Finance adhered to agreement to transfer funds.

- November 1990: IFESH consultant to Guinea and Niger, to ensure that funds were transferred per agreement to IFESH bank accounts. Met with representatives of lead PVOs.

- January/February 1991: IFESH consultant to Guinea and Niger. In both countries, met with Ministers of Finance and Governors of Central Banks, re transfer of funds to IFESH bank accounts; also with country reps of lead PVOs; and interviewed candidates for local IFESH advisory boards and for positions as country IFESH coordinators.

- February 1991: Project update visit to Washington by IFESH's President and Executive Director, and First VP of American Express Bank. Meeting with AID Assistant Administrator/African Bureau and key staff.

- Return visit, February 1991: Followup visit by IFESH consultant, to Guinea and Niger, for further meetings with Ministers of Finance and Governors of Central Banks.

- Four trips during year by IFESH Executive Director ,to AID/Washington, for meetings to discuss various aspects of the program with AID's Project Manager/AFR/PR/EHR.

II-A-3. Inputs by the USAID Country Missions and Subgrantees

The Grant agreement calls for the USAID country representatives and IFESH to agree on the nature and degree of Mission involvement in the program. All three USAIDs support the program, but have opted for minimum involvement in its operations. USAID/Nigeria concurred with IFESH that Nigeria/OIC and Africare/Nigeria were logical in-country lead PVOs; and reserved the right to review planned activities and periodic program evaluations and audits. USAID/Guinea and USAID/Niger also agreed with the selection of in-country OIC and Africare units as subgrantees; and both decided not to become involved in the debt conversion process.

Subgrantees are responsible for for a number of program Inputs, including (a) submitting project proposals for IFESH approval; (b) developing personnel policies and selecting personnel (c) creating acceptable management systems and auditable financial records; (d) developing curricula in accord with IFESH models; (e) purchasing program items within approved budgets and AID regulations; (f) seeking inputs from local IFESH Advisory Committees; (g) filing required reports; (h) planning, managing, implementing and monitoring their project activities; and (i) contracting for annual audits by Deloitte & Touche. At this early stage of the 4-year project, only (a), above, has been fully accomplished. Six project proposals--two in each of the participating countries--have been submitted to and been approved by IFESH (see II-B-3, below).

II-B. PROJECT OUTPUTS

Pages 11-42 of IFESH's 1 December 1989 "Funding Proposal" were incorporated into the Grant Agreement, as Attachment 2, "Program Description." The extract does not discuss or identify anticipated Project Outputs, except in part, and then in general, global, four-year terms.

The closest to a systematic, chronological listing of Project Outputs for the IFESH initiative is found in a portion of the Proposal not included in the Grant document or in its Attachment 2. That portion details 44 separate Output actions to be accomplished and/or begun during the first year of the program. For reasons of logic, clarity, and comprehension, and to better assess planned versus actual results to date, this report combines the 44 Output actions into seven functionally related groupings and 29 separate, measurable Outputs. They constitute the body of this subsection.

Figure 3, next page, charts the current status of first-year Output indicators.

Figure 3. SUMMARY OF CURRENT STATUS OF FIRST-YEAR PROGRAM OUTPUTS

	Com-pleted	Part Done	Not Begun
1. DEBT PURCHASE AND CONVERSION OUTPUTS			
o IFESH to agree with USAID Missions on program and their participation	O		
o IFESH to convene orientation meetings with participating-country officials	O		
o IFESH to transfer Grant funds for debt purchase to its financial agent, AEBL	O		
o IFESH & AEBL to enter into participation agreements re. debt acquisition	O		
o AEBL to purchase participating country debt for IFESH	O		
o IFESH & AEBL staff to visit countries to finalize debt conversions	O		
o IFESH to finalize conversion/participation agreements & complete process	O		
2. OUTPUTS RE. SELECTION/ORIENTATION OF LEAD PVOs & SUBGRANTEES			
o IFESH to select lead PVOs for the Debt for Development program	O		
o IFESH staff to visit potential subgrantees/consult with USAIDs about them	O		
o IFESH to develop "Guide for Potential Subgrantees," request their proposals	O		
o IFESH to conduct orientation workshops for lead PVOs and their field staffs	O		
3. OUTPUTS RE. SUBGRANTEE PROPOSAL SUBMISSIONS & APPROVALS AND INITIAL FUNDING & ORIENTATION			
o IFESH staff to review project proposals from potential subgrantees	O		
o IFESH to solicit in-country comment re. staff project recommendations	O		
o IFESH Board of Directors to review/approve the proposals	O		
o IFESH Advisory Committees to provide technical and educational inputs	O		
o IFESH to advise AID, host-governments, & local IFESHs of approvals	O		
o Initial funds to be made available to subgrantees to start implementation		O	
o IFESH to conduct orientation workshop for the subgrantees	O		
4. OUTPUTS REGARDING SERVICES OF IFESH INTERNATIONAL FELLOWS			
o IFESH to identify International Fellows for subgrantee projects	O		
o International Fellows to be fielded to the participating countries/projects	O		
5. OUTPUTS REGARDING IFESH REPORTING TO AID			
o IFESH to prepare/submit quarterly progress reports and notify AID/W of significant project variations	O		
o IFESH to contract for the first annual Debt of Development evaluation	O		
o IFESH to contract for the annual financial audit	O		
6. OUTPUTS RE. DEVELOPMENT IF IN-COUNTRY IFESH INFRASTRUCTURE			
o IFESH to open local bank accounts in the participating countries	O		
o IFESH to establish local advisory committees in participating countries		O	
o Local committees to organize, staff & establish the local program office		O	
o IFESH to conduct orientation workshops for local committees		O	
o Local IFESH committees to submit quarterly progress reports for IFESH Headquarters review and meet with the subgrantees			O
7. OUTPUTS CONCERNING IFESH REVIEW OF SUBGRANTEE OPERATIONS			
o IFESH starts monitoring subgrantees & reviews their progress reports			O

II-B-1. Outputs re. Debt Purchase and Conversion

o <u>IFESH to enter into informal agreements with USAID Mission directors regarding in-country Debt for Development program activities</u>:

The Grant Agreement stipulates that "Prior to conversion of each debt instrument into currency of the cooperating country, IFESH shall agree in writing with the USAID country representative on the nature and degree of AID involvement in the program.

Subsection II-A-3, above, notes that USAID country representatives and IFESH did agree on the nature and degree of Mission involvement in the program at its start. Exchanges of correspondence between IFESH and USAID/Nigeria, USAID/ Guinea and USAID/Niger, after November 1989 visits by IFESH's Executive Director, testify to the fact that the three Missions support the program, and opted for minimum involvement in its operations.

o <u>IFESH to convene meetings with participating-country officials</u>:

During the November 1989 trip of IFESH's Executive Director to Africa, he also met with relevant officials of the host governments in Nigeria, Guinea and Niger -- Ministers of Finance, Governors of Central Banks, and so forth, to brief them on the Debt for Development program and enter into preliminary discussions regarding debt purchase and conversion, and program implementation. Followup discussions were conducted with those officials by telephone, concurrent with the officials' visits to the United States.

Upon ratification of the Grant Agreement, on 1 February 1990, IFESH advised each participating country--through its American Embassy--of the fact, and also appraised them of the program implementation process.

On 6 March 1990, an important meeting regarding the debt conversion agreement with Guinea took place in Washington DC. Present were IFESH's President and Executive Director; Guinea's Ambassador, Minister of Finance, Governor of the Central Bank, and Minister of Planning and International Cooperation; First Vice-President of American Express Bank Ltd (AEBL); and AID/W's Assistant Administrator/ Bureau for Africa.

o IFESH to transfer Grant funds to its financial agent, American Express Bank Ltd for purchase of principal amounts:

On 23 April 1990, IFESH received two Grant payments from AID : $1,067,500 for purchase of Nigeria debt, and $424,003 for purchase of Niger debt. On 18 September 1990, IFESH received $470,000 from AID to purchase Guinea debt. The Foundation transferred the Grant funds to AEBL within days.

o IFESH and American Express Bank Ltd. to enter into participation agreements regarding debt acquisition:

At the onset of the initiative, IFESH retained the AEBL as its financial representative in the Debt for Development transactions process. On 9 May 1990, two weeks after receipt of the Grant payments for Nigeria and Niger, IFESH entered in participation agreements with AEBL to purchase the debts the two countries. On 5 October 1990, IFESH and AEBL entered in a participation agreement covering purchase of Guinea debt.

o American Express Bank Ltd. to purchase debt for IFESH:

On IFESH's behalf, AEBL's World Financial Center office in New York City purchased debt of the three participating countries through the Interbank Market.

Once the purchases had been made, the process was completed at local national banks --the Central Bank of Nigeria (at Lagos); Development Bank of Niger (at Niamey); and the Central Bank of Guinea (at Conakry).

o IFESH and American Express Bank Ltd. staff to visit participating countries, and meet with host governments and USAID Missions to finalize conversions:

In June 1990, IFESH completed conversion of the Niger and Guinea debts by negotiating on the spot with AEBL and host-country officials, and then executing Letters of Debt Acknowledgement with the two governments. Negotiation with Nigeria took somewhat longer, because of a time-consuming formal application process.

o IFESH to finalize debt conversion and participation agreements with American Express Bank Ltd. and host governments, and complete the process:

Overall, the three-country AID Grant payments of $1,961,503 have purchased the local equivalent $5,587,187 of debt, a sum equal to 285% of the AID payments. This compares to an anticipated purchase of the local equivalent of $5,068,000 of debt, a sum equal to 253% of $2,000,000 of Grant payments for debt conversion. Net local proceeds, after local discounts and bank fees -- i.e., the amount available for distribution to sub-grantees -- is the equivalent of $3,858,114, twice as much as the Grant payments. Figure 4 breaks these overall figures into individual country totals.

Figure 4. DEBT PURCHASE AND CONVERSION TRANSACTIONS, 1990
(U.S. dollars or equivalent in local currencies)

Transaction	Date	Nigeria	Guinea	Niger
AID Grant Payment	23 Apr 1990	$1,067,500		$424,003
	18 Sep 1990		$470,000	
Debt Purchase	16 May 1990	3,500,000		1,087,187
	15 Oct 1990		1,000,000	
Amount Converted	6 Jun 1990			1,087,187
	17 Aug 1990	3,500,000		
	29 Dec 1990		500,000*	
Discounted Value		1,841,518	500,000	1,087,187
Equivalent Net Local Proceeds		1,770,927	500,000	1,087,187

* Half of the purchased debt in Guinea was converted in December 1990.
Source: IFESH Debt Purchase and Currency Transaction Report, 21 December 1990; plus data from Secretary/Treasurer of IFESH. See Appendix B for text of the Transaction Report.

The timing of the debt acquisitions and conversions indicated by Figure 4 demonstrates that the complex, tedious process took place over much of the first year of the Grant implementation process -- despite diligent efforts by IFESH's financial agent, AEBL, which is renowned for its expertise in the field. Prior to acquisition of each debt instrument, IFESH was required to obtain AID's express written approval of the proposed transaction and sale price. And prior to conversion of each debt instrument into currency of the cooperating country, the Foundation had to agree in writing with the host government on the nature, magnitude and terms of their use of local currencies made available through the program.

AID payments were made for Nigeria and Niger debt acquisition 3-1/2 months into the Grant; and the conversions in those countries did not take place until five months and 7-1/2 months into the Grant, respectively. For Guinea the process was longer; the Grant payment was made 8-1/2 months after the date of the Agreement, and conversion did not occur until 11 months into the Grant.

The slowness was not unexpected. Most in the international banking and donor community had predicted that -- given West Africa's severe economic and financial problems -- the process would have taken as long, or even longer to complete.

IFESH's debt conversion agreements contain several basic features, including these: (a) the debt eligible for conversion to include medium and long-term debt, as well as short-term direct or assumed debts of the debtor government; (b) debt obligations in each country to be converted at full value unless (as in Nigeria) discounts are required by the debtor country and/or AID; and (c) local currency proceeds of the debt conversions are to be allocated for funding local programs in the debtor countries in accord with priorities established by mutual consent among IFESH, the debtor country and USAID Mission (where it so requests).

II-B-2. Outputs re. Selection/Orientation of Lead PVOs and Subgrantees

o <u>IFESH to select lead PVOs</u>

Before departing on his November 1989 trip to Africa, IFESH's Executive Director received AID/W's preliminary agreement regarding the selection of Africare, Inc. and Opportunities Industrialization Centers International, Inc. (OIC International) as lead PVOs for the Debt for Development initiative. The two AID-registered PVOs have led American-sponsored self-help development efforts in sub-Saharan Africa during the past two decades.

o **<u>Africare, Inc</u>**., with headquarters in Washington DC and 22 field offices throughout Africa, concentrates on improving the quality of rural life. It has sponsored over 200 self-help programs in key development areas to promote increased food production, expanded rural incomes, water resource development, improved delivery of health services, literacy training, refugee assistance, and reforestation/land-management programs. The Africare spirit of partnership is realized through the active participation of village beneficiaries who design, implement and maintain project objectives promoting self-sufficiency and sustainability

o **OIC International**, headquartered in Philadelphia PA, establishes viable indigenous, non-formal training institutions that provide non-formal training in vocational/technical, agricultural/rural development and small enterprise management skills -- thereby helping the disadvantaged to become self-reliant and productively involved in the growth of their countries. Seventeen African OICs in 12 countries stress the OIC philosophy of self-help -- motivating and instructing young men and women otherwise condemned to a life of limited earning capacity, and providing them with marketable job skills. The African OICs graduate over 2,500 trainees annually.

o IFESH to visit potential subgrantees and/or solicit USAID recommendations regarding their capabilities

While on the November 1989 trip, IFESH's Executive Director also assessed the background, operations and plans of local Africare and OIC International units and/or affiliates in Nigeria, Guinea and Niger. He did so in order to assess their eligibility and suitability for support from the Debt for Development initiative to expand, further diversify and/or replicate their country activities. After having received the concurrence of respective USAID Missions, IFESH officially designated the indigenous units as subgrantees.

o IFESH to develop "Guide for Potential Subgrantees" for lead PVOs and to request proposals from each, based on the Guideline

In March 1990, IFESH issued a comprehensive "Guide for Potential Subgrantees, to brief the lead PVOs and their African units/affiliates about the program and assist them in preparing project proposals. The 47-page manual discusses:

-- IFESH's background, aims and objectives;
-- Responsibilities of subgrantees;
-- Essential elements to be contained in an acceptable project;
-- Required project presentation format;
-- Types of projects to be funded under the initiative, i.e., voc/tech, agriculture, literacy/health and small enterprise development training;
-- Kinds of accounting and audit records to be maintained by subgrantees, including project budget format;
-- Format for quarterly progress reports subgrantees are to send IFESH; and
-- Outline and format for proposals submitted for each type of project model.

o <u>IFESH to conduct orientation workshops for headquarters staffs of the lead PVOs and for their field staffs</u>

Shortly after publishing the "Guide," IFESH conducted workshops at Africare's Washington DC office and OIC International's Philadelphia office, to review the Document in depth, further acquaint the lead PVOs with program aims and objectives, and formally request project proposals from each covering the three participating countries.

Similar sessions were held for Nigeria/OIC, Africare/Nigeria ,Africare/Niger and IFESH's Nigeria office in June 1990, and for OIC/Guinea and Africare/Guinea in August 1990.

Copies of the guide were distributed to host governments and the USAID Missions.

II-B-3. Outputs re. Subgrantee Proposal Submissions and Approvals, and Initial Funding and Orientation

o <u>IFESH headquarters staff to review project proposals of the potential subgrantees</u>

The "Guide for Potential Subgrantees" is designed as a tool for preparing the written proposal, and for evaluating the proposal. It stipulates exacting criteria for projects proposed for funding under the initiative. Proposals were to include:

-- Assurance that program funds target the grassroots poor or unemployed;
-- Introduction of "self-help" philosophy, principles and methodologies in carrying out the projects;

-- Description of plans to help ensure long-term sustainability after Debt for Development funding ends, and to spur replication;
-- Techniques to extend learning through direct target beneficiaries to others;
-- A plan to efficiently maximize available resources (e.g., through trainee involvement and use of volunteers);
-- Description of income-generating possibilities;
-- Demonstration of sensitivity to gender in labor distribution, and to social and cultural differences among trainees;
-- Plans to use education and technical-transfer for maximum program viability and productivity (e.g., through use of technical advisory committees, International Fellows, loaned instructors, etc.);
-- Description of the use of available human, natural and material resources for project implementation; and
-- Description of how the project aids social welfare and human development.

The Guide includes detailed, structured formats for proposal submissions, which were to focus on one of three models proved successful in AID-supported PVO projects:

(a) A skills training model designed to provide gainful employment through provision of appropriate vocational and business skills training, orientation and counseling; plus job creation, development and placement for school-leavers and the disadvantaged trained in the vocational skills;

(b) An agricultural training model designed to increase farm productivity, village income and community living standards through the development of village-level projects for grassroots farmers; and

(c) A flexible model whose primary focus is literacy tied to health care, but readily adaptable, in addition, to agricultural, skills or entrepreneurial aspects.

Proposals for six subgrantee projects--two in each participating country--were submitted to IFESH between May and October 1990:

1. Imo State Literacy for Health Project (for Africare/Nigeria)
2. Delta Region Technical Training/Small Enterprise Development (Nigeria/OIC)
3. Conakry Education and Technical Training Project, Phase II (for OIC/Guinea)
4. Maritime Region Farm-Based Training Project (for Africare/Guinea)
5. Loga County Agricultural and Literacy Project (for Africare/Niger)
6. Agricultural and Rural Skills Training Project (for OIC/Niger)

Figure 5, on the next two pages, summarizes highlights of the original proposals received by IFESH for the designated subgrantees. The level of Debt-for-Development funding estimated for the original proposals totaled $2,908,650.

Figure 5. SUMMARY OF ORIGINAL PROPOSALS RECEIVED FOR DESIGNATED SUBGRANTEES

1. **Africare/Nigeria, Imo State Literacy for Health Project**: Aim is to train 175 Village Health Workers (VHW) in literacy instruction and 20,000 students (primarily mothers). To be executed by the local communities, Imo State (in southeast Nigeria) Ministries of Health and Education and Africare/Nigeria. The literacy component of the project supplements the Imo State MOH/Africare Child Survival Project, which in 3 years, has trained approximately 10,000 families with small children. The project operates in 12 Local Autonomous Communities in 3 Local Government Areas in Imo State.

Goal of the Literacy for Health Project is to enable mother participants to attain basic literacy (reading/writing/numeracy) skills in the Ibo language, and later in English, and to reinforce their ability to comprehend materials concerning maternal and child health. Literacy classes taught by the village health workers are to focus on critical health issues, e.g., immunization, nutrition/growth-monitoring and maternal health. The students are to progress through a set of 5 literacy/health primers achieving a gradual mastery of basic literacy objectives. Project to produce approx 60,000 literacy primers. Original project cost estimated at $550,000 -- chiefly to support costs of personnel, transportation and equipment, and instructional materials.

2. **OIC/Nigeria, Delta Program: Technical Training & Small Enterprise Development Project**: OIC/Nigeria proposed to replicate the Lagos OIC program in the Delta Region of Warri, Bendel State, as the first step in establishing a national program consisting of the existing Lagos program, the proposed Delta program and a National Secretariat, based in Lagos. The community based Delta Region/OIC to include young male and female school leavers and young adult entrepreneurs in need of practical business skills. Vocational trainees to learn auto mechanics, electronics, catering and tailoring; also to be specialized workshops in business management, credit, marketing and finance. Project to train 1,350 unemployed youth and small entrepreneurs. OIC/Nigeria projects a minimum 70% job placement rate among trainees of the Delta Region/OIC.

In addition to the supervisory role of IFESH, a 15-member Board of Directors to oversee the Delta program. Donor support from other agencies to be sought by OIC/Nigeria for sustainability beyond the initial 4 years. Original 4-year cost estimate for project: $858,650

3. **OIC/Guinea, Education & Technical Training Project**: Purpose is to institutionalize a non-formal human resources development center; with grant to fund program activities during 4-year period. OIC Guinea is new; was originally requested by the local community and Government because need for competent entry-level labor with secretarial science, carpentry, masonry, electricity and plumbing skills greatly exceeds supply. The development of indigenous private entrepreneurs also addressed by OIC/Guinea; and supplementary business courses to be offered to skills trainees seeking self-employment. Anticipate a minimum of 1,000 direct beneficiaries over 4 years.

Targeted groups for training are: early school leavers with/without graduate certificates; workers and retrenched civil servants needing new marketable skills; entry-level workers with minimum training; public employees; private entrepreneurs; and small/medium enterprise employees. Also OIC/Guinea's Board, Advisory Council, program management and technical staff. Original project cost estimate: $400,000 for 4-year support.

4. **Africare/Guinea, Maritime Guinea Farm-Based Training Project**: Goal is to strengthen Government's efforts under the socio-economic reform program by encouraging sus-

(continued, next page)

tainable grassroots agricultural and private sector development programs in rural areas by promoting development of small-holder rice farms, vegetable gardens and small-scale agribusiness enterprises. Training to involve preparation/development of farmer instructors; improvement of food production techniques, operation/management of revolving credit funds, and formation and management of village work groups and small enterprises.

At 4 pre-selected village clusters involving 20 villages, project to directly benefit up to 4,480 small-holder farmers & small-scale agribusiness enterprises. Women active in agricultural related activities to substantially benefit. The Government, through its Secretariat of State for Decentralization asked Africare/Guinea to start this project and similar future initiatives in 4 other prefectures. Village inputs to include: provision of land for project activities, unskilled labor, training of fellow villagers by the farm instructors, and monitoring/evaluation of project activities. Project cost originally estimated at $300,000.

5. **Africare/Niger, Loga County Agriculture & Literacy Training Project:** IFESH asked to provide support for establishment of an integrated agricultural training program combining farmer training and literacy, tied to health care, in Loga County in the Dosso region. Project to upgrade several agricultural production cooperatives in 30 villages, and establish literacy centers and libraries throughout the region. Program is joint effort among Ministries of Agriculture, Education and the Environment, and is to directly benefit 7,140 individuals

Specific objectives of the comprehensive program are to train: (a) 60 members of 15 village health teams to conduct health care awareness seminars among the villagers; (b) 400 rural women in livestock raising/reproduction in 5 villages; (c) 30 demonstration farmers in innovative farming techniques in 30 villages; (d) 1,000 rural women in the operation/management of 9 cooperatives: 3 cooperative-run millet grinders, 3 cooperative-run cereal banks and 3 cooperative-run convenience stores; and (e) 10 instructors and 250 learners in basic, functional literacy in 9 villages.

Thru the agricultural program, 1,000 additional hectares to be brought under cultivation by restoring the soil. Livestock program to provide additional sources of protein to women participants and their families, and generate additional income through sale of animals and their by-products. The village health teams to combat malaria, diarrhea, measles, etc. through health care, education and preventive medicine. IFESH funding of $400,000 over 3 years requested.

6. **OIC/Niger, Agricultural & Skills Training Project**: Goal is to increase quality of life, living conditions and productivity of rural farmers in the Dosso Region. Project purposes are to: (a) establish and institutionalize an OIC/Niger agri-pastoral rural training center at Beylande; (b) increase the farm productivity of rural farmers within 50 miles of the training center; (c) train rural youth and village farmers in modern production techniques; and (d) develop a model skills training program that can be replicated elsewhere in Niger.

Primary direct beneficiaries to be those aged 17-35. Others to include older farmers, members of cooperatives, former CPR & CFJA trainees, and former government trainees. Project anticipates that a minimum of 1,000 will be trained in variety of skills. IFESH funding of $400,000 over 4 years requested to cover personnel, training materials and supplies, vehicles, staff development, renovations, equipment, resettlement packages for graduates of agricultural instruction, food for trainees, etc. Total program cost to be shared by the Government, which is to provide the training center and trainers.

IFESH staff review consisted of two steps: first, a technical analysis of the proposal, either by the Foundation's Field Operations Officer* or its Program Officer. This was followed by further review of the proposal by a five-person Program Review Committee-- the two technical analysts, plus IFESH's Executive Director, Secretary-Treasurer, and Director of Development--to ensure that the proposal met stated criteria. The staff's findings and recommendations were then forwarded to the President of IFESH for his review.

In two instances, IFESH returned subgrantee proposals for major revision.

o <u>IFESH to notify host-governments, local USAIDs and the local IFESH infrastructure of staff-recommended subgrantee proposals</u>.

When IFESH staff review had positive results, the Foundation informed the lead PVOs of the fact. IFESH also formally notified host governments, country USAID Missions and existing IFESH country organizations of its impending recommendations (projects, subgrantees and requested budgets), noting that the next step in the approval process would commence after a specified time lag to await written objections.

o <u>IFESH Board of Directors to review and approve subgrantees' project proposals</u>

IFESH's Board of Directors considered the subgrantee project proposals during its 5 October 1990 business meeting. Following review of the staff's findings and recommendations, the Board approved the six proposals for a total of $1,919,435 in equivalent U.S. dollars.

October 1990 funding approved by the IFESH Board broke down as follows:

1. $110,034 for Africare/Nigeria's Imo State Literacy for Health Project.
2. $600,000 for Nigeria OIC's Delta Region Technical Training/Small Enterprise Development Project.

* He is currently designated IFESH's International Representative.

3. For OIC/Guinea's Conakry Education and Technical Training Project, Phase II: $135,863 to cover funding through the end of Program Year 1.
4. $223,538 for Africare/Guinea's Maritime Region Farm-Based Training Project.
5. $400,000 for Africare/Niger's Loga County Agricultural and Literacy Project.
6. $400,000 for OIC/Niger's Dosso Agricultural and Rural Skills Training Project.

Figure 6 compares original estimates for subgrantee projects; funding amounts approved by IFESH's Board of Directors; and the equivalent net country proceeds of Debt- for-Development converted debt available for subgrantee projects. It reveals interesting relationships, several of which are reviewed below:

Figure 6. ORIGINAL ESTIMATES FOR COST OF SUBGRANTEE PROJECTS AND AMOUNTS APPROVED OCTOBER 1990, COMPARED TO AVAILABLE NET COUNTRY DEBT-FOR-DEVELOPMENT PROCEEDS

Subgrantee Project	Orig. 4-Year Year Project Estimates	Funding Approved by Board	Equivalent Net Country Proceeds
Africare/Nigeria (Imo State)	$550,000	$110,034	
Nigeria/OIC (Delta Region)	858,650	600,000	
Total, Nigeria	$1,408,650	$710,034	$1,770,927
OIC/Guinea (Conakry Center)	$400,000	185,863*	
Africare/Guinea (Maritime)	300,000	223,538	
Total, Guinea	$700,000	$409,401	1,000,000
Africare/Niger (Loga County)	$400,000**	$400,000	
OIC/Niger (Dosso Region)	400,000	400,000	
Total, Niger	$800,000	$800,000	1,087,187
GRAND TOTAL	$2,908,650	$1,919,435	$3,858,114

* Only covers funding for OIC/Guinea project through end of Project Year 1
** Africare/Niger's Loga Country project has a three-year duration.
Source: Various IFESH data.

Overall, the $1,919,435 of funding approved by the IFESH Board totaled 49.8% of $3,858,114 of available proceeds. The percentages varied from a low of 40.1% for Nigeria subgrantees ($710,034 approved vs. $1,770,927 available); to 40.9% for Guinea subgrantees ($409,401 approved vs. $1,000,000 available); to a high of 73.6% for Niger subgrantees (800,000 approved vs $1,087,187 available).*

One reason for the low ratio of amounts approved for the subgrantees in Guinea is the fact that the OIC/Guinea total only covers that project for the first of four years requested for funding. The situation was different in Nigeria, where over and above current 4-year funding projections for both local subgrantees, $1,060,893 of Debt for Development monies (59.9% of the total) were unallocated to subgrantees by the end of Project Year 1.

It is clear from the Figure 6 data that IFESH had not come close to over-committing net available funds in any participating country by 31 January 1991.

o <u>IFESH's Technical Advisory Council and its Educational Advisory Committee are to provide additional review, completing the approval process</u>.

Early in November 1990, IFESH's Technical Advisory Council, chaired by former Federal Reserve Governor Dr. Andrew Brimmer and including several American business and academic leaders, considered the approved project proposals, making appropriate inputs. On 26 November 1990, the Foundation's Academic Advisory Committee, comprising leading university presidents and other academicians, reviewed the educational aspects of the projects. Both bodies consist of volunteers whose types and levels of expertise would be impossible for IFESH to provide on an in-house basis.

o <u>IFESH to notify concerned entities of subgrantee project approvals</u>

Upon conclusion of the review process, IFESH notified AID/W of the approval decisions. It also contacted the host governments, country USAID Missions and local IFESH units, to bring them up to date.

* Not all available net local proceeds are to be confined to the funding of subgrantee projects. The monies also can be used to finance the operations/activities of local IFESH advisory committees, etc.

o Initial funds to be made available to subgrantees for project implementation

In early February 1991, IFESH authorized the following equivalent U.S. dollar funds transferred from local IFESH bank accounts to Debt for Development subgrantees:

o To Nigeria/OIC	$178,947
o To OIC/Guinea	33,625
o To Africare/Guinea	27,375
o To Africare/Nigeria	19,239
Total	$259,186

The total represents 23.2% of the $1,119,435 approved for the projects in Nigeria and Guinea. Additional sums are to be advanced, based on stage of project implementation. No money has yet been transferred to the subgrantees in Niger, because that country's acute economic problems have, to date, temporarily blocked transfer of converted local currency to IFESH's in-country account (see II-B-6, below).

o IFESH is to conduct an orientation workshop for each subgrantee

In November 1989, IFESH's Executive Director conducted orientation workshops for Nigeria/OIC, Africare/Nigeria, OIC/Guinea and Africare/Niger. In November 1990 and again in January/February 1991, an IFESH consultant briefed representatives of Africare/Guinea and OIC/Guinea, Africare/Niger and OIC/Niger.

(Note: Deloitte & Touche, IFESH's auditing firm, conducted a short Financial Accountability Seminar for Debt for Development subgrantees in Abidjan, Côte d'Ivoire, in mid-April 1991 -- see II-B-5.)

I-B-4. Outputs Regarding Services of IFESH International Fellows

o <u>IFESH to identify International Fellows for assignment to subgrantee projects and/or local IFESH committees</u>

One aspect of IFESH's matching contribution to AID's Debt for Development Grant is the assignment of International Fellows to assist in the program. Section II-A-2 points out that a $320,000 portion of IFESH's $2,420,000 contribution is to cover the expense of assigning 16 IFESH Fellows to assist program subgrantees and/or local IFESH infrastructure during the four years of the initiative (an average of four per year).

The IFESH Board of Directors established the International Fellows Program in 1988 to encourage young graduate students -- black American and others -- to spend one academic year (nine months) working on projects in developing countries. Tuskegee University helped develop the concept for IFESH. The International Fellows Program has two aims: (a) to encourage activity in international development at the grassroots level, especially in the areas of agriculture, skills training and literacy; and (b) to encourage talented young people to pursue careers that will help further Third World growth. During the past three years, IFESH placed 17 International Fellows from a dozen or so American universities on IFESH-supported projects in countries that include Côte d'Ivoire, The Gambia, Guinea, Kenya, Niger, Nigeria, Sierra Leone and Zimbabwe.

During mid-1990, IFESH interviewed candidates for International Fellowships to aimed at assisting relevant African offices of lead PVOs and Debt-for-Development subgrantees. Pursuant to IFESH's plan to place at least one International Fellow in each project country annually, the Foundation selected four for overseas assignment to participating local entities.

o <u>The first group of IFESH International Fellows are to be fielded to the participating countries and organizations</u>

The four International Fellows assigned to Debt for Development projects were sent to field assignments over a three-month period (July-September 1990); three were women:

Figure 7. IFESH INTERNATIONAL FELLOWS ASSIGNED TO PARTICIPATING ENTITIES DURING THE FIRST YEAR OF DEBT FOR DEVELOPMENT ACTIVITY
* Two International Volunteers were placed at the Lagos Vocational/Technical Training Center of Nigeria/OIC, a lead PVO in the Program: -- One taught English communications skills at the pre-vocational level; developed curriculum for the course; and assisted in the expansion of trainee clubs. She held a Master's Degree from Howard University. -- A second International Volunteer taught business development and English communication; and developed curriculum for the business development course. He had been pursuing a Master's Degree at Grambling State University.
* One International Volunteer was responsible for liaison with personnel of the Debt for Development agricultural/literacy project sponsored by Africare/Niger. She also assisted the Africare Country Director in a wide spectrum of project planning, budgeting and reporting activities. She held a Master's Degree from Monterey Institute of International Studies.
* One International Volunteer was assigned to OIC/Guinea in Conakry, where her work involved teaching English to secretarial science trainees; developing a technical resource library for the training center; and assistance in the administrative office. She held a Master's Degree from Atlanta University and previously had worked on research projects in Namibia and Burkino Faso.
Sources: Evaluation field visits to subgrantees; and Attachment E of IFESH's Third Quarterly Report to AID on Debt for Development Program, November 1990.

II-B-5. Outputs Concerning Reports to AID, Evaluations and Audits

o IFESH to prepare and submit quarterly progress reports, and notify AID/W of significant project variations

IFESH submitted its first three programmatic quarterly progress reports to AID/W within a month of the expiration of the relevant quarter. The first, covering February-April 1990, was submitted in May. The second, covering May-July 1990, was submitted in August. The third, covering August-October 1990, was submitted in November 1990. The last of the series, covering November 1990-January 1991, was not submitted in view of the overlapping nature of the First Annual Evaluation, which encompasses that period. The programmatic reports, usually replete with numerous attachments, were comprehensive -- reviewing key program elements such as debt purchase, debt conversion, programmatic activities, the International Fellows Program, and projections for following-period activity.

Beginning with the second report, the quarterly documents mention unanticipated "growing pains" that had begun to slow progress -- chiefly (a) the sometimes inordinate delays that often arose before IFESH officers could efficiently schedule key trips to participating countries to meet with disparate groups of relevant key government and banking officials -- all of whose presence appeared to be required before necessary actions re. debt purchase and conversion policies and transactions could be taken and/or expedited; (b) occasional delays in ongoing negotiations with commercial banks; and (c) Niger's current desperate economic crisis. At best the problems were minor irritants. At worst, they created significant delays.

In addition to written progress-report references, AID's attention was called to the problems during face-to-face meetings in Washington DC. For example: (a) program update meetings between IFESH's President and Executive Director, the First VP of the American Express Bank Ltd, and AID's Administrator and key staff, in September and November 1990; (b) a similar meeting with AID's Assistant Administrator/Bureau for Africa in February 1991; and (c) periodic briefing sessions between IFESH's Executive Director and AID's Program Manager/AFR/PE/EHR.

IFESH's Treasurer prepared a 21 December 1990 "Debt Purchase and Currency Transaction Report," a copy of which was forwarded to AID/W. Updates of the report are to be appended to the Foundation's quarterly progress reports during the second year of Program activity.

o <u>IFESH is to contract for the First Annual Project Evaluation</u>

The Foundation contacted the author of this report in early February 1991. He was later selected for the assignment, and began working on the evaluation at the start of the following month.

o <u>IFESH is to contract for the annual financial audit</u>

On 21 November 1990 the well-known national CPA firm of Deloitte & Touche submitted the draft of its independent auditors' financial statement covering all of the Foundation's Fiscal 1990 operations. The audited period covered the nine months from 1 January through 30 September that year.* Deloitte & Touche's Fiscal 1990 financial statement of IFESH headquarters includes data regarding AID/W's Grant payments. The final report was not released during Program Year 1 of the Debt for Development initiative.

Attachment 1, Schedule F.3, of the Grant Agreement calls for annual audits to be "performed on each sub-activity, to determine application of program funds in accordance with OMB Circular A-110." Those audits were not undertaken during Program Year 1, because Debt for Development monies had not been distributed to subgrantees by the end of the September 1990 audit closing. However, they are to be performed at the end of the next Program year by Deloitte & Touche's African offices.

The CPA firm is to help IFESH put in place sound financial management and reporting systems for the Debt for Development program. A first step in that process was a 16 April 1991 regional "Financial Accountability Seminar" conducted for subgrantee staffs, in Abidjan, Côte d'Ivoire, by personnel of Deloitte & Touche's International Lending Agencies Group of Washington DC. The seminar had two three-hour sessions--a morning session in French and an afternoon session in English. Its agenda included: review of grant proposals and preparation/definition of project costs; project bookkeeping procedures and forms (bank/petty cash receipts, disbursement ledger and bank reconciliation); project financial report preparation (balance sheet, actual-to-budget summary and timing of reporting); and discussion of project status report.

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* Through 1989, IFESH's fiscal year was concurrent with the calendar year. For Fiscal 1991, it started on 1 October 1990 and is to conclude on 30 September 1991.

II-B-6. Outputs Re. Development of In-Country IFESH Infrastructure

o <u>IFESH is to open local bank accounts in the participating countries</u>

IFESH/Nigeria program funds are deposited in Nationwide Merchant Bank Limited, 24 Keffi Street S.W., in Ikoyi, Lagos. The account was in opened June 1990.

In February 1991, half of the total converted Debt for Development funds in Guinea were deposited in the Bank of Credit & Commerce International of Guinea (BICIGUI), located on Avenue de la République, Conakry. IFESH headquarters is co-signer of the IFESH/Guinea account.

An IFESH/Niger program account was opened in June 1990 in the NIB Niamey, an affiliate of CitiBank of North America. By the end of Program Year 1, the Government of Niger, faced by seemingly insurmountable economic problems and the November 1990 failure of that nation's development bank, had failed to authorize release of the purchased and converted debt to the local IFESH account -- in spite of several requests and visits by IFESH.

o <u>The local IFESH committees are to be established in the participating countries</u>

In recognition of the importance of local input into the supervision and the monitoring of IFESH-supported projects, the Foundation's Funding Proposal calls for the establishment of a supervisory advisory group in each of the countries participating in the Debt for Development initiative.

IFESH/Nigeria was established as a Nigerian corporation in September 1989; legally, it is an affiliate of IFESH headquarters. IFESH/Niger was registered as an indigenous NGO (non-governmental organization) in Niamey in June 1990. It is not required that IFESH/Guinea be registered as an NGO; it is to be constituted purely as an advisory body.

Nominees for participating-country IFESH advisory committees are solicited from a variety of sources, including host governments, local PVOs/NGOs, donor agencies, education, business and the professions. Their primary responsibilities include (a) development of local policies and procedures in keeping with IFESH by-laws; (b) recommending projects for funding consideration; (c) appointment of a local coordinator (with approval of IFESH headquarters); (d) monitoring of subgrantee projects;

and (e) expediting submission of periodic advisory committee and subgrantee reports and annual financial audits.

IFESH/Nigeria has had a functioning board of directors since its September 1989 founding. By the end of Program Year 1, prospective advisory board candidates for IFESH/Guinea and for IFESH/Niger were under recruitment. The Guinea board was appointed in March 1991.

o <u>Local IFESH committees are to employ staff and establish the local program office</u>

The coordinator of a local IFESH program office is responsible for ensuring that the committee's day-to-day activities are executed in accordance with IFESH regulations and policies. In addition to collaborating with subgrantees regarding project implementation and progress, the coordinator's duties include: monitoring the IFESH-supported subgrantee projects, visiting them regularly; and filing programmatic and financial status reports with the local committee and IFESH headquarters. In dealing with technical aspects of projects where the coordinator's expertise is limited, local consultant(s) are to be retained to assist the committee and coordinator in evaluating progress. IFESH's Field Operations Officer also would provide advice and counsel.

IFESH/Nigeria adopted by-laws and established its local office in Lagos in 1989. Neither IFESH/Guinea nor IFESH/Niger had been fully organized, employed staff or established a local program office by the end of Program Year 1. However, candidates for the coordinator's position had been interviewed for all three IFESH advisory committees.

o <u>IFESH is to conduct orientation workshops for local committees</u>

In June 1990, IFESH's Executive Director and AEBL's First Vice President conducted an orientation workshop for IFESH/Nigeria's advisory committee . In January/ February 1991, an IFESH consultant briefed candidates for membership on the advisory committees of IFESH/Guinea and IFESH/Niger about the Debt for Development program. The scheduling of local-committee workshops in these latter two countries will occur after formal investiture of the committees.

o <u>The local IFESH advisory committees are to meet with subgrantees and submit progress reports for review by IFESH headquarters</u>

Because Debt for Development subgrantees did not receive their initial project funding until the start of Program Year 2, meetings between IFESH/Nigeria and subgrantee officials did not take place during the period covered by the evaluation. (IFESH/Nigeria was the only local committee operating at the time.) For the same reason, IFESH headquarters had not received quarterly progress reports from IFESH/Nigeria.

II-B-7. Outputs Concerning IFESH Review of Subgrantee Operations

o <u>IFESH is to monitor subgrantees and review their quarterly and annual progress reports</u>

It is too early in the development of the program for IFESH to have begun a systematic monitoring of subgrantee activity. With initial disbursements of program funds to the Nigerian and Guinean subgrantees authorized in early February 1991 (a week after the conclusion of Program Year 1); and the inability, by year's end, of the Niger subgrantee projects to begin operations because the purchased and converted program debt had not been transferred to IFESH's local bank account (see II-B-6) -- subgrantees were not positioned to submit progress reports during Program Year 1.

Nigerian and Guinean subgrantees are to submit quarterly progress reports starting with the second quarter of Program Year 2. Niger subgrantee submissions will commence after their receipt of initial program funding.

During Program Year 2, IFESH's Field Operations Officer is to follow-up on subgrantee compliance during periodic, TDY monitoring/technical-assistance visits to program subgrantees, and through analysis of submitted progress reports.

II-C. PROJECT PURPOSE

AID'S Purpose of in funding Debt for Development Grant AFR-0479-G-SS-0008-00 was to provide support for the purchase of debt owed to U.S. commercial banks by the Governments of Nigeria, Guinea and Niger, in exchange for local currency to be used by IFESH in supporting local development programs. With the debt purchase and conversion activities of IFESH and its financial agent AEBL essentially completed during the first year of program activity, AID's immediate purpose has been achieved.

By this point -- one-quarter through the planned four-year implementation period -- IFESH and its program subgrantees have initiated and in most cases have completed the essential first steps to support (in the case of IFESH) and to operate (in the case of the subgrantees) the literacy/health, vocational/technical, business development, and agricultural skills training projects to be funded by the program.

Original estimates for these projects call for significant numbers of training completions. Figure 8, below, quantifies the these End-of-Project numbers of beneficiaries that subgrantees:

Figure 8. NUMBER OF BENEFICIARIES PROJECTED OVER THE FOUR-YEARS OF THE DEBT FOR DEVELOPMENT PROGRAM

Subgrantee Project	No. of Direct Beneficiaries	No. of Indirect Beneficiaries	No. of Total Beneficiaries
Africare/Nigeria (Imo State)	20,175	60,000	80,175
Nigeria/OIC (Delta Region)	1,350	4,050	5,400
OIC/Guinea (Conakry Center)	1,000	3,000	4,000
Africare/Guinea (Maritime)	4,480	10,000	14,480
Africare/Niger (Loga County)	7,140*	20,100*	27,240*
OIC/Niger (Dosso Region)	1,000	3,000	4,000
GRAND TOTAL	35,145	100,150	135,295

* Africare/Niger's Loga County project is projected for three years' duration.
Source: Summaries of original subgrantee projections, pages 2-11 of IFESH's Third Quarterly Report, Debt for Development Project, November 1990

This evaluation report reviews program progress only during its start-up year-- a period in which IFESH's major concentration rightly focused on finalizing the debt purchase and conversion transactions that were prerequisite to the startup of the subgrantee training operations that occupy the remainder of the Grant period. Hence, thus far, quantifiable indicators of IFESH subgrantee progress in meeting the Figure 8 beneficiary totals are minimal and fragmentary.

However, data reviewed under Recommendation 4 (see page 35 of the report) suggest that the beneficiary goals are outdated in several of the subgrantees' current project designs and should be revised by the subgrantees to conform more accurately to current implementation conditions.

II-D. PROJECT GOAL

Goal of the Debt for Development program, as stated in the IFESH proposal is "to contribute towards improving the living conditions of people in Niger, Nigeria and Guinea, through skills training, agricultural training and literacy training (carried on by indigenous) PVOs/NGOs."

There is no doubt that the program -- through its Year 1 clearing of the debt conversion hurdle and its selection of six highly experienced, competent local subgrantees to undertake the required training -- will make a positive impact upon living conditions in the participating countries. However, it is now far too early in the program implementation process to be able to assess the degree to which it will do so.

III. RECOMMENDATIONS

Now, as the Debt for Development program enters increasingly into its project operations phase, is a logical point at which to take steps to further increase effectiveness by capitalizing on program strengths and by further improving management controls. With this aim in view, the following major recommendations are delineated below.

1. That AID capitalize on IFESH's Debt for Development experience and expertise by considering it for additional funding under HR 5114.

On 27 October 1990, the House conferees considering HR 5114 (the 1991 Foreign Operations, Export Financing and Related Programs Appropriation Bill) commended AID for its innovative approaches to providing assistance for education and human development projects, and noted that "the IFESH debt for development initiative," which is the subject of this evaluation "offers a unique model for the much needed development and expansion of human resource infrastructure in developing countries."*

The conferees further recommended "that AID provide up to $10 million to expand its debt-for-development initiatives in Africa and elsewhere in the developing world," and that "attention should be given to initiatives of PVOs..." in that endeavor.

The added experience that IFESH has gained during first-year implemenation of AID/AFR-0479-G-0008-00, and its success in efficiently completing the complex debt purchase/conversion transactions called for by the Grant, have further strengthened the Foundation's ability to operate Debt for Development programs.

Based on its relevant knowledge and its performance during the period covered by this evaluation, it is recommended that AID assist IFESH to expand its Debt for Devel-

* Congressional Record - U.S. House of Representatives, 27 October 1990. H13419.

opment activity to additional African countries, through new funding contemplated under HR 5114.

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Although IFESH has somewhat increased headquarters staffing since the start of the Debt for Development program, the following recommendations propose further management, organizational and administrative refinements to increase IFESH's efficiency in supervising the subgrantee project implementation phase activity.

2. <u>That IFESH structure a more detailed management information system to ensure precise tracking of subgrantee performance during the program's Phase 2</u>.

An effective Management Information System (MIS) is an indispensable management tool -- a prerequisite to effective operation of all types of organizations -- eleemosynary, governmental, or for-profit. As the Debt for Development program enters more deeply into its operational phase, a more structured and detailed MIS that assists IFESH to more accurately monitor subgrantee project implementation (and local IFESH committee activities) becomes increasingly important.

IFESH is to be congratulated for having effectively operated a large number of diverse programs to date with a minimal headquarters contingent of six professionals and several support staff. However, as IFESH program activity continues to expand, a well-organized information system will become an increasing important aspect for management and operational control.

It is recommended that IFESH seek, in the near future, short-term technial assistance in establishing an effective MIS system geared to handle its increasing volume of reporting and monitoring needs.

3. <u>That IFESH make major use of the Field Operations Officer's services, further ensure effective headquarters-field contact, and subgrantee adherence to program schedules</u>

IFESH has correctly programmed for Year-2 program activity a series of regularly scheduled TDY visits by the Foundation's Field Operations Officer to monitor subgrantee programs and local IFESH committees in the participating countries, and to provide them with technical advice and counsel. The Officer is an experienced professional who has held staff, supervisory and advisory positions with African PVOs operating successful training projects, and has provided them program-design, planning and technical assistance over the past 14 years.

During Program Year 1, the periodic TDY field visits were made by IFESH's knowledgeable Executive Director and a Francophone West Africa specialist, whose efforts concentrated on the debt purchase/conversion phase of activity and, to a lesser degree, on orienting participating country subgrantees, USAIDs and IFESH infrastructures on the elements of program design and on program progress.

The importance of the Field Operations Officer's projected regular visits to Nigeria, Guinea and Niger during the project implementation phase of program activity can not be overstated. Among other tasks, he would be responsible for (a) maintaining continuing liaison with the subgrantees, local IFESH officials and USAID Missions; (b) helping ensure that scheduled subgrantee and local-IFESH-committee programmatic and financial reports are submitted in a timely manner, and that internal evaluations are conducted as planned; (c) on-site monitoring of subgrantee operations and progress; (d) reviewing the activities and accomplish-ments of the IFESH International Fellows assigned to subgrantees; and of key im-portance, (e) providing technical assistance to help resolve program-related acute problems of grantees, and conducting workshops to that end, as and when needed.

To ensure that optimum use is made of his services, IFESH should develop a detailed monthly schedule of the Field Operations Officer's activities to cover the remainder of the program, based on progress report and activity due-dates and stages of individual subgrantee implementation.

4. That IFESH have subgrantees review original beneficiary projections, modifying them as necessary to more accurately reflect refinements of project design at the start of implementation

For reasons discussed earlier in the report, IFESH should review and ask subgrantees to update original program design assumptions regarding timing of training completions, to improve the accuracy of those End-of-Project Purpose Indicators. IFESH also should have the subgrantees adjust beneficiary totals to conform to differences in beneficiary projections between original estimates and those in revised project designs subsequently submitted in response to IFESH comments and/or changed field conditions at the start of implementation. Several such revisions and/or discrepancies came to light during the field survey phase of the evaluation. For example:

A. The Figure 8 (see page 31) total of 7,140 direct beneficiaries and 20,100 indirect beneficiaries estimated in May 1990 for Africare/Niger's Loga County Rural Development Project was revised in March 1991 to call for 6,876 direct beneficiaries (a drop of 264), and an indirect beneficiary total of 75,716 (an significant increase of 55,616 over original projections).

B. The Figure 8 total, based on the original estimates for Nigeria/OIC's Delta Region project, estimated a four-year beneficiary total of 5,400 -- 1,350 direct beneficiaries and 4,050 indirect beneficiaries. However, OIC International's revised funding proposal for the Delta Region training center calls for a far lower four-year beneficiary total of 2,430 -- 630 direct beneficiaries (300 basic skills training completions, 300 small enterprise training completions and OIC 30 staff/ board training completions), and 1,800 indirect beneficiaries.

C. The original four-year totals of 20,175 direct beneficiaries and 60,000 beneficiaries for Africare/Nigeria's Imo State project have since been reduced to 4,175 direct beneficiaries (a decrease of 16,000) and 20,000 indirect beneficiaries (a reduction of 40,000).

D. The Figure 8 four-year total of 1,000 direct beneficiaries for the OIC/ Guinea project was developed during mid-1990. Based upon a recent reassessment regarding changed timing for the introduction of new training activities, that PVO has modified its original estimate to a four-year total of 946 -- a number that is some 5% below original estimates.

IFESH would be wise, at this early stage in its Debt for Development program's implementation phase, to have each subgrantee submit, within the short-term future, revised, updated and definitive projections of anticipated direct and indirect beneficiaries, by year, so that IFESH can (1) combine those End-of-Project Purpose Indicators into totals that are accurate, realistic and attainable; and can (2) monitor achievement of the projected indicators in an on-going manner.

APPENDIX A.

LIST OF KEY CONTACTS

Bah Amadou Ourly - Account Coordinator, IFESH Account, BICIGUI Bank, Conakry

Barry, Lamine - Chairman, Board of Directors, OIC/Guinea

Berman, Joseph - Africare/Guinea's Country Representative

Burke, Rosemary - OIC International's Desk Officer for OIC/Guinea

Chiavaroli, Eugene - Director, USAID/Lagos

Craig, Obadiah - OIC International's Program Advisor at Nigeria OIC

Diallo, Boubacar - IFESH Consultant, Francophone Africa Debt for Development Program

Diallo, Mamadou Ciré - Executive Director, OIC/Guinea

Diallo, Mustapha - Training Officer, USAID/Conakry

Dickson-Horton, Valerie - Deputy Director, USAID/Niamey

Gray, Jeffrey -Africare/Niger's Country Representative

Alameda Harper, Regional Director/Central Africa, Africare, Washington DC

Hodges, Reginald - Director, Program Development, OIC International

Huff, Richard - Second Secretary, Economic Section, American Embassy/Lagos

Kaschak, William - Director, USAID/Conakry

Kekoura Camara - Former Ambassador of Guinea to the U.S.

Keita, Michael - Training Director,OIC/Guinea

C. L. Mannings - Field Operations Officer, IFESH/Phoenix

Marrkand, Jack - Africare/Niger's Acting Country representative

Mibani Sidibé - Chief Accountant, OIC/Guinea

Moumouni Mahmadou Mustapha - Treasurer, Board of Directors, OIC/Niger

Philpott, Vandean - Administrative Officer, Africare/Nigeria

Schwartz, Deborah - Economic Counselor, American Embassy/Lagos

Sédou, Fatouma - Chairperson, Board ofDirectors,OIC/Niger

Charles Sterne III - Secretary-Treasurer, IFESH/Phoenix

Rev. Leon H. Sullivan - President, IFESH/Phoenix

Sullivan-Johnson, Julie - Program Officer, IFESH/Phoenix

Wize, Larry - Director of Resource Development, IFESH/Phoenix

Wright, C. T. - Executive Director, IFESH/Phoenix

International Foundation for Education and Self-Help
Debt Purchase and Currency Transaction Report
December 21, 1990
IFESH-US AID Debt for Development Program
US AID Grant Number AFR-0479-G-SS-0008-00
Page 1

Attachment 2
Page 1

I. REPUBLIC OF NIGERIA

IFESH Agent — American Express Bank, Ltd.
World Financial Center
New York, New York

Contact: Mr. I. Lamond Godwin, First Vice President
Telephone (212) 298-3283

Local Bank — Nationwide Merchant Bank Limited
24 Keffi Street, S.W.
P.O. Box 52041
Ikoyi, Lagos, Nigeria

Contact: Chief S.A. Ojikutu, Managing Director
Telephone (Lagos) 603610-9

Date	Transaction	Description
Apr 23 1990	A.I.D. Grant Payment	US $1,067,500 received by IFESH from US AID for purchase of Nigeria Debt
May 16 1990	Debt Purchase	US $3,500,000 Nigeria debt purchased for IFESH by its agent, American Express Bank, Ltd.
	Price	US $1,067,500 (30.5%)
	Debt Conversion	
Aug 17 1990	Amount Converted	US $3,500,000
	Local Discount	47.3845%
	Discounted Value	US $1,841,518
	US $ Fees/Commissions	None
	Conversion Rate	7.9597:1
	Local Currency Proceeds	=N= 14,657,931
	Local Government Fees	=N= 366,448 to Central Bank of Nigeria
	Local Bank Fees	=N= 195,439 to Nationwide Merchant Bank
	Net Local Proceeds	=N= 14,096,044

II. REPUBLIC OF NIGER

IFESH Agent — American Express Bank, Ltd.
World Financial Center
New York, New York

Contact: Mr. I. Lamond Godwin, First Vice President
Telephone (212) 298-3283

Local Bank — NIB Niamey (An Affiliate of CitiBank, N.A.)
Immeuble SONARA II
B.P. 10973
Niamey, Niger

Contact: Mr. A. Youssoufou, Account Officer
Telephone (Niamey) 73.36.20/21

Date	Transaction	Description
Apr 23 1990	A.I.D. Grant Payment	US $424,003.11 received by IFESH from US AID for purchase of Niger Debt
May 16 1990	Debt Purchase	US $1,087,187 Niger debt purchased for IFESH by its agent. American Express Bank, Ltd.
	Price	US $ 424,003 (39%)
	Debt Conversion	
June 6 1990	Amount Converted	US $1,087,187
	Local Discount	None
	Discounted Value	US $1,087,187
	US $ Fees/Commissions	None
	Conversion Rate	266:1
	Local Currency Proceeds	F/CFA 289,191,864 Per IFESH agreement with Ministry of Finance dated June 6 1990
	Local Government Fees	None
	Local Bank Fees	None

III. REPUBLIC OF GUINEA

IFESH Agent

American Express Bank, Ltd.
World Financial Center
New York, New York

Contact: Mr. I. Lamond Godwin, First Vice President
Telephone (212) 298-3283

Local Bank

BICGUI
Avenue de la Republique
B.P. 1484
Conakry, Guinea, West Africa

Contact: Managing Director
Telephone

Date	Transaction	Description
Sep 18 1990	A.I.D. Grant Payment	US $470,000 received by IFESH from US AID for purchase of Guinea debt
Oct 15 1990	Debt Purchase	US $1,000,000 Republic of Guinea debt purchased for IFESH by its agent, American Express Bank, Ltd.
	Price	US $ 470,000 (47%)
Dec 29, 1990	Debt Conversion	
	Amount Converted	US $500,000
	Local Discount	None
	Discounted Value	US $500,000
	US $ Fees/Commissions	None
	Conversion Rate	680:1
Jan 17, 1991	Local Currency Proceeds	GNF 340,000,000
	Local Government Fees	None
	Local Bank Fees	None
	Net Local Proceeds	GNF 340,000,000