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External Mid-Term Evaluation

The Small Enterprise Development and Training Project/Sierra Leone

Opportunities Industrialization Centers International, Inc.

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I. OIC INTERNATIONAL and THE SMALL ENTERPRISE DEVELOPMENT AND TRAINING PROJECT: SIERRA LEONE

1.1 OICI Background

Opportunities Industrialization Centers International (OICI) is a non-profit private voluntary organization based in Philadelphia, Pennsylvania. Founded in 1969 by Rev. Leon H. Sullivan, its mission is the establishment of lasting community-based institutions, primarily in developing countries, to provide non-formal skills training appropriate to the needs of those countries. Toward this end, OICI provides a wide range of services including interest group development, feasibility studies and program design, technical support in program implementation, development of local program leadership and management, and training of instructional personnel.

OICI's current network of affiliate programs include 22 OIC skills training centers in 12 African countries, and 4 similar centers in Central America, Asia, and Europe. Depending on local needs, these centers conduct training in one or more areas of technical skills including vocational technical, agricultural and small business or microenterprise skills. Their services also include support in job placement, agricultural settlement, business development and credit.

OICI's program model replicates, in essence, that of the OICs of America (OIC/A). Founded ahead of OICI in 1964, also by Rev. Leon H. Sullivan, OIC/A was and is still pursuing the goal of providing disadvantaged men and women the motivation and the opportunity to acquire basic skills to make their way in the commercial and industrial economy. Although adaptations have been made in response to local conditions in countries overseas, both OICI and OIC/A operate on the belief that the acquisition of marketable skills can help the disadvantaged to become self-reliant and productively involved in the development of their communities and countries.

1.2 Project Description and Grant Background

Sierra Leone OIC (SLOIC) was founded in 1976 with financial support from the U.S. Agency for International Development (AID) and technical support from OICI. It was officially incorporated in Sierra Leone in May 1977, and received authorization to operate from the Government of Sierra Leone in August of the same year. The first Memorandum of Agreement between the Government of Sierra Leone, OICI and the SLOIC Board of Directors covered the period from October 1, 1978 to September 30, 1981.

The initial project design provided for a National Office and a management and business development center in Freetown, the nation's capital, and a vocational training center in Bo, about 150 km from Freetown. Due to staffing problems, the program in Bo did not start until April 1978 and that in Freetown began a year later.

AID's initial financial support for SLOIC covered four years from FY 1977 through FY 1981. A follow-up two-year Phase II funding was approved and took effect in July 1982. A grant extension carried Phase II funding to June 1985.

As financial support from USAID ended in 1985, SLOIC continued as a "graduate" program with almost 100% of its operating costs subsidized by the Government of Sierra Leone. However, it also succeeded in maintaining its status as a private non-profit and non-formal skills training institution.

SLOIC's ability to garner substantial and continued Government support has been due in part to the formal involvement of the Government through SLOIC's Board of Directors. A GOSL mandate in August 1977 required that the Chairman and 50% of the members of SLOIC's Board of Directors are to be appointed by the Government through the Ministry of Education, Cultural Affairs and Sports. SLOIC nominates the remaining 50% of the board members. A new Board has been established every three years following the same nomination procedures. An exception might occur this year as the Government reportedly appointed a new Board Chairman at the end of November, replacing the Chairman who was appointed earlier in the year.

In 1986, SLOIC celebrated its 10th anniversary. In FY 1989, OICI and SLOIC began collaborating on the current six-year ***Small Enterprise Development and Training Program.*** The project is projected to cost US$ 5.1 million in total, US$ 3,577,506 to be provided by USAID/Bureau for Africa/Regional Economic Development Services/Office for West and Central Africa under Grant Agreement No. 636-0171-G-SS-8041-OO; $1,435,943 to be provided through local contributions, mostly the GOSL; and $97,500 by OICI. This six-year program is to strengthen and replicate the Bo vocational training program, upgrade the Freetown management and business development program, and establish small business training and credit support centers at three different locations in Sierra Leone. The progress of this large-scale program is the focus of this evaluation.

1.3 Operating Environment: Sierra Leone

.1 Macro-economic situation

At the time of this evaluation, Sierra Leone was implementing a comprehensive economic recovery program endorsed by the IMF in the form of the Rights Accumulation Programme (RAP) signed in February 1992. Concurrently in effect was a World Bank Reconstruction Import Credit (RIC) approved in April of the same year. Both these measures resulted from the IMF/World Bank's response in support of Sierra Leone's macro-economic adjustment policies that aimed at reversing the prolonged decline in the country's economic performance.

Sierra Leone is classified by the United Nations as a least developed country. Per capita income fell to US $260 in 1991 from US$ 388 in 1975. GDP in current US Dollars totaled 747.2 million in FY 1991. Its estimated growth rate dropped to 0.5% in FY 1992 from 3.5% in FY 1989 and 2.8% in FY 1990 and FY 1991. The economic recovery process has been further

burdened by deteriorating terms of trade, the Government's chronic and substantial budget deficits, excessive borrowing from the banking system and 100% annual inflation.

The current structural adjustment efforts are waged against difficult circumstances. Two-thirds of Sierra Leone's population of 4.4 million already live in absolute poverty, and the country is yet to rebuild its severely deteriorated social and economic infrastructure. The spillover effects of Liberia's civil war, including the rebel incursions, further increase the price tag of Sierra Leone's expected economic recovery. Part of the country's limited financial resources are being diverted to supporting emergency defence, relief operations and rehabilitation work.

.2 GOSL strategy for sectors of project interventions

Ministry of Education officials contacted during this evaluation and Government representatives on SLOIC Board of Directors indicated that the rehabilitation of Sierra Leone's educational system and infrastructure is unquestionably among the Government's current top priorities. A major thrust of the Government's educational reform is being directed at upgrading and expanding the country's technical skills training capacities. This strategy responds to the urgent need for additional skilled labor to accelerate the task of nation building and rehabilitation. It also addresses the failure of past development policies to adequately invest in technical education. And it expects to provide training and rehabilitation opportunities to people displaced from the public sector by the structural adjustment program.

Another policy focus of the GOSL is the development and strengthening the private sector. This effort should complement the overhauling of public enterprises, including the liquidation of inefficient ones. This GOSL strategy aims at assisting a small modern subsector on the one hand, and a much larger, informal subsector on the other hand. The informal sector consists primarily of micro and small enterprises that account for 90% of the sector's total employment. It also has a wide rural base. Informal sector development should make a significant contribution to rural development in general and to the current structural adjustment program through import substitution, increased use of local resources and employment generation.

The private sector is expected to assume an increasing role both in generating economic growth and in absorbing retrenched workers from public enterprises. In this area, the Government looks forward to obtaining the support and the cooperation of trade unions, international development institutions and non-governmental organizations, to supplement financial provisions already made for the same objectives in the Government's recurrent and development budgets. The Government already admitted that its resources are meager and inadequate for the full implementation and the success of its development reform policies.

.3 USAID country strategy

Current USAID strategy in Sierra Leone targets the development of the country's small enterprise sector. The major part of USAID assistance to Sierra Leone since 1989 has been through PL-480 support and the SLOIC Small Enterprise Development and Training Project.

USAID support to SLOIC helps to promote Sierra Leone's micro and small enterprise sector through credit assistance and appropriate training in management, business development and vocational-technical skills.

.4 Relationship of project to other private and public programs in Sierra Leone.

SLOIC's Small Enterprise Development and Training Project is the only one of its type in Sierra Leone that assists the micro and small enterprise sector in business management training, credit access, and the development of technical skilled labor employable by the sector.

The project is coherent with the Government's policy emphasis on reforming the educational system, expanding vocational-technical training capacity, and strengthening the small enterprise sector. The Project offers timely support to the GOSL as it lacks financial and technical resources to implement its development plan.

As this evaluation concluded, the Government considered closing its National Industrial Development Finance Organization (NIDFO) for reorganization. NIDFO has been the only major public institution established specifically to promote small and medium industries and to assist entrepreneurs. Under contracts with NIDFO, SLOIC already conducted several seminars in management and business development for NIDFO's clients.

PLAN International is an additional major partner of SLOIC. The linkage between SLOIC and PLAN developed in 1989 when PLAN funded the construction of SLOIC's vocational training center in Makeni. According to the grant agreement between PLAN and SLOIC in August 1989, PLAN provides for a major part of the Makeni center's equipment and operating costs until November 1994. In return, SLOIC agreed that 75% of its vocational trainees during the 5-year grant period will be selected from among students sponsored by PLAN. Through its training activities, SLOIC complements PLAN's programmatic objectives to alleviate poverty and socio-economic inequalities and at the same time facilitating increased productivity and employment.

On another front, SLOIC is aggressively seeking UNDP support for its microenterprise development activities, particularly those expected to take place in Mattru Jong. A proposal has been developed and submitted to UNDP in the light of UNDP's emphasis on human resource development, training, grassroots initiatives, credit and employment among others, in its fifth country programme for Sierra Leone.

.5 Continued validity of project rationale

This evaluation affirms the continued relevance of project rationale as defined prior to the approval of USAID funding support in 1988. The SLOIC small enterprise development and training initiative is responding to the urgent need to strengthen the country's private sector, particularly micro and small enterprises. It provides financial support, management and business

training, and vocational-technical skills development that is essential to the micro and small enterprise sub-sector.

The project is especially relevance to the GOSL's attempts to reach out to rural areas, involve a greater number of Sierra Leoneans in the development process, and thereby achieve a broader base of production capacity. Four of SLOIC's current five training programs are in Bo (2) and Makeni (2). Two additional programs are being planned for Mattru Jong.

The project's inputs and expected benefits have become more valuable as the country's financial conditions has worsened due to worldwide economic difficulties and internal problems related to the civil war in Liberia. In addition, the Government already admitted that the resources that can be mobilized from within and outside of the country are presently limited in both time and scope.

1.4 Mid-Term Evaluation Strategy

The mid-term evaluation was carried out between October and November 1992. The evaluation team was lead by Mark Flaming, an independent consultant. Quy Nguyen, OICI Director of Evaluation, provided orientation and support to the Chief of Party and conducted most of the research related to the Vocational Training activities. Gabriel M. Sellu, a Senior Education Officer in the GOSL Department of Education, analyzed the business training curriculum of both the SEDF and Vocational Training components in Bo. Finally, Nance Webber, Project Officer USAID/Sierra Leone, provided project supervision and support with the assistance of Laura Lee Peters, the US Ambassador to Sierra Leone.

The Chief of Party reviewed all relevant program documents and visited the main office of OICI in Philadelphia for debriefing and orientation prior to the visit to Sierra Leone. The evaluation team assembled in Sierra Leone and conducted the evaluation over a period of three weeks. In-country travel was limited by political insecurity, but the team was able to spend six days at the Makeni and Bo sites. The team worked closely with the Executive Director and the SLOIC Program Advisor in developing strategies for evaluating specific aspects of the project. Team members worked closely with program staff to gather and interpret critical information for the evaluation. VT Trainees, employers, SEDF and MBD clients were consulted during the impact assessment part of the evaluation. The team also met with all of the Management Committees (except for the Makeni/VT Committee), and with the Executive Committee of the Board of Directors (refer to the appendices for a list of all people interviewed).

The evaluation was conducted in order to assess the execution of the Small Enterprise Development and Training Project funded by the USAID grant. The evaluation document will analyze the magnitude and impact of the output of the program components to determine the degree to which SLOIC's activities have increased credit finance, improved business advisory and support services, and increased the skilled labor supply for micro and small-scale entrepreneurs. The Executive Summary is organized to provide the reader with a summary of

the evaluation according to the Logical Framework Matrix. A point-by-point checklist of the activities in the Logical Framework Matrix is also provided in the appendices.

A second objective was to conduct the evaluation and present the findings in such a way to contribute to the on-going development of project activities. For this reason, the body of the document is organized by levels of program management. The level of analysis and detailed recommendations in the **Program Operations** section reflects the emphasis given to these aspects during the mid-term evaluation.

II. EXECUTIVE SUMMARY

2.1 Project Description

The goal of the **Small Enterprise Development and Training Project**, as defined in the project design summary, is ***to increase levels of income, productivity and employment in Sierra Leone by assisting in the development of micro and small business enterprises through the provision of credit assistance and appropriate training in management, business development and vocational-technical skills.*** The specific components of the Project strategy are list are listed below in the **Outputs** section. This evaluation document will show that SLOIC has implemented the major program components of the strategy outlined in the project document. It is not possible at this time for the evaluation team to assess the most basic verifiable indicators of program goal: to increase private sector employment and income, and, to increase productivity of the micro and small enterprise sector. The programs are young and it would be premature to derive any conclusions from data that has been collected through the program's impact monitoring systems. More importantly, the project has been implemented during a period of profound social, political and economic instability. The situation since 1988 has had a negative impact on the project target group, and has undermined most of the critical assumptions of the initial project design. Thus this mid-term evaluation is focused primarily on the administrative and operational systems in order to determine the degree to which the programs have been able to adapt and effectively deliver services in the chaotic environment.

2.2 Grant Management

As of November 1992, the only significant revision to the original project design has been the reallocation of funds designated for the Bonthe site to the planned Mattru center.[1] Early development of the Makeni site in the Northern Province also required that SLOIC draw on those resources earlier in the grant period than originally expected. Funds allocated to the VT component of the Makeni site were reallocated because most of the expenses for the center have been absorbed by PLAN International, a collaborating agency. Other revisions were a request to channel resources that were allocated for rent to construction and renovation of the Bo and Freetown facilities.

2.3 Grant Finances

The evaluation team was able to assess the actual vs. projected budget performance of the project ***using budget summary figures***. From July 29, 1988 to September 31, 1992, the project spent 90% of USAID funds projected in the original grant agreement for that period. Refer to the annexes for copies of the **Pipeline Analysis-Budget Status** and the **Analysis of Claimed Current and Cumulative Costs** as of September 1992. The latter report is submitted to USAID

[1] Refer to the July 2, 1990 letter from OICI to Mr. Robert Weissberg for details of changes and revisions.

on a quarterly basis to report on use of grant funds. Both reports provide a line item breakdown of projected vs. actual expenses.

Projected local contributions ($1,425,943 for LOP) have also been mobilized according to the schedule in the Grant Agreement. Most significantly, the GOSL has provided projected levels of support.

2.4 Outputs[2]

.1 *Establishment of Small Enterprise Development Foundations (SEDF) to provide credit assistance and training support services in management and business development.*

Two of the three projected sites were functioning in November 1992, the Bo site since August 1989 and Makeni since August 1991. The Management Committees of both sites have been involved in the development of credit policies approved by the Board of Directors, and the Management Committees have implemented those policies in their capacity as the loan approval committees. Program staff are professional, committed, and well trained. Physical facilities are adequate, even impressive. And program policies and procedures are well documented. In the first two years of operations (FY88-89 and FY89-90), the BO/SEDF provided services to 105 vs the 80 projected clients. In the last two years (FY90-91 and FY91-92) the programs have not grown as anticipated, reaching 149 of the projected 200 beneficiaries, due for the most part to the political situation.

.2 *Improvement and expansion of the Management and Business Development (MBD) skills training program and services.*

The MBD has experienced a decline in the output of its traditional training services and has expanded its activities into new areas. The Management Committee is just beginning to play an active role in the MBD. The recent appointment of an active Chairman, additional members, and several training workshops have re-engaged the Management Committee after a difficult period. MBD staff were trained to provide business training to NIDFO clients, but the MBD did not play a significant role in the development of business advisory services in the SEDF or the VT programs. This was the only significant departure from the project design. The MBD center in Freetown has been established in the National Office building. The Resource Information Center has yet to be established. Critical documents are maintained by the MBD.

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[2] See the annex for a summary comparison of planned versus actual Logical Framework outputs.

.3 *Development and establishment of vocational and technical training programs.*

The project design calls for:

- Upgrading and expansion of SLOIC's vocational training center in Bo (BVTC); and,
- Establishment of two new centers - one in Bonthe (projected for FY 1990), and one in the Northern province (projected for FY 1992).

The upgrading and expansion of BVTC began in 1989 and is still in progress, although a major part of the work has been completed. This is the new building constructed to house both the Small Enterprise Development (SED) center of SLOIC in Bo and some sections of BVTC. The completion of the building, however, was almost a year behind schedule. Its formal inauguration is now scheduled for December 1992.

The new center planned for Bonthe was not established to avoid duplicating the activities of another NGO already operating in Bonthe. Instead, SLOIC's new program development effort focused on Mattru Jong as an alternative location. The Mattru Jong center will be established by the end of FY 1993.

The new center targeted for the Northern Province was established in Makeni in FY 1990, or two years ahead of schedule. It was made possible by strong government and local community supports and financial assistance from PLAN International.

Overall, SLOIC's current vocational training centers in Bo and Makeni provide an effective hands-on training program that already produces graduates with sufficient skills to break into an extremely tight local labor market. From FY 1989 through FY 1992, these two centers graduated a total of 708 trainees. About 77 percent of these have found jobs.

This evaluation offers several recommendations to further upgrade SLOIC's quality of training. These recommendations are generally for perfectioning purposes and do not imply the existence of any serious deficiencies at the two centers.

.4 *Upgrading of National Office to develop and coordinate the operations and activities of the project's Small Enterprise Development Foundation and Training Centers.*

The National Board of Directors has carefully monitored the performance of the projects and has made informed policy decisions. Individual members of the Board have established initial links between the SEDFs and potential collaborating organizations.

National Office staff have provided administrative support to the projects, however, the Office's capacity to provide technical support is limited by a provisional, part time appointment to the SEDF/MBD Assistant Director position as well as lack of definition in the technical and supervisory role of the National Office program Assistant Director (formerly, "National Coordinator") position. National Office headquarters have been established in a building provided by the GOSL. Resource mobilization strategies are being developed to address resource requirements at the end of the USAID grant. Refer to the paragraphs in the **Organization and Management,** and **Operations** sections that treat different aspects of the National Office. Also refer to the section on **Resource Mobilization.**

2.5 Summary of Conclusions and Recommendations

.1 The SEDFs

1 Training Services

While clients participate with some enthusiasm in the training course, there is little evidence to suggest that the training courses have a significant impact on the clients' business management skills.

a The training course is designed to introduce the clients to at least six categories of business management techniques. Given their lack of experience with formal learning situations, the clients would probably benefit more from the course if they focussed on only one or two topics.

b Client performance in bookkeeping has been generally poor, even though the bookkeeping system is simple and well-taught in the training course. It may be necessary to adopt a different method for teaching clients how to manage their finances. A "balance sheet" approached is described in the evaluation document.

c The training courses should openly address the practice of engaging in multiple business activities, and help the client make rational decisions about how to allocate resources.

2 Credit Analysis

The experience of the SEDFs since 1988 indicates that the method of analyzing the financial situation of client businesses does not provide the institution with clear information and it does not significantly help the client develop financial management skills. The current system relies on profitability analysis, which requires the clients to keep records and to disclose information about how they spend their money. The SEDF experience has shown that it is extremely difficult

to quantitatively analyze microentrepreneurs who are illiterate and do not keep records, and who are by nature guarded about disclosing information about their various business and personal activities. SEDF staff perform the current analysis very professionally, and it is unlikely that changes to the current system would render information about the clients that is any more "accurate" than what is collected now. Therefore the most important response is simply to reduce the program's dependency on the ***accuracy*** of the analysis results. This can be accomplished, first, by basing working capital loan amounts on a percentage of existing assets as opposed to the debt burden. Other methods of reducing the program's dependency on analysis are treated below in the section on credit delivery methodologies.

3 Credit Delivery

a Credit policies should be made more flexible in order to accommodate the common practice of engaging in sideline commercial activities. Current policies encourage the clients to hide these activities from the Business Counselors. SEDF staff is then unable to assist the clients as they make decisions about how to allocate their working capital.

b Loan amounts have been too much for the clients' to manage. Credit policies should require more modest loan amounts and require clients to prove their ability to manage funds before borrowing more significant amounts. The recent changes to the Credit Assistance Policies have already addressed this issue. Loan amounts were reduced, the loan term was shortened, and the debt burdened lowered to a maximum of 25% of gross profit. In the long run, the policies should also accommodate larger loans for clients who prove their management capacity. It may be necessary to develop different criteria for clients on their second and third loans.

c The Credit Assistance Policies should distinguish between fixed asset and working capital loans. Working capital loans should be determined as a percentage of the client's current working capital. First loans can be modest and on short terms. This will reduce the importance of the credit analysis and provide the client with incentive to take an incremental approach to building up their business. Fixed asset loans, however, need to be determined by the price of the capital good that the client needs to purchase. Loanterms must then be adjusted so that the monthly payment is manageable.

d The SEDFs might also consider alternative lending methodologies for working capital loans, especially to commercial enterprises. The ***solidarity group*** methodology has proven to be an effective mechanism for disbursing working capital loans to high risk target groups in countries all over the world.

4 Recommendations for Increasing Operational Efficiency

Projections based on current standard operating procedures indicate that the SEDFs will only cover around 10% of operational expenses with income generated from the RLF. The following recommendations outline measures that could be taken to improve the income generating capacity of the SEDF's.

a The SED programs could significantly increase the size of their portfolios, thereby improving program self-sufficiency, by shortening the amount of time to train clients and disburse the loans.

b The training course could be made more efficient by compressing the 24 hour course into 10 days over a two-week period. The cycle schedule could be open so that it can begin whenever a sufficient number of eligible clients have been identified. Data collection could be streamlined.

c A final option for improving efficiency is to provide training and credit services through solidarity groups.

5 Information Management

The loan monitoring system could be improved in order to eliminate duplicate efforts and to provide useful management information.

a The Finance Officer could keep track of all loan activity on a single ledger and provide periodic reports to the operations staff. This method would allow program staff to monitor individual as well as the entire portfolio performance in a single report.

b The loan sub-ledger should be designed so that each account is adjusted on a monthly basis to indicate the status of principal and interest in arrears.

c The SEDFs should maintain a loan loss provision account on the balance sheet. As a matter of policy, the SEDFs should account for expected loan losses by expensing out a percentage of the loans ***at the time of disbursement***. This is standard accounting procedure for financial institutions. It applies the general accounting principal that revenues and expenses resulting from the same activity should be accounted for in the same period. Maintaining loan-loss provision accounts and aging receivables allows the organization to control and to accurately depict the total costs of providing services as well as the current "value" of its asset, the loan portfolio.

.2 The MBD

Since 1988, the MBD has struggled with a change in leadership and tried to find a focus for its activities as the traditional market for its services declined. At the same time, the MBD has continued to satisfy its clients with professional training services, and to venture out into new areas of business management training and technical consulting. The following are observations and recommendations for future directions of the MBD:

1 The MBD Management Committee will need to play an aggressive role in defining and marketing the services of the MBD.

2 The MBD will have to respond to the decline in its traditional activities by launching an aggressive marketing strategy aimed at a new clientele.

3 Because it must constantly adapt its services to a changing market, the MBD has the potential for being a dynamic branch of SLOIC's operations. However, this also makes the MBD a challenging operation to manage. It must be dynamic to survive. The staff, Management Committee, Executive Director and the Board of Directors will have to be committed to pushing the MBD in new directions, monitoring the results, and adapting their strategies on a continual basis.

4 The MBD has increased its involvement in SEDF type activities since 1988, and there appears to be a growing interest in expanding in this area. SLOIC is testing the idea of launching an SEDF in Freetown. Some thought has been given to housing these operations within the MBD. This may be a timely opportunity for the MBD. However, it is likely that if the MBD administrated the credit operations of an SEDF in Freetown there would be little

time left for the traditional training activities of the MBD. If the MBD does play a role in a Freetown SEDF, SLOIC should give careful consideration to the implications for the MBD's traditional goals and strategies.

.3 Vocational Training

1 BVTC Expansion and Upgrading

The evaluators recommend that SLOIC management determine the exact balance of funds available for facilities upgrading and expansion at BVTC. A detailed Phase II renovation plan for BVTC should be developed, together with an appropriate budget and an implementation schedule.

2 Impact of Timing of New Centers on Training Output

OICI and SLOIC should jointly review the initial training output projections for all SLOIC's vocational training centers. Proper adjustments should be made, taking into account the various changes affecting vocational training output since the current AID grant took effect.

3 MVTC Training Facilities

SLOIC management should develop a plan to expand the Makeni center's workshop facilities, giving priority considerations to ensuring an appropriate workshop for the blacksmithery class, and subsequently for the masonry and carpentry classes. Although the expansion and addition of workshop facilities may not be feasible immediately, due to financial constraints, an appropriate plan is needed to ensure adequate managerial attention and increase the chance that the improvement will eventually take place.

4 Vocational and Feeder Training

a Vocational courses offered in Bo

It is recommended that OICI and SLOIC, including BVTC management, jointly review BVTC's portfolio of projected training courses in order to initiate and formally document any changes that may be necessary. This review is expected to have an impact on the revision of training output projections recommended earlier.

The evaluators also recommend that, prior to the addition of any training course, SLOIC and BVTC management should initiate an in-depth re-assessment of local needs, and subsequently develop a detailed implementation plan and a related appropriate budget if the decision is to proceed with the course addition.

b Feeder course in Bo and Makeni

This evaluation identifies a few areas where the Feeder program can be further improved. The observations apply to both the BVTC and MVTC.

First, the curriculum can be reviewed again to further sharpen its focus on what is essential to the objectives of Feeder, thereby devoting training time only to critical matters.

Second, some of the technical concepts used in Feeder are more appropriate for trainees in vocational courses than for those in Feeder. Modifications may therefore be necessary.

Third, the exercises and examples in Feeder courses should be reviewed to eliminate those not pertinent to the trainees' expected future professions.

Fourth, every technical concept that is taught should have a corresponding practical application.

Fifth, for the MVTC's Feeder component specifically, SLOIC management should provide adequate books and teaching aids for the business introduction course.

Lastly, future Feeder curriculum review should consider:

- Adding selected topics in relation to Population and Environmental Education.
- Ensuring the proper sequencing of ideas and subject matters.
- Inclusion of specific messages, where applicable, that would highlight the benefits of lessons taught.

c Vocational Training Curricula in Bo and Makeni

While the existing vocational curricula are generally adequate relative to training needs, this evaluation identified some areas where improvement can still be made.

First, it is essential that training time allocation be specified at the division level of the courses of study.

Second, it is also important that specific time allocation be made between lectures by instructors and hands-on practical work by trainees.

Third, a review of the vocational training curricula is necessary so that proper adjustments can be made for improvement purposes, where applicable, in adopting the performance standards recommended below:

- Exercises and learning assessments should always be relevant and in proportion to the depth and breadth of the corresponding lesson contents.

- Learning objectives are to focus on both the capacity of trainees to understand the concepts and/or processes involved, and their ability to perform the necessary operations.

- Learning objectives should be formulated in simple, specific, time-based and measurable terms.

- Adequate and relevant demonstrations and practice projects should accompany every lesson without exception.

- Objectives of field trips, demonstrations and special projects should also be formulated and expressed in verifiable terms.

- Illustrations used for training should reflect local conditions and what is locally available.

- Illustrations used for training should be adequate, direct and as professionally presented as possible in all cases.

- Training units or modules exceeding 16 hours should be sub-divided into shorter modules to facilitate training preparation and the organization of training activities.

- The review of vocational training curricula by the National Board and local Management Committees should be formally scheduled to take place at least once a year.

Finally, each course of study should include:

- A discussion of related job market and self-employment opportunities.

- A prospectus in the form of an extract containing a summary listing of all training divisions and units, and the allocated time and objectives at both division and unit levels.

- A bibliography detailing the technical materials used for developing the course of study, their sources and publication dates. curriculum reviews and revisions.

d Vocational Training Methodology

The classroom and workshop observations made during this evaluation permitted some recommendations to help achieve a higher level of training effectiveness.

- First, SLOIC should develop a strategy to largely reduce the amount of notes copying from blackboards by the trainees.

- Second, in lectures related to equipment and tools, the instructors should show to trainees the concerned pieces of tools and equipment, whenever these are available, instead of drawing them on blackboards.

- Third, whenever applicable, subject matters taught should be illustrated through the use of scale models.

- Fourth, SLOIC management should provide its current vocational centers with supplementary teaching and leaning aids, including up-to-date reference materials on the vocational areas taught.

e Classroom and Workshop Management

The following recommendations are provided to strengthen SLOIC's classroom and workshop management process:

- First, basic rules for trainees in classrooms and workshops should be made explicit in written form.

- Second, in order to ensure the timeliness of training activities, each vocational center should carefully monitor and ensure the adequate supply of training materials.

- Third, the results of evaluations done by trainees and instructors should be tabulated, synthesized and analyzed without delay in order to draw lessons learned and develop an appropriate improvement plan.

- Fourth, first-aid kits should be made available in every workshop together with reminders on safety measures that can be illustrated on vanguards. Procedures for emergency cases should also be developed, and first-aid training should be provided to instructors and trainees.

f Training Equipment and Tools

The evaluators strongly recommend that SLOIC management make it an operating procedure to conduct semi-annual reviews of the need of tools, equipment and training materials at all of its vocational training centers. This will help to develop and maintain an on-going program of requisitions, purchases and inventory management that will ensure adequate tools, equipment and training materials at all times.

We also recommend that the National Office, in conjunction with the management of BVTC and MVTC begin to discuss the possibility of expanding the range of equipment and tools used in the training process to include power tools in particular. It is understood that this initiative will entail the need to review the training curriculum for possible adjustments. In addition, it will

have important implications with respect to financial resources and the strategy required to secure the necessary funds.

5 Job Creation and Job Placement

The management, instructional staff and student services unit of each vocational center should designate selected staff to form a job creation/placement committee that will develop, recommend and monitor the job creation/placement process on an on-going basis. Job creation/placement is an integral part of SLOIC's training service process and should be coordinated with all relevant components of each vocational center.

.4 The National Office

The National Office directs strategic planning and coordinates the administration of the different program sites. The National office has maintained high professional standards that are evident in the accounting and documentation of policies and procedures for the entire organization. The National Office also provides technical assistance to the project sites, but this function is less defined and developed than the administrative role of the National Office, for at least two reasons. First, the National Office Assistance Directors do not have direct responsibility for the individual programs. They share the responsibility with the site Assistant Directors, and both answer directly to the Executive Director. This situation currently exists in the Vocational Training Program, and it appears to undermine the National Office Assistant Director of VT's ability to execute a deliberate plan to provide policy direction or technical assistance to the VT centers. Secondly, the other National Office Assistant Director position is only temporarily filled by the Bo SEDF Assistant Director. The SEDFs are likely to require technical assistance in the coming years, and this will have to be addressed by filling the National Office Assistant Director position.

The National Office plays a vital management role. Nevertheless, SLOIC incurs significate overhead costs because of this level of administration, and these costs should be carefully weighed to determine the optimal size and critical functions of the National Office. In 1992, the National Office incurred Le 21,355,000 (US$ 44,305 @ Le482=US$1) in operational expenses (See the appendices for a detailed report). Le 12,420 was covered by fundraising activities, requiring a net subsidy of Le 21,342,606 (US$44,279). For FY 1993, salaries will be doubled to compensate for inflation. Fortunately, salaries are covered by the GOSL which will probably provide additional funding to make up the difference. Overall, however, the GOSL budget only comprised 51% of the National Office budget in 1992. 46% of expenses were covered through the USAID grant. The National Office survives from subsidies from the GOSL and administration line items in the USAID grant. SLOIC can justify the role of the National Office to donors, but it will be important that the organization keep these expenses to a minimum.

.5 Resource Development

For the most part, resource mobilization strategies have focussed on soliciting donors for existing as well as new projects. Local fundraising, either through soliciting private contributions or through fundraising events, have not been effective. This is not surprising given the economic situation in Sierra Leone since 1988. This requires SLOIC to rely on the GOSL and international donors in order to sustain their projects. Thus resource mobilization for SLOIC is actually the grant writing and donor solicitation aspects of longterm program management. Analyzed from this perspective, the resource mobilization process within SLOIC could be better integrated into program management decisions. SLOIC's does not appear to treat the self-sufficiency of the individual programs as a significant factor in its resource mobilization strategies. On the program level, the programs are not designed with clear cost-recovery objectives. Cost-recovery is a stated objective, but this is not defined in terms of specific targets for the individual components. The accounting systems does not even provide easily accessible information about the ***total*** net income of the different programs. SLOIC should consider making policy decisions regarding an appropriate level of cost-recovery for each program. This would provide program managers with incentives to increase program efficiency. The cost-recovery targets would not only make the programs more efficient, they would at the same time provide the organization with a clear view of its resource needs.

III. GRANT MANAGEMENT

3.1 Significant Revisions

As of November 1992, the only significant revision to the original project design has been the reallocation of funds designated for the Bonthe site to the planned Mattru center.[3] Early development of the Makeni site in the Northern Province also required that SLOIC draw on those resources earlier in the grant period than originally expected. Funds allocated to the VT component of the Makeni site were reallocated because most of the expenses for the center have been absorbed by PLAN International, a collaborating agency. Other revisions were a request to channel resources that were allocated for rent to construction and renovation of the Bo and Freetown facilities.

3.2 Grant Finances

The evaluation team was able to compare actual expenses versus the budget projected in the original USAID Grant agreement ***using budget summary figures***. It was not possible to analyze the status of each of the individual project components. Separate monthly financial reports exist for each funding source of every program component. However, these figures are not easily compiled (a full discussion of this is provided in Section 5.4). OICI compiles the monthly component reports of USAID funds into a summary report in order to fulfill its reporting obligations to USAID. These summary reports provide accurate information to USAID on a global level. Separate cumulative totals for each component are not maintained, however. In order to compare actual vs. budgeted activity for each of the components, monthly reports would need to be compiled for each component and then compared to the Grant Agreement.

Assessing non-USAID income and expenses is complicated by drastic changes in the exchange rate over the grant period. SLOIC maintains audited financial statements in local currency. Since the exchange rate changed dramatically in every year, it is very difficult to convert the annual totals of transactions in local currency to dollars. Only transactions involving USAID funds are converted to dollars on a monthly basis.

[3] Refer to the July 2, 1990 letter from OICI to Mr. Robert Weissberg for details of changes and revisions.

Budget Summary[4]

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	TOTAL
	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	
USAID Contribution	1,000,000	515,502	515,501	515,501	515,501	515,501	3,577,506
Local Contribution	435,750	147,362	212,930	172,452	209,459	257,990	1,435,943
OICI Contribution	16,250	16,250	16,250	16,250	16,250	16,250	97,500
Total	1,452,000	679,114	744,681	704,203	741,210	789,741	5,110,949

	Budget 07/29/88 - 09/30/92	Actual Expenses	% of Budget
USAID Contribution	2,546,504	2,298,580	90%
Local Contribution	968,494	n/a	n/a
OICI Contribution	65,000		
Total	3,579,998		

.1 USAID Contributions

From July 29, 1988 to September 31, 1992, the project spent 90% of USAID funds projected in the original grant agreement for that period. Refer to the annexes for copies of the **Pipeline Analysis-Budget Status** and the **Analysis of Claimed Current and Cumulative Costs** as of September 1992. The latter report is submitted to USAID on a quarterly basis to report on use of grant funds. Both reports provide a line item breakdown of projected vs. actual expenses.

.2 Local Contribution

Local contribution to the project was projected to be realized from the sources below:

1 GOSL Reoccurring Budget ($950,000 Life of Project)

GOSL contributions to the project are accounted for in local currency on the SLOIC audited financial statements. If weighted exchange rates are used to convert GOSL contributions into US dollars for each of the first three years, the dollar amounts are US$76,770, US$121,586, and US$207,537. Audited statements for 1992 were not available at the time of the evaluation. The

[4] All budget figures are taken from the *Small Enterprise Development and Training Project Addendum, June 1988*

approved GOSL budget for SLOIC for 1993 was Le 115,000,000, or US$230,000 at the October 1992 exchange rate of Le500=US$1. These estimates indicate that the GOSL has maintained its commitment to the project. For the most part, the GOSL contributions are used to pay salaries. The GOSL has honored this commitment throughout the grant period. In fact, in the 1993 budget the GOSL doubled salaries as partial compensation for the effects of inflation.

2 In-Kind Buildings

$255,000 broken down as follows:

Bo Training Center	$125,000
Bonthe Training Center	$ 50,000
Northern Province Training Center	$ 50,000
Freetown MBD Center	$ 30,000

The Bo center had been transferred to SLOIC and renovated by the time of the mid-term evaluation. The Bonthe Center had not been established. The Makeni (Northern Province) Center was built by Plan International. And the Freetown MBD Center was established, although the GOSL had already indicated that they were considering reclaiming the building.

3 National Aid Co-ordinating Secretariat (US$150,000)

The Bonthe site had not been established at the time of the evaluation.

4 Local Fundraising (US$50,000)

These figures were not available at the time of the evaluation. Financial statements do not provide a clear picture of this source of funds.

5 Income from Revolving Loan Fund (US$30,943)

Accounting practices for the RLF do not provide accurate figures for actual income realized from loan fund activities. This is discussed below. Currently, SLOIC books all ***expected*** principal and interest repayments as income in the Loan Fund (although cumulative principal and interest receivables are separated on the balance sheet). Therefore it is difficult to determine actual income derived from the RLF from the general ledgers.

IV. SLOIC INSTITUTIONAL STATUS

4.1 Institutional History

This is a brief review of SLOIC's institutional history and evolution, intended to identify key factors that may impact on the program's long-term sustainability.

.1 Founders

Among the first Sierra Leoneans introduced to the OIC concept were Mr. Ferenke B. Kargbo, an educator, and Hon. Alhaji A. D. Saccoh, a member of the Parliament when SLOIC was established. Mr Kargbo has generally been considered the founder of SLOIC. Hon. Saccoh was the first Chairperson of the Board of Directors.

Mr. Kargbo's first exposure to the OIC concept was in 1974 when he came into contact with the OIC program in Lagos during a stay in Nigeria for medical treatment. At about the same time, Hon. Saccoh learned about the OICs of America (OIC/A), when he was under medical care in the U.S.. He visited Rev. Leon H. Sullivan, Founder and Board Chairman of both OIC/A and OICI, and met with the management of OICI at their headquarters in Philadelphia.

Mr. Kargbo and Hon. Saccoh aroused local community interest in Bo and Freetown in the establishment of an OIC program. Several consultative meetings in Bo and Freetown led to the formation of a Sierra Leone OIC National Interest Group on October 11, 1975. Hon Saccoh was elected Chairman.

In October 1976, USAID approved a five-year funding support for the establishment of SLOIC. In June 1977, Rev. Sullivan officially inaugurated SLOIC's vocational training center in Bo, which is the organization's first training center in Sierra Leone.

.2 Government Participation

Although quite a few Ministries of the Government of Sierra Leone were consulted during the project design stage in 1975 and 1976, there was no formal Government representation and participation in SLOIC's policy formulation and project governance. However, SLOIC was incorporated and registered with the Government of Sierra Leone in May 1977 as a private non-profit organization.

Shortly after the inauguration of SLOIC in June 1977, the Government mandated its formal representation and participation in project management and control, considering SLOIC's potential impact on human resource development in Sierra Leone and the support expected from the Government for SLOIC in both finance and policy areas. Effective from August 1977, SLOIC's Board Chairperson and 50% of the board members are to be nominated by the Government through the Ministry of Education, Cultural Affairs and Sports. The remaining

members of the Board are nominated by SLOIC but need the approval of the Ministry of Education.

The partnership between SLOIC and the Government of Sierra Leone has been in the best interest of SLOIC. The Government regularly included SLOIC in its annual budgets. This support was most vital to SLOIC when Phase I of USAID funding ended in 1985 leaving SLOIC without major support until the approval of USAID funding Phase II. The Government was also helpful to OICI and SLOIC in the effort to obtain Phase II USAID funding, as it assumed responsibility for a major part of the required non-AID contributions. Yet, SLOIC's formal status as a private non-profit organization has remained unchanged, and its Board and staff have been able to operate in accordance with the OIC philosophy and program model.

GOSL involvement has threatened at times the long-term continuity and consistency of SLOIC's operational strategy, as the program does not have control over the selection of its leadership at the Board level. The Government has been nominating a new Board Chairperson and 50% of the board members every three years on the average since 1977. These changes have increased since the Phase II USAID funding began in 1989. Three different Board Chairpersons, for example, have been nominated in the last four years, the last one being appointed by the Ministry of Education in November 1992. A critical factor in favor of SLOIC, however, has been the generally high level of professional and leadership capabilities of its Chairpersons and key members of the Board.

Overall, this evaluation affirms the continuity of GOSL's strong support for SLOIC, and the mutually supportive relationships between SLOIC and the Government. Officials of the Ministry of Education interviewed during the evaluation rated SLOIC as highly relevant to the Government's current educational reorganization program. They also indicated their satisfaction with SLOIC's performance and regular reporting to the Ministry, although they noted that the report on the internal evaluation conducted in July 1991 has not been shared with them. GOSL's financial contributions to SLOIC ranged from Le13,576,487 in 1988/89 to Le115,000,000 in 1992/93, reflecting the GOSL's commitment to supporting SLOIC even in the midst of the country's on-going economic crisis.

.3 Community Base

By carefully filling the other 50% of the Board positions, SLOIC has been able to maintain local community representation along side the GOSL presence on the Board of Directors. During the Phase II USAID funding, community representation has been maintained in that the Management Committees of local program components in Freetown, Makeni and Bo consist of local professionals and civic leaders. Local support has therefore been significant as SLOIC continued to receive both policy endorsement and financial contributions from the Government.

.4 Professional leadership

The National Board of Directors and members of the local Management Committees interviewed during this evaluation demonstrated themselves to be professional community leaders who assume responsibility for program guidance and oversight. Members of the National Board and Management Committees actively take part in the development of program policy, the formulation of training directions, the control of material and financial resources, and in seeking solutions to major problems. Above all, they possess adequate professional expertise and commitment to deliver quality support and guidance.

.5 Conclusions on Institutional Development History and Evolution

The combination of local and GOSL representation on SLOIC's Board has nurtured a strong institution. SLOIC has been assured of its community-based character and adequate local participation in program leadership. Yet, it has also secured a strong on-going government support in terms of both policy and financial contributions. This support will continue to be critical to the program's long-term sustainability, as it is not likely that local private sources alone can fully meet the magnitude of SLOIC's financial needs, even in the best possible local economic conditions. A strong Government endorsement is also necessary for SLOIC's possible inclusion among programs supported by bilateral and multilateral sources, when the opportunities arise. Non-governmental external (overseas) sources of support can also help, but it is often difficult to obtain funding for operating costs.

4.2 Mission Statement and Major Activities

The Mission of SLOIC has been defined as "to contribute to the economic development of Sierra Leone through vocational training and job development services, Management/Business Development training, and training in small business and credit assistance." In some of the published materials of SLOIC, the improvement of its trainees' "own personal well-being" was also cited as an organizational objective. These goals are mutually supportive, and the training activities, methodology and related services are designed to address both.

As of this evaluation, SLOIC operates at three locations in Sierra Leone:

- In Freetown, the Capital City, where it maintains a National Office and provides management and contractual training services through its Management and Business Development (MBD) Center since 1978.

- In Bo, Southern Province, where its first vocational training center (1977) is still operating alongside its first small enterprise development training and credit assistance program (1989).

- In Makeni, Northern Province, where its latest vocational training center (1990) is in operation alongside its second small enterprise development training and credit assistance program (1991).

4.3 Legal Status

SLOIC has been registered with the Government of Sierra Leone and is a recognized private, non-profit, non-formal skills training institution. It operates within the Ministry of Education's guidelines for private educational institutions. It also complies with the Government's special provisions, as mentioned earlier, regarding Government's representation on its Board of Directors and other provisions related to the Board.

Consultations made during this evaluation with officials of the Ministry of Education confirmed that SLOIC is a training institution recognized and respected by the Government of Sierra Leone due to its actual program outputs and relevance to the country's skills training needs.

V. SLOIC INSTITUTIONAL ORGANIZATION AND MANAGEMENT

5.1 Organizational Structure

The National Board of Directors is the highest governing body of SLOIC. It is comprised of 22 members, half of which, including the chairman, are appointed by the GOSL. The members of the Board form committees that oversee different areas of SLOIC programs. On occasion, the Board also forms ad hoc committees to focus on a specific issues. This has been done, for example, during the planning of the Mattru site. A member of the National Board also chairs the local Management Committee of each project. In this sense, the Management Committees are extensions of the National Board. They advise the local site Assistant Directors and voice their views on the National Board via the Management Committee Chairman. The Executive Director is directly accountable to the National Board. Two parallel lines of accountability exist below the Executive Director. The National Office Assistant Directors (formerly Coordinators) and all administrative staff are accountable to the Executive Director. Each of the site Assistant Directors works in collaboration with the National Office counterpart, but the site Assistant Directors and staff are also accountable directly to the Executive Director.

.1 The National Board of Directors

The National Board structure appears to be an appropriate management vehicle for SLOIC. Given the concentration of resources in Freetown and the logistical and communication difficulties in Sierra Leone, it is most efficient to centralize grant management, strategic planning, and resource mobilization. Although the local sites are capable of managing program operations, it would be extremely difficult for each the individual sites to perform the other duties listed above. The Board encourages local input into policy decisions through the Management Committees.

Recent actions of the Board in approving new personnel policies, credit assistance policies, and initiating the Mattru project indicate that the Board is dynamic and committed to fulfilling its appropriate roles. The biggest weakness of the board is the turnover of the members. In practice, GOSL's appointment of half of the members does not seem to have over-politicized the Board. SLOIC has been able to recommend candidates to the GOSL. Certainly, this close relationship with the GOSL is an important factor in the GOSL's longterm support of SLOIC. However, the GOSL involvement does result in frequent changes of Board members. The Board Chairman has changed three times since 1988. This lack of continuity handicaps the Board in its ability to make longterm plans. While SLOIC cannot eliminate these problems, it can initiate a few measures to reduce the negative impact of changes in leadership, when these occur, and to facilitate the ensuing transitions. The following recommendations are offered:

- First, an orientation program for board members and a more elaborate version for board chairpersons should be made available and ready at all times. SLOIC should therefore be capable of providing such an orientation, when necessary, in an accurate, effective and timely manner.

- Second, a 10-15 page condensed manual on SLOIC's mission, organization, objectives and role of the Board of Directors should be developed and reproduced in sufficient copies for distribution when necessary. OICI's current manual on the Board of Directors is too large and not well designed as an orientation document.

- Third, SLOIC management should initiate a joint program review between SLOIC and appropriate officials of the Ministry of Education for updating the Government on SLOIC's progress and program outputs at least twice a year. Such a joint review should also take place whenever officials in charge of SLOIC at the Ministry of Education are replaced. The review can be based on written and verbal reports of SLOIC management.

- Fourth, an understanding should be developed between SLOIC and the Ministry of Education to the effect that:

  - The term of service of SLOIC National Board's Chairpersons will be maintained at three years unless jointly determined otherwise on a case-to-case basis, when necessary, by SLOIC and the Ministry of Education.

  - Should the need arise and require the Ministry of Education to replace SLOIC's Board Chairperson, the Ministry will inform SLOIC at least one month in advance and will consult SLOIC management in the process of nominating a new Board Chairperson.

- Lastly, SLOIC should inform the Ministry of Education of all major program evaluations/assessments - internally or independently conducted - and share the related final reports with the Ministry. This effort will further strengthen the Government's understanding of SLOIC program status and the works done to improve program performance.

.2 The Management Committees

The Management Committees perform two principal functions. They provide local input to the policy decisions of the National Board, and they advise the local program Assistant Directors. The responsibility of the Management Committee vis-a-vis the Board is clearly defined: the Chairman participates in Board decisions. By policy, the Management Committee plays only an advisory role with the program Assistant Director. In the case of the SEDFs, however, the Management Committees approve all loans and thus they play a primary role in program operations. Both the Board and the programs have benefited from this arrangement. The Board has a direct channel to the programs, and the local programs, at least the SEDF, have benefited from the experience and local influence of its Management Committee members. The system appears to function well. Clearly, the existence of the Management Committees introduces additional opinions and personalities into both operational and Board decisions. When there have been differences of opinion, the resulting dialogue appears to have clarified issues and developed a working consensus among the parties. For example, both of the SEDF Management

Committees articulated a strong preference for increasing loan terms and loan amounts; they have also advocated for lower interest rates in the interest of the clients. Although the Chairmen of both SEDF Management Committees are Board members, the Board approved new ***Credit Assistance Policies*** that reduced credit amounts and loan terms and maintained above market interest rates. The Executive Director and the Management Committees are obliged to carry out the directives of the Board, and the Board solicits input from both channels. In the case of the new credit assistance policies, the Board demonstrated that it has the capacity to weigh number of factors and conflicting opinions and to make prudent decisions.

The Management Committees function in different capacities in the different programs. In the SEDFs, they make program operational decisions; in all programs they provide overall policy direction. The current Management Committees for the SEDFs and the MBD/Freetown are rather new. The Makeni/SEDF Committee is just starting with the program. The SEDF/Bo and MBD Committees have recently added new members. In all cases, SLOIC has made significant efforts to attract active members to the Committees, and then to provide orientation and training.

.3 The National Office

The National Office performs at least two important functions. First, it coordinates the administration of finances, resource development, and grants. It coordinates the planning of new initiatives and maintains relationships with the donor community and partner agencies. The National Office staff that perform these functions are the Executive Director, the Finance Comptroller, Resource Development and Personnel Officer, Assistant Director of Administration, Assistant Director of VT, Assistant Director of SEDF/MBD, and the administrative staff. Secondly, The National Office also provides technical support to program operations through the SEDF/MBD and the Vocational Training Assistant Directors. The Executive Director and the National Office Assistant Directors play a vital role in coordinating the administration of institutional as well as program aspects of SLOIC. The role of the Program Assistant Directors (SEDF/MBD and Vocational Training) is to coordinate the management of program sites, monitor their performance, and to provide technical assistance as needed. The Vocational Training Assistant Director has held his positions for several years. However, the SEDF/MBD Assistant Director has recently resigned and the position is temporarily occupied by the SEDF/Bo Assistant Director.

As SLOIC expands its operations by increasing the volume of services in the MBD and SEDF, and adding new programs in all areas, the role of the National Office program Assistant Directors will become increasingly important. The current organizational structure may have to be modified to facilitate a role for the National Office Assistant Directors that makes them more responsible and accountable for the performance of the programs. It is questionable whether the National Office Assistant Directors can in fact coordinate the programs when the local site Assistant Directors are officially accountable directly to the Executive Director. SLOIC should consider whether it is possible for the National Office Assistant Directors to effectively coordinate program planning, management, and technical assistance when they are not solely accountable to the Executive Director and do not have final authority to direct the programs.

Before filling the vacant SEDF/MBD Assistant Director position, it would behoove the organization to clearly define the role of the National Office Assistant Directors in coordinating the management of the programs, and to weigh the expected results against the cost of maintaining these management positions.

5.2 Strategic Planning and Management

SLOIC inaugurates each fiscal year by approving the annual plan and budget, which is summarized in the Program Performance Tracking (PPT) document. The PPT organizes activities by category: Board of Directors, Staff Development, Planning, Evaluation, Reporting, Budget/Finance, Critical Documents, Resource Mobilization, Facilities, Equipment, OIC Central, Training, and Community and Government. The planned activities are charted across the twelve months of the fiscal year. The global PPT is compiled from the PPT's of each of the operational and administrative departments. The departmental and program PPT's are in turn supported by Operational Work Plans (OWP's). In FY 93, each staff member was required to complete a personal OWP, defining their role in the department's PPT. In this fiscal year, the OWP's should be more effective as a personal management tool. In the past, OWP's had been drafted as strategic plans for specific activities without designating the role of individual staff members.

The PPT's serve as the fundamental management documents for all levels of the organization. The global PPT is submitted to the Board and to OICI. Departmental PPT's are distributed among the Assistant Directors. Each Assistant Director is responsible for submitting monthly and quarterly reports on their activities vis-a-vis the PPT. Once a month, all of the Assistant Directors and management staff meet to discuss critical issues, report on program performance, and make strategic changes to the PPT as necessary. The Board meets once a quarter to monitor the global PPT.

SLOIC's planning and management systems are thorough, and execution and monitoring of the plan are rigorous. Reports document program performance according to the logical framework of the PPT. Indicators used to measure that performance are carefully defined in each programs MIS procedures. The Assistant Director of Administration meticulously organizes and distributes the reports of the Assistant Directors. He also summarizes and maintains the minutes of the monthly executive management meetings. These minutes indicate that the PPT and the reports are rigorously employed as planning and management tools.

Until FY 1993, the budgeting process has been a less effective component of strategic program planning than the PPT. In the past, program budgets have been determined by grant agreement allocations. In FY 1993, each program Assistant Directors submitted budget requests based on their operational plans. The National Office then allocated available resources accordingly. This process is more likely to allocate resources according to changing operational priorities and to actively engage the Assistant Directors in the management of the budget.

5.3 Management Information System (MIS) and Documentation

SLOIC maintains current documentation of all basic policies and procedures. General operating policies and procedures are defined in the ***Standard Operating Procedures*** manual. Each program also documents its operational procedures. Each program also has its own MIS manual, which defines the performance indicators and reporting procedures for the program.

As an organization, SLOIC maintains a complex information management system. Other sections of this evaluation document contain recommendations for how parts of the system might be adapted to provide more appropriate information, or how that information might be more effectively incorporated into management decisions. Overall, however, SLOIC is very strong in this area. If there is a potential weakness in the system, it is that it encourages too much gathering and documentation of information. Each program has specific informational needs. The National Office, the Board, OICI, and other donors also make competing demands for information. There is a tendency to add these requirements in an ad hoc manner. As the programs grow, the administrative burden entailed in managing information can hinder rather than contribute to operational productivity. SLOIC might benefit at this time from a comprehensive analysis of its planning, reporting and MIS systems.

The National Office might also consider the option of computerizing. Given the volume of documents that are created, computers could significantly increase the efficiency of the administrative staff. The SEDF are also information-intensive programs. There are aspects of SEDF program operations that could be more thoroughly analyzed if the data where treated periodically with a computer. That said, one should also note the magnitude of such an undertaking. The decision to introduce computers into the National Office should consist of a comprehensive plan to install hardware and software, power protection and back-up systems, and to thoroughly train National Office staff. Computers will only be efficient if those who use them can do so with confidence and without interruption. The ideal way to accomplish this would be to engage a technician for six-months to coordinate the installation and training.

5.4 Financial Control and Accounting

SLOIC maintains adequate financial control and record keeping mechanisms to insure the integrity of its financial management system. Lucas and Tucker of New York have audited SLOIC's books every year at least since 1988 and report that the financial statements present fairly the financial position of SLOIC. Where the accounting system does not provide necessary information, it is due to the fact that the system has been designed around the reporting requirements of outside donors rather than the information required by program managers. The following are three areas in which the system could be adapted to provide program managers as well as the Board with important information. In all cases, the current weaknesses are due to the diversity of donor reporting requirements and/or to the inherent obscurity of fund accounting procedures.

.1 The procedures used to convert Leones and US Dollars to manage the USAID Grant Budget **in SLOIC's books** obscures information that SLOIC program managers need to understand the financial performance of their programs. In the past, the annual budgeting process began by converting the USAID Grant budget from Dollars into Leones at a "constant" exchange rate. Since 1988, the market exchange rate of Le=US$ has moved from about 40 to 520. The rate that was used at the beginning of each of the fiscal years was usually already outdated even at the time; over the year the actual exchange rate often doubled or tripled. Every month, SLOIC reported its expenses in Leones and provided a current exchange rate to convert that month's activity into US Dollars. OICI in Philadelphia used these reports to keep its records in US dollars, and to report to USAID Washington. This system allowed OICI to provide USAID Washington with accurate information concerning the grant funds. However, the current status of planned versus actual grant expenditures is less clear for SLOIC. SLOIC booked expected grant resources as income using the constant exchange rate at the beginning of the fiscal years. During the year, they exchanged dollars at increasing rates of exchange, and booked expenses that grew with the rate of inflation. The auditors review all exchange rate transactions during the year to account for gains on exchange (see the ***foreign currency translation adjustment*** on the liability side of the audited balance sheet) so resources are properly controlled. Where the system fails to provide accurate information is on the income side of the USAID fund and, consequently, in the SLOIC budgets. Both the income line of the Statement of Revenues and Expenses and the budgets are expressed in Leones converted from Dollars at artificially low exchange rates. This makes the budgets useless as a management tool for SLOIC, since expenses are eventually incurred when inflation has outdated the original budget figures. Also, it is not possible to tell from the SLOIC audited statement how much money was spent or received from USAID in US Dollars. This is because the annual totals are comprised of Leones that were converted into dollars and vise versa with at least twelve different exchange rates throughout the year. There is no reason for SLOIC to maintain books in US Dollars (OICI does this for its own purposes), but they should find a way to budget and book income so that the amounts can be used to control costs throughout the year. Also, SLOIC should be able to keep track of its actual versus planned expenses against the grant agreement. This is necessary for long term resource management.

.2 The fund accounting required by donors obscures the expenses and income associated with distinct program operations. The National Office and each program component work with different combinations of SLOIC's six sources of funds. Each program has a separate budget for each fund and submits monthly reports accordingly. The National Office Finance Comptroller monitors the funds, and combines the program activities into the general ledgers. The general ledgers are broken down by operational line items (personnel, travel, etc), and distributed among the six funds. The general ledgers are designed to report on sources and

uses of funds. While it is possible to see a total for each line item, it is not possible to discern the expenses, by fund or in total, for the individual program components. In order to derive this information, it is necessary to compile all of the budgets and reports for each individual component and add them together. This is rarely if ever done and consequently neither the program managers nor the Board operate with a clear ***global*** picture of the income and expenses associated with the different program components. If the general ledgers and financial statements were modified so that the line items were grouped by program, both grant fund and cost analysis information would be available with a quick review of the documents.

.3 The SEDF revolving loan fund accounting procedures meet USAID grant reporting requirements but do not follow some important standard accounting practices for a loan portfolio. As loans are disbursed, SLOIC expenses out the principal amount against an expense account in the USAID Fund. Simultaneously, SLOIC books the principal and interest receivables as assets (dr) and income (cr) in the Loan fund. By performing this double transaction, SLOIC fulfills its obligation to expense out loan disbursements against the USAID grant, and it also appropriately maintains the loans on its books (in the Loan Fund) as an asset. When the loans are repaid, they are credited from principal and interest receivables and debited to cash in the Loan Fund. SLOIC draws additional funds from the USAID grant by the mechanism described when it has loaned out all of the liquid capital in the Loan Fund. These procedures account for uses of the USAID grant funds but fail to provide accurate information about the revolving loan funds in two important aspects. First, SLOIC books all of the interest receivables as income in the Loan Fund when the loans are disbursed. Thus income derived from the life of the loan is booked in one month, and it is overestimated by the amount that is never recovered due to default. Secondly, SLOIC does not separate current from pastdue loan receivables, nor do they maintain a provision for loan loss. Thus the Statement of Income and Expenses and the Balance Sheet do not accurately report on the monthly status of the loan portfolio, the real capital base, or the expenses incurred through default. This situation could be clarified by adopting the practice of separating current from pastdue receivables, and adjusting the loan loss provision account on a monthly basis (further explanation of this practice is given in the operational section on the SEDF).

5.5 Personnel

.1 Personnel Training and Development

SLOIC has invested substantially in training its staff to manage increasingly technical programs. The USAID Grant has provided resources towards that end, notably the line items for the Technical Advisor and the Participant Training budget. The Regional Project funded by the

UNDP also provided funds for personnel training related expenses. The Technical Advisor has periodically organized workshops in addition to providing on-going technical assistance to the program Assistant Directors. Individual staff members have participated in annual technical conferences in West Africa. And others have benefited from long term study opportunities abroad (see the appendices for a list of program staff who have been sent on study leaves).

The conferences and workshops appear to have been an effective means of introducing staff to the basic theory and operational procedures of microenterprise development. The Technical Advisor and the SEDF staff have worked well together to develop operational systems. However, it is important to note that by this time the SEDF program has developed different needs in this area. The SEDF have reached a level of development where further improvement will be brought about by careful analysis of program experience and careful finetuning of policies and procedures. Intensive technical assistance is a more effective means to this end than are conferences, workshops, and formal training courses. At the same time, the Technical Advisor has recently occupied the position of Program Coordinator, and will not likely be able to devote as much time to the details of program operations. Given this new situation, SLOIC will probably see more immediate results from intensive technical assistance than from formal training courses. Program staff will develop professionally as they learn on the job from technical experts who can work with program staff in a context with which they are familiar.

.2 Personnel Policies and Staff Motivation

SLOIC has a highly motivated, professional staff. Given the scarcity of jobs, the organization has had little difficulty in attracting and retaining competent personnel. Nevertheless, it is at least important to call attention to a potentially negative longterm effect of SLOIC's salary structure. Wage levels are set by government standards because the GOSL pays for most of SLOIC's salaries. Clearly, this limits the ability of the organization to modify wages levels. SLOIC does not appear to have suffered from staff turnover in the past, but this could become a problem in the SEDF. The Vocational Training and MBD components employ teachers. The market rate for teacher salaries is determined for the most part by the GOSL, who employs most of the teachers in Sierra Leone. This means that SLOIC teaching staff would probably not realize significant increases in salaries if they left for another position. There is a different market, however, for the skills of the SEDF staff. Almost all of the SEDF were teachers before they were hired by SLOIC. SLOIC has invested in training them to be business counselors, business analysts, and credit officers. However, the SEDF Assistant Directors and Business Counselors are now experienced in managing sophisticated training and credit programs. As other GOSL, private sector, and NGO institutions develop similar programs, it is possible that they will look to SLOIC as a potential source of experienced program staff. The SEDF/MBD National Office Assistant Director recently left SLOIC for another international NGO and tripled her salary. SLOIC faces a challenge in setting salary levels to maintain equity within the organization and yet maintain competitive salaries to encourage employees to stay with the organization.

5.6 Rationale of SLOIC Program Components

SLOIC appears to have adapted and added program components with a clear sense of institutional mission. The VT and MBD programs reflect a clear commitment to providing professional training, the one vocational and the other administrative. Both have also been guided by a commitment to providing trainees with the means (skills) to be employed. During the 1980's, SLOIC became aware of both the limited employment capacity of the formal sector and the self-employment opportunities in the informal sector. The SEDFs are thus a logical step for an organization committed to providing people with the minimum resources to be economically active. The MBD has also adapted its services to the changing environment. SLOIC has proven that it has the technical capacity to administrate the credit component of the SEDF. At the same time, although the programs are integrated conceptually, the organization has to overcome its historic identity as a training and development organization in order to management the SEDFs effectively. SLOIC established sound policies for the SEDFs early on, but the organization is still battling with the challenge of establishing its reputation as a serious lending institution.

In addition to opening additional sites for existing programs, SLOIC is soon to launch its Self-Employment Assistance Program (SEAP) in collaboration with PLAN International in Makeni and EZE in both Bo and Makeni. The goal of the SEAP is to prepare the VT trainees for self-employment. The strategy of the program is to provide business management training in the VT curriculum and to establish a loan fund in order to provide credit to VT graduates who desire to start their own business. The formal sector job market has been contracting and SLOIC has placed fewer VT graduates every year since 1988. The SEAP program design is based on the assumption that SLOIC can assist its VT graduates create their own employment opportunities. Conceptually, the SEAP is a hybrid of the two programs: it employs the strategy of the SEDF to obtain the objectives of the VT program. Operationally, however, the SEAP could create more problems than it solves. The performance of the SEDFs indicate how difficult it is to administrate a credit program even with substantial resources and working with experienced entrepreneurs. The SEAP proposes to offer similar services to young, inexperienced VT graduates. This is an extremely high risk target group. Many of these businesses fail and programs of this type are typically not able to main acceptable repayment rates. The inexperience of the VT graduates is compounded by the fact that they receive their training from the organization for free, and this affects the way they view the credit assistance. Unfortunately, the predictable performance problems of the SEAP will negatively effect the performance of the SEDFs. While SLOIC makes a clear distinction between the two programs, the public will not. To the community, it is simply another credit service of the same organization. SLOIC's reputation will be created by all of its programs, and all of its programs will feel the effect of that reputation. Minimally, SLOIC should seek to keep the SEAP as far removed from the SEDFs as possible.

VI. PROGRAM OPERATIONS

6.1 OICI Technical Cooperation

OICI has supported SLOIC in the implementation of the project through the Technical Cooperation Team (TCT). The TCT consisted of a Program Advisor and Technical Advisor from 1988 until October 1992. In October 1992, the Program Advisor vacated the position, the Technical Advisor assumed the role of Program Advisor and the Technical Advisor position was phased out. The TCT has supported SLOIC at all levels of the organization. The Program Coordinator functions in an advisory role to the Executive Director, and the Technical Advisor provided assistance to the SEDF Coordinator and all SEDF staff. The TCT was in turn supported by the OICI Department of Program Support, specifically by the OICI Program Advisor and the Small Enterprise Development Specialist. OICI's Evaluation Department also supported the SLOIC project through an interim evaluation one year prior to the Mid-Term Evaluation.

The TCT has provided assistance in three main areas: grant and program management, institutional development, and operational systems development. The current status of SLOIC programs, the object of this evaluation, is the most telling evidence for the professional quality of the assistance provided by the TCT. SLOIC has managed the grant resources well, creatively adapting the project design when necessary during very difficult times. Despite a two year hiatus of the Executive Director during a period with over 100% annual inflation, rebel incursions from Liberia, and a coup d'etat, SLOIC has implemented the programs it outlined in the original project proposal. This would indicate that the TCT, senior management, and the Board of Directors have worked well enough together to maintain program operations during difficult times.

As a part of their institutional development strategy, the TCT has carried out a systematic program of workshops and seminars in order to provide orientation and training to the Board of Directors and the Management Committees. 3-day Board development workshops have been held every year since 1989, each with a distinct program focus: grant orientation (1989), financial management (1990), resource development (1991), and program review and oversight (1992). Most of the Management Committees have experienced significant changeover in the past two years and Management Committee workshops have been implemented as needed. The TCT has also conducted seminars for staff at OICI regional technical conferences, as well as project specific workshops at the different sites in Sierra Leone. The Board and the Management Committees are well-informed about the programs, and they appear to be enthusiastically engaged in managing the organization. In light of the significant turnover of members, this would indicate that the collaborative efforts of the TCT and the Executive Director in this area have been fruitful. Another aspect of the TCT's support of SLOIC's institutional development has been in the area of resource development. The TCT has assisted SLOIC in planning for the end of the USAID grant by identifying potential donors and preparing project proposals.

Finally, the TCT has focussed much of its resources on training program staff and assisting in the development of service delivery systems in the SEDF. The training and credit delivery systems currently employed by SLOIC did not exist in Sierra Leone prior to this project, and thus it is reasonable to assume that the TCT is responsible for introducing most of the technical aspects of the SEDF. Training, credit delivery and MIS systems are thorough, creative, and well documented. Program staff have played an active role in the development of these systems, and staff implement the program with professional competence. This would indicate that the TCT has been successful in transferring these technologies.

6.2 SLOIC National Office

The National Office is located in Freetown. The GOSL granted SLOIC free use of an abandoned government building, and USAID grant funds have been used to renovate the facilities. SLOIC has benefited greatly from the facilities but the longterm status of this significant GOSL contribution is uncertain.

As indicated above, the National Office plays the important role of coordinating the administration of the different programs. Most importantly, the National Office directs the strategic planning for SLOIC. The National Office also performs the accounting, documents program policies and procedures, and coordinates resource development strategies (this is covered in a separate section below). The National Office also provides technical assistance to the programs, but this function is less well defined than the administrative role of the National Office. There is only one MBD site and it is housed in the National Office. The SEDF/MBD National Office Assistant Director position is open but temporarily filled by the SEDF/Bo Assistant Director. The Vocational Training Assistant Director has occupied his position for several years. Of the three components, the SEDF will probably need the most technical support in the years to come. The methodology has not yet been fine-tuned to produce the desired results. The SEDF/Bo Assistant Director may be leaving for a one-year sabbatical, and there are plans to open additional SEDF sites. The Vocational Training programs are more established and thus the systems development in this component is not as rigorous as in the SEDF. Nevertheless, the evaluation sites several areas where the National Office could take a more aggressive role in refining aspects of the VT component.

The National Office plays a vital management role. Nevertheless, SLOIC incurs significate overhead costs because of this level of administration, and these costs should be carefully weighed to determine the optimal size and critical functions of the National Office. In 1992, the National Office incurred Le 21,355,000 (US$ 44,305 @ Le482=US$1) in operational expenses (See the appendices for a detailed report). Le 12,420 was covered by fundraising activities, requiring a net subsidy of Le 21,342,606 (US$44,279). For FY 1993, salaries will be doubled to compensate for inflation. Fortunately, salaries are covered by the GOSL which will probably provide additional funding to make up the difference. Overall, however, the GOSL budget only comprised 51% of the National Office budget in 1992. 46% of expenses were covered through the USAID grant. The National Office survives from subsidies from the GOSL and

administration line items in the USAID grant. SLOIC can justify the role of the National Office to donors, but it will be important that the organization keep these expenses to a minimum.

6.3 Vocational Training

This section presents evaluation findings and recommendations in relation to:

- Planned vs actual number of SLOIC's vocational training centers.
- Training contents and methodology
- Student services
- Planned vs actual vocational training completions and job placements.
- Impact of vocational training.

.1 Planned vs Actual Number of Vocational Training Centers

The project design calls for:

- Upgrading and expansion of SLOIC's vocational training center in Bo (BVTC); and,

- Establishment of two new centers - one in Bonthe (projected for FY 1990), and one in the Northern province (projected for FY 1992).

a Upgrading and Expansion of Vocational Training Center in Bo (BVTC)

Started in 1989, most of the upgrading and expansion of the BVTC program has been completed. The new building has been constructed to house both the Small Enterprise Development (SED) center of SLOIC in Bo and some sections of BVTC including administrative and faculty offices, classrooms for Feeder and secretarial training. The building is scheduled for official inauguration in December 1992 although its occupation took place gradually since mid-1991 when half of the building was completed. At the time of this evaluation, the building has been fully occupied.

The construction and completion of the building was almost a year behind schedule due to the planning process, the occasional shortage of construction materials, and the coordination among SLOIC's instructors and trainees who did most of the construction work. As priority was given to the completion of the new building, implementation of the rest of the upgrading and expansion plan for BVTC was delayed.

Construction costs of the new building reportedly exceeded the planned level, although SLOIC management is yet to determine the exact amount. The rise in costs of construction materials accounted for most of the cost overrun. However, the latter will reduce the balance of funds available for the remaining upgrading and expansion needed at BVTC.

At the time of this evaluation, the remaining major tasks related to the upgrading and expansion of BVTC include:

- Renovation of building facilities that currently house most of the vocational training units (masonry, carpentry, electricity, surveying and auto mechanics), the offices of related instructional staff, and the student services component. These facilities consist of a large building, formerly a railroad car hangar; an adjacent classroom/workshop for automechanics training; and a large garage, located opposite to the classroom/workshop that is used also as a car repair area. In spite of the initial renovations done after SLOIC moved into the current site in 1986/87, these facilities still require extensive additional repair and upgrading if they are to provide an appropriate environment for training and other program operations located there.

- Equipping BVTC with additional training equipment and handtools, especially to replace lost and worn out tools. Shortly before this evaluation, SLOIC finally received the bulk of equipment and tools ordered under the current USAID grant. Storage facilities in Bo were being prepared to receive them.

- Completing BVTC's Resource Center. Although a large room is now available for the Resource Center, it still awaits appropriate furniture and books that had been ordered and have reportedly arrived in Freetown.

The evaluators recommend that SLOIC management determine the exact balance of funds available for facilities upgrading and expansion at BVTC. Furthermore, a detailed Phase II renovation plan for BVTC should be developed, together with an appropriate budget and an implementation schedule to ensure that the remaining renovation work will take place in a systematic and timely manner.

b Establishment of a new vocational training center in Bonthe (projected for FY 1990).

The new center planned for Bonthe was not established to avoid duplicating the activities of another NGO already operating in Bonthe. SLOIC's new program development effort already focused on Mattru Jong as an alternative location.

The Mattru Jong center will be established by the end of FY 1993. Extensive planning and preparation work has already taken place, including a feasibility study and the development of a local OIC interest group in Mattru Jong. The new center's first training completions will be achieved in year 6 of the current project (FY 1994), instead of year 4 (FY 1992) as initially projected for the Bonthe site.

It is recommended that OICI and SLOIC jointly review the initial training output projections for all SLOIC's vocational training centers. Proper adjustments should be made, taking into account

the various changes affecting vocational training output since the current USAID grant took effect.

c Establishment of a new vocational training center in the Northern Province (projected for FY 1992)

A new vocational training center was established in Makeni, Northern Province, in FY 1990. This accomplishment in the Northern Province took place two years ahead of plan. It was made possible primarily by strong government and local community supports, and financial assistance from PLAN International.

The center in Makeni consists of two one-floor buildings that provide for classrooms, workshops and administrative offices. The buildings are impressive in terms of design and construction quality. However, workshops space is inadequate in all vocational training areas, particularly blacksmithery, carpentry and masonry. Office space for staff is also limited relative to needs. The instructors interviewed confirmed that inadequate workshops space has been a major constraint to training.

The evaluators recommend that SLOIC management develop a plan to expand the Makeni center's workshop facilities, giving priority considerations to ensuring an appropriate workshop for the blacksmithery class, and subsequently for the masonry and carpentry classes. Although the expansion and addition of workshop facilities may not be feasible immediately, due to financial constraints, an appropriate plan is needed to ensure adequate managerial attention and increase the chance that the improvement will eventually take place.

.2 Vocational Courses

a Vocational Courses in Bo

Although the project proposal indicated that SLOIC's vocational training center in Bo (BVTC) would offer courses in eight (8) skill areas, the center is actually conducting training in six (6), namely:

- Automechanics
- Agricultural surveying
- Carpentry
- Electricity
- Masonry
- Secretarial science

The projected training in metal work and in an eighth skill area - to be determined annually on the basis of market demand - has not yet taken place. A course outline for "Craft Work" was noted but lacks objectives and has not been implemented.

According to the project design, the addition of two new courses should have been initiated during the second year of the current USAID grant (FY 1990). SLOIC and BVTC management indicated that local economic conditions did not warrant the addition of new courses, although they finally considered introducing tailoring and/or shoe making and repair training in FY 1993.

The absence of two previously planned training courses means a reduction of about 30 training completions per year relative to initial projections. With respect to the newly considered addition of training course(s), BVTC management has yet to come up with a detailed implementation plan, the necessary budget provisions, and an in-depth re-assessment of local economic conditions to ensure that the training addition is based on sound rationale.

It is recommended that OICI and SLOIC, including BVTC management, jointly review BVTC's portfolio of projected training courses in order to initiate and formally document any changes that may be necessary. This review is expected to have an impact on the revision of training output projections recommended earlier.

The evaluators also recommend that, prior to the addition of any training course, SLOIC and BVTC management should initiate an in-depth re-assessment of local needs, and subsequently develop a detailed implementation plan and an appropriate budget if the decision is to proceed with the course addition. The needs re-assessment is recommended in view of the rapidly changing local economic conditions.

b Vocational Courses in Makeni

SLOIC's vocational training center in Makeni (MVTC) conducts training in carpentry, masonry, blacksmithery and tailoring. These four courses fulfill the number of skill training areas projected for the center.

In both Makeni and Bo, Feeder/pre-vocational training is provided to all trainees in line with the project design and the OIC training model.

c Vocational Training Duration

SLOIC's vocational training cycle - in Bo and Makeni - requires approximately one and a half year: 3 months for Feeder/pre-vocational training, 12 months for vocational training proper, and 3 months of on-the-job training (OJT).

The 18-month training duration may be adequate for some trainees and too short for others. However, the vocational instructors interviewed during this evaluation indicated that the slow learners are allowed to stay longer on the course, as training is generally individualized.

Another observation is that job placement difficulties make it necessary at times to extend OJT training beyond the initial three-month period. In several instances, OJT extensions from three to six months have taken place, resulting in an overall training duration of 21 - 24 months for

the trainees concerned. These extensions delay training completions and prevent an accurate reporting on SLOIC's actual job placement capacity. They also account for the high capacity utilization ratio often reported in the MIS, as OJT trainees remain on attendance rosters until they are declared 'TC' (training completions). In reality, as OJT trainees are assigned to work in business establishments, they do not make use of the training centers' facilities, except for the services of job developers who continue to seek job opportunities for them.

.3 Feeder/Pre-Vocational Training Curriculum

a Assessment of Objectives and Contents

SLOIC implements generally well-prepared Feeder/pre-vocational training curricula at both the Bo and Makeni centers. Although developed separately, these curricula are essentially similar in their contents, emphases and objectives. The Feeder curriculum in Makeni was actually patterned after the one in Bo.

The Feeder program aims at getting trainees ready for both vocational technical training and post-training employment/self-employment opportunities. This preparation is appropriate as the trainee population includes school leavers and school dropouts between Form III and Form VI, many of whom have already spent considerable time away from schools. Few are initially oriented toward vocational technical careers. The Feeder program properly emphasizes, therefore, the upgrading of communication (English) and computational skills.

The level of training in Feeder is adjusted to the needs of trainees relative to the requirements of their chosen skill areas. For example, potential secretarial science trainees are offered a more extensive English review and upgrading program than the one provided to trainees expected in other vocational courses. Feeder training also includes the development of skills critical to trainees' success in the 'world of work', such as proper work habits and work attitudes, and job development skills.

An important recent addition to the Feeder curriculum in both Makeni and Bo is the introduction of trainees to the concept of self-employment and basic business operations. The additional training is appropriate as employment opportunities are limited and will continue to remain so for some time due to Sierra Leone's economic conditions. It is also useful as it contributes to the development of the country's small business and microenterprise sector.

In Makeni, however, the business training course is conducted without adequate resource materials such as books in related subjects. The one and only instructor assigned to teach business to both Feeder and vocational trainees does not have more than some outlines and notes obtained from counterpart instructors at BVTC.

Overall, the Feeder programs in Bo and Makeni properly relates to pre-vocational training objectives. The courses are organized in logical sequence and are sub-divided into specific units with clearly defined learning objectives, training methodology and performance measurement.

Lesson plans are presented in adequate details and provide sufficient exercises and illustrations, most of which reflect conditions that trainees are expected to meet during the vocational training stage and, later, in actual work places. For example, some lesson units of the computational course expose trainees to the concepts and techniques of calculating interest rates, earnings, and profits and losses. There is also a good number of computational exercises pertinent to building trades.

Although the limited training time may not permit the inclusion of additional subject matters, the Feeder program can be enriched by topics in Population and Environmental Education. While these areas do not relate directly to vocational technical skills development, they are relevant to OIC trainees' quality of life which the project tries to impact. Their inclusion in the Feeder curriculum, even in some limited way, can be useful.

b Progress in Upgrading the Curriculum

The present Feeder curriculum in Bo is the result of an extensive review and revision effort in 1989. It also contains improvements introduced following an in-house evaluation conducted by OICI in 1991. Overall, significant improvement has been achieved. In contrast to its pre-1989 version, which consisted mainly of an outline of subject matters, the current curriculum is much more specific and detailed in training objectives, methods and contents.

The Feeder curriculum in Makeni, as mentioned earlier, was developed and patterned after that of Bo. Its full preliminary version was available in 1992, and its final production in printed form was recently completed.

c Possible Areas of Improvement

This evaluation identifies a few areas where the Feeder program can be further improved. The observations apply to both the BVTC and MVTC.

First, the curriculum can be reviewed again to further sharpen its focus on what is essential to the objectives of Feeder, thereby devoting training time only to critical matters. It may not be necessary, for example, to spend any time on learning the history of numbers before embarking on basic arithmetic operations.

Second, some of the technical concepts used in Feeder are more appropriate for trainees in vocational courses than for those in Feeder. The notions of resistors, Ohms and Newton force as adopted in some of the basic computational exercises, for example, may require more explanations than the instructors' time will permit.

Third, the exercises and examples in Feeder courses should be reviewed to eliminate those not pertinent to the trainees' expected future professions. An example of such an exercise is a problem requiring trainees to estimate the speed of a train.

Fourth, every technical concept that is taught should have a corresponding practical application. Unit XVIII of the computational course in Bo, for example, presents several geometry concepts but does not provide illustrations of possible and useful actual applications. The exercises are also not related to any practical adaptations of the concepts.

Fifth, for the MVTC's Feeder component specifically, SLOIC management should provide adequate books and teaching aids for the business introduction course. If such materials are available at and can be borrowed from the SED component, internal procedures and arrangements should be made to facilitate the sharing of resources.

Lastly, future Feeder curriculum review should consider:

- Adding selected topics in relation to Population and Environmental Education. The additional knowledge will complement the trainees' skills in improving the quality of life for themselves and those living around them.

- Verifying the sequence of ideas and subject matters. In the course of study for computation skills for example, it is questionable if the concept of fractions should be introduced prior to those of ratios and proportions.

- Inclusion of specific messages, where applicable, that would highlight the benefits of lessons taught. The messages will help to increase trainees' interests and, therefore, training impact. For example: Proper budgeting reduces potential financial problems; good nutrition means better health; courtesy at the work place contributes to better work environment.

.4 Vocational Training Curriculum

SLOIC's vocational training curricula in Makeni and Bo are generally adequate in both format and contents. This evaluation identifies several of the positive aspects of those curricula. It also provides recommendations for possible improvement in some areas.

The following discussions apply to both the BVTC and MVTC, since the characteristics, strengths and weaknesses of both centers are similar with respect to curriculum structure and contents. Furthermore, curriculum development for vocational training at MVTC was based largely on existing materials and past experience of BVTC, except for blacksmithery and tailoring courses that are offered only in Makeni.

a Assessment of Curriculum Objectives and Contents

SLOIC's vocational curricula in both Makeni and Bo focus on the main objective of producing job entry level skilled graduates. This objective is in line with the OIC training model that, by design, would help trainees to set foot in the job market as the first step in a long-term career effort.

Although the objective of self-employment was also mentioned in the 1988 project proposal, not enough provisions were made in terms of training contents, methodology and post-training support to ensure the graduates' self-employment capabilities. A major change, however, will soon take place as funding from a German NGO was recently approved and will provide loans to SLOIC's vocational graduates interested in starting their own businesses. The self-employment objective is appropriate as Sierra Leone's economic conditions do not warrant adequate job opportunities for all those who need them. It is also relevant to the Government's current effort to stimulate the growth of the small business and microenterprise sector.

Aside from the self-employment issue, SLOIC's vocational training curricula are generally adequate and relevant to the objective of developing job entry level skills. A course of study has been developed for each skill area. With few exceptions, course objectives are clearly expressed and relate directly to training needs. They are also supported by relevant training contents. Detailed descriptions are provided on course organization, learning objectives, training materials required, teaching procedures and performance assessment. Each course of study has been logically sub-divided into divisions and units. Each unit has its own lesson plan - equivalent to a training module - that generally contains the essential elements to meet learning objectives.

Lesson plans are a major component of SLOIC's vocational curriculum materials. It provides the additional assurance that critical training elements in each course of study are adequately covered. Thus, the instructors' input is to strengthen the existing materials with additional research and illustrations. They do not have to start developing lesson plans from ground zero. This provides some assurance to the program managers that the required subject matter is included in the training process.

Emphasis on practical training is evident in the curricula, which adopt the competency-based approach to learning and target the development of specific technical skills for which adequate time is generally provided. Projects and/or exercises for trainees are included as an integral part of the courses, and there is sufficient coordination between theoretical and practical training.

This overall positive assessment does not exclude the need for and the importance of possible improvements in some areas of the vocational training curricula as will be discussed later.

b Progress in Upgrading the Curriculum

Most of the curriculum development projected for the USAID grant period has been completed. As in the case of the Feeder curriculum, the vocational training courses in Bo were already reviewed and revised in 1989. In Makeni, the vocational curriculum was being reproduced in final forms at the time of this evaluation.

The various vocational courses of study in both Makeni and Bo are presented in substantial details, including lesson plans. These exceed, in both scope and contents, what was available as curriculum prior to 1989, which was essentially a series of general course outlines.

The addition of business training since over a year further increases the scope of the current vocational curriculum. The business related subjects have been properly selected and prepared, although additional reference materials and textbooks are still needed - particularly in Makeni - to facilitate the training process. It is also questionable if the depth of the training is adequate to enable successful self-employment.

Four useful features of the pre-1989 vocational curricula could have additionally strengthened the current versions, if they were included. One is the determination of training time for each division in the courses of study. Two is the estimated time allocated, in each division, between theory and practical training. Three is the inclusion, in each course of study, an appropriate bibliography and glossary. Four is the discussion of employment opportunities for each skill area. Recommendations for improvement on the basis of these observations will be provided later.

To ensure the quality and the relevance of SLOIC's vocational training curricula and services, program review committees have been formed at the National Board as well as local Management Committees level. The review committees assess the vocational programs' training contents and initiate measures for improvement, although this effort does not follow any specific schedule or frequency.

c Possible Areas of Improvement

While the existing vocational curricula are generally adequate relative to training needs, this evaluation identified some areas where improvement can still be made.

First, it is essential that training time allocation be specified at the division level of the courses of study. This can be achieved by adding together the time allotted for the units in each division. It will help in determining the relative significance between various parts of each course of study, and will facilitate the planning and management of the training process.

Second, it is also important that specific time allocation be made between lectures by instructors and hands-on practical work by trainees. The durations of demonstration projects and exercises should therefore be determined. This level of detail is necessary if one wishes to calculate the exact time allocation between theory learning and actual practice. The currently reported allocation of 70% of training time to practical work and 30% to theory learning is only a rough estimate that needs verification.

Third, a review of the vocational training curricula is necessary so that proper adjustments can be made for improvement purposes, where applicable, in adopting the performance standards recommended below:

- Exercises and learning assessments should always be relevant and in proportion to the depth and breadth of the corresponding lesson contents. In Unit IV, Division VII of the automechanics course, for example, the lesson on Manual Transmission Service contains

four pages on concepts and service procedures but has only two simple questions for class exercise. Furthermore, these questions are confined to only one aspect of the lesson. Similar shortcomings were noted in the Masonry course of study, in its sections on Plastering and Tile Laying. Most of the exercises suggested there consist simply of verifying the trainees' capacity to name or list parts and elements, instead of assessing their hands-on work ability.

- Learning objectives are to focus on both the capacity of trainees to <u>understand</u> the concepts and/or processes involved, and their ability to <u>perform</u> the necessary operations. Using again the lesson plan on Manual Transmission Service as an example, the stated learning objective is that trainees will be able to <u>explain</u> manual transmission and related complaints / troubles and how these can be corrected. The objective statement does not include the ability of trainees to actually <u>perform</u> the service procedures taught in the lesson.

- Learning objectives should be formulated in simple, specific, time-based and measurable terms. Examples of vagueness in objective statements:

  - *At the end of the Masonry course, trainees will be able to set out and build up a structure...* (Question: What type of structure?); or,

  - *At the end of the course in Agriculture Surveying, trainees will be able to identify any type of agricultural surveying instruments...*(Questions: Exactly what instruments? or How many different instruments?).

- Adequate and relevant demonstrations and practice projects should accompany every lesson. In the automechanics course, while the lesson on Automatic Transmission Service includes the dismantling and reassembling of a transmission, such a project was not included in the lesson on Manual Transmission Service. Another illustration of this shortcoming is in Division II, Unit III of the Carpentry course of study. Trainees are asked to sketch a ruler with different graduations and discuss them. A better approach would be to have trainees use an actual ruler and perform some actual measurements.

- Objectives of field trips, demonstrations and special projects should also be formulated and expressed in verifiable terms. The statement such as "class will visit the surrounding garages to find out more about automatic transmission" is vague. The objective of <u>finding more about</u> automatic transmission cannot be verified for conclusion on the adequacy of achievement.

- Illustrations used for training should reflect local conditions and what is locally available. Technical recommendations by Chevrolet and Ford companies on the testing of their respective automobile thermostats as mentioned in the lesson on Cooling System Service of the automechanics course, for example, are not useful to the trainees as most current vehicles in Sierra Leone are not made by Chevrolet or Ford.

- Illustrations used for training should be adequate, direct and as professionally presented as possible. The sketches of door frames in the training division on doors and windows of the carpentry course of study, for example, can and should be greatly improved. As another example, the list of materials required for the lesson on various types of tiles - in Division VIII, Unit I of the Masonry course of study - includes only chalkboard, chalk cleaner and rulers. The list should have included samples of various types of tiles.

- Training units or modules exceeding 16 hours should be sub-divided into shorter modules to facilitate training preparation and the organization of training activities.

- The review of vocational training curricula by the National Board and local Management Committees should be formally scheduled to take place at least once a year. This schedule is to help in ensuring that the review will take place. It will also permit the National Board and local Management Committees to coordinate among themselves, so that the review will be conducted in a systematic manner and will benefit from the inputs at both levels.

Finally, each course of study should include:

- A discussion of related job market and self-employment opportunities.

- A prospectus in the form of an extract containing a summary listing of all training divisions and units, and the allocated time and objectives at both division and unit levels. This prospectus will be useful to instructors, trainees and other interested parties who would like to have an overview of the course contents.

- A bibliography detailing the technical materials used for developing the course of study, their sources and publication dates. SLOIC management should also ensure that the materials mentioned in the bibliographies are available to instructional staff for their use in training preparation. These technical materials will also be needed for comparison with more up-to-date materials in future curriculum reviews and revisions.

.5 Vocational Training Methods

At both of its current vocational training centers, SLOIC adopts the non-formal, competency-based and hands-on approach to skills development. The training process focuses on preparing trainees for actual work places.

SLOIC's vocational training methods are appropriate. Their effectiveness, however, can be strengthened through improvement in some aspects of the instructional process, classroom and workshop management, equipment and tools, and building facilities.

1 Training and Instructional process

Demonstration and practical work projects accounted for the major part of the training activities observed during this evaluation. However, as already mentioned in the assessment of vocational training curricula, it was not possible to verify with precision the reported 30%/70% time allocation between theory and practical training. Existing lesson plans do not specify the duration of demonstration and practical work projects. Neither was this duration pre-determined or recorded for documentation purposes by instructors.

Nevertheless, SLOIC's emphasis on practical training is self-evident and is in line with the OIC training model and methodology stated in the original project proposal. This emphasis has been most appropriate due to the limited training time and SLOIC's objective of placing trainees in jobs or on self-employment following training completion.

Practical training is strengthened by the individual assistance provided to trainees by their instructors, whenever necessary and particularly in the workshops. This evaluation noted also that the instructors maintained adequate dialogue with trainees - in both classrooms and workshops - to verify their level of understanding and provide appropriate help. Through interactions between trainees and instructors, the training system provides for the development of analytical thinking, creativity and innovativeness.

On-the-job training (OJT) has been an integral part of the training methodology. It provides trainees the opportunity to practice what they learn and to experience the feel of actual work places. The Student Services Unit of each center coordinates with its respective vocational training component in placing trainees on OJT. As will be discussed in the section on student services, OJT and job placement efforts have been made but with varying results.

Overall, the training and instructional process at both MVTC and BVTC aims at skill development and the specific objectives of the courses offered. This process has been made possible by, among other factors, SLOIC's generally competent and committed instructional staff. These have demonstrated not only their technical knowledge and training skills, but also their ability to impact on trainees' work habits, attitudes and values.

While this assessment of SLOIC's training and instructional process is generally positive, the classroom and workshop observations made during this evaluation permitted some recommendations to help achieve a higher level of training effectiveness.

- First, SLOIC should develop a strategy to largely reduce the amount of notes copying from blackboards by the trainees. A significant amount of time that would otherwise be used for training is currently consumed by notes copying. Given the already limited training duration, any measure that can ensure a better utilization of time would be desirable.

Considerations should be given, for example, to the preparation of handouts by instructors. To be helpful to trainees, these handouts should contain items such as lesson outline, summary of lesson content, key formula and illustrations, and summary of practical work projects. Trainees may be requested to absorb the costs of paper and reproduction.

- Second, in lectures related to equipment and tools, the instructors should show to trainees the concerned pieces of tools and equipment, whenever these are available, instead of drawing them on blackboards. In one of the observed classes, the instructor introduced a tri-square to trainees by drawing it on the blackboard. He could have shown an actual tri-square to the trainees and taught them how to use it.

- Third, whenever applicable, subject matters taught should be illustrated through the use of scale models. For example, an instructor had to elaborately draw the roof of a house in order to explain its parts to the trainees. A miniature roof could have served the same purpose more effectively, notwithstanding the time saved by not having to redraw the roof each time the same topic is discussed.

- Fourth, SLOIC management should provide its current vocational centers with supplementary teaching and learning aids, including up-to-date reference materials on the vocational areas taught. It was noted during this evaluation that, at both BVTC and MVTC, the instructors had only a limited number of books for lessons preparation. Trainees depended almost solely on the notes that they copied.

2 Classroom and Workshop Management

SLOIC's vocational instructors follow closely the study program intended for each training course, as prescribed in detail in the curriculum materials. Each instructor implements a detailed training schedule that was developed ahead of time and covers the required training modules.

Training operations meet the basics of sound classroom and workshop management. Functional rules and practices - although not fully available in written forms - are evident in classrooms and workshops. Trainee records are properly maintained by the instructors, covering both class attendance and training progress. In the classrooms and workshops observed during this evaluation, the instructors were in full control of their classes, and training activities took place in an orderly manner. The trainee/teacher ratio was generally between 1:20 and 1:25.

Regular training attendance and punctuality, on the part of trainees, received adequate emphasis. Repeated absences would call for discontinuance and would require application for readmission if the affected trainees desire to re-enter the training program. As reflected in the MIS records, attendance rate remained generally above 90%. A few exceptions were noted although they had been resolved by SLOIC management. One such exception was the case of MVTC during the first quarter of FY 1992 when attendance rates in both Feeder and vocational components fell below 90%. MVTC management attributed this problem to two mutually compounding factors.

First was the low morale of Feeder trainees who could not move into vocational training due to inadequate space in the vocational training component. Second was the frustration of vocational trainees who could not complete their training on time due to insufficient training materials. Although MVTC management extended the stay of these trainees in their respective training areas, the trainees failed to attend classes regularly.

Related to classroom and workshop management was the issue of provision for injury cases. Conspicuously absent from the visited classrooms and workshops were first-aid kits. Also absent were reminders of safety measures that could have been made through the use of vanguards (posters). Procedures to handle major accidents and injuries were either not developed or not yet explained to trainees and instructors. None of the managers and instructors interviewed had received any first-aid training.

SLOIC's instructors sufficiently monitor and verify the progress of trainees. Standardized evaluation tools have been developed and implemented to assess trainees' performance and, on a quarterly basis, their general behavior and overall learning performance. Also in effect is a system of charting trainees' individual progress from one learning unit to another in their respective courses.

The "Trainee Quarterly Report" and the "Training Project Evaluation" are two highly detailed assessment tools that focus on trainees' learning activities. A questionnaire is also available for trainees to assess the performance of their respective instructors. While these tools were well designed and have been implemented, the staff have not fully utilized the information gathered. The returned questionnaires were not processed, tabulated and analyzed to permit syntheses, conclusions and the development of action plans.

The following recommendations are provided to strengthen SLOIC's classroom and workshop management process:

- First, basic rules for trainees in classrooms and workshops should be made explicit in written form.

- Second, in order to ensure the timeliness of training activities, each vocational center should carefully monitor and ensure the adequate supply of training materials. This will prevent training interruption due to lack of materials, and will eliminate the necessity to extend training duration.

- Third, the results of evaluations done by trainees and instructors should be tabulated, synthesized and analyzed without delay in order to draw lessons learned and develop appropriate improvement plan.

- Fourth, first-aid kits should be made available in every workshop together with reminders on safety measures that can be illustrated on vanguards. Procedures for emergency cases

should also be developed, and first-aid training should be provided to instructors and trainees.

3 Training Equipment and Tools

Situation at BVTC

The situation at BVTC with respect to training equipment and tools was less than satisfactory but is expected to improve soon.

Most of the tools and equipment requisitioned for BVTC under the current AID grant - mainly to replace worn out, broken and lost ones - have finally been received in Freetown but were not yet transferred to Bo as of this evaluation. The newly arrived equipment and tools must temporarily remain in Freetown until BVTC completes the construction of storage facilities - mainly large size wood cabinets. BVTC expected to have these ready by the end of November 1992.

The delayed acquisition and arrival of tools and equipment obliged BVTC to continue using whatever that had been procured in the early years of the center and were still in working condition. This has adversely affected some of the training areas as most of the old tools and equipment had been broken or worn out. A small number of tools with a more recent purchase date were extensively used during the construction of the new building. They too need replacements.

Exceptions to the aforementioned delay were several new manual typewriters for secretarial training. These have been helpful although they are not sturdy enough to survive long-term use. The absence of electric typewriters for training was quite conspicuous. So was the absence of microcomputers, as these would better prepare secretarial trainees for Sierra Leone's future secretarial labor market. Already, SLOIC's job developers reported occasional inquiries by potential employers on whether SLOIC trainees are computer literate. BVTC management indicated that a few microcomputers are expected in the upcoming batch of equipment to arrive from Freetown. However, a plan for their utilization was not yet developed.

Some woodwork equipment ordered from the U.S. had also been received in Bo, some time in 1991 or earlier. However, they could not be used due to their incompatibility with the electricity system in Sierra Leone. Alternative solutions were studied and all were considered extremely expensive.

Some carpentry trainees in Bo currently practice on a few equipment donated by Sierra Rutile, a local mining company. They and other trainees can benefit more from the equipment if a systematic training in their utilization is provided.

Situation at MVTC

MVTC's equipment and tools were generally adequate although the center will soon have to replace some of the lost and worn out tools after three years of operation. Some additional basic tools are also needed by the tailoring class.

The trainees and instructors interviewed during this evaluation indicated a common desire to see MVTC expand the range of equipment and tools used at the center. The objective is to develop the trainees' capacity to handle more than just the basic equipment and tools necessary in their respective trade areas as explained below.

The tailoring trainees, for example, would greatly benefit from experience with electric sewing machines if these are available. At the same time, the smithery and carpentry classes would benefit from exposure to power tools if MVTC can afford them. Masonry trainees, on the other hand, indicated an interest in learning how to use mechanical brick makers (molds). These additional exposures will prepare trainees for a wider range of employment and self-employment opportunities, particularly in the long run when the country's economy will have improved.

In both Makeni and Bo, the supply of consumable training materials have been generally adequate with two exceptions. One, there were periodic shortages due to the lengthy procurement process. Two, the tailoring course in Makeni, due to the nature of the trade, requires much more consumable materials, such as cloth for practical work projects, than initially projected.

Conclusion and Recommendations on Equipment and Tools

In summary, the vocational training center in Bo will shortly receive most of the needed equipment and tools, as these have arrived in Freetown and will be sent to Bo. The center in Makeni is not expected to receive any significant addition to equipment and tools in the near future, although replacement need exists and the tailoring class still requires some additional basic tools critical to the training process.

The evaluators strongly recommend that SLOIC management make it an operating procedure to conduct semi-annual reviews of the need of tools, equipment and training materials at all of its vocational training centers. This review should provide adequate information to help develop and maintain an on-going program of requisitions, purchases and inventory management that will ensure adequate tools, equipment and training materials at all times. The same review will also help SLOIC management in projecting the funds and the resource development initiatives required to effectively meet the need of equipment, tools and training materials.

Finally, we recommend that the National Office, in conjunction with the management of BVTC and MVTC, begin to discuss the possibility of expanding the range of equipment and tools used in the training process, to include power tools in particular. It is understood that this initiative will entail the need to review the training curriculum for possible adjustments. In addition, it will

have important implications with respect to financial resources and the strategy required to secure the necessary funds.

.6 Vocational Training Outputs

1 Training Completions

Overall, SLOIC's vocational training centers in Bo and Makeni graduated 708 vocational trainees during the three-year period from FY 1989 through FY 1992, or 19 percent short of the combined goal of 872 completions. Individually, as shown in Exhibit 6.3.6-A, the center in Bo fell short of the three-year cumulative goal by 13 percent while that in Makeni lagged behind its respective target by 47 percent. On an annual basis, the center in Bo increasingly missed its targeted number of completions, while the Makeni center performed worse in FY 1991 (negative 53 percent) than it did in FY 1992 (negative 43 percent).

Possible reasons explaining the shortfalls include:

- Peace-and-order situation that effectively reduced training enrollment, although this does not apply to the Makeni center that experienced excess of actual enrollment over plan in both FY 1991 and FY 1992 as reflected in its MIS records.
- Extended on-the-job training (OJT) period due to job placement difficulties.
- Periodic extensions of vocational training due to temporary shortage of training materials, hence the delay also in starting new training cycles.
- One-year delay in establishing the second vocational training center, although it was two years ahead of time in terms of geographic location (Northern Province).
- Inability to establish the third vocational training center by FY 1992. It was expected to produce 30 completions in FY 1992.
- Inappropriate timing and scheduling of training intake.

Since the issue of insufficient training completions has several possible causes, it is recommended that SLOIC's National Office coordinate with and assist the centers in Bo and Makeni in reviewing the entire situation and in developing appropriate solutions. In this process, emphasis should be made on better planning and to resolve those factors within the control of program management.

2 Job Placement

Summary data on job placement for the vocational training centers in Bo and Makeni are presented in Exhibit 6.3.6-A.

Defined as the ratio of actual job placements over actual training completions, the placement rates of the Bo and Makeni vocational centers remained close to the 70 percent rate targeted in the project proposal. In absolute terms, however, the placement results fell quite short of goals. In FY 1992, as indicated in the same Exhibit, the Bo and Makeni centers experienced negative variances of 50 and 24 completions respectively relative to their goals.

Job placement difficulties can be traced to both the economic and peace-and-order problems in Sierra Leone. However, the evaluators observed also that:

- Very limited staff and financial resources are being invested in job placement effort, although SLOIC's job developers are above average in terms of their resourcefulness and commitment to their duties.

- Managerial oversight and support for job placement is inadequate relative to the problems faced by job developers and the importance of assisting graduates in finding jobs.

The evaluators recommend that:

- Various components at each center join their forces to develop a comprehensive job placement strategy that includes concerns with training and job placing trainees as an integrated process with on-going adjustments to best respond to labor market needs.

- The self-employment training curriculum for vocational trainees be revised and expanded to provide more hands-on exercises in business development and loan acquisition.

- The appropriateness of currently offered vocational courses be reviewed to determine if changes are necessary in the types of training being provided. Exhibit 6.3-B provides an overview of job placement rate by skill area. The electricity course, for example, recorded the lowest placement rate in Bo. Whether or not it means a limited demand for workers in electricity requires a much more in-depth analysis.

.7 Vocational Training Impact

A limited impact survey was conducted during this evaluation to provide a general feel on the effectiveness of SLOIC's vocational training programs. The survey was constrained by in-country peace-and-order situation that obliged the evaluators to operate only within Bo, Makeni and their immediate vicinities.

1 Survey of Employers

As shown in Exhibit 6.3.7-A, an overwhelming majority of the employers interviewed - 83% in Makeni and 95% in Bo -rated OIC graduates as 'Good' or 'Very Good' in terms of technical performance.

Most of the interviewed employers also rated the work attitude of OIC graduates as 'Good' or 'Very Good' - 100% in Makeni and 95% in Bo.

The survey results indicate also that about 58% of the OIC graduates involved in this study had been exposed to skills other than their areas of specialty, such as accounting, computers, technical writing and drawing.

Some of the employers described OIC graduates as obedient and willing workers...having good attitude...and being polite. The few complaints had to do with lack of punctuality.

2 Survey of employed OIC Graduates (Classes 1989 - 1992)

A large majority of the interviewed graduates were unemployed prior to their training at SLOIC, as indicated in Exhibit 6.3.7-B. An overwhelming majority were also in the same jobs they had since after leaving OIC. In Bo, 68% of the interviewees already received some increase in their salaries; the corresponding figure for Makeni is 46%. A few had been promoted in their jobs while many are supporting from 1 to five or more dependents.

Exhibit 6.3.7-C illustrates the earning capacity of the interviewed trainees. Overall, OIC graduates are capable of working and earning. While 6 of the interviewees or 16% of the total earned less than 6,000 Leone per month, which is about the income of a beginning skilled worker (300 Leones per day for a total of 20 work days per month), one should realize that most of these graduates never earned and never had a job before. Some of the interviewees also displayed high earning capacity.

The following statements are among those made by the interviewed OIC graduates in answering the question: "What has OIC training enabled you to do?".

- "Self-supporting. Economic situation has improved."
- "Assist in family affairs. With my salary, I am now able to pay school fees for my child."
- "OIC has made me self-reliant."
- "Have improved my conditions. I can support myself and assist my parents financially. Exposed me to the world of work and the public."
- "[It] has enabled me to stand competition with other workers and this has improved my standard. [It] has enabled me to take a national service exam."
- "...being able to support the immediate relatives."
- "...personally developed and improvement in attitude."

- "To be employed, be a skilled man, improve socio-economic status."
- "Has enabled me to care for my dependents."
- "No longer depend on my parents. Able to support my relatives."
- "Enabled me to increase my earning power from other sources. [It] helped me save more money than paying out to tailors." (Interviewee was a tailoring trainee.)

3 General Conclusion from Impact Survey

The survey affirms the empowering nature of OIC training. Most reactions and responses from the graduates point to the economic benefits gained as a result of better skills and employment opportunities. The employers and supervisors, on the other hand, appreciated OIC graduates for both their skills and work attitude.

Pending another study, this survey is adequate at the present to reassure SLOIC and its major partners that the program does indeed have the power to help people improve both their financial situation and the quality of their life.

SIERRA LEONE OIC **EXHIBIT 6.3.6-A**

Vocational Training Completions & Job Placements
Planned vs Actual, FY 1989 - FY 1992

Bo Vocational Training Center

	FY 89	FY 90	FY 91	FY 92	TOTAL
Planned Completions	125	190	200	200	715
Actual Completions	161	207	132	125	625
Variance	36	17	-68	-75	-90
	29%	9%	-34%	-38%	-13%
Planned Placements	88	133	140	140	501
Actual Placements	127	169	99	90	485
Variance	39	36	-41	-50	-16
	44%	27%	-29%	-36%	-3%
Planned Placement Rate	70%	70%	70%	70%	70%
Actual Placement Rate	79%	82%	75%	72%	78%
Variance	8%	12%	5%	2%	8%

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Makeni Vocational Training Center

Planned Completions*			60	97	157
Actual Completions			28	55	83
Variance			-32	-42	-74
			-53%	-43%	-47%
Planned Placements			42	68	110
Actual Placements			14	44	58
Variance			-28	-24	-52
			-67%	-35%	-47%
Planned Placement Rate			70%	70%	70%
Actual Placement Rate			50%	80%	70%
Variance					

* Completions initially projected in proposal for 2nd vocational center: 40 (FY90), 55 (FY91), 60 (each year thereafter). Adjustments were made as completions were possible only in FY 91. Cumulative total for end of FY 92 remains almost the same (157 vs 155).

SIERRA LEONE OIC **EXHIBIT 6.3.6-B**

Bo Vocational Training Center
Job Placements by Skill Area
FY 1989 - FY 1992

SKILL AREAS	VOCATIONAL TRAINING COMPLETIONS	JOB PLACEMENTS	PLACEMENT RATE
Automechanics	111	67	60.4%
Carpentry	117	109	93.2%
Masonry	136	120	88.2%
Electricity	76	41	53.9%
Secretarial Science	146	109	74.7%
Agricultural Survey	39	39	100.0%
TOTAL	625	485	77.6%

SIERRA LEONE OIC
Makeni Vocational Training Center
Job Placements by Skill Area
FY 1991 - FY 1992

SKILL AREAS	VOCATIONAL TRAINING COMPLETIONS	JOB PLACEMENTS	PLACEMENT RATE
Carpentry	30	18	60.0%
Masonry	26	18	69.2%
Tailoring	14	10	71.4%
Blacksmithing	13	12	92.3%
TOTAL	83	58	69.9%

IMPACT SURVEY OF EMPLOYERS OF SLOIC GRADUATES OF BO AND MAKENI VOCATIONAL TRAINING CENTERS, NOVEMBER 1992

Selected Questions & Answers	Interviewed Supervisors of Graduates of Bo VTC		Interviewed Supervisors of Graduates of Makeni VTC	
1. Number of supervisors interviewed	19	100%	6	100%
2. How many OIC graduates do you supervise?	26		16	
3. How is the technical performance of the trainee (s)?				
Poor	0	0%	0	0%
Fair	1	5%	1	17%
Good	8	42%	1	17%
Very Good	10	53%	4	66%
Excellent	0	0%	0	0%
4. How is the work attitude of OIC graduates?				
Poor	0	0%	0	0%
Fair	1	5%	0	0%
Good	7	37%	2	33%
Very good	11	58%	4	67%
Excellent	0	0%	0	0%
5. Have the trainees been exposed to skills other than their areas of specialty?				
Yes	11	58%	2	33%
No	8	42%	4	67%

IMPACT SURVEY OF SLOIC GRADUATES OF BO AND MAKENI VOCATIONAL TRAINING CENTERS, NOVEMBER 1992

Selected Questions & Answers	Interviewed Employed Graduates of Bo VTC		Interviewed Employed Graduates of Makeni VTC	
1. Number of graduates interviewed	25	100%	13	100%
2. Skills Area of employed graduates				
Automotive	2			
Electricity	2			
Secretarial Science	12			
Masonry	4		2	
Carpentry	3		6	
Agri. Surveying	2			
Tailoring			3	
Blacksmith			2	
3. Were you employed before coming to OIC?				
Yes	6	24%	2	15%
No	14	56%	11	85%
No Response	5	20%		
4. Is this your first job after OIC training?				
First job	20	80%	12	92%
Second job	5	20%	1	8%
Third job	0		0	0%
5. Did you receive an increase in salary in your current job?				
Yes	17	68%	6	46%
No	8	32%	7	54%
6. Have you been promoted in your job?				
Yes	4	16%	6	46%
No	9	36%	7	54%
No Response	12	48%		
7. Do you have dependents?				
Yes, between 1-5	18	72%	8	61%
Yes, more than 5	4	16%	1	8%
No	3	12%	4	31%

Analysis of Monthly Salaries of Employed Graduates from SLOIC's Bo Vocational Training Center, November 1992

Number of interviewees	Skill Areas	Highest monthly salary*	Lowest monthly salary	Average monthly salary
12	Sec. Science	31,000	4,400	11,719
4	Masonry	28, 400	10, 000	22,700
3	Carpentry	11,670	2,700	7,656
2	Automotive	8,000	3,000	5,500
2	Electricity	10,400	7,000	8,700
2	Agri. surveying	8,000	8,000	8,000

Analysis of Monthly Salaries of Employed Graduates from SLOIC's Makeni Vocational Training Center, November 1992

Number of interviewees	Skill Areas	Highest monthly salary	Lowest monthly salary	Average monthly salary
6	Carpentry	40,000	4,000	7,333
2	Masonry	70,000	20,000	45,000
2	Blacksmithing			**8,000
3	Tailoring	11,000	5,000	8,000

* All salaries reported in Leones
** This was the only salary information available

6.4 Small Enterprise Development Foundations

.1 Background

The SEDF component consists of two programs, one in Bo and one in Makeni. The SEDF program was launched in March 1989 in Bo where the OICI SEDF Technical Advisor was located. One of the Administrative Science Instructors from the MBD assumed the position of Assistant Director SEDF/Bo. Additional staff were hired and trained as Business Counselors (BCs). An initial survey of 100 microentrepreneurs in the Bo area informed the process of designing the service delivery methodologies. The first cycle of clients completed their training and received loans at the end of July 1989.

Makeni activities began in June 1991 with a two week orientation and training workshop in Bo. Makeni staff were introduced to Bo's service delivery methodologies and administration systems by the TCT and Bo staff. In July, a needs assessment survey of 111 Makeni microentrepreneurs was carried out. Based on those findings, Makeni staff adapted Bo's systems to the Makeni environment. The BCs developed lesson plans for the training sessions and translated the plans into Temne. Invitations were extended to prospective clients to submit applications for admission to the training program. Loans for first cycle clients were disbursed in October 1991. The table below summarizes the activities of both centers for the period of the grant.

	FY 88-89	FY 89-90	FY 90-91	FY 91-92	TOTAL
BO					
Cycles	1	2-5	6-7	8-11	11
Trained	28	85	38	47	198
Number of loans	27	78	45	45	195
Amount loaned (Le)	1,068,000	5,055,000	5,060,000	7,015,000	18,198,000
Active Clients	27	73	100	94	
MAKENI					
Cycles				1-3	3
Trained				58	58
Number of loans				45	45
Amount loaned (Le)				5,815,000	5,815,000
Active clients				45	

.2 Description of Service Delivery Methodologies

Both Bo and Makeni provide a package of services to their clients that consists of business management training and credit. The methodology is systematic, following the steps below:

a Publicity

The programs announce that they are accepting applications for prospective clients by means of radio, posters, and the town crier.

b In-take and screening of applications to the training program

Clients come to the office, pay a fee, and fill out a training application with one of the Business Counselors. Later, the BCs and the Assistant Director visit the client at their work site. All applications are reviewed in a meeting with the BCs and the Assistant Director. Invitations are then sent out to acceptable applicants.

c 24 Hour business management Training course

Over a period of 3 weeks (four in Makeni), the BCs conduct a series of 2-hour workshops in order to introduce the clients to concepts and techniques in bookkeeping, marketing, business management, business planning, and credit management. They also educate the clients about the objectives of the OIC program, the social role of microentrepreneurs, taxation, insurance, and laws that govern their business activities. Clients are required to attend the training sessions in order to qualify for loans. The clients' performance is recorded on the ***Evaluation Form for SEDF Trainees***.

d Business Analysis

Following successful completion of the training course, the clients purchase a ***Credit Assistance Application Form***. A BC helps the client fill out the application and analysis at the client's work site. The application consists of general information about the client and his or her business, credit experience, a balance sheet, a profit/loss calculation of a typical business cycle, a business plan, loan request, name of two guarantors, declaration of use of loanfunds, a six-month cashflow projection, and final recommendations of the BC.

e Loan Approval

The local Management Committee meets on one day to approve all loans for the cycle. The Assistant Director and all BCs are present to answer any questions about the application. The client is present with both guarantors.

f Conditions precedent and Disbursement

Following approval of the loan, the client is required to make an advance payment of 10% of the principal amount of the loan. This amount is subtracted from the final payment. The loan is then disbursed by check, which the client cashes at a local bank.

g Loan Follow-up

Immediately after the disbursement, a BC who is assigned to the client verifies the use of loanfunds. During the loanterm, the BC is responsible for visiting the client at least once a month to provide on-going training and advice, to monitor conditions of the loan (refer to ***Credit Assistance Policy*** guidelines in the annex), and to maintain contact with the client. Three months after disbursement, the BC conducts an assessment of the impact of the training with the ***Training Programme Evaluation Form***. Following repayment of the loan, the BC also fills out the ***Post-Credit Assistance Evaluation Form***.

.3 Facilities

Both the Bo and Makeni programs are housed at SLOIC centers along with the vocational training programs. Both facilities have been recently constructed and are well suited to the needs of the program. Training courses are provided in spacious conference rooms. The BCs have offices to receive clients and to order their workplace. The buildings themselves are attractive, and give the impression of a serious and reputable operation.

.4 Credit Guidelines

The SEDFs provide individual loans to microentrepreneurs engaged in production or service activities. By policy, most loans are made for working capital. Until September 1992, loans were scheduled for 1 year. Interest rates have varied from 30% to their current 40% per year (calculated as a percentage of the initial principal amount of the loan). In September 1992, the Board of Directors decided to reduce the repayment period to six months, and to reduce the amount of the loan in relationship to the client's monthly net income (the "debt burden"). The average loan amount was Le 42,720 for the first cycle of Bo clients (approximately US$427 at the prevailing black market rate). By 1992, the average 12 month loan for Makeni was Le 129,000 (US$258), and Le 193,750 (US$387) for cycle 10 clients in Bo. The average 6 month loan in the eleventh cycle in Bo disbursed in September 1992, was Le 87,000 (US$174).

In the following three sections, SEDF program operations are evaluated from three different perspectives. First, program services and procedures are assessed in terms of the impact they have on the clients. Then those procedures are analyzed to determine the degree to which they are effective in providing services and maintaining a sustainable program. Finally, the efficiency and sustainability of the program is evaluated. In the three sections, specific

conclusions are drawn and supported with information gathered during the evaluation. Recommendations are presented in a final section in order to focus on specific policy and procedural changes that would enhance overall program impact, effectiveness, and efficiency.

.5 Impact of Services

The objective of the SEDF is to help increase the incomes of the less advantaged, raise the productivity of their small businesses and generate employment. In the sections below, four aspects of SEDFs - training, credit policies, loan analysis, and monitoring - are analyzed in terms of how they contribute to the SEDF objective.

a Training

The 24 hour training course was designed to teach microentrepreneurs basic business management skills. The majority of clients are functionally illiterate, and consequently the teaching method is informal, relying on role plays, problem solving, and participation of the trainees. The trainees receive few written materials. The table below illustrates the rationale that has guided the design of the training modules. Each technique taught in the course is expected to enable the client to achieve specific results in his or her business.

Training Course	Expected Result
Taxation, law, and insurance - understanding that paying taxes frees the ME to conduct business openly	• freedom to advertise (display a signboard) • freedom from the costly practice of bribing the tax payer for more than the fair tax.
Marketing	• increasing or diversifying sales
Business Planning	• ability to set production and sales targets • reinvestment of profits • purchasing in bulk and/or in cooperation with other ME's • ability to plan for inflation (higher future operating costs)
Bookkeeping	• ability to price goods to maximize profitability • control of money drawn from the business • financial planning for increasing operating costs • ability to value existing inventory • ability to track seasonal variations
Business Management	• maintaining a clean business site • effective and fair management of personnel • time management • quality control
Credit Education	• understanding of the contractual terms of the loan • understanding of obligation to maintain the rotation of the loan fund • understanding the [external] source of the funds, and the attending responsibilities of SLOIC and the client.

The rationale of the SEDF training course is based on the assumption that microentrepreneurs will improve their business activities if they employ certain management practices. Since the SEDFs provide a combination of credit and training services it is difficult to isolate the impact of the distinct services. However, at least two indicators can be explored. The first indication of the impact of the training course is whether the clients implement the techniques: an indication that the clients perceive the techniques and lessons to be relevant, and that the clients have mastered the techniques sufficiency to apply them to their businesses. The second measure of impact is the performance of the clients' businesses.

Many of the clients appear to be genuinely interested in the training courses. The ***Training Programme Evaluation Form***, completed three months after disbursement of the loan, consists of general questions about each of the training lessons: ***What new skills did you learn? In which area did you learn the most (least) helpful information? What are you doing now that you didn't learn before?*** The evaluation procedure does not measure any indicator of the business management behavior that the training is intended to facilitate, but it does solicit the opinion of the trainees. In these evaluations, the clients rate the training highly. The BCs also indicate that most of the clients participate enthusiastically during the training sessions. Random visits to the training sessions and private interviews with clients confirmed these general impressions. The BCs conduct the training sessions in order to first establish common interest in specific goals for business success. Once the trainees have focussed on these goals, the BCs encourage the trainees to identify the "techniques" they use to accomplish these goals. Drawing from the trainees own business experience, the BCs then introduce or elaborate on the techniques that are listed in the chart above. The BCs facilitate this process with professional skill, and the evidence cited suggests that courses do animate the trainees to consider adapting some of their business practices.

Despite their expressed interest in the training however, the clients do not appear to be implementing the techniques that are presented during the course. The SEDF staff report that clients are eager and attentive during the training sessions up to the disbursement of the loan; thereafter, the clients display a marked change in attitude and practice. The BCs appear to spend a good deal of time during the follow up period monitoring and encouraging the client to implement specific practices and to carry through the steps of the business plan. Many of the clients consider this a nuisance, and the relationship is often frustrating for both the BCs and the clients.

As of September 1992, ***Post-Credit Assistance Evaluations*** had been conducted for 78 Bo clients: all clients from the first and second cycles and all clients who finished paying their loans in FY 1991 and FY 1992. Since only those clients who have completed their loans are included in the evaluation, the findings are not based on a representative sample of Bo clients. Most of the problem clients have not finished paying their loans. So the findings of these evaluations reflect the behavior of the better clients. Also, the method for conducting the survey and the indicators used to measure implementation of the techniques would not support any substantive conclusions. The findings can only be interpreted in light of the SEDF staff's overall assessment of the situation.

According to the Post Credit Evaluation data, 50% of the 78 clients performed some sort of basic bookkeeping. However, SEDF staff report this to be the most challenging training technique to implement because the clients tend to lose interest in the activity after they receive their loan. Moreover, most clients who do keep books do not keep them accurately, and often will not disclose complete data related to money taken out of the business. There is little if any indication that those clients who do comply with the requirement to keep records actually use the information as an effective management tool. It is also important to note that the clients perceive that keeping books and erecting a signboard are practices that make it possible for the government to discover the business and to demand payment of taxes. And in the initial survey, clients identified taxation as one of their biggest business problems. Only 24% of the sample had erected a signboard. 50% of the clients report to have learned about and adopted management practices relating to time, personnel, and resource management. But the responses recorded are general and abstract, e.g., ***"I learned to manage my resources better"***. There is no indication that the evaluator was able to verify the degree to which these practices had been implemented. 47% of the clients claim to have intensified marketing through "personal contacts"; other methods were employed by a handful of clients. Again, these findings are difficult to verify. Finally, only 56% of the clients accomplished their business plan. Some of those plans were fairly comprehensive, such as: ***"set up a workshop away from the house," "construct an oven,"*** and, ***"buy a cassava farm."*** However, some of these workplans consist of activities which either do not constitute a complete workplan, or that need to be measured: ***"buy raw materials," "improve quality," "produce more."***

At this point in time it is not possible to make a definitive assessment of the impact of the training services. Overall, the findings indicate that even the clients who repay their loans do not readily change their business management practices. With some exceptions, clients have not seriously applied the techniques taught in the training courses. There is no evidence to suggest that the training has improved the clients' business management capacity. Simple changes such as maintaining a clean and orderly work environment have been noted, but this is something that is only periodically verified by the BCs when they make their visits. Although it is important to educate clients in this area, the fact that they do not immediately change what are accepted practices of the local business culture is not an indication of significant failure of the training program. More serious is the fact that the bookkeeping training has not produced clients that adopt recordkeeping as a serious practice. Finally, the most significant finding is that a sizable number of the clients do not even execute their own marketing and business plans.

b Credit Terms and Conditions

There are certain conditions that define the SEDF clientele and set parameters for the range of impact of the program services. The SEDF programs work exclusively with experienced microentrepreneurs who are engaged in production or service activities. This policy sets the broadest parameters for the potential impact of the program by focussing on a specific part of the informal sector. Secondly, clients seeking credit are required to attend the training

course, which entails at least two kinds of costs for the client. The clients must invest time they would otherwise devote to other activities, so there is an opportunity cost. Also, the training program, implemented once a quarter, increases the amount of time a client must wait in order to receive the loan. If a client is accepted into the next cycle, he or she will wait approximately 2 months; if they are placed in the following cycle the wait is 5 months. Finally, the clients are required to find two guarantors who must be able to submit the title to their homes as collateral on the loan.

Each of these policies was established for reasons related to other aspects of the program. In the other sections of the evaluation, these policies are evaluated in terms of their effectiveness and efficiency; here it is important to note their impact on the client. The emphasis on production and service sector clients is intended to channel investment into sectors that provide the most value added and increase employment in the local economy. However, most of the loans are given for working capital. Typically, a more serious constraint for production sector enterprises is lack of access to larger amounts of credit to invest in capital goods and equipment. The SEDF does not provide this. Moreover, it is clear that many of the clients are in fact engaged in commercial activities on the side, and that some of the loan funds are being diverted into these activities. The point to be made here is that the policies designed to focus on the production and service sectors do not seem to be effective, and in fact they appear to be creating constraints on program effectiveness in general. Reasons for this are discussed below in the **Performance** section.

Both the training course and the requirement to obtain two guarantors present obstacles for the client. The benefits of the training course are discussed above, and they should be carefully weighed against the cost to both the program and the client. The guarantor requirement, in contrast, is implemented solely for the protection of the program and does not benefit the client in any way. The purpose of requiring guarantors is to lend seriousness to the contract and to give the program a means to exert influence on the client in case of repayment problems. While guarantors are important, the requirement that they provide the plans (title) to their house makes it difficult for the client. It automatically disqualifies any client who does not know two people who own title to their homes. Moreover, it is not clear that this requirement improves the status of the guarantor enough to warrant the inconvenience to the client. Guarantors are legally bound, the same as the client, with or without title to their home. The programs are not likely to actually claim a guarantors property anyway, and if the program ever did seize a guarantor's house the clients would find it increasingly difficult to find guarantors.

On of the clearest indicators of the impact of the SEDF services is the repayment performance of the clients. The repayment performance, at least in Bo, suggests that the debt burden has been too high and that the loans have encumbered more than assisted the clients. The performance of Makeni's clients would indicate the opposite, but the program is still young and no post-credit evaluations have been done to measure the impact on the clients' businesses. Other factors that determine the impact of SEDF services are the terms of the loan. From July 1989 to September 1992 the average loan was around US$400, declining

about 10% in real terms over the period. Loans were extended for a period 12 months at interest rates ranging from 30% to 40%. In September, credit policies were changed to reduce the loan amounts as well as the loan term to 6 months. In the last cycles for Bo and Makeni, average loans were for Le 87,000 (US$174) and Le 113,409 (US$227) respectively, both for six months. The obvious impact on the client is that the clients now have less money to work with over a shorter period of time. This presents the biggest problem for clients seeking loans for fixed assets that require larger amounts of investment. At the same time, the policy was changed because of poor repayment performance, a sign that the previous loan amounts encumbered the clients with an unmanageable debt burden. Up until September 1992, the average monthly payment for clients ranged from US$45-49 (in real terms). If one can assume that the average net income of the SEDF clients has not changed significantly over the years then the numbers suggest that the debt burden has been fairly constant (this needs to be studied).

A final factor to consider is the interest rate paid by the client. First cycle clients in Bo paid 30% a year on the principal amount of their loans; in September 1992 the rate is 40% (20% for six months). The client pays for training and credit application fees, pays a deposit before receiving the loan equal to 10% of the principal amount, and then pays 20% of the original principal amount in interest over the next six months. Thus the effective rate to the client is 75%.[1] This does not account for any of the transportation or opportunity costs the client incurs attending the training courses. The 75% effective rate charged by the SEDFs may be slightly higher than the prevailing commercial rate.[2] From an institutional perspective, the interest rate should reflect the operational costs of extending services. The SEDF package of training and credit services is labor intensive and costly, and yet the small loans yield very little interest income. In other words, the operational costs of extending services to the microenterprise sector are relatively higher than for the commercial banks, and therefore it is reasonable, in the interest of longterm program sustainability, to charge more for those services. At the same time, the client must be able to afford the services. Microentrepreneurs all over the world have demonstrated that they are willing to pay interest rates well above the commercial rate; their biggest constraint is finding ***access*** to credit. SEDF clients as well have demonstrated that they are willing to pay the current rate of 75%. In the long run, the question of how much the SEDF clients can pay can only be answered with an in-depth study of the profitability of SEDF clients' businesses. Dividing a client's net profits by the amount of working capital will indicate the yield the client earns on his or her working capital. This should be used as a basis for determining an interest rate that is manageable for the client.

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[1] The effective interest rate is calculated by dividing the total interest paid over the life of the loan by the ***average monthly outstanding principal balance***. Note that the initial principal balance is the approved loan amount less the 10% downpayment less fees paid for training and credit applications.

[2] The ***nominal*** rate quoted by the commercial banks is around 60%, but this does not reflect any fees or down payments that the commercial banks may require. These fees would have to be taken into consideration in order to calculate the effective rate of commercial lending institutions.

c Loan Analysis

The analysis of the client's business can positively impact the client to the extent that the process can be used to reinforce the techniques that the client has been taught in the training sessions, especially bookkeeping and cost analysis. The analysis that the BC performs on the client's business is the first instance in which the client sees the techniques applied to a situation he or she understands. However, given that many of the clients are illiterate and the calculations are quite complex it is unlikely that the clients benefit from the loan analysis in this regard. The process is more likely to be intimidating to the client, since they do not understand it and yet they know it will determine whether or not they receive the loan. Finally, the loan analysis is conducted on the one business activity that the client has presented to the program. Even if the client fully intends to invest the working capital loan in that business initially, he or she also expects that additional opportunities, or catastrophes, may arise in the near future. If the client feels like the analysis does not account for these realities, he or she is not likely to have much confidence in the results.

d Loan follow-up and Monitoring

The training is only helpful to the client to the extent that he or she can apply the lessons to their own situation. Loan follow-up is the means by which the BCs assist the clients in employing management techniques in pursuit of their business plans. The BCs take this task very seriously. Monthly visits are structured to assist the client in assessing his or her situation vis-a-vis their plans, and to identify subsequent courses of action.

.6 Performance

In addition to maximizing the positive impact on the client, SEDF policies and procedures are designed to maintain acceptable levels of repayment performance. The SEDF uses two indicators to track repayment performance. The ***repayment rate*** is the actual number of payments received in a given month divided by the number of scheduled payments for that month. The ***recovery rate*** is the actual amount of money collected during a given month divided by the total amount of payments scheduled for that month. These two indicators provide an indication of the program's performance in any one given month. The indicators are available from July 1990 in Bo, and from October 1991 (the beginning of the program) in Makeni. By these indicators, performance during the first 12 months of credit operations in Makeni (October 1991-September 1992) has been impressive. Monthly repayment and recovery rates have been in the 90-100% range for most of the year, declining to 90% in September. The overall repayment rate for FY 91-92 was 89%. In contrast, performance in Bo has fluctuated since September 1989, but has steadily declined to a recovery rate of 22% in September 1992. The repayment rate in September was 51%, indicating that half of the clients made partial payments averaging one-half of the scheduled amount. The repayment rate for the life of project is 59%. A more accurate picture of the performance of the SEDF portfolios is the ***arrears rate***, which is the total repayments received to date divided by the total scheduled payments to date. This measure captures the cumulative payment performance

of the portfolios. As of September 1992, the arrears rate for Makeni was 7%, which means that 7% of the outstanding principal and interest receivables (not counting loans disbursed in September 1992) are past due. In Bo the arrears rate is 56%.

The performance of the Bo clients is alarming and consequently the evaluation focussed on identifying the reasons for it. While the Makeni performance is obviously superior, it is of limited use as a comparative standard for Bo because of significant differences between the two operating environments. Repayment and recovery rates do not appear on the loan fund report forms for the first year of operations in Bo when the first four cycles were active. A retrospective calculation of the arrears rate of each one of those cycles in the twelfth month of each cycle shows that the first cycle closed its twelfth month with 10% of the original loan amount (principal and interest) in arrears. This is similar to Makeni's first year performance. Rates for the second, third and fourth cycles were 17%, 38%, and 35%. Although the first four cycles were not completed until the following year (1991), it is clear that repayment problems surfaced early on in the Bo operations. Early in 1991, the incursion of Liberian rebels and soldiers profoundly disrupted every aspect of life in the Bo region. There is frequent reference to these events in subsequent reports as the main factor in the decline of program performance. Certainly, the events of 1991 effected the ability of the clients to conduct business and repay their loans. However, as indicated above, repayment performance had begun to decline towards the end of the first year of operations, long before the incursion. Moreover, the performance of clients who entered the program after the incursion has not improved. Cycles 8-10 were disbursed from November 1991 to April 1992. As of September 1992, Cycle 8 was in its 10th month (of 12) and already 72% of its outstanding portfolio was in arrears. Cycle 9 was in its seventh month and was 48% in arrears. Cycle 10 had completed its fourth month and was 18% in arrears.

Whatever the factors are that have contributed to the decline of performance in Bo it is clear that many of them have been in place since the beginning of the program, and that they affect the entire range of the SEDF/Bo clients. A client may not pay either because she cannot, or because she does not want to. It is very difficult to determine on a case by case basis which factor is operative. Therefore, program policies and procedures should be designed in order to provide clients with the right amount of money they can manage, and also to provide incentives for the client to make every effort to fulfill their obligation to the program. In the following section, the policies and procedures of the Bo SED are analyzed to determine their effectiveness in accomplishing these two objectives.

a Client Screening for the training program (eligibility requirements)

Client screening during the in-take process for the training program is rigorous. The BC visit the clients at their place of work to verify the information on the intake form.

b Client Training

The impact of the business training is discussed in detail above. Some of the clients have adopted some of the more specific practices, such as orderliness in the workplace, or hanging a signboard. Results are not impressive on the more significant techniques such as bookkeeping and planning. It is almost impossible to prove empirically that specific management techniques contribute to a microentrepreneurs business performance. Consequently, repayment performance serves as a general proxy to measure the performance of the **combination** of training and credit services. Training can also serve to create a closer working relationship between the client and the BC, and the results of this intangible effect are also captured in the program's overall performance. The Bo SEDF performance suggests that the training does not appear to be having a specific impact on the business practices of the client, nor does it establish a general relationship with the client that encourages the client to pay back the loan on time.

c Business Analysis

The business analysis is conducted after the training course. It is designed to thoroughly analyze the client's business and their business plan for the loan. The BCs visit the client again at their business site and conduct the analysis that is described above. The analysis is thorough in design, but some improvements could be made that would render more "accurate" results. First, clients are assigned to a BC at each critical step in the program: training intake, business analysis, and loan follow-up. It is possible that a client's portfolio can be passed among three different BCs. This system eliminates the advantage of continuity in the relationship with the client. Much of what goes into establishing a relationship with a client and learning to understand his or her business cannot be recorded on forms. This critical information, and relationship, is likely lost in the transfer. Secondly, the BC fills out a balance sheet and conducts a profitability analysis of the client based on, for the most part, the client's recollection and ability to answer questions in the framework of a profit and loss statement. Not surprisingly, these numbers are not very reliable. However, if the client would begin his or her bookkeeping with the ongoing assistance of the BC ***during the training period***, the BC would have a much better basis for conducting the profitability analysis and for assessing the overall feasibility of the client's business plan.

The most critical weakness in the business analysis is the practice of calculating the profitability of the activity (and thus the debt burden of the loan) without taking into account the money that the owner draws from the business. "Profit margin" is defined as the difference between sales income and operating expenses. There is no distinction between gross profits available to reinvest in the business and gross profits that will be drawn out by the owner as the owner's "salary". The draw is the channel by which earnings flow into the family or into other activities: the draw determines the real net income and the capacity of the activity to generate sufficient profits to pay back a loan. Other parts of the cost and sales analysis are more easily verified and cross-checked, but at the time of the analysis the only basis for analyzing the draw is the statement of the client. This approach has not provided the SED staff or the credit approval committee with an accurate picture of the real profitability of the clients' businesses, and consequently loans have been, on average, too

much for clients to manage. Two other observations support this conclusion. First, the repayment performance has declined steadily since the beginning of the program. The average monthly payment has been constant in real terms (US$45-50) up until September 1992. This suggests that the debt burden has been too high from the beginning. (A more rigorous test of this hypothesis would be to test for correlation between the debt burden (monthly payment/monthly net income) and repayment performance). Secondly, the majority of SEDF clients have had difficulty in meeting the monthly payment obligation despite a relatively conservative approach to analyzing the income generating capacity of the client. The profitability analysis is based on the clients' pre-loan level of activity. The additional income the client will derive from use of the loan is not considered. In this sense, the profitability analysis is very conservative. At face value, the profitability analysis shows that the client should be able to repay the loan even if he or she does not make productive use of it. Assuming that the client has not suffered any serious decline in his or her business activity, the only explanation for repayment problems is that the profitability of the business and/or the ability of the entrepreneur to manage the funds was overestimated.

These findings suggest that SEDF clients draw money out of their businesses to meet a variety of personal objectives. In the initial survey, clients indicated that a successful business is one that survives, and provides for the family. Conspicuously absent is an expressed interest in ***growth of the business*** per se. If clients are using working capital loans to maintain a higher volume of business activity this would be reflected in an increase in average monthly sales. The post-credit evaluation summaries provide conflicting evidence about client business growth over the loan.[3] As noted, only 50% of the data is based on data from written records, and this is combined with data derive from the clients who relied on their recollection to report on figures. In the two samples that had the highest percentage of clients who kept records (68% and 55%), the combined data indicate that there was no increase in monthly sales over the twelve month period. The other groups indicated that their sales had increased, but in all cases there were significant inconsistencies between reported changes in sales vis-a-vis changes in expenses and profit margins. All clients claimed that they were able to generate more revenue after the loan, and 99% claimed to have invested some of that in the business. Clients also indicated that money from the business was used to 1) invest in the family home (59% of clients), 2) purchase more food for the family (52%), 3) buy clothing for the family (23%), and, 4) pay for education (40%). In sum, it appears that a typical client invests the loan in the business and then gradually draw most of it back out and channels it into the family and into other business activities.

The BCs identify this practice as one of the most challenging aspects of their relationship with the client. The client's legal relationship with the SED is defined in the context of a

[3] Data from the individual evaluations is combined on summaries of each of the four groups. This compilation of the data obscures important information. For example, one client could register a dramatic increase in sales. Combined with four other clients whose sales declined, the average would show an over all increase that is not representative of any of the clients in the sample. A more accurate method is to separate clients whose sales grew from those whose sales declined.

single business activity, and this encourages the client to hide any other uses of the money. A study of the growth in business volume would provide some indication as to how much of working capital loans remain in the business. Other sources for determining where the money goes are anecdotal. A gara maker in Bo successfully paid back her first loan, during which time she acquired a refrigerator and built a bafa. According to her, the volume of her sales have declined over the past four years. A baker used the loan to increase sales, expanding his market by traveling to sell his goods, but the rebel incursion curtailed that advance and now he is taking out a second loan to begin again. During the first loan he acquired a parcel of land. According to one carpenter in Bo who claims to have interviewed his fellow tradesmen, sales for large furniture items has dropped off as people postpone large purchases for more secure times. According to Bo SED statistics, carpenters are some of the best paying clients with an average repayment rate of 86%. One can only assume that the carpenters are generating income from some other source. The practice of engaging in multiple activities appears to be widespread, even necessary to survive in the current economic environment. Even though the BCs are eventually able to detect that a client has other activities, they are powerless to stop the client from engaging in or expanding that activity once the loan is disbursed and has cycled through the main business.

The profitability analysis is the only method for calculating the debt burden, and a realistic picture of the debt burden is probably the most important factor to consider when determining the loan conditions. However, the analysis will always be limited by the fact that clients cannot and/or will not disclose the amount of money they pull out of the revenues of their business activity. This axiom is roughly the equivalent to Heissenberg's theory of Indeterminacy: it is not possible to simultaneously measure both the actual state of something and the direction in which it is going. In other words, there are simply absolute limits on what one can know. The findings clearly indicate that the profitability of the clients' activities has been overestimated. These findings fully support the rationality of the new credit guidelines. The maximum debt burden is now 25% (which is reflected in the lower average monthly payment of Bo eleventh cycle clients of Le 17,400/US$35). This was an astute policy change and the results should be carefully monitored.

d Guarantors

The requirement that loan contracts are guaranteed by two co-signers who place land property as collateral sets fairly strict standards for the client and lends seriousness to the contract. The evaluation did not assess the effectiveness of this policy. Program staff do report that they have been able to call upon guarantors to encourage the client to pay or to make payments on the client's behalf. The only question to be raised is whether it is necessary to require the guarantors to provide land property as collateral. In broader terms, do the benefits of this policy outweigh the burden it places on the program and the client? Guarantor requirements are effective only insofar that they provide incentive for the client to honor their loan agreements. The monetary value of the guarantee is secondary to the incentives it creates. If the program is often required to recover the loan by pursuing the guarantor, this would be de facto evidence that there is something wrong with the other

aspects of the credit delivery system. If there are other ways to instill seriousness in the role of the guarantor, the SEDFs should consider eliminating the land property requirement.

e The Credit Committee

The local Management Committees approve all loans. The Management Committee is comprised of influential members of the private and public sectors. The members bring this collective experience and influence into the loan approval and monitoring process. The Management Committees appear to play this role very professionally, and the program has benefited from this arrangement.

f Monitoring and Follow-up

The BCs visit clients at least once a month and record the significant aspects of the visit in a log in the client files. The BCs appear to be doing everything within their power to provide on-going training and to encourage the clients to respect the repayment schedule.

g Default procedures

The Bo SED program has been slow to address its repayment problem. The disruption caused by the rebel incursion exacerbated the problem at the moment when the program could have arrested the situation. This will only make the recovery more difficult. Nevertheless, recent follow-up on negligent clients has had immediately positive results. In June 1992, a solicitor (lawyer) was enlisted to send out 21 letters demanding payment in full of the loans. Eleven clients paid their loans in full and approximately 7 others made partial payments. Judicial proceedings have been initiated against the others. It will be important to monitor the impact of these actions on repayment performance in general.

.7 Efficiency and Sustainability

a Efficiency of Program Operations

The most important measure of efficiency of a credit program is the amount of the portfolio that a BC can manage at any given time. This is a function of the average loan amount, the loan term, and the number of loans disbursed per month. Finally, the number of loans that a BC can process, disburse, and monitor is determined by the time demands of the program's operating procedures.

In the current SED operating procedures, individual clients are admitted into groups (cycles) that begin once every three months. Over a period of about two months, the clients are screened, the training course is given, the client businesses are analyzed, and loans are disbursed. Approximately 20 clients make up a cycle. The loanterm for all loans as of September 1992 is six months. Given these parameters, the SED programs will be able to work with approximately 60-70 new clients at any given time. At any point in time, some

clients will be in the training course, some will have just received their loans, and the others will be at varying stages of their repayment schedule (see the monthly projections in the annex for a detailed picture of the rotation of the cycles). Clients with second or third loans will add to this number. As the projections indicate, assuming an average loan of Le 90,000 ((US$180) these procedures will allow each of the SED programs to maintain an active portfolio (outstanding principal balance) of around Le 6,000,000 (US$12,000). The financial margin (interest income-cost of funds/average outstanding portfolio) on such a portfolio would be around 55%.[4] Operational costs, including provision for bad debt, would be around 412% of the loan portfolio, resulting in a net operating margin of (357%). In other words, it costs the program Le 4.12 to maintain every Le 1 of outstanding principal. It earns Le .55 in interest on that Le 1. The program is thus covering around 13% of its costs with income generated from program services.[5]

There are two important caveats to the cost analysis above. First, the cost analysis does not include any overhead costs incurred through the National Office. Thus the cost of delivering program services is higher than indicated in the analysis. Secondly, however, is that costs associated with the training services are included in the analysis that shows that total operating costs are 412% of the loan portfolio. The SEDF programs are costly when measured solely in terms of the output of credit services. It is important to note that some part of the costs are incurred in providing training services which have benefits that are not measured in the cost/benefit analysis. In the original project document, it was suggested that 75% of the operational costs would be attributed to training activities. Currently, training costs do not comprise 75% of total operating costs. BCs only spend 24 hours every three months teaching courses. However, the program does require more time to disburse loans because of the training. Thus the costs cannot be allocated cleanly, and to a certain extent the weight given to training services is a matter of policy and interpretation.

The cost analysis highlights the cost of the services and this should inform policy decisions about the desired level of self-sufficiency of different program components. At the same time, it should be a general objective to make the entire program as efficient as possible. In September 1992, the SLOIC revised the ***Credit Assistance Policies*** to lower the loan amount (the debt burden) and to shorten the loan term from 12 to 6 months. This decision was a

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[4] The financial margin is a way of expressing net yield on performing assets, and is normally a measure of how efficiently an institution manages its assets. However, since the SED does not pay for its capital the financial margin expresses the interest yield on the portfolio. The 55% is less than the effective rate of 75% that the client is paying because the program loses some income due to default. Also, clients are given a one month grace period in which the program earns no interest.

[5] These projections were based on actual 1992 expenses for Bo, although the salary line was doubled to reflect changes in the 1993 budget. Makeni's projections are slightly more favorable because of smaller operational expenses during 1992. The projections are based on the assumption that both operational expenses and the average loan size will increase with the rate of inflation, which is projected to be 15% per year for three years. Loan loss for bad debt is set at 5% of principal disbursed. Any of these conditions could be worse than assumed, and the financial performance would deteriorate accordingly.

wise response, borne out of three years of experience with the management capacity of the SED clients as well as the realities of the operating environment. Now the SED programs face the challenge of processing these small, working capital loans in order to make more loans than they have in the past. A program that disburses large loans for long periods of time can maintain a large portfolio by disbursing a smaller ***number*** of loans than a program that disburses smaller loans for shorter periods. For example, a program that disburses 10 US$1000 loans every month with a loan term of 12 months will have an average outstanding portfolio of US$60,000. A program that disburses US$500 loans for a six month term must disburse 40 loans per month to maintain the same portfolio.

b Decapitalization of the Loan Fund

A more obscure factor that will effect the sustainability of the SED programs is the devaluation of the loanfund due to inflation. Over time, the average loan amount should increase with the rate of inflation. This is necessary to provide the clients with a loan that has a constant purchasing power. The program also needs to increase the amount of its outstanding portfolio. The larger portfolio generates more revenues to cover operating costs that are increasing with the rate of inflation. In sum, as long as the portfolio increases with the rate of inflation, and the interest rate is set correctly, the program will increase its revenues just enough to cover rising operational costs. The question is: where does the program get the additional capital to lend out? If the SED's functioned as businesses, they would cover all of their operational costs and generate enough net income (profit) to capitalize the loan fund. Accumulated earnings would increase the capital base at least by the rate of inflation. However, the projections indicate that SED's will not cover more than 13% of their operational costs, let alone generate profit. Unless they are able to access additional funds, and maintain the operational capacity to lend them out, expenses will increase while the earning power of the loanfund will remain the same (declining in real terms).

.8 Documentation and Information Management

The SEDFs gather, process and document a significant volume of data. The MIS Manual is a guide to the entire information management system. It includes copies of the forms and detailed explanations of how they are used. For the most part, the SEDFs are very systematic about collecting and processing information. The following recommendations are intended to fine-tune a well developed system.

a As the programs increase the volume of their services, they will need to streamline their administrative procedures. Whenever possible, paperwork should be eliminated. This evaluation document contains some specific recommendations for combining or even eliminating some forms. This should be done wherever possible.

One area in which the SEDFs could eliminate duplicated efforts is in the loan monitoring procedures. Currently, the BCs keep track of their clients' monthly payment activities and keep a running balance of the total loan amount outstanding. The Finance officer also keeps track of disbursement and repayment activity as part of his bookkeeping responsibilities. The Finance officer maintains a separate card for each client, a separate ledger for each loan cycle, and a general ledger where the accounts are summarized. The Finance Officer could track all loan activity by maintaining one subledger. He could send monthly reports to the operations department so that the Assistant Director and the BCs have updated information about the status of the clients. The BCs can then verify the previous month's activity when they visit the clients. On a daily basis, the Finance Officer can inform the operations department about who has paid so that the BCs can follow-up quickly on delinquent clients.

b Loan activity should be monitored so that the status of individual loans as well as the entire portfolio can be quickly analyzed. The current system tracks the combined outstanding principal and interest balance of each client on a separate card. Principal and interest receivables are separated in the general ledger, but in the subledgers it is necessary to perform global calculations on each cycle in order to distinguish between principal and interest receivables. More importantly, the system does not track how much of the outstanding portfolio is in arrears. The subledger should be designed so that each client's account is adjusted on a monthly basis to indicate the arrears status of outstanding principal and interest. This should format should also be used in the general ledgers to report on the entire portfolio. In this format, the subledgers can also be used to verify disbursements and payments against the bank records, and to verify total cash balances against the bank balances.

c The SEDFs should maintain a loan loss provision account on the balance sheet. As a matter of policy, the SEDFs should account for expected loan losses by expensing out a percentage of the loans ***at the time of disbursement***. The debit to the loan loss expense account should be offset by a credit to a provision account (contra-account) that appears directly under the principal receivables account in the balance sheet. When loans are actually declared in default, the loan is removed from principal receivables by crediting the principal receivables account and

debiting the provision account. The provision account should also be adjusted at the end of every fiscal year so that it adequately reflects the portion of the outstanding portfolio that is at risk. If the balance sheet were organized in this fashion, a quick review of the financial statements would indicate the outstanding principal and interest receivables, the portion of the portfolio in arrears, and the reserve account for default. This is standard accounting procedure for financial institutions. It applies the general accounting principal that revenues and expenses resulting from the same activity should be accounted for in the same period. Maintaining loan-loss provision accounts and categorizing receivables allows the organization to control and to accurately depict the total costs of providing services as well as the current "value" of its asset, the loan portfolio.[6]

.9 Conclusions and Recommendations

In the following paragraphs, the analysis above is summarized in a series of observations and recommendations about the SEDF policies and procedures.

1 Training Services

a The conceptual framework used to teach business management should be simplified. The findings indicate that even though the clients are enthusiastic about the training, they do not appear to be implementing the techniques effectively. One reason for this may be that the clients become overwhelmed by the number of new concepts and techniques they are taught, even though the clients may be interested in them.

Consider that in the initial client survey, clients identified the following problems they face in their business affairs:

- money (the overwhelming response)

[6] The original grant agreement (p.11, Attachment Two: Program Description) of 29. July 1988 states that "Of the $170,000 [granted for loanfund], the Grantee must establish a reserve adequate to cover loan defaults and late repayments of principal and interest, otherwise, the remainder of the $170,000 should be lent out to the extent sufficient eligible borrowers can be identified." The meaning of this is unclear. As indicated above, the SEDF's are not maintaining reserves according to standard account practices for financial institutions. In any case, "reserves" are not kept physically separate from a loanfund; they merely reflect anticipated loan losses that have already been expensed out. The grant document appears to require that a certain amount of the lending capital be kept physically separate from funds that are lent out. This practice is not advisable. It would be inefficient use of the loan capital. Part of the loan funds would be laying idle and the program's lending volume would be diminished.

- government taxation
- family obligations take profits from the business
- high transport costs make it difficult to travel to purchase raw materials and to sell

At the same time, clients identified their criteria for judging their business activities to be successful:

- they are still in business; and
- personal and family obligations are met.

Note the simplicity in the clients' definition of a good business. The type of business that is envisioned in the training course may appear to the client to be a more complicated venture than he had ever imagined. Currently, in the SED program, the client discovers that he should change the way he does business, put up a signboard, pay taxes, discipline his time management, change the way he treats his employees, follow a longterm business plan, keep books, and disclose his personal affairs to SLOIC staff.

Incremental change is likely to be more acceptable to the client, especially if it focusses on one or two areas that the client identifies as major challenges. Probably the most important skill an entrepreneur can learn is how to manage his working capital. If he knows how to control his finances, especially the amount of money he draws from the business, he will be able to make deliberate decisions about how he manages his resources. It may be necessary to devote all of the training to teaching one or two simple techniques such as working capital management and marketing. If the client became more proficient in these areas, the training would have made a significant contribution to the client.

b The business management techniques should be adapted to meet the needs and the capacity of the clients. Most of the clients are functionally illiterate. Although the courses are taught in Creole and Temne, the BCs make constant use of vanguards (flipcharts) and the blackboard. Moreover, the training courses cover a large range of topics. This must be intimidating to the illiterate clients.

The courses are designed to introduce topics and to assist the client in developing plans around these new techniques. The client may simply not be able to understand such a broad range of topics in such a short period of time. It may be necessary to limit the number of topics so that the client can focus on one or two specific techniques or business goals. Staff will also have to allow the client to formulate goals and adopt practices in his or her own way.

In fact most of the techniques that the BCs teach in the sessions are creatively adapted to the capacity of the client. The biggest challenge is bookkeeping. The bookkeeping method itself is well designed, and cannot be simplified. It may simply not be possible for many of the clients to keep books. It is possible, however, to develop more informal techniques that would enable the client to accomplish the goals that the bookkeeping was designed to facilitate. Any client who has been in business for a number of years has some method for managing finances. Helping the client adapt the methods he or she understands might be more helpful to the client than introducing a bookkeeping system that the client cannot use effectively.

For example, the same objective might be accomplished by teaching the client how to control their working capital by doing a "balance sheet" calculation periodically, such as once a month. A client should be able to quickly add up the value of her inventory, money people owe her, and any cash she has available. She should also be able to know the balance of her loan and any debts she has to pay. The difference between the two is her net worth. If a client does this on a regular basis, she will be able to "control" her resources. She will note if her resources are increasing or decreasing, and she will probably be able to identify where the money is going.

c The training course should openly address the practice of engaging in multiple business activities, and help the client make rational decisions about how to manage his resources. Probably the most significant decision that a microentrepreneur can make is what to do with working

capital. Many microentrepreneurs in Sierra Leone decide to conduct several small commercial activities, sometimes simultaneously. For many this is a rational, for some it is a necessary business decision. However, since it is assumed and expected that the client will be allocating the funds in a distinct production activity, the training courses do not deal explicitly with this common practice. It is likely that the clients feel constrained by what they feel is an unreasonable expectation to adhere to a strictly defined course of action. Consequently, when clients make changes to their business plans later on, they seek to hide this from the program. By addressing the practice of side-line commercial activities in the training course, the SEDF would assist the client in a very important aspect of their business activities. This would also create a more open relationship between the program and the client, if the client no longer feels the need to hide these activities from the BCs.

2 Credit Analysis

The SEDF experience has shown that it is extremely difficult to quantitatively analyze microentrepreneurs who are illiterate and do not keep records, and who are by nature guarded about disclosing information about their various business and personal activities. SEDF staff perform the current analysis very professionally, and it is unlikely that changes to the current system would render information about the clients that is any more "accurate" than what is collected now. Therefore the most important response is simply to reduce the program's dependency on the ***accuracy*** of the analysis results. This can be accomplished through policies that are treated below.

The SEDF programs might also consider an alternative method for analyzing business performance. The current system relies on profitability analysis, which requires the clients to keep records and to disclose information about how they spend their money. The experience of the SEDFs since 1988 indicates that this method does not provide the institution with clear information and it does not significantly help the client develop financial management skills. An alternative approach would be to place more emphasis on the balance sheet. If the BC calculates a client's inventory, fixed assets, and working capital at least three times over a one month period, the BC will be able to get a basic idea of the resources the client manages in the business. This can be used to weigh what the client reports to be his or her income (sales) and expenses. Loan amounts can then be determined as ***a percentage of assets (or working capital)***. The loan decision would be based on an estimate of the client's capacity to

increase their current level of activity, rather than a dubious calculation of profitability.[7] The balance sheet data will not necessarily be more detailed or even more accurate than the profitability analysis, but it is more verifiable. The BC can observe what actually flows through the business by watching the rotation of inventory. Moreover, the balance sheet method is likely to be more accessible to the client. Even if the client does not disclose accurate information to the BC about cash on hand or credit due or owed, the client can quickly redo the balance sheet calculation privately and take stock of his or her situation. Both the client and the BC can use the balance sheet to discuss where and when the working capital is needed. When the calculation indicates that business has slackened, the BC can assist the client in taking appropriate courses of action.

3 Credit Delivery

The following policies could help the SEDF address the challenges that have been identified in this evaluation. The guiding principal to these recommendations is that policies need to provide more incentive to the clients and to reduce the SEDFs' vulnerability to its high risk clients.

a Credit policies should be made more flexible in order to accommodate the realities of the Sierra Leone informal sector. Specifically, the SEDFs need to be more creative about dealing with clients who engage in sideline commercial activities, or who change their business activities after receiving the loan. This does not necessarily mean that the SEDFs should finance business plans with multiple activities. But one must recognize that the clients make decisions and adapt plans on a very short timing horizon. This is how they survive in a volatile business environment. When the client has to take drastic measures, the SEDF must be flexible enough so that the client views the BC as a resource instead of an obstacle.

b Loan amounts have been too much for the clients to manage. Credit policies should require more modest loan amounts and require clients to prove their ability to manage funds before borrowing more significant amounts. The recent changes to the Credit Assistance Policies have already addressed this issue. Loan amounts

[7] For example, instead of the 25% debt burden limit, the Credit Guidelines might stipulate that first loans for working capital cannot exceed 50% of the client's current working capital. The debt burden should still be calculated in order to insure that the monthly payment is not excessive.

were reduced, the loan term was shortened, and the debt burdened lowered to a maximum of 25% of gross profit. In the long run, the policies should also provide larger loans to those clients who prove their management capacity. It may be necessary to develop different criteria for clients on their second and third loans.

c The Credit Assistance Policies should distinguish between fixed assets and working capital loans. Working capital loans should be determined as a percentage of the client's current working capital. First loans can be modest and on short terms. This will reduce the importance of the credit analysis and provide the client with incentive to take an incremental approach to building up their business. Fixed asset loans, however, need to be determined by the price of the capital good that the client needs to purchase. Loanterms must then be adjusted so that the monthly payment is manageable. It is important to note that the SEDFs can be fairly confident that the client is making productive use of a fixed asset loan as long as the fixed asset is being used in the business. Also, the fixed asset can be repossessed in case of default. This should provide the SEDF with the additional security it needs to make larger, longer term loans.

d The SEDFs might also consider alternative lending methodologies for working capital loans, especially to commercial enterprises. The ***solidarity group*** methodology has proven to be an effective mechanism for disbursing working capital loans to high risk target groups in countries all over the world.

4 Recommendations for Increasing Operational Efficiency

The SED programs could significantly increase the size of their portfolios by shortening the amount of time to train clients and disburse the loans. Other options are not operationally feasible. Loan amounts and loan terms have been shortened for reasons cited above. It is probably not possible to increase the number of clients per cycle without compromising the training and business analysis components. If, for example, the SED programs processed cycles of 20 clients every month and a half the size of their portfolios and the income would double with minimal marginal expenses. Business Counselors would manage twice as many clients and twice as much money. The financial performance of the programs would increase accordingly. Such a goal is realistic. As an example, a program in Santa Cruz, Bolivia that

provides credit and twenty hours of business management training to production enterprises is able to maintain a portfolio for each BC with 75 active clients (see a description of this methodology in the annex).

In order to increase the volume of services, the SED programs will have to render their operating procedures more efficient. Three main components will have to be adapted: the training, loan analysis and screening, and loan follow-up and monitoring.

The training course could be made more efficient by compressing the 24 hour course into 10 days over a two-week period. The cycle schedule could be open so that it can begin whenever a sufficient number of eligible clients have been identified. The BCs could also begin their visits to the clients immediately, helping the client to apply the course lessons to their own business, and then focussing on the business analysis during the second week of the course. Loan review and disbursement could follow in the week after the course. This would shorten the processing time per client to about one month.

The current business analysis techniques are adequate. The challenge will be to develop efficient means for collecting the data. The ***Training Intake Form*** should be combined with the ***Business Analysis Form***. Background information on the client and his or her business can be gathered during the intake process and during the training course. The Balance Sheet can be filled out during site visits. The profitability analysis can also be filled out during site visits, but will be more accurate and easier to conduct if the client is preparing for the analysis by keeping records during the intake and training period. The business and marketing plans can also be filled out during the site visits as the BC helps the client apply the training concepts to his or her situation.

The amount of time spent on monthly visits during the loan follow-up period will become more important as the BCs' portfolios grow. Current procedures are well designed and executed in order to assist the client in the monitoring and execution of their business plan. The BC work schedules must be carefully planned in order to coordinated visits to all of the clients on a regular basis. The biggest threat to this part of the BCs' job are problem clients who require additional attention. As arrears problems increase, the BCs spend more of their time running after clients and less time in the training and business analysis. This can become a vicious cycle. Originating good loans and providing clients incentives to pay on time is much more efficient, and more dignified for both parties, than running after them after the loan is disbursed.

A final option for increasing the efficiency of program operations is to provide training and credit services through methodologies that require less of the BCs' time. Solidarity group lending, for example, could be used to disburse small working capital loans to high risk clients. In cultures where the group dynamic works, this methodology relies on the members of the group to make sure that every one repays their loan. Subsequent, larger loans provide the incentive. The methodology also combines the loan analysis and approval tasks for 5-6 clients into one loan, and eliminates the need for guarantors. If group dynamics among Sierra

Leone microentrepreneurs does in fact create these incentives, a solidarity group methodology would allow the program to quickly process the short term working capital loans and provide more extensive assistance to the clients who had graduated to larger loans.

6.5 MBD/Freetown

.1 Activities

The MBD was inaugurated in Freetown in 1977 shortly after the founding of SLOIC in Bo. The purpose of the program was to provide management training to civil servants and to offer preparatory courses for private students studying for the British RSA standard accounting examinations. As the USAID Phase I funding came to an end in 1983, the MBD expanded its range of services by offering management training to para-statals, NGO's, and private sector businesses. Between 1983 and 1988, the MBD was able to maintain a diverse, if sporadic, level of activity, while covering operational expenses other than personnel salaries subsidized by the GOSL.

Since the current grant agreement with USAID, the MBD has continued with its traditional activities while branching out into SED related areas. In 1989, the MBD contracted with the National Industrial Development and Finance Organization (NIDFO) to provide business management training to NIDFO's prospective loan recipients. In 1992, the MBD was solicited by Christian Children's Fund (CCF) to conduct a feasibility study for a CCF income generation project, with the expectation that the MBD would provide business management training to future CCF clients. A similar contract is being negotiated with CARE/SL. With these latter contracts, the MBD has expanded its services into technical operational areas.

The MBD has provided training and technical assistance to a variety of organizations over the years by adapting its teaching methods and curriculum to the needs of its clients. The core curriculum consists of fairly standard management training modules (refer to the appendices for a list of training materials and courses). The team of Administration Science Instructors begin each contract by facilitating a needs assessment exercise with the trainees, and then customizing a training package around the identified problem areas.

.2 Facilities

The MBD occupies the top floor of the National Office building that was donated by the GOSL. The facilities have been renovated during the grant period but are modest, consisting in two small classrooms with a capacity of 20 students each. Staff are still organizing training materials and procuring resource documents that will be housed in a Resource Information Center shared with the National office.

Many of the MBD's training courses are given at the client's site, requiring staff to travel to the provinces. For example, on the Ministry of Health contract services were rendered in Bo, Kenema, Moyamba, and TonKolili. Recently, the Freetown facilities have been used only for

training NIDFO clients and the RSA trainees. The facilities present two challenges for the MBD. First, they are at the top of a hill. Taxi drivers are reluctant to make the trip and taxis are difficult to find in the location in the evening hours. This has been cited as one of the reasons for poor attendance rates at the facilities. Secondly, the facilities are spartan and small. This may be a challenge to the MBD as it markets its training services to a professional clientele.

.3 Performance

At the end of Year IV of the contract, the MBD had graduated 97% of the projected number of trainees. However, the number of contracts and trainees has steadily declined since 1988 (refer to the chart for a comparison against the Logical Framework).

	FY 88-89	FY 89-90	FY 90-91	FY 91-92	TOTALS
Projected	120	140	150	150	560
Actual	168	179	103	95	545

The reason most often cited for this decline in demand is the general deterioration of the economic situation. Contracts with para-statals and private sector businesses have certainly declined. Recent changes in the GOSL have also disrupted relationships with that potential market. Performance of the RSA program has declined. Also important is the suspension of the NIDFO contract. NIDFO claims that MBD's recent fee adjustment to compensate for inflation has rendered their services too expensive for NIDFO, and consequently NIDFO is now developing its own in-house capacity to train its clients.[8]

The decline in contracts does not appear to reflect dissatisfaction with the MBD's services. The Chief Medical Officer of the Ministry of Health, the Director of Christian Children's Fund, and the Director of NIDFO all praised the services of MBD and cited concrete positive results from the training. The first two witnessed an increase in staff productivity, evidenced in their ability to develop coherent work plans, run effective management meetings, and generally collaborate more efficiently. The Chief Medical Officer praised the MBD staff in particular for their ability to customize training programs around the specific and sometimes technical needs of different organizations. In addition, he pointed out that the professional conduct of MBD staff, notably the end of contract evaluation and summary reports, made MBD's services easy to monitor and to justify as a legitimate expense. NIDFO

[8]In fact, the rate adjustment from Le 5,000 to Le 25,000 per client is still a decline in real terms of US$125 to US$50. Moreover, it appears that NIDFO was making attempts to copy the MBD's training program long before the discussion of fees arose. As OIC has drafted plans to implement its own SED program in Freetown, NIDFO has shown less interest in collaborating with a perceived competitor.

staff have monitored the MBD training sessions, and have also conducted follow-up monitoring of the trainees as they became NIDFO credit clients.

Poor attendance and completion rates in the RSA training program in the past years have called attention to the program within SLOIC. In the past three years, completion rates for the Bookkeeping and Accounting courses have been 20% of 45, 67% of 30, and 32% of 41 starters. Of those who have completed the course, examination performance has been poor.

Although the MBD has had difficulty in maintaining contracts with some of its traditional clients, there still appear to be markets who are interested in MBD's services. A more accurate assessment of the situation is that the MBD's market is changing, just as it always has since 1977. Contact with the local NGO community is still strong, and since their funding comes from outside sources they are less affected by the local economic environment. The Chief Medical Officer also maintains a positive outlook for future contracts with the GOSL. The MBD established a strong relationship with Dr. Komba-Kono while he was in Bo, and he has transferred that working relationship to Freetown with his recent appointment. MBD's recent contracts with CCF and CARE (pending) have also opened up a new area of consulting in SED related areas.

.4 Financial Analysis

Within SLOIC the MBD has been viewed historically as a net income generating project. Since 1988, most of the MBD's general operating costs have been subsidized by the USAID grant and the GOSL (refer to the annexes for a breakdown of funding sources). Marginal costs for individual contracts are typically covered by fees, which are based on an estimate of those costs plus 25-33% for overhead. The marginal (non-subsidized) expenses and the income are accounted for in SLOIC's unrestricted internal fund, resulting in net income in the internal fund. As long as the operating costs of MBD have been subsidized, the MBD has been sustainable, in fact it has been a net income generator for SLOIC.

Nevertheless, it will be helpful for SLOIC to consider the following cost analysis of the MBD in order to understand the real cost of the services it provides. This should help to measure efficiency within the program, as well as to guide a longterm resource mobilization plan for the MBD.

	FY 89-90	FY 90-91	FY 91-92
Income (fees & fundraising)	L 495,566	* L 351,778	L 519,593
Expenses (all funds)	L 5,312,268	L 9,735,941	L 12,222,285
Net Income	(L 4,816,702)	L (9,384,163)	(L 11,702,692)
Cost per trainee	L 29,677	L 94,524	L 128,656
% covered by fees	9%	4%	4%

* includes L 50,778 from fundraising activities.

As the figures indicate, in the past two years MBD has only been able to cover 4% of the total costs[9] of its training services with the fees charged for services. Obviously, this situation has deteriorated as the number of trainees has declined while inflation has increased operating expenses.

.5 Role of the MBD in SLOIC

In the original project proposal, it was planned that the MBD would expand its traditional activities and play a lead role in ***technical assistance in business training to SEDF and OIC vocational technical skills institutions*** (see LF 2a.) More specifically, the MBD would provide training in business management skills to the SEDF business counselors (LF 2c.). This is the only area where the activities of the MBD since 1988 have deviated from the original project design. In 1988, the MBD Coordinator left his position. One of the Administration Science Instructors assumed the Assistant Director of the SEDF in Bo. The current MBD Coordinator (now titled Assistant Director) did not assume his position until April 1990. Thus the MBD lacked both leadership and focus during the period when the Bo SEDF was initiating its activities. Moreover, OICI provided a SEDF Technical Advisor who resided in Bo and was directly responsible for providing assistance to the SEDF. However, even when the MBD began to develop its business management training curriculum for NIDFO there does not appear to have been much collaboration between the existing SEDF program and the MBD. According to MBD staff, they designed the curriculum based on NIDFO's specifications, and borrowed occasionally from some of the modules from the SEDF training materials.

The MBD seems to have suffered from a lack of direction during a period of decline in the traditional demand for their services. At least two TDY reports by OICI staff note motivation problems among the MBD staff and lack of communication between the MBD and the National Office. The MBD Assistant Director also commented on the negative effect on staff motivation of the unpredictability of their work schedule. Although they work intensely on the training contracts, there are slack periods when the staff are under-employed.

.6 Critical Issues and Recommendations

Since 1988, the MBD has struggled with a change in leadership and tried to find a focus for its activities as the traditional market for its services declined. At the same time, the MBD has continued to satisfy its clients with professional training services, and to venture out into new areas of business management training and technical consulting. The following are observations and recommendations for future directions of the MBD:

a The MBD Management Committee has only recently assumed a direct leadership role in MBD activities. This is largely due to

[9] These costs may be underestimated. They do not appear to include any overhead expenses associated with administrative services rendered by the national office.

the efforts of the MBD Assistant Director in recruiting additional members and in conducting training seminars for members of the Committee. The Committee is now more engaged, and appears to be well-connected to provide leadership to the MBD.

b The MBD will have to respond to the decline in its traditional activities by launching an aggressive marketing strategy aimed at their new clientele. The MBD has established a solid reputation and good contacts within both the public and private NGO sectors. The MBD should use these contacts to expand its scope of activities.

c Because it must constantly adapt its services to a changing market, the MBD has the potential for being a dynamic branch of SLOIC's operations. However, this also makes the MBD a challenging operation to manage. It must be dynamic to survive. The staff, Management Committee, Executive Director and the Board of Directors will have to be committed to pushing the MBD in new directions, monitoring the results, and adapting their strategies on a continual basis.

d The MBD has increased its involvement in SEDF type activities since 1988, and there appears to be a growing interest in expanding in this area. SLOIC is testing the idea of launching an SEDF in Freetown. Some thought has been given to housing these operations within the MBD. This may be a timely opportunity for the MBD. However, it is likely that if the MBD administrated the credit operations of an SEDF in Freetown there would be little time left for the traditional training activities of the MBD. If the MBD does play a role in a Freetown SEDF, SLOIC should give careful consideration to the implications for the MBD's traditional goals and strategies.

VII. RESOURCE DEVELOPMENT

Resource development is coordinated through the National Office by the Assistant Director of Resource Development and Personnel. The Assistant Director heads up a resource development planning committee which is comprised of a Resource Mobilization Officer from each of the program components. An employee from each of the components fills this role in addition to his or her main duties. The Committee is responsible to draft resource mobilization strategies for each of the components. The Board is also responsible for resource mobilization.

For the most part, resource mobilization strategies have focussed on soliciting donors for existing as well as new projects. Local fundraising, either through soliciting private contributions or through fundraising events, have not been effective. This is not surprising given the economic situation in Sierra Leone since 1988. This requires SLOIC to rely on the GOSL and international donors in order to sustain their projects. Thus resource mobilization for SLOIC is actually the grant writing and donor solicitation aspects of longterm program management. Analyzed from this perspective, the resource mobilization process within SLOIC could be better integrated into program management decisions. SLOIC's does not appear to treat the self-sufficiency of the individual programs as a significant factor in its resource mobilization strategies. On the program level, the programs are not designed with clear cost-recovery objectives. Cost-recovery is a stated objective, but this is not defined in terms of specific targets for the individual components. The accounting systems does not even provide easily accessible information about the ***total*** net income of the different programs. SLOIC should consider making policy decisions regarding an appropriate level of cost-recovery for each program. This would provide program managers with incentives to increase program efficiency. The cost-recovery targets would not only make the programs more efficient, they would at the same time provide the organization with a clear view of its resource needs.

In fairness to SLOIC, program cost-recovery has only recently become an important institutional issue, and SLOIC has begun to treat the matter with importance. Until 1988, SLOIC had been engaged in vocational and administrative training activities which were subsidized occasionally by international donors and maintained substantially as a part of the GOSL's own strategies in this area. Training and education activities are typically subsidized in countries all over the world. However, the SEDFs and the newer components of the MBD provide marketable services, and to a certain degree this requires SLOIC to sustain these activities through market mechanisms, specifically, by recovering costs through fees for services. SLOIC appears to have accepted this reality in principal and this has guided interest rate policies in the SEDFs. As mentioned above, however, the policies could more clearly define overall program cost-recovery objectives.

SLOIC will probably not have difficulty in obtaining subsidies for the VT activities. But the addition of the MBD and SEDFs have compounded the organization's resource requirements. Both of these components have income earning capacity and this should be an explicit part of the resource mobilization strategy to sustain these programs. Also, the Board could be more directive in setting policies that govern program self-sufficiency, and play an important

supervisory role in this area. Program operations should be weighed against the amount of subsidy that is required to sustain them, and the capacity of SLOIC to mobilize those resources in addition to meeting the needs of the entire organization.

At the time of the mid-term evaluation, SLOIC appears to have made significant efforts to diversify its funding base. GOSL continues to provide a significant among of support to the organization (51% of total expenses for FY 1992). EZE and PLAN International fund specific projects. In fact, PLAN funded the construction of the facilities in Makeni. The USAID grant has allowed SLOIC to inaugurate the SEDFs and upgrade its facilities. The SEDFs have attracted the attention of the African Development Bank and the UNDP, and discussions are underway with both organizations about possible future financing.

ANNEX I

USAID Grant Financial Status Reports

INTERNATIONAL, INC.
SIERRA LEONE PROJECT
CONTRACT NO. 636-0171-G-SS-8041-00
EXPENDED AND UNEXPENDED BALANCE

Analysis of Claimed Current and Cumulative Cost

LINE ITEMS	USAID OBLIGATION	AMOUNT FOR CURRENT PERIOD BILLED	CUMULATIVE AMOUNT FROM INCEPTION TO DATE OF THIS BILLING
	07/29/88-01/28/95	07/01/92-09/30/92	07/29/88-09/30/92
Personnel	$ 492,850	$ 11,664.68	$ 451,852.12
Consultants	8,640	10,427.00	64,908.32
Allowances	293,200	17,991.13	231,954.24
Travel & Transportation	120,377	11,868.16	179,597.30
Other Direct Costs	11,968	1,715.22	17,808.79
Commodity & Equipments			13,020.03
Participant Costs	120,217	13,102.85	90,552.53
Local Program	1,562,748	98,970.12	1,248,332.53
Sub-Total	2,610,000	165,739.16	2,298,025.86
Prepaid Expenses			553.86
NET TOTAL COSTS	$ 2,610,000	$ 165,739.16	$ 2,298,579.72

See attached schedule

CERTIFICATE:
The undersigned hereby certifies: (1) that payments of the sum claimed under the cited contract is proper and due and that appropriate refund to AID will be made promptly upon request of AID in the event of non-performance in whole or in part, under the contract or for any breach of the terms of the contract; and (2) that information forwarded herewith is correct and such further detailed supporting information as AID may require will be furnished promptly on request; (3) that all requirements called for in the contract to the date of this certification have been met.

BY: Eric Acolatse

TYPED NAME: Eric Acolatse

TITLE: Director, Finance/Administration

DATE: October 29, 1992

FINANCIAL STATUS REPORT

(Short Form)

(Follow instructions on the back)

deral Agency and Organizational Element to Which Report is Submitted Agency for International Dev. M/FM/PADF, 7th Floor, SA-2 Washington, D.C. 20523	2. Federal Grant or Other Identifying Number Assigned By Federal Agency Sierra Leone Project 636-0171-G-SS-8041-00	OMB Approval No. 0348-0039	Page 1	of 1 pages

3. Recipient Organization (Name and complete address, including ZIP code)
OIC INTERNATIONAL INC.
240 W. Tulpehocken St.
Philadelphia, PA 19144

4. Employer Identification Number	5. Recipient Account Number or Identifying Number	6. Final Report	7. Basis
23-1726113	72-008701	☐ Yes ☒ No	☐ Cash ☒ Accrual

8. Funding/Grant Period (See instructions) From: (Month, Day, Year)	To: (Month, Day, Year)	9. Period Covered by this Report From: (Month, Day, Year)	To: (Month, Day, Year)
07/29/88	01/28/95	07/01/92	09/30/92

10. Transactions:	I Previously Reported	II This Period	III Cumulative
a. Total outlays	2,132,286.70	165,739.16	2,298,025.86
b. Recipient share of outlays	-0-	-0-	-0-
c. Federal share of outlays	2,132,286.70	165,739.16	2,298,025.86
d. Total unliquidated obligations			553.86
e. Recipient share of unliquidated obligations			0
f. Federal share of unliquidated obligations			553.86
g. Total Federal share *(Sum of lines c and f)*			2,298,579.72
h. Total Federal funds authorized for this funding period			2,610,000.00
i. Unobligated balance of Federal funds *(Line h minus line g)*			311,420.28

11. Indirect Expense	a. Type of Rate *(Place "X" in appropriate box)* ☐ Provisional ☐ Predetermined ☐ Final ☐ Fixed			
	b. Rate	c. Base	d. Total Amount	e. Federal Share

12. *Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.*

13. Certification: I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.

Typed or Printed Name and Title	Telephone (Area code, number and extension)
Eric Acolatse Director, Finance/Administration	(215) 842-0220
Signature of Authorized Certifying Official Eric Acolatse	Date Report Submitted October 29, 1992

NSN 7540-01-218-4387 269-201 Standard Form 269A (REV 4-88)
Prescribed by OMB Circulars A-102 and A-110

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SIERRA LEONE PROJECT-Grant No.636-0171-G-SS-6041-00
PIPELINE ANALYSIS-BUDGET STATUS
OCTOBER 1992

	USAID OBLIGATION 07/29/88 09/30/92	ACTUAL EXPENSES 07/29/88 06/30/92	ACTUAL EXPENSES 07/01/92 08/31/92	PLANNED SPENDING 9/92	SUB-TOTAL	TOTAL COST FOR FY93	TOTAL CUMMULATIVE PROJECTED EXPENDITURE	ADDITIONAL FUNDING REQUEST
TCT Program:								
Personnel Salaries	492,850	440,187	19,600	10,410	470,397	78,765	549,162	56,312
Benefits								
Consultants	8,640	54,481		8,640	63,121		63,121	54,481
Allowances	293,200	213,963	8,543	4,071	226,577	51,400	277,977	(15,223)
Travel & Transportation	120,377	167,729	4,605	1,038	173,372	17,500	190,872	70,495
Other Direct Costs	11,968	16,094	585	364	17,043	4,500	21,543	9,575
Commodity/Equipment		13,020			13,020		13,020	13,020
Participants Training	120,217	77,450	4,791	8,231	90,472	51,105	141,577	21,360
	1,047,252	982,924	38,324	32,754	1,054,002	203,270	1,257,272	210,020
Local Program:								
Personnel Salaries	132,653	74,197	2,755	2,152	79,104	33,662	112,766	(19,887)
Consultants				9,360	9,360		9,360	9,360
Travel & Transportation	237,260	132,315	10,696	14,110	157,121	66,468	223,589	(13,671)
Other Direct Costs	266,123	216,118	12,509	23,956	252,583	66,650	319,233	53,110
Commodity, Equipment	790,485	628,606	12,015	71,024	711,645	94,950	806,745	16,310
Infrastructure		46,700		163,250	209,950		209,950	209,950
Revolving Fund	136,227	51,227		84,808	136,035	35,000	171,035	34,808
	1,562,748	1,149,363	37,975	368,660	1,555,998	296,730	1,652,728	289,980
Totals	2,610,000	2,132,287	76,299	401,414	2,610,000	500,000	3,110,000	500,000
	**********	**********	**********	**********	**********	**********	**********	**********

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OIC INTERNATIONAL, INC.
OIC SIERRA LEONE PROJECT
FY93 TCT BUDGET

LINE ITEMS	OCT92	NOV92	DEC92	JAN93	FEB93	MAR93	APR93	MAY93	JUN93	JUL93	AUG93	SEP93	TOTAL
PERSONNEL(a)													
SALARIES	6,732	4,488	4,488	4,488	4,488	4,488	6,732	4,488	4,488	4,488	4,488	4,489	58,345
BENEFITS	1,701	1,701	1,701	1,701	1,701	1,701	1,701	1,701	1,701	1,701	1,701	1,709	20,420
	8,433	6,189	6,189	6,189	6,189	6,189	8,433	6,189	6,189	6,189	6,189	6,198	78,765
CONSULTANTS													
AUDIT(a)												6,484	6,484
ALLOWANCES													
POST DIFFER(a)	2,884	1,923	1,923	1,923	1,923	1,923	2,884	1,923	1,923	1,923	1,923	1,925	25,000
HOUSING(a)							6,758						6,758
EDUCATION(a)	6,758												6,758
UTILITIES (b)	333	333	333	333	333	333	333	333	333	333	333	337	4,000
SECURITY(b)	200	200	200	200	200	200	200	200	200	200	200	200	2,400
	10,175	2,456	2,456	2,456	2,456	2,456	10,175	2,456	2,456	2,456	2,456	2,462	44,916
TRAVEL & TRANSPRTATION													
INT'L TRAVEL(a)								10,500					10,500
EXCESS BAGGAGE(a)								1,000					1,000
STORAGE(a)	83	83	83	83	83	83	83	83	83	83	83	87	1,000
PER-DIEM(b)	250	250	250	250	250	250	250	250	250	250	250	250	3,000
LOCAL TRAVEL(b)	166	166	166	166	166	166	166	166	166	166	166	174	2,000
	499	499	499	499	499	499	499	11,999	499	499	499	511	17,500
OTHER DIRECT COSTS													
COMMUNICATIONS(b)	42	42	42	42	42	42	42	42	42	42	42	38	500
RESOURCE MATERIA(b	42	42	42	42	42	42	42	42	42	42	42	38	500
OFFICE SUPPLIES(b)	42	42	42	42	42	42	42	42	42	42	42	38	500
MISCELLANEOUS(b)	250	250	250	250	250	250	250	250	250	250	250	250	3,000
	376	376	376	376	376	376	376	376	376	376	376	364	4,500
Participants *			12,776			12,776			12,776			12,777	51,105
	19,483	9,520	22,296	9,520	9,520	22,296	19,483	21,020	22,296	9,520	9,520	28,796	203,270
CASH REQUIREMENTS:													
Participants			12,776			12,776			12,776			12,777	51,105
CENTRAL SPENDING	18,158	8,195	8,195	8,195	8,195	8,195	18,158	19,695	8,195	8,195	8,195	8,210	129,781
FIELD SPENDING	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	7,809	22,384
	19,483	9,520	22,296	9,520	9,520	22,296	19,483	21,020	22,296	9,520	9,520	28,796	203,270

* Program is requested to provide Participant's Training Schedule.

VIC INTERNATIONAL INC
VIC Sierra Leone Project
FY93 Local Program Budget

Cash Flow Projection:

Description	OCT92	NOV92	DEC92	JAN93	FEB93	MAR93	APR93	MAY93	JUN93	JUL93	AUG93	SEP93	TOTAL
Personnel	2,805	2,805	2,805	2,805	2,805	2,805	2,805	2,805	2,805	2,805	2,805	2,807	33,662
Consultants-Audit												17,213	17,213
Travel & Transportaion	5,539	5,539	5,539	5,539	5,539	5,539	5,539	5,539	5,539	5,539	5,539	5,539	66,468
Other Direct Cost	5,554	5,554	5,554	5,554	5,554	5,554	5,554	5,554	5,554	5,554	5,554	5,556	66,650
Commodity & Equipment			23,738			23,738			23,738			6,523	77,737
Revolving Loan	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,913	35,000
	16,815	16,815	40,553	16,815	16,815	40,553	16,815	16,815	40,553	16,815	16,815	40,551	296,730

Cash Requirements

U.S. Purchases			10,000			10,000			10,000			6,523	36,523
Local Program	16,815	16,815	30,553	16,815	16,815	30,553	16,815	16,815	30,553	16,815	16,815	34,028	260,207
	16,815	16,815	40,553	16,815	16,815	40,553	16,815	16,815	40,553	16,815	16,815	40,551	296,730

ANNEX II

Logical Framework Matrix Analysis

SIERRA LEONE OIC Program
Logical Framework Matrix for 1989-1994

Planned vs. Actual Results as of September 30, 1992

Narrative Summary	Planned through 1994	Actual as of 1992
Program Goal: To increase levels of income, productivity and employment by assisting in the development of micro- and small business enterprises.	Increased private sector employment and income.	Yes.
	Increased productivity of the micro and small enterprise sector.	Yes.
Project Purpose: To increase the development of the micro- and small enterprise sector through the provision of credit assistance and appropriate training in management, business development and vocational skills.	Expansion in the numbers of micro and small enterprises.	No; focus on existing MSEs; SEAP to start in 1992-1993.
	Increased credit finance for private sector investment and production activities.	Yes; see SED MIS.
	Improved business and advisory services for micro and small-scale entrepreneurs.	Yes; see SED MIS.
	Increased skilled labor supply for micro and small enterprise development.	Yes; see VTC MIS.
Outputs: 1. Establishment of Small Enterprise Development Foundations (SEDF) to provide credit and training in management and business development.		
	1.a. Three (3) SED Centers operational and effectively providing credit assistance and training services to micro and small-scale enterpreneurs.	Two (2) SED Centres established in Bo and Makeni in 1989 and 1991 respectively.

1.b. Three (3) Management Committees established and able to effectively review credit loan applications, develop SED policies and procedures, and liaise with local private and public sector leaders.	Two (2) Management Committees established.
1.c. SED Center Staff fully trained and able to administer credit and training programs.	Yes.
1.d. SED Centers fully renovated and equipped with Resource Centers:	Bo and Makeni SED.
(i) Facilities renovated	Both facilities renovated
(ii) Resource Centers organized	Resource centers for both Bo and Makeni in the process of being organized.
1.e. SED critical program documents developed for:	Bo SED and Makeni SED
(i) MIS	Both centers have MIS.
(ii) PPT	Both centers have PPT.
(iii) OWP	Both centers have OWP.
(iv) SOP	Both centers have SOP.
(v) Personnel Policies	Both centers have personnel policies.
(vi) Credit Assistance Policy and Procedures	Both centers have credit assistance policies and procedures.
(vii) Course of study/Curricula	Both centers have curricula.
(viii) Public relations materials	Both centers have public relations materials.

1.f. Micro and small-scale enterpreneurs (580 for 6 years) received training and credit assistance.

		Bo SED	Makeni
(i) 1988-1989	20	SED	
(ii) 1989-1990	60	27	-----
(iii) 1990-1991	80	78	-----
(iv) 1991-1992	120	45	8
(v) 1992-1993	150	45	47
(vi) 1993-1994	150	---	-----
		---	-----

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2. Improvement and expansion of Management and Business Development training program and services		
	2.a. Management and Business Development Center upgraded and improved with responsibilities expanded to include technical assistance in business training to SED and Vocational Centers.	One center upgraded and improved.
	2.b. One (i) Management Committee developed to effectively oversee program activities, establish program strategies and liaise with business and government representatives to further program aims.	One (1) Management Committee developed.
	2.c. Freetown MBD Center staff trained and able to operate Freetown training program for micro and small-scale entrepreneurs and to coordinate technical training for SED Center Business Counsellors.	Yes; staff trained and capable of operating training program for entrepreneurs and business counsellors.
	2.d. Freetown MBD Center fully renovated and equipped with Resource Center.	
	(i) Facility renovated	(i) Yes.
	(ii) Resource Center equipped	(ii) In the process of being equipped.
	2.e. Freetown MBD critical documents developed for:	
	(i) MIS	(i) Yes
	(ii) PPT	(ii) Yes
	(iii) OWP	(iii) Yes
	(iv) SOP	(iv) Yes
	(v) Personnel Policies	(v) Yes
	(vi) Courses of study	(vi) Yes
	(vii) Public relations materials	(vii) Yes

2.f. Private business and parastatal representatives (860 for six years) receive managemnt and business development skills training.		Freetown MBD
1988-1989	120	168
1989-1990	140	179
1990-1991	150	103
1991-1992	150	95
1992-1993	150	---
1993-1994	150	---

3. Development and establishment of Vocational and Technical Training programs.

3.a. Three (3) Vocational-Technical Institutions fully equipped and renovated to be able to provide competency-based instruction at the basic and upgraded skill levels.	Two (2) Centers established.
3.b. Three (3) Managment Committees fully trained and capable of overseeing program operations establishing program strategies and liasing with business and government officials to further program aims.	Two (2) Management Committees developed.
3.c. Vocational Centers staffs fully trained and capable of running center's administration and technical training functions.	Yes.
3.d. Vocational centers staff fully equipped and renovated to conduct appropriate skills training services.	
(i) Fully equipped	(i) Bo VTC partly equipped; Makeni VTC fully equipped.
(ii) Renovated	(ii) Bo VTC partly renovated; Makeni VTC completely renovated.
3.e. Vocational Center critical documents developed for:	Bo and Makeni VTC
(i) MIS	Both centers have MIS
(ii) PPT	Both centers have PPT
(iii) OWP	Both centers have OWP
(iv) SOP	Both centers have SOP

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	(v) Personnel Policies	Both centers have personnel policies
	(vi) Courses of study/curriculum	Both centers have curriculum
	(vii) Public relations materials	Both centers have public relations materials
	3.f. Resource Center established with training materials and audio-visual equipment	Resource center for both Bo and Makeni in the process of being established.
	3.g. Vocational trainees (1,540 over six years) trained, 70 percent of whom will be job placed or self-employed	

	BVTC TC	MVTC	BVTC	MVTC
(i) 1988-89			190(67%)	---
(ii)1989-90	125 (70%)	---	207(82%)	---
(iii)1990-91	---		132(75%)	
(iv)1991-92	190(70%)	40(70%)	53(26%)	
(iv)1992-93	---		125(72%)	
(v)1993-94	200(70%)	55(70%)	55(80%)	
	---		---	---
	200(70%)	60(70%)	---	---
	30(70%)			
	200(70%)	60(70%)		
	60(70%)			
	200(70%)	60(70%)		
	60(70%)			

4. Upgrading of National Office to develop and coordiante the operations and activities of the SED and Training Centers.		
	4.a. Board of Directors trained and able to effectively develop national program policies and strategies, oversee the work of the Executive Director, and mobilize national and international resources to sustain and expand the work of the SLOIC program.	Board of Directors trained through Development Conferences in 1989, 1990, 1991 and 1992; additional training through TACs.
	4.b. National Office staff trained and capable of providing managerial, administrative and technical assistance to Program centers.	Staff trained and capable.

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4.c. National Office Headquarters to be:	
(i) Renovated	(i) Yes
(ii) Equipped	(ii) Yes
4.d. Effective and realistic resource mobilization plan in place to ensure adequate human, financial and material resources for the continuation of each program element's operations.	Resource mobilization plans are progressing and initiatives are in place for FY 93 to FY 95.

ANNEX III

Financial Analysis of SLOIC Program Components

p1

Bo Vocational Training Center Cost Analysis

Currency: Leones

	FY 1992 FUNDRAISING	USAID	GOSL	TOTAL
weighted exchange rate				482
INCOME				
Training and Consultancy				0
Fundraising				0
TOTAL INCOME	0	0	0	0
NAT. OFFICE OVERHEAD	0	0	0	0
DIRECT EXPENSES				0
Personnel		4,246,369	13,415,200	17,661,569
Consultants				0
Travel			820,000	820,000
international				0
per diem				0
fuel				0
Direct Costs	121,580	2,573,610	1,658,000	4,353,190
facilities				0
utilities	24,657			24,657
insurance				0
bank charges	1,500			1,500
staff dev				0
office supplies				0
telephone				0
postage				0
printing				0
resource materials				0
misc				0
entertainment				0
fundraising				0
public relations	14,000			14,000
Renovation		23,000		23,000
Commodity and Equipment		8,000,965	332,000	8,332,965
office equip				0
training equip				0
training consumables	34,000			34,000
trianing nonconsumables				0
TOTAL EXPENSES	195,737	14,843,944	16,225,200	31,264,881
% of total	1%	47%	52%	100%
NET INCOME	(195,737)	(14,843,944)	(16,225,200)	(31,264,881)
Trainees (completions)				125
Cost per trainee				Le250,119
Cost per trainee(US$)				$ 519
% covered by fees				0%

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Makeni Vocational Center Cost Analysis

Currency: Leones

	FY 1991 FUNDRAISING	PLAN	GOSL	TOTAL	FY 1992 FUNDRAISING	PLAN	GOSL	TOTAL
weighted exchange rate				225				482
INCOME								
Training and Consultancy				0				0
Fundraising				0				0
TOTAL INCOME	0	0	0	0	0	0	0	0
Nat. Office Overhead								
EXPENSES				0				0
Personnel	2,600	4,720	1,845,083	1,852,403	27,050	12,341	4,317,482	4,356,873
Consultants				0				0
Travel	84,600		820,000	904,600	68,500		1,904,000	1,972,500
international				0				0
per diem				0				0
fuel				0	1,808,004	12,018,656		13,826,660
Direct Costs	150,616	4,748,923	1,336,000	6,235,539			2,716,000	2,716,000
facilities				0				0
utilities				0				0
insurance				0				0
bank charges				0				0
staff dev				0				0
office supplies				0				0
telephone				0				0
postage				0				0
printing				0				0
resource materials				0				0
misc				0				0
entertainment				0				0
fundraising				0				0
public relations				0				0
Renovation				0				0
Commodity and Equipment	55,575		322,000	377,575			360,000	360,000
office equip				0				0
training equip				0				0
training consumables				0				0
trianing nonconsumables				0				0
TOTAL EXPENSES	293,391	4,753,643	4,323,083	9,370,117	1,903,554	12,030,997	9,297,482	23,232,033
% of total	3%	51%	46%	100%				
NET INCOME	(293,391)	(4,753,643)	(4,323,083)	(9,370,117)	(1,903,554)			(23,232,033)
Trainees (completions)				28				55
Cost per trainee				Le334,647				Le422,401
Cost per trainee(US$)				$ 1,487				$ 876
% covered by fees				0%				0%

MBD Income and Expense Analysis

	FY 1990 FUNDRAISIN	USAID	GOSL	TOTAL	FY 1991 FUNDRAISIN	USAID	GOSL	TOTAL	FY 1992 FUNDRAISIN	USAID	GOSL	TOTAL
weighted exchange rate				129				225				482
INCOME												
Training and Consultancy	495,566			495,566	301,000			301,000	519,593			519,593
Fundraising				0	50,778			50,778				0
TOTAL INCOME	495,566	0	0	495,566	351,778	0	0	351,778	519,593	0	0	519,593
EXPENSES				0				0				0
Personnel			521,814	521,814			768,447	768,447			2,126,992	2,126,992
Consultants	58,656			58,656				0				0
Travel		758,629	808,000	1,566,629			1,288,000	1,288,000			1,400,000	1,400,000
international				0				0	123,429	20,200		143,629
per diem	33,500			33,500		89,650		89,650	232,900	140,100		373,000
fuel	28,800			28,800	85,000	1,380,052		1,465,052	49,250	2,899,382		2,948,632
Direct Costs		435,323	502,000	937,323			1,102,000	1,102,000			772,000	772,000
facilities				0		58,100		58,100		9,000		9,000
utilities				0		9,750		9,750				0
insurance				0				0				0
bank charges	3,256			3,256		15,243		15,243	1,927	24,193		26,120
staff dev				0		872,330		872,330		711,950		711,950
office supplies	217,950			217,950				0	229,000			229,000
telephone				0				0				0
postage				0				0				0
printing	2,000			2,000		215,000		215,000	106,700	42,000		148,700
resource materials				0				0				0
misc				0		31,006		31,006		57,400		57,400
entertainment	9,980			9,980				0				0
fundraising				0	62,750			62,750				0
public relations				0	755			755	10,125			10,125
Renovation		1,895,740		1,895,740		827,258		827,258				0
Commodity and Equipment		20,420	16,000	36,420			12,000	12,000			230,000	230,000
office equip				0				0		3,035,737		3,035,737
training equip				0		2,843,000		2,843,000				0
training consumables				0		75,600		75,600				0
trianing nonconsumables				0				0				0
TOTAL EXPENSES	354,142	3,110,312	1,847,814	5,312,268	148,505	6,416,989	3,170,447	9,735,941	753,331	6,939,962	4,528,992	12,222,285
% of total	7%	59%	35%	100%								
NET INCOME	141,424	(3,110,312)	(1,847,814)	(4,816,702)	203,273			(9,384,163)	(233,738)			(11,702,692)
Trainees				179				103				95
Cost per trainee				Le29,677				Le94,524				Le128,656
Cost per trainee(US$)				230				420				267
% covered by fees				9%				4%				4%

National Office Income and Expense Analysis

Currency: Leones

	FY 1990 FUNDRAISIN	USAID	GOSL	TOTAL	FY 1991 FUNDRAISIN	USAID	GOSL	TOTAL	FY 1992 FUNDRAISIN	USAID	GOSL	TOTAL
weighted exchange rate				129				225				482
INCOME												
Training and Consultancy	32,000			32,000	21,000			21,000	12,420			12,420
Donations	404,654											
Fundraising	183,863			183,863	373,800			373,800				0
TOTAL INCOME	620,517	0	0	215,863	394,800	0	0	394,800	12,420	0	0	12,420
EXPENSES				0				0				0
Personnel		1,291,463	1,375,058	2,666,521		2,978,117	2,423,960	5,402,077		5,882,386	4,912,781	10,795,167
Consultants	23,170			23,170				0				0
Travel	141,300	1,725,450	978,000	2,844,750	259,000	3,191,887	1,288,000	4,738,887		3,275,416	3,016,000	6,291,416
international				0				0				0
per diem				0				0				0
fuel				0				0	339,400			339,400
Direct Costs		1,310,387	64,000	1,374,387		2,871,677	779,200	3,650,877			2,844,000	2,844,000
facilities				0				0				0
utilities				0				0				0
insurance				0				0				0
bank charges	611			611	1,523			1,523	18,743			18,743
staff dev				0				0				0
office supplies				0				0				0
telephone				0				0				0
postage				0	11,850			11,850	9,300			9,300
printing				0	7,000			7,000				0
resource materials				0	88,000			88,000				0
misc				0				0				0
entertainment	13,000			13,000	276,620			276,620				0
fundraising				0				0				0
public relations				0	40,000			40,000	47,000			47,000
Renovation				0				0				0
Commodity and Equipment		170,000		170,000		2,044,800	342,800	2,387,600		750,000	200,000	950,000
office equip	24,000			24,000				0				0
training equip				0				0				0
training consumab es				0				0				0
trianing nonconsumables	8,000			8,000	22,000			22,000	30,000			60,000
TOTAL EXPENSES	210,081	4,497,300	2,417,058	7,124,439	705,993	11,086,481	4,833,960	16,626,434	474,443	9,907,802	10,972,781	21,355,026
% of total	3%	63%	34%	100%								
NET INCOME	410,436	(4,497,300)	(2,417,058)	(6,908,576)	(311,193)			(16,231,634)	(432,023)			(21,342,606)
Net Income in US$				(53,555)				(72,141)				(44,279)
% covered by fees				3%				2%				0%

Bo SEDF Projections

PARAMETERS		
loanterm	7	5.00% loan loss as % of disbursements
loan amount	Le90	
i rate	40.00%	0.00% cost of borrowed funds
loans per month	0	86 beginning number of clients
origination fees	0.00%	15.00% *inflation rate (annual)*
term for loanfund balanc	6	
yield on investments/mo	1.00%	
Currency: Le (000)		

	CURRENT	1	2	3	4	5	6	7	8	9	10	11	12	24	36
inflation index	1.00	1.01	1.03	1.04	1.05	1.06	1.08	1.09	1.10	1.12	1.13	1.15	1.16	1.35	1.56
ASSETS															
LOAN PORTFOLIO															
Total Active Loans		108	94	81	87	75	62	68	70	52	70	70	52	52	52
Number of new loans		20	2	2	20	2	2	20	2	2	20	2	2	2	2
Principal disbursed		1,823	185	187	1,892	192	194	1,964	199	201	2,038	206	209	243	262
Principal repaid		1,194	1,442	1,467	1,492	1,749	1,775	807	873	653	655	906	678	787	913
Principal balance	8,800	9,428	8,171	8,891	7,291	5,734	4,153	5,510	4,835	4,384	5,767	5,066	4,598	5,538	6,630
(PROVISION FOR LOSS)		(91)	(100)	(110)	(204)	(214)	(224)	(322)	(332)	(342)	(444)	(454)	(464)	(1,003)	(1,629)
LIABILITIES															
BORROWED FUNDS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPITAL (accumulated ear	0	(1,606)	(3,096)	(4,602)	(6,210)	(7,697)	(9,202)	(11,091)	(12,854)	(14,694)	(16,649)	(18,479)	(20,388)	(45,411)	(74,457)
CAPITAL AND LIABILIT	0	(1,606)	(3,096)	(4,602)	(6,210)	(7,697)	(9,202)	(11,091)	(12,854)	(14,694)	(16,649)	(18,479)	(20,388)	(45,411)	(74,457)
INCOME	Annual														
interest income		279	336	342	348	406	414	142	204	152	153	211	156	184	213
donations		0	0	0	0	0	0	0	0	0	0	0	0	0	0
EXPENSES															
Nat. Office Overhead		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Personnel	8,028	677	686	694	703	712	721	730	739	748	757	767	777	901	1,046
Administration	5,847	493	500	506	512	518	525	532	538	545	552	559	566	656	762
Travel & transpo	6,387	539	546	552	559	566	573	581	588	595	603	610	618	717	832
Equipment	1,000	84	85	86	88	89	90	91	92	93	94	96	97	112	130
provision for loan loss		91	9	9	95	10	10	98	10	10	102	10	10	12	14
Financial															
interest on borrowed fu		0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET INCOME		(1,606)	(1,489)	(1,506)	(1,609)	(1,487)	(1,505)	(1,889)	(1,763)	(1,839)	(1,955)	(1,830)	(1,909)	(2,216)	(2,572)
FINANCIAL ANALYSIS															
Financial Margin		55.12%	55.12%	55.12%	55.12%	55.12%	55.12%	55.12%	55.12%	55.12%	55.12%	55.12%	55.12%	48.01%	48.19%
Operational Costs		412.14%	412.14%	412.14%	412.14%	412.14%	412.14%	412.14%	412.14%	412.14%	412.14%	412.14%	412.14%	547.39%	573.39%
Operating Margin		-357.02%	-357.02%	-357.02%	-357.02%	-357.02%	-357.02%	-357.02%	-357.02%	-357.02%	-357.02%	-357.02%	-357.02%	-501.38%	-525.20%
Self-sufficiency		13.37%	13.37%	13.37%	13.37%	13.37%	13.37%	13.37%	13.37%	13.37%	13.37%	13.37%	13.37%	8.40%	8.40%

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Makeni SEDF Financial Projections

PARAMETERS			
loanterm	7	5.00% loan loss as % of disbursements	
loan amount	Le90		
i rate	40.00%	0.00% cost of borrowed funds	
loans per month	0	45 beginning number of clients	
origination fees	0.00%	15.00% inflation rate (annual)	
term for loanfund balanc	6		
yield on investments/mo	1.00%		
currency: Leones (000)			

	CURRENT	1	2	3	4	5	6	7	8	9	10	11	12	24	36
inflation index	1.00	1.01	1.03	1.04	1.05	1.06	1.08	1.09	1.10	1.12	1.13	1.15	1.18	1.35	1.56
ASSETS															
LOAN PORTFOLIO															
Total Active Loans		65	60	54	67	61	56	68	70	52	70	70	52	52	52
Number of new loans		20	2	2	20	2	2	20	2	2	20	2	2	2	2
Principal disbursed		1,823	185	187	1,892	192	194	1,964	199	201	2,038	206	209	243	282
Principal repaid		709	957	982	1,007	1,264	1,290	607	873	653	855	906	678	787	913
Principal balance	5,227	6,340	5,568	4,773	5,658	4,585	3,489	4,846	4,172	3,720	5,103	4,403	3,934	4,875	5,967
(PROVISION FOR LOSS)		(91)	(100)	(110)	(204)	(214)	(224)	(322)	(332)	(342)	(444)	(454)	(464)	(1,003)	(1,629)
LIABILITIES															
BORROWED FUNDS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPITAL (accumulated ear	0	(1,127)	(2,130)	(3,142)	(4,249)	(5,227)	(6,214)	(7,465)	(8,582)	(9,767)	(11,060)	(12,219)	(13,449)	(29,631)	(48,413)
CAPITAL AND LIABILIT	0	(1,127)	(2,130)	(3,142)	(4,249)	(5,227)	(6,214)	(7,465)	(8,582)	(9,767)	(11,060)	(12,219)	(13,449)	(29,631)	(48,413)
INCOME	Annual														
interest income		166	223	229	235	295	301	142	204	152	153	211	158	184	213
donations		0	0	0	0	0	0	0	0	0	0	0	0	0	0
EXPENSES															
Nat. Office Overhead		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Personnel	6,578	555	562	569	576	583	591	598	605	613	621	628	636	739	857
Administration	2,696	227	230	233	236	239	242	245	248	251	254	258	261	303	351
Travel & transpo	1,706	144	146	148	149	151	153	155	157	159	161	163	165	192	222
Equipment	3,262	275	279	282	286	289	293	297	300	304	308	312	316	366	425
provision for loan loss		91	9	9	95	10	10	98	10	10	102	10	10	12	14
Financial															
interest on borrowed fu		0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET INCOME		(1,127)	(1,003)	(1,012)	(1,107)	(978)	(987)	(1,251)	(1,117)	(1,185)	(1,293)	(1,159)	(1,230)	(1,428)	(1,657)
FINANCIAL ANALYSIS															
Financial Margin		55.59%	55.59%	55.59%	55.59%	55.59%	55.59%	55.59%	55.59%	55.59%	55.59%	55.59%	55.59%	53.06%	54.76%
Operational Costs		358.45%	358.45%	358.45%	358.45%	358.45%	358.45%	358.45%	358.45%	358.45%	358.45%	358.45%	358.45%	427.00%	440.69%
Operating Margin		-302.85%	-302.85%	-302.85%	-302.85%	-302.85%	-302.85%	-302.85%	-302.85%	-302.85%	-302.85%	-302.85%	-302.85%	-373.94%	-385.93%
Self-sufficiency		15.51%	15.51%	15.51%	15.51%	15.51%	15.51%	15.51%	15.51%	15.51%	15.51%	15.51%	15.51%	12.43%	12.43%

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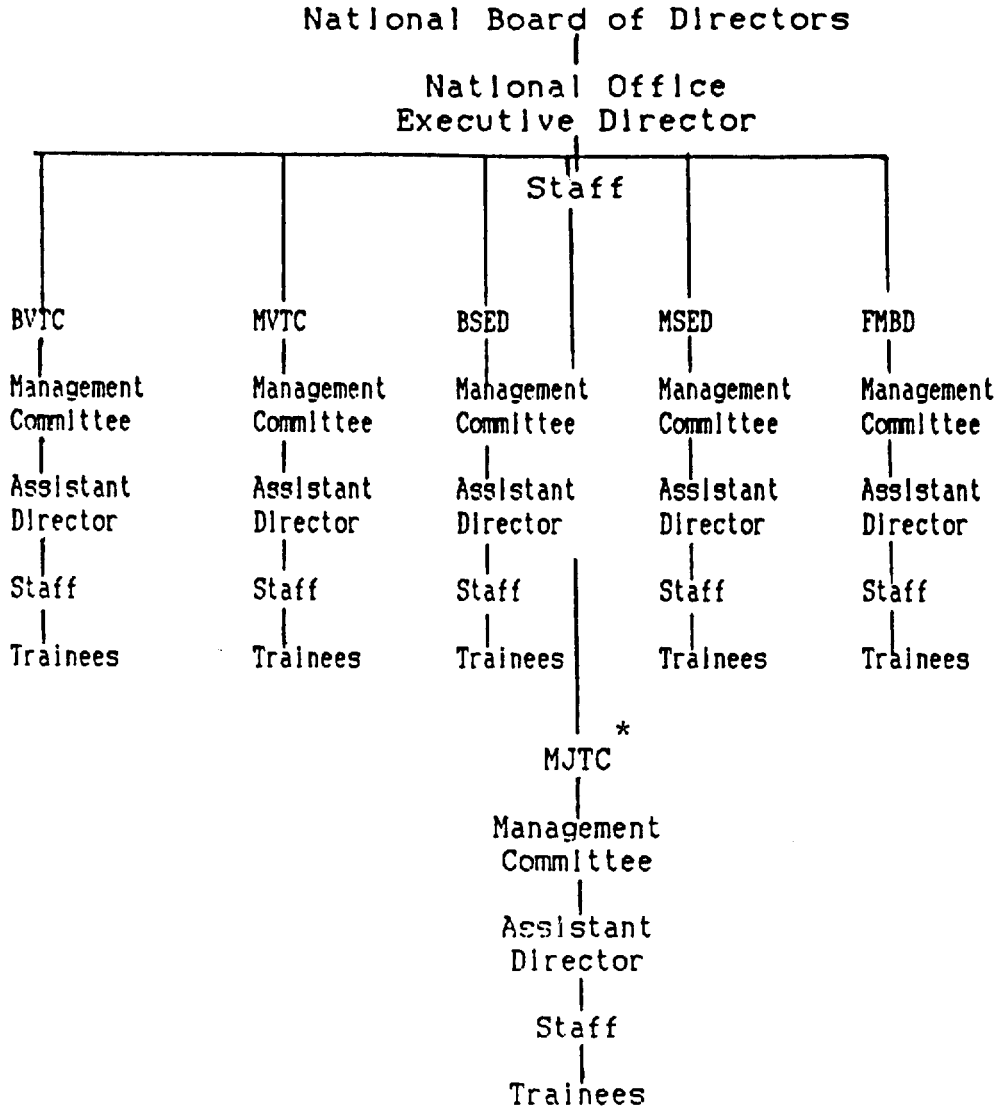
ANNEX IV

Organigram

ORGANIZATIONAL CHART OF THE SIERRA LEONE OIC PROGRAMME



Key: BVTC: Bo Vocational Training Centre
MVTC: Makeni Vocational Training Centre
BSED: Bo Small Enterprise Development Centre
MSED: Makeni Small Enterprise Development Centre
FMBD: Freetown Management-Business Development Centre
MJTC: Mattru-Jong Training Centre

* projected training center

ANNEX V

List of People Interviewed

LIST OF PERSONS INTERVIEWED

GOVERNMENT OF SIERRA LEONE

Dr. Arthur Abraham
Minister of Education, Youth and Sports

Amadou Jallah, Principal Education Officer,
Technical and Science Division
Department of Education, Youth and Sports
(also a member of SLOIC Board).

R. A. Johnson, Labor Officer
Department of Labor

U.S. EMBASSY & USAID/FREETOWN

Lauralee Peters, Ambassador
Nance Webber, Project Officer, USAID/Freetown

SLOIC STAFF

The evaluators interviewed all key SLOIC staff members in Freetown, Makeni, and Bo. The following list contains only the names of those who were interviewed and who coordinated the support and input of other staff members. The evaluators are grateful to the staff members mentioned below as well as those who are not listed here but provided valuable help during the evaluation.

National Office, Freetown

Samuel J. M. Maligi II, Executive Director
Salamu M. Koroma, Resource Development & Personnel Officer
Dabah H. Kallon, Administrative Assistant
Alfred M. Kamara, Financial Controller
Patrick S. Komeh, National Vocational Coordinator

Management & Business Development Centre, Freetown

Sourie J. Bayoh, Assistant Director,
and key MBD staff members.

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Vocational Training Center, Bo

Moses S. Aruna, Assistant Director
Y. T. Allie, Finance Officer
David S. Ansumana, MIS Clerk
Prince T. Tucker, Student Services Coordinator
Agnes Namina Lamin, Counsellor
Kadie Turay, Job Developer
Mariama S. Musa, Job Developer
I. M. Conteh, Vocational Coordinator
Barbara A. Ashley, Secretarial Science Coordinator
Amadou Joe Lahai, Feeder Coordinator
James C. George, Feeder Instructor
E. Z. E. Willson, Secretarial Science Instructor
Viviyan Predeou, Secretarial Science Instructor
Augustine M. Gbaki, Senior Electricity Instructor
Simeon J. A. Lavalie, Senior Carpentry Instructor
E. P. Vamboi, Carpentry Instructor
Mohamed S. Fullah, Senior Masonry Instructor
P. Tibbie, Masonry Instructor
Anthony J. C. Smith-Sam, Sen. Agric. Surveying Instructor
Habib S. Kallon, Agric. Surveying Instructor
David Bard, Senior Automechanics Instructor
Samuel Kanagbou, Assistant Automechanics Instructor

Vocational Training Center, Makeni

James O. Conteh, Assistant Director
Elizabeth M. A. Sonney-Joe, Student Services Coordinator
Augustine D. K. Kamara, Vocational Coordinator
Andrew M. S. Kanu, Feeder Coordinator
John Fallah, Computation Instructor
Augustine G. Saspo, Carpentry Instructor
Wusu S. Tarawalie, Carpentry Instructor
Sheka I Kamara, Masonry Instructor
Abu Fofana, Tailoring Instructor
Francis Kamara, Blacksmithing Instructor
Vera M. Barley, Counsellor

Small Enterprise Development Center, Makeni

Sahid D. Kamara, Assistant Director
Wilfred T. Lahai, Finance Officer
and key SED/Makeni staff members.

Small Enterprise Development Centre, Bo

Peter K. Lansana, Assistant Director
Mohamed M. Kamara, Finance Officer
Isatu Bah, Business Counsellor
and key SED/Bo staff members.

SLOIC BOARD & MANAGEMENT COMMITTEES' MEMBERS

Peter J. Kuyembeh, Chairman, SLOIC National Board
Harold Hanciles, Vice-Chairman, SLOIC National Board
and other members of the National Board's Executive Committee.

Dr. M. B. Yilla, Chairman, Management Committee, BVTC,
and key members of the committee.

Prince Forde, Management Committee, SED/Bo,
and key members of the committee.

OICI's RESIDENT STAFF

Steve Wisman, Program Advisor

INTERVIEWED TRAINEES (In training at evaluation time)

Feeder (BVTC)

Manso James Bangura, Masonry
Lilian Lansana, Secretarial Science
Christiana Bockarie-Gbay, Sec. science
Janice Betty George, Electricity
James Hannison Marva, Electricity
Abu Kamara, Carpentry
Catherine Bassie. Secretarial Science
Patricia Bawoh, Secretarial Science
Samuel Foray, Electricity
Yayah Kallon, Carpentry
Joseph Duramany, Automechanics
Ahibu A. Turay, Carpentry
Alpha Sesay, Masonry

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Vocational Training (BVTC)

Lahai S. Katta, Agric. Surveying
Borboh Foday, Electricity
Garmeh A. Koroma, Agric. Surveying
Alpha M. Jalloh, Automechanics
Mohamed Tarawali, Electricity
Franklin Faya, Automechanics
Prince Kainessie, Carpentry
Tamba Bockarie, Carpentry
Esther M. Lahai, Secretary
Mary Kaikai, Secretary
Gbessay Lamin, Masonry
James Sowa, Masonry

Vocational Training (MVTC)

Sattie Kanu, Masonry
Emmanuel Freeman, Masonry
Josephus T. Renner, Tailoring
Sonny Lungay, Carpentry
Rosalyn A. Bangura, Tailoring
Andrew D. S. Bondi, Carpentry
Mohamed S. Kamara, Blacksmithery
Joseph M. Yamba, Blacksmithery

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LIST OF INTERVIEWED EMPLOYED GRADUATES FROM SLOIC's BO VOCATIONAL TRAINING CENTER

Secretarial Science

Name	Date of Completion
1. Massah Kamara	June 1988
2. Rose Tucker	August 1991
3. Lucy Charley	January 1992
4. Sombo Stevens	August 1991
5. Betty Moriba	December 1987
6. Aminata Jaward	January 1991
7. Esther Coomber	April, 1989
8. Musukula Senesie	March, 1989
9. Kadiatu Kemoh	December, 1990
10. Theresa Harding	March, 1990
11. Catherine Johnson	May, 1989
12. Adama Dumbuya	February, 1991

Masonry

Name	Date of Completion
1. Joseph Lahai	December,1988
2. Patrick Jabbie	December, 1990
3. Idrissa Lamin	September, 1990
4. Joseph Moiforay	December, 1990

Carpentry

Name	Date of Completion
1. Squire Yavana	April, 1992
2. Joseph Ndoinjeh	December, 1990
3. James Saidu	March, 1991

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Automotive

Name	Date of Completion
1. Abu Bakarr Bah	April, 1991
2. Alphar Khonteh	September, 1991

Electricity

Name	Date of Completion
1. John Bangura	February, 1990
2. Rashid Jawaneh	November, 1990

Agricultural surveying

Name	Date of Completion
1. Mohamed Serry	May, 1989
2. Alimany Kanu	May, 1989

LIST OF INTERVIEWED SUPERVISORS OF EMPLOYED GRADUATES FROM SLOIC'S BO VOCATIONAL TRAINING CENTER

Name	Title	Name & Address of Business
1. Mrs. Fawaz	Proprietress	Fawaz Building Materials Co., Bo
2. Mr. W.T. Koroma	Proprietor	W.T. Koroma Electrical Workshop, Bo
3. Mr. Gibril Bakarr	Supervisor	NPA, Bo
4. Mr. Christian Morgan	Garage Supervisor	Professionals Garage Co., Bo
5. Mr. James A. Coombar	Store Keeper	Tinkonko Agric. Extension Centre, Bo
6. Mr. J. A. Amara	Principal/ Super.	Christ The King College, Bo
7. Mr. Corneh	Proprietor	Corneh's Cabinet Workshop, Bo
8. Mr. A. J. Muru	Foreman in charge	FABEX Const. Co, Bo
9. Mr. A.P.S. Vandi	Deputy Chief Accountant	NPA, Bo
10. Mr. T.G. Cawray	Ag. Manager	Bennimex Food Co., Bo
11. Mr. S.A. Kanu	Hospital Secretary	Bo
12. Mr. Eric K. Sumana		RAMSY Medical Lab, Bo

13. Mr. Patrick Ndulu		West African Exams Council
14. Mr. S.J.M. Ansumana	Chief Inspector	SSD Police, Bo
15. Mr. Ibrahim S. Kalleh	Elections Officer	Elections Office, Bo
16. Mr. Momedu A. Kargbo	Work foreman	Bunumbu Press, Bo
17. Mr. T. Bimbi Cole	Meter Reading & Billing Superintendent	NPA, Bo
18. Mr. J.K. Bam	Acting Admin. Asst.	Paramedical School, Bo
19. Mr. E.B. Kamara	Admin Officer	District Office, Bo

LIST OF INTERVIEWED EMPLOYED GRADUATES FROM SLOIC's MAKENI VOCATIONAL TRAINING CENTER

Carpentary

Name	Date of Completion
1. Osman A. Thulla	July, 1992
2. Lahai Manswamy	July, 1992
3. Wusu Thullah	July, 1992
4. Denis Y. Conteh	June, 1992
5. Yandi Kamara	August, 1992
6. Maligie Conteh	August, 1992

Masonry

Name	Date of Completion
1. Daniel A. Kanu	August, 1992
2. Abu Bakkar Kamara	July, 1991

Blacksmithing

Name	Date of Completion
1. Moses S. Kamara	August, 1991
2. Osman Turay	July, 1991

Tailoring

Name	Date of Completion
1. Samuel T. Sesay	September, 1991
2. John Searay	September, 1992
3. Nancy Kamara	August, 1991

LIST OF INTERVIEWED SUPERVISORS OF EMPLOYED GRADUATES FROM SLOIC'S MAKENI VOCATIONAL TRAINING CENTER

Name	Title	Name & Address of Business
1. Mr. Mohammed Kanu	Owner/Supervisor	United Carpentry Workshop, Savage Square
2. Mr. Ishmail M. Bangua	Manager	Growth Centre Bunkato
3. Mr. John C. Kamara	Workshop Manager	Falp Masongbo

4. Mr. Lamine B. Largbo	Manager	Palley Tailoring Boutique
5. Mr.Thaimu Bangura	Supervisor	Welding Co.
6. Mr. I.S. Kamara	Supervisor	Morden Construction Co.

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ANNEX VI

Training Exchanges Funded by the UNDP Regional Project

SIERRA LEONE OIC PARTICIPANTS IN THE SMALL ENTERPRISE DEVELOPMENT CONFERENCE (SEDC), LIMBE, SOUTHWEST PROVINCE, CAMEROON FEBRUARY 18 THROUGH 23, 1991

OICI TCT Staff
- Steve Wisman, Technical Advisor

Management Business Development Unit
- Sourie Bayoh, Assistant Director
- Augustine Katta, Senior Admin. Science Instructor
- Aminata Kamara, Admin. Science Instructor
- Cashope R. Cassell, Admin. Science Instructor
- Ibrahim Sesay, Admin. Science Instructor

Small Enterprise Development Foundation (SEDF)/Bo
- Prince Forde, Management Committee Member
- P.K. Lansana, Assist. Director
- Frank Kapayagula, Business Counselor
- Isatu Bah, " "
- Sylvester Mallah, " "
- William Lebbie, " "
- Mohamed Kamara, Finance Officer

Small Enterprise Development Foundation (SEDF)/Makeni
- Sahid D. Kamara, SEDF Makeni Assistant Director

National Office, Freetown
- Samuel Maligi, Executive Director
- Juliana Ganda, National SEDF Coordinator

Vocational Training Unit/Makeni
- A.B. Sesay, MBD Coordinator

Vocational Training Unit/Bo
- Mr. Vivian Prideaux, MBD Coordinator

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SIERRA LEONE OIC PARTICIPANTS IN OICI's 1992 TECHNICAL ASSISTANCE CONFERENCE ACCRA, GHANA MAY 4-15, 1992

1. Kinston Evans
2. Salamu Koroma
3. Patrick S. Komeh
4. Sahid Kamara
5. Anthony Lansana
6. Sourie Bayoh
7. Ibrahim M. Conteh
8. Augustine Kamara
9. John Lebbie
10. Bannister Kamara
11. William Lebbie
12. Abu Fofana
13. Percy Brown
14. Steve Wisman

VISITS OF OICI's SMALL ENTERPRISE DEVELOPMENT SPECIALIST

Two (2) visits:

March 18 to April 1, 1990
March 17 to March 27, 1991

INTER-PROGRAM TRAINING VISITS

	From	To	Dates
Sylvester Mallah	Sierra Leone OIC	Côte d'Ivoire OIC	13-21/08/91
Augustine Katta	Sierra Leone OIC	Guinea OIC	17-25/09/91
Youhou Boniface Gropre	Côte d'Ivoire OIC	Sierra Leone OIC	08-14/06/91
Magdeline Agbor	Cameroon OIC	Sierra Leone OIC	17-27/08/91

ANNEX VII

Terms of Reference for the Mid-Term Evaluation

SCOPE OF WORK
PROGRAM EVALUATION OF SIERRA LEONE OIC
November 2 - 20, 1992

I. PROGRAM BACKGROUND

Sierra Leone OIC (SLOIC) is a non-formal skills training institution established in 1977 through a grant from the U.S. Agency for International Development (AID). The program trains unskilled young Sierra Leoneans in vocational technical skills for gainful employment and self-employment. It also operates a management and business development component to train and upgrade local entrepreneurs and managers in business and management skills. The vocational technical training (VTT) center is located in Bo; the management and business development (MBD) component is in Freetown.

In 1981, OICI phased out its last advisory personnel, leaving behind a self-managed institution. Three years later, in 1984, financial support from AID also ended. Sierra Leone OIC continued its operations, supported mainly by financial subventions from the Government of Sierra Leone (GOSL). This support continued in spite of the country's growing economic difficulties.

SLOIC has demonstrated its sustainability after the termination of AID and OICI's assistance. Its Board and staff remained in place, its training activities continued, and its contributions to skills training gained increased recognition from the Sierra Leonean Government. However, the program was not spared from the adverse effects of Sierra Leone's economic problems. It lacked the resources, for example, to upgrade training equipment, update instructional materials, and maintain adequate transportation facilities.

As AID reviewed its program of assistance to Sierra Leone in the late 1980s, it awarded OICI a five-year $3.5 million grant in 1988 to expand SLOIC's operations through the establishment of three small enterprise development (SED) centers and two new vocational technical training centers.[1] The grant also provides for the strengthening of SLOIC's National Office and MBD component in Freetown, and its vocational technical training center in Bo. These new initiatives have been grouped together as the Small Enterprise Development and Training Project.

Counterpart contributions from GOSL and other sources were expected to reach $1.5 million. Actual program implementation in Sierra Leone began in January 1989.

As of September 15, 1992, two of the three projected SED centers have been established (in Bo and Makeni), and a new vocational technical training center was also set up in Makeni. Although not projected in the initial proposal document, PLAN International contributed substantially to the establishment of SLOIC's vocational training center in Makeni.

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[1] Grant ID: 636-0171-G-SS-8041-00, 07/29/88 - 01/28/95

II. EVALUATION OBJECTIVES

In the broadest sense, the evaluation will assess the continuing relevance of the project in the context of changing economic conditions; the progress that has been made in achieving project objectives; the efficiency or cost-effectiveness of the methods being employed to produce project outputs; the project's impact in terms of actual and potential outcomes; and, the sustainability of project operations and benefits in the long-term. The more specific evaluation objectives include:

1. Comparing actual versus planned progress in terms of inputs delivered, outputs produced and objectives achieved at the purpose and goal levels.

2. Identifying major problems affecting project implementation.

3. Assessing the validity of the original project design in terms of: (a) the major assumptions made; (b) the hypothesized linkages between the input, output and purpose level; and, (c) the time frame with which project objectives were to be achieved.

4. Assessing the implementation performance of AID, OICI, and GOSL as an explanation of the progress achieved or the lack thereof.

5. Identifying possible means for resolving or eliminating constraints to project performance.

The audiences of this evaluation will include OICI; SLOIC's National Board of Directors; local OIC management committees and staff; Government of Sierra Leone; the U.S. Agency for International Development; and, non-governmental contributors to SLOIC such as PLAN International.

III. EVALUATION ISSUES/QUESTIONS

In accomplishing the broad objectives above, the evaluators will address the following issues/questions. The list is not exhaustive and will be expanded during the evaluation.

1. Have changes in Sierra Leone's macro economic environment increased or reduced the demand for the type and method of training provided under the project as well as the expected number of trained persons? What adjustments/changes might be called for with respect to project design?

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2. Is the program cost effective as measured by: the ratio of administrative costs to other operating costs; the cost per student trained and employed; the ability of those demanding training to pay for some or all of that training?

3. Is the program cost effective as measured by: management's effort to monitor and control expenditures; budget planning; costs analysis; internal program and financial reporting systems; and, program performance tracking and review?

4. Are internal accounting and management control adequate? Has cost-sharing between AID and non-AID sources been as projected? What does an analysis of expenditures indicate concerning planned and actual expenses?

5. Will the program be sustainable by the end of AID funding in 1995? (Will it be able to absorb all costs either through fees paid by students, gifts and donations, and/or GOSL's subventions?)

6. Have the National Board of Directors and local management committees devoted adequate attention to developing future long-term financial support? Is there a resource development strategy? Is it adequate, effective and being implemented?

7. Is there a commitment from GOSL to ensuring long term viability of the project? What evidence is there and how firm is that commitment?

8. What are the impacts that have been generated under the project to date? For example: Improving income earning capacity of the graduates; getting GOSL to focus greater attention on non-formal vocational training and small enterprise development; or, encouraging community leaders to become more involved in human resource development.

9. In comparing planned versus actual progress, what conclusions do the evaluators reach regarding: Realism of output projections? Adequacy and appropriateness of inputs?

10. Are training curricula relevant, adequate and effective? Are management committees and the National Board of Directors sufficiently in touch with the diverse components of the labor market targeted for service by SLOIC?

11. What is the job or business status of the graduates to date? What does this imply in terms of the effectiveness of project performance and strategy? Does SLOIC maintain adequate information on trainees after their graduation? Is there adequate follow-up?

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12. What is the status of loan programs in Makeni and Bo? Do they function as expected? How sustainable are they as revolving funds? Do they achieve the intended purposes?

13. How adequate and timely are OICI's support services through its field staff and home office in Philadelphia? Is there a defined program support plan on the part of OICI? Is it monitored and reviewed on a regular basis?

14. How functional is GOSL's current organizational structure? Does it meet GOSL's program oversight and coordination needs? Will it be sustainable in the long term?

15. Is the National Office of SLOIC fulfilling its mission of coordinating and providing technical support to various local OIC centers? Does it have a defined coordination and support strategy that is regularly reviewed and assessed? How is it evaluated by local OIC centers in terms of its relevance and usefulness?

IV. EVALUATION TEAM

The evaluation will be conducted by a four-member team of evaluators:

1. Mark Flaming, independent consultant/team leader.
2. Ms. Nance A. Webber, Program Specialist, USAID/Freetown.
4. Quy D. Nguyen, OICI's Director of Evaluation.
3. A GOSL representative (To Be Determined).

The aforementioned joint approach to the evaluation was projected in the initial proposal document.

V. EVALUATION PHASES AND FIELD WORK

The evaluation will consist of three phases:

1. Preparation work in the U.S. : The team leader will review critical program documents, identify major program issues and discuss them with OICI staff familiar with the program. Questionnaires for use in Sierra Leone and a draft table of contents for the evaluation report will also be prepared. A review of all these by the evaluation team will take place in Sierra Leone.

2. Field Work in Sierra Leone : (Nov. 2 - 23): The evaluators will conduct data collection and analysis in Sierra Leone. They will use the Logical Framework Matrix from the original program proposal and its amendments as frame of reference for their research, and for comparing actual with projected results.

3. The primary method of data collection will involve rapid reconnaissance emphasizing semi-structured interviews with preselected key informants. These will include some members of the Sierra Leone OIC board and staff, and a random sample of both former and current OIC trainees, self-employed OIC graduates and their employers, government authorities in charge of education and training, and representatives of donors such as PLAN International and USAID in Freetown. These interviews are expected to reveal how well Sierra Leone OIC is fulfilling its stated objectives.

4. The evaluators will also review Sierra Leone OIC's critical program documents and records, and will observe all phases of the training process. In addition, they will examine the program's main aspects of internal operations, including the contents of training courses and their relevance, training methodology, quality of staff, adequacy and utilization of space, appropriateness and use of equipment, managerial effectiveness, and interrelations with the government and business sector and donor community.

VI. EVALUATION REPORT

1. Sierra Leone: The evaluators will complete a summary of key findings and recommendations in Sierra Leone and will use it to debrief the board and staff of Sierra Leone OIC at the end of their field work. They will also debrief appropriate representatives of the government and donors. The comments and recommendations received during these debriefings will be considered by the team leader in the preparation of the final draft.

b. Philadelphia: The team leader will debrief OICI management in Philadelphia and will also take OICI's comments and recommendations into consideration in preparing the final draft of the report. However, the conclusions and recommendations jointly reached by the evaluation in Sierra Leone will be reported without change.

c. The final report will be completed no later than one month following the completion of field work. It will be shared with the audiences identified in part II of this scope of work including USAID/Freetown and AID/W desk for Sierra Leone.

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ANNEX VIII

PRISMA Training Methodology

PRISMA
Client Training Methodology

The training and credit components have equal importance in PRISMA philosophy and methodology. Clearly, credit is the primary attraction for the clients, but most value the training component as well. They see it not only as a hurdle to be jumped on the way to receiving a loan but also as a true and valuable service which can help them not only in the management of their businesses but in their private lives as well.

Much of the information concerning training methodology is found in the section on loan application and analysis. Through their participation in the Introductory training course, the client and the consultant work together in preparing a careful and detailed analysis of the current state of the business as well as a business growth plan. After receiving his loan, the client is visited monthly by his consultant for the duration of the loan for the purpose of monitoring business' activity and progress on the Business Growth Plan as well as giving additional training. Six months after receiving his loan, the client attends the Intermediate Level training course to participate again in more structured training.

The Introductory Course

The mainstay of the PRISMA training programme is the Introductory Level course. As explained previously, all clients must complete the 20-hour Introductory Course before receiving a loan.

Two groups participate in each course. Each group contains 6 to 7 members resulting in a course size of 12 - 14 people. The consultants responsible for each group teach the course. The course meets daily for two weeks, two hours every evening for a total of 20 hours.

The Introductory Course centers around a 160-page Administrative Training Manual. We are currently using Version 5, printed in July 1990. The contents of the manual are divided into 10 topics, one for each two-hour session:

Day 1: Introduction

Explains programme services and philosophy and what is required of the client.

Day 2: The Social and Economic Value of Your Business

Describes the purpose of microenterprises, how they are different from larger businesses, and their value both economically and in terms of human development. This chapter also contains a section on keeping a cash book.

Day 3: Planning

Describes the importance of planning, and how to make and execute a business plan.

Day 4: Credit Education

Explains the PRISMA loan system and its costs, and outlines the obligations and responsibilities of the client.

Day 5: Balance Sheet

Explains the parts of the Balance Sheet and procedures for creating one for the individual business.

Day 6: Working Capital

Explains the definition, importance, and management of the working capital of the business, giving special emphasis to separating business from family finances.

Day 7: Production

Guides the client in developing and revising his production strategy in the areas of personnel, raw materials, fixed assets, the workshop, production process and quality control.

Day 8: Marketing

Encourages the client to expand his marketing strategy by examining the relationship between the client and the product, evaluating the competition, searching out new clients and developing new products.

Day 9: Sales Technique

Suggests ways of gaining and keeping clients; gives each participant an opportunity to practice his sales technique with his own product.

Day 10: Review and Graduation

Uses a game to review what was learned through the course, explains how loans will be approved and disbursed, explains future training opportunities offered by the programme, allows clients to fill out an evaluation of the course (see section ?). Diplomas are awarded and congratulatory speeches given by members of the Cooperative Education Committee.

One of the principal objectives of the course is that the member/client prepares her Business Growth Plan. This includes the development of a specific objective supported by strategies for sales, production and financing. Each of the clients meets individually with their consultant two time during the course to develop this plan. From the time the client submits their application, they receive 23 hours of training. Loans are disbursed within 3 to 5 weeks from the time of the first visit to the client's business.

The Intermediate Course

Six months after receiving a loan, clients (the same two Solidarity Groups from the Introductory course) are invited to attend a 5-day, 10-hour training course covering the topics of Problem Solving, Cooperativism, Production, Marketing, Advanced Balance Sheet, and Second Loan Process. Any client who wishes to receive a second loan must first attend the Intermediate Course. If they are not able to participate with their original group, clients are given the opportunity to attend at a later date.

When the programme began, in addition to individual monthly visits, each Solidarity Group scheduled a meeting with their consultant each month to exchange experiences and ideas and to discuss a topic relating to their businesses. By June of 1989 we were facing an attendance problem at those meetings with only 60-70% of clients participating. A client survey revealed that while they liked the meetings and found them worthwhile, they frequently felt they couldn't attend because they didn't want to leave their businesses during the day. On the other hand, the consultants' schedules did not permit the addition of regular evening meetings. Another factor for some clients was that the incentive of credit was missing since they had already received their loans. Our first modification was to make 10 Solidarity Group meetings the Intermediate Level course. Over 10 months the group would study 9 different topics and the 10th month would be a review and each participant would receive a diploma. This strategy failed to noticeably increase attendance. In October 1989 the system was changed to the 10-hour Intermediate Level course incorporating the old materials. The course is mandatory for those who want to receive a second loan from the programme.

We are currently using Version 2 of the manual for the Intermediate Level course. Version 3 is being developed by the consultants. The following is a summary of the contents:

Day 1: Cooperativism
Discusses the history and activities of cooperatives in general, and San Luis in particular; is intended to encourage understanding and participation of the clients.

Day 2: Problem Solving
Explains a five-step problem solving technique, inviting the participation of the clients in working through a case study problem.

Day 3: Advanced Marketing
Includes a review of the Introductory lesson as well as a series of dialogues demonstrating good and bad sales techniques which allow client participation. One hour is spent playing a question-and-answer board game related to marketing.

Day 4: Advanced Production
Includes a review of the Introductory lesson and six case studies which allow the client to apply his knowledge of each area of production to an actual situation.

Day 5: Advanced Balance Sheet and Review

Review of the Balance Sheet and the course in general. Diplomas are presented.

The Advanced Course

Four advanced courses have been designed but all met with limited success. A major impediment has been that clients normally express interest in courses of a more technical nature, such as product design or machine maintenance, but programme staff are incapable of teaching such courses themselves.

While many clients expressed a desire to learn more about "accounting" and a course was developed to meet their needs, only four clients participated when it was offered in October 1989. Eight participated the second time the course was offered several months later. We have not had the time to invest in offering the course again, although it will probably be more successful since the client base is much broader.

The Bookkeeping manual used for the course (Version 1, October 1989) is based on a simplified double entry method which consists of a cashbook and 4 accounts: sales, raw materials, labor, and general expenses. Blank inventory, balance sheet, and profit and loss forms, as well as cashbook/accounting pages are included so that the manual can also serve as a register for the business.

Monthly Visits to the Workplace

The consultants' goal is to visit each client every month, during which he monitors the progress of the business as well as discusses problems and successes with the client. Visits last from as little as 15 minutes to as much as one hour, depending on the interest of the client and the time available. The purpose of the visit is to:

- provide regular contact with the client
- identify problems
- help the client to better manage his business
- discuss late payment problems where appropriate
- further teach the client, especially about the Balance sheet and the Evolutionary Balance sheet
- evaluate the client's application of his new skills and knowledge to the business
- inform the client of news about the programme, often by reviewing the monthly bulletin

We began publishing a **monthly bulletin** in June 1989 for the purpose of encouraging interest in the programme. It includes reviews of training topics, information on current programme and Cooperative events, interviews with clients and staff, social news, and explanations of various systems (such as the Cooperative savings programme). The bulletin is extremely popular with the clients.

In most programmes, the consultant makes periodic visits to the client's workshop. The purposes for these visits vary, but they are almost always seen primarily as an important way to encourage repayment and spot potential problems with a loan. I believe that there should be a strong educational side to these visits as well. In practice, however, with the exception of teaching the Balance sheet, this has been difficult to do. This has been due to a lack of time (visits are usually 30-45 minutes) combined with a lack of materials for the consultants to draw on. In the coming year we plan to develop more structured materials for the consultant to use in their monthly visits, for example, exercises for reviewing the marketing ideas taught in the introductory course.

ANNEX IX

1992 Credit Assistance Policies

Small Enterprise Development Foundation
Bo, Sierra Leone

Credit Assistance Policy

The Small Enterprise Development Foundation (SEDF) is a nonprofit, nongovernment organisation that is part of the national Sierra Leone Opportunities Industrialization Centres (OIC) Programme. This component's objective is to help increase incomes of the less advantaged, raise the productivity of their small businesses and generate employment. The credit is provided from a revolving loan fund. Loans are disbursed to clients and repaid to the SEDF; fund that are then used to provide credit to more small business people. To ensure that the Programme can help as many people as possible, potential clients are expected to meet the criteria listed below.

1. Training Programme. Clients are expected to participate in all twelve (12) training sessions. Absenteeism will negatively affect a business person's chances of getting a loan. A client will be disqualified from loan consideration if he/she misses three (3) or more sessions.

2. Recordkeeping. Each client must keep a daily single-entry daily journal. At minimum, the client is expected to keep an up-to-date daily record of sales and cost/purchases.

3. Interest Rate. The rate of interest to be charged on loans will be the prevailing commercial bank interest rate.

4. Personal Guarantors. An individual client must have two (2) personal guarantors who will guarantee that all sums of money owed to the SEDF will be repaid. At minimum, a personal guarantor must be a resident of Bo; possess assets in the Bo district that exceed in value the total financial obligation that the prospective client will have with the SEDF; be employed or self-employed; and, be over thirty (30) years of age.

5. Percentage Input. The client will be expected to pay to the SEDF ten (10) percent of the total amount to be loaned, in cash, before the loan is disbursed.

6. Administrative Fees. To assist the SEDF with its administrative costs fees will be charged or the training application form (200 leones) and the credit assistance application form (400 leones).

7. Credit Terms. All first loans must be for six (6) months only. Following a positive evaluation, second loans can then be approved for up to twelve (12) months.

8. Debt Burden Limited. Monthly repayments on approved loans ~~should~~ could not exceed twenty-five (25) percent of monthly estimated profits.

9. Penalty policy. In the first instance of a late repayment a ten (10) percent penalty fee will be charged on the amount due. If this is followed by a second instance of no repayment, a fifteen (15) percent fee will be charged on top of the previously penalized amount. If repayments are not made after a third deadline, the personal guarantors will be called upon to fulfill the financial obligations of the client to the SEDF. If this is unsuccessful, the SEDF will be forced to use legal action.

10. Loan loss Reserve Account. At the end of every credit review session, one (1) percent of all loans approved shall be deposited into the loan loss reserve account.

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ANNEX X

Vocational Training Enrollments & Trainee Characteristics, FY 1989 - FY 1992

SIERRA LEONE OIC
Vocational Training Enrollments
Bo & Makeni, Total
FY 1989 - FY 1992

CHARACTERISTICS	BO	MAKENI	TOTAL	Percent
TOTAL	790	277	1067	100%
Male	561	227	788	74%
Female	229	50	279	26%
AGE				
All enrollments	790	277	1067	100%
16 - under (years)	0	3	3	0.28%
17 - 20	354	109	463	43%
21 - 25	301	140	441	41%
26 - 30	108	19	127	12%
31 - over	27	6	33	3%
YEARS EDUCATION				
All enrollments	790	277	1067	100%
5 - under (years)	1	0	1	0%
6 - 7	336	66	402	38%
8 - 9	235	94	329	31%
10 - 11	218	116	334	31%
Certified	0	1	1	0%
EMPLOY. STATUS				
All enrollments	790	277	1067	100%
Employed	34	4	38	4%
Unemployed	756	273	1029	96%

SIERRA LEONE OIC
Training Enrollments
Vocational Training Center in Bo
FY 1989 - FY 1992

CHARACTERISTICS	FY 89	FY 90	FY 91	FY 92	TOTAL	Percent
TOTAL	198	216	224	152	790	100%
Male	135	136	165	125	561	71%
Female	63	80	59	27	229	29%
AGE						
All enrollments	198	216	224	152	790	100%
16 - under	0	0	0	0	0	0%
17 - 20	92	120	90	52	354	45%
21 - 25	84	70	65	82	301	38%
26 - 30	22	26	45	15	108	14%
31 - over	0	0	24	3	27	3%
YEARS EDUCATION						
All enrollments	198	216	224	152	790	100%
5 - under	0	0	0	1	1	0%
6 - 7	96	126	95	19	336	43%
8 - 9	82	60	64	29	235	30%
10 - 11	20	30	65	103	218	28%
Certified	0	0	0	0	0	0%
EMPLOY. STATUS						
All enrollments	198	216	224	152	790	100%
Employed	12	14	1	7	34	4%
Unemployed	186	202	223	145	756	96%

SIERRA LEONE
Training Enrollments
Vocational Training Center in Makeni
FY 1989 - FY 1992

CHARACTERISTICS	FY 89	FY 90	FY 91	FY 92	TOTAL	Percent
TOTAL		120	60	97	277	100%
Male		104	44	79	227	82%
Female		16	16	18	50	18%
AGE						
All enrollments		120	60	97	277	100%
16 - under		3	0	0	3	1%
17 - 20		45	33	31	109	39%
21 - 25		61	23	56	140	51%
26 - 30		7	4	8	19	7%
31 - over		4	0	2	6	2%
YEARS EDUCATION						
All enrollments		120	60	97	277	100%
5 - under		0	0	0	0	0%
6 - 7		26	16	24	66	24%
8 - 9		36	21	37	94	34%
10 - 11		57	23	36	116	42%
Certified		1	0	0	1	0%
EMPLOY. STATUS						
All enrollments		120	60	97	277	100%
Employed		1	0	3	4	1%
Unemployed		119	60	94	273	99%