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MID-TERM EVALUATION

COOPERATIVE AGREEMENT NO. AOT-0488-A-00-2045-00

between

INTERNATIONAL FOUNDATION FOR EDUCATION AND SELF-HELP

and

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

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LIST OF ACRONYMS

BICIC	Banque Internationale pour le Commerce et l'Industrie du Cameroun
CBN	Central Bank of Nigeria
CFA	The CFA franc is the currency of Central West Africa
CMV	Current Market Value
DCC	Debt Conversion Committee (Nigeria)
IDF	International Development Finance, Inc.
IFESH	International Foundation for Education and Self-Help
NGO	Non-Government Organization
NOIC	Nigerian Opportunities Industrialization Center
NQ	Not Quoted
ODA	Official Development Assistance
OIC	Opportunities Industrialization Center (U.S.)
OICI	Opportunities Industrialization Center International
OMB	Office of Management and Budget
PACD	Project Activity Completion Date
PVO	Private Voluntary Organization
TDY	Temporary Duty
TFA	Teachers for Africa
UNIVA	University of Nigeria at Ibadan Village Association
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

On March 11, 1992 the United States Agency for International Development (USAID) executed a Cooperative Agreement with the International Foundation for Education and Self-Help (IFESH). The Cooperative Agreement (No. AOT-0488-A-00-2045-00) provides $15,000,000, available through March 10, 1996, to a) convert discounted commercial debt owed by three to five African countries to local currencies to support selected development projects, b) provide short-term training in the United States for up to 250 African bankers from as many as twelve countries, c) field up to 500 American teachers to up to twelve sub-Saharan African countries for stays of one year each, and d) provide administrative support for IFESH.

IFESH, a non-governmental, nonprofit, publicly-supported charitable foundation, was founded in 1981. It is tax exempt under the provisions of sections 501(c)(3),170(b)(1)(vi), and 509(a)(1) of the U.S. Internal Revenue Code. IFESH was established to provide support to U.S. private voluntary organizations operating in sub-Saharan Africa, and to local groups and universities in sub-Saharan countries. The goals of the foundation are to provide literacy training, agricultural training, non-agricultural skills training to large numbers of Africans, as well as provide practical training in the United States for African professionals. The foundation also seeks to extend work experience opportunities in Africa for American graduate students, and to give American teachers the opportunity to offer assistance to African educators.

Prior to entering into this Cooperative Agreement, IFESH had provided more than $15 million to 19 countries in Africa, the Caribbean, and Latin America through a number of mechanisms (including blocked asset accounts, debt purchases, and dollar-funded programs). One of these programs was a $2 million Debt for Development program, funded by USAID, in which IFESH conducted the first debt conversion involving USAID and a private voluntary organization for human resource development. Under this effort, IFESH converted the debt into $5.5 million worth of local currency, which was used to carry out development activities in Nigeria, Niger, and Guinea.

During three years of operation under this Cooperative Agreement IFESH has made considerable progress. IFESH began implementation of the Cooperative Agreement from its offices in Phoenix, with the dual task of introducing the organization to various sub-Saharan governments and to American embassies and USAID missions in those countries, while attempting to begin immediate operation of the programmatic elements identified in the agreement. It has accomplished both objectives.

First, IFESH established a presence in sub-Saharan Africa as an organization capable of implementing development projects. IFESH officials initiated contact with heads of government in several countries to discuss their possible participation in IFESH-administered programs -- particularly, the Debt for Development program, and met with American officials overseas to discuss their plans. As a result of these actions, of the six countries the evaluation team visited, IFESH has signed formal country agreements with Kenya, Nigeria, Gabon, and Benin. It has particularly established itself as an organization capable of initiating and maintaining contact at the highest levels of government, negotiating and implementing programs on the ground, including a debt conversion program in Nigeria.

Second, IFESH has delivered a number of concrete development actions. IFESH has established a regional office in Nigeria, selected Country Representatives to facilitate its Teachers for Africa program, and disseminated information concerning the banker training program. The Teachers for Africa program is recognized as important and distinct from other programs, such as the U.S. Peace Corps, and those funded by other multi-national or other bi-lateral organizations. To date, American teachers under the IFESH program have been assigned to positions in nine African countries. The banker training program (the Best and Brightest) has trained 194 mid-level bankers from 12 countries in some of the most prestigious commercial banks in the United States. The banker training included such topics as accounting, corporate finance, banking analysis, fundamentals of banking, credit analysis, international banking, financial and risk analysis, principles of capital markets and fundamentals of foreign exchange. Twenty-five percent of the bankers who participated in the training programs were women. Several of these bankers have received important promotions following their training, including one who became Managing Director and another who replaced an expatriate as Chief of Recovery Services at his bank.

The foundation has also successfully negotiated and is implementing a Debt for Development program in Nigeria, through which it has leveraged $1.6 million into more than $6 million in local currency. These funds are serving to further establish IFESH as a reliable funding source of local development activities in Nigeria.

Despite these gains, IFESH involvement in implementing the Cooperative Agreement has not all gone as smoothly as one might hope. Implementation of the Debt for Development program in Nigeria experienced delays in converting and transferring local currencies to sub-grantees. Changes in governments, strikes, and other problems have placed great pressures on IFESH implementation of the Teachers for Africa program, causing a number of shifts in assignments and raising administrative support issues. IFESH is faced with a much more expensive bank training program than originally anticipated. And, cutting across all IFESH programs are administrative and management concerns that the evaluation team believes should be addressed in order to reinforce the progress already accomplished. IFESH has made important progress in its efforts to institutionalize its activities and structure, and to transform from a relatively informal closed business structure to one capable of handling increasing challenges. This process should continue as a deliberate, planned undertaking to further enhance the growing reputation of the organization. Particularly, IFESH must ensure that its management structure is transparent and supports a clear decision-making process responsive to its growing overseas needs and responsibilities.

In order to preserve the progress made since the start of the IFESH/USAID efforts, and to provide needed assistance during the continuing transition, the evaluation team strongly recommends that USAID continue its support to IFESH by extending and modifying the Cooperative Agreement.

SCOPE OF EVALUATION

CONCEPT OF THE EVALUATION

Although the Cooperative Agreement is scheduled to end in March 1996, this is a "mid-term" evaluation (originally planned for fall 1994). The objective of the evaluation is to assess IFESH's accomplishments, program effectiveness, cost effectiveness, and program relevancy to date in implementing the terms of the Cooperative Agreement. The evaluation team will seek to answer specific questions (see Annex B) related to program management and each of the technical areas identified in the Cooperative Agreement. The goal of the evaluation is to provide IFESH with information, through examination of all phases of implementation so far, that can be used to improve or enhance IFESH performance during the remaining period of the Cooperative Agreement, and/or to be used in designing future activities.

The evaluation conclusions are based primarily on the assessment of a three-person evaluation team which brings more than eighty years of development assistance experience to the task. Peter Hanney is an international banking specialist with over thirty years of proven abilities in credit, administration, and risk management and control. He has provided consulting services for public and private sector financial institutions and corporations in the Caribbean and Latin America. He worked for 23 years for the Royal Bank of Canada in eight different countries and he has held numerous senior management positions. His responsibilities have included credit approval and administration, debt monitoring, debt restructuring and portfolio administration of sub-standard and distressed borrowers, and portfolio evaluations. Ruth Anne Mitchell specializes in evaluation and project design, production credit for agriculture and micro-business, and design and implementation of training programs. For more than twenty years, she has served as consultant to various international organizations including OXFAM-Canada, the Canadian International Development Agency, the United Nations Development Program, and the Canadian high Commission in Nairobi. She has lived and worked in Francophone West Africa, and brings special expertise in assessing revolving credit schemes similar to ones designed for local development projects under the IFESH Debt for Development program. William Nance is a retired career Foreign Service Officer with more than a quarter century of experience designing, negotiating, managing, and evaluating USAID programs; he is one of the principals of The AMIDA Group, Inc. and has provided a variety of consulting and evaluation services since leaving government service.

METHODOLOGY AND LIMITATIONS

The evaluation team met in Washington with the Cooperative Agreement Project Officer and reviewed USAID files. The team then traveled to IFESH headquarters in Phoenix to interview the President of the foundation and staff, and to review project files and other relevant documentation. The team then broke into two parts: two members of the team traveled to Kenya, Gabon, Benin, Nigeria, Ghana, and the Gambia where they interviewed a large number (100 percent in one country, one-third in another) of the American teachers currently assigned to four of those countries . The teacher programs had ceased in Nigeria and the Gambia. They interviewed school, university, and government officials who are (or had been) responsible for supervising the teachers or overseeing the systems through which their services were provided; in most cases, they traveled to the school or university to conduct the interviews. Upon returning to the U.S., they conducted telephone interviews with a number of the American teachers who had returned to the U.S. after teaching under the IFESH program. The evaluators also interviewed bankers who had participated in the banker training program. The two evaluation team members also met with Embassy, Peace Corps, and USAID personnel who were knowledgeable of either the teachers programs or of the banker training program. In Nigeria, they visited both the headquarters and field sites of four of the PVOs receiving IFESH local currency from the debt conversion process.

The third evaluation team member met with banking officials in Washington, and then traveled to New York City to meet with relevant U.S. commercial bankers who were involved in the debt conversion negotiations, and in subsequent transactions. He also interviewed bankers who served as instructors or administrators of the U.S. training programs in which the African bankers participated. Later, he joined the other members of the team in Nigeria and Ghana. In Nigeria he interviewed commercial and central bank officials involved in the Nigeria debt conversion, attended a debt auction at the Central Bank of Nigeria, interviewed bankers who had participated in the banker training program in the U.S., and interviewed the Finance Officer at the IFESH Regional Office, as well as the former Regional Director (both of whom were heavily involved in the Nigeria debt conversion transaction for extended periods). In Ghana, he also interviewed bankers who had participated in the banker training program in the U.S. In both Nigeria and Ghana, he interviewed bank supervisory and management staff.

One very clear limitation is that the team traveled to only six countries, while the IFESH program has sent teachers to nine countries. Thirteen countries have sent a total of 194 bankers to the U.S. to participate in the banker training program; the team interviewed several of these bankers some of their colleagues and supervisors. Of the teachers placed in African countries since the beginning of the program (271 filling 302 positions), the team interviewed 38 teachers in the field, and six more by telephone after returning to the U.S. Thus, while the team was able to interview a large sample of participants (16 percent of all teachers who have participated in the program from its inception), there are limitations.

Also, it should be noted that in two of the countries visited (Kenya and Ghana), university students were on strike during the time the evaluation team visited, and some teachers had not been able to teach since their arrival. Moreover, even in cases where the teachers were fully employed, the timing of the evaluation was such that they had only been on the job for a short time.

The information on which this evaluation is based was obtained from IFESH documentation and conversations with past and present IFESH employees, Government officials, Teachers for Africa volunteers, USAID Officers and bankers, without audit. We cannot speak for the veracity of statements or correctness of the information outlined.

PRELIMINARY FINDINGS

Administration

Headquarters Functions

1.1 Organization and Management
IFESH has developed a new organization chart. However, the organization's by-laws do not reflect this revised corporate structure. Once the new organizational structure has been approved by the Board of Directors, the by-laws should be reviewed and amended accordingly.

Field Offices

1.2. Country Representatives
IFESH has given authority to its Country Representatives only with respect to the Teachers for Africa program. The evaluation team believes this does not take full advantage of these representatives who are often in a superior position to assess country-specific events. Also, by not fully briefing its representatives on other aspects of IFESH programs, even if primary responsibility rests elsewhere, it places its people in a very difficult position, one which government and other counterparts often find hard to understand. IFESH has begun to address this issue by inviting its Country Representatives to annual briefing sessions in Phoenix. This should continue, and IFESH should consider using its Country Representatives in a more traditional country officer role.

1.3. Country Offices
IFESH has used a number of *ad hoc* arrangements in various countries where its programs are implemented. There are formal offices in some, no offices in others, and in some countries, Country Representatives work from their homes. The evaluation team found that these various arrangements have led to some confusion, and that some simply did not work well. We recommend that IFESH review its policies governing when a presence is desirable (either a representative , an office, or both)

and bring some uniformity to the process of country representation. Also, where a decision is made to establish any presence, annual budgets (operational and program) should be developed. IFESH has informed the evaluation team that beginning in September 1995, it initiated a budgetary process involving each Country Representative.

Debt for Development

2.1. Accelerating the Debt Conversion Process
IFESH has been successful in negotiating a debt conversion with Nigeria. However, despite numerous discussions with several countries, other debt transactions have not taken place. If IFESH is to continue to press its advantage in this area, it must increase efforts to conclude other debt conversions.

2.2. Speeding up the Processing of Promissory Notes Under the Nigeria Program
The process of approvals required by the Debt Conversion Committee in Nigeria is now well established. IFESH can now gauge the amount of time needed to make initial applications to the Committee in order to ensure the timely availability of local currency (naira) for implementing approved development projects. This timetable should be adhered to rigidly so as to avoid implementation problems as a result of funds arriving later than optimal.

2.3. Re-assessing Location of the Regional Office
Two strong reasons for selecting Lagos as the site for the IFESH Regional Office are a) the fact that to date only Nigeria has a structured debt conversion program, and b) the ability to use naira for meeting office expenses. However, given the negative effect of the narcotics decertification on IFESH programs, and international reaction to recent political events in Nigeria, the evaluation team recommends that IFESH begin at least preliminary assessment of alternative sites for locating the functions now performed by the Lagos office.

Teachers for Africa

3.1. Improving the Selection Process
The evaluation team believes that IFESH should consider three changes that could improve selection of Teachers for Africa candidates: a) involving returned teachers in a more direct way as part of the recruitment effort, b) holding personal interviews with each prospective candidate, and c) involving selected host country participation in the orientation process (perhaps in the U.S. orientation in some cases, but certainly in the in-country orientations in all cases).

While it is not possible to eliminate frustrations and disappointments completely, the interviews with Teachers for Africa --both those in the field currently and ones who served earlier-- revealed a fairly high level of discontent concerning a wide range of issues: housing, general living conditions, etc. We concluded that at least a portion of these problems possibly could be avoided by more careful screening of candidates at an early stage of the selection process, perhaps resulting in the de-selection of candidates least well suited to coping with these kinds of issues.

3.2. Assignments to Francophone Countries

It is simply unrealistic to assume that entry-level French is sufficient to function at a professional level in Francophone West Africa, even for teaching English. While teaching English requires a somewhat lower level of French language ability than teaching mathematics or science, the teacher stills needs a high level of French in order to participate in other school or professional events, to take part actively in the community, and to assimilate the culture in which he/she will work and live.

Banker Training (The Best and Brightest)

4.1. Course Content

The banker training program to date has used standard "off-the-shelf" course materials. This was specifically provided at the request of IFESH, and generally has been well-received and useful. However, now that a fair number of African bankers have benefitted from this program, IFESH should consider targeting its courses to the specific and unique needs of African bankers. In some cases this could mean selecting key bankers for more advanced courses in the U.S. In other cases, it could mean bringing specific courses to the bankers' home bank. This latter approach would permit a larger number of bankers to participate in the program, without the expense of international air travel and accommodation in the U.S.

4.2. Getting Commercial Banks to Bear Some of the Costs

IFESH has borne the total cost of the banker training program so far, as was anticipated. However, discussions with African bank officials indicate an ability, and a willingness, to participant financially in future bank training activities. The evaluation team believes that encouraging the banks to take a financial stake in the training of its employees will enhance the quality of commitment to the program, and generally lead to a more precisely targeted training program.

RECOMMENDATIONS

Recommendation One: USAID should continue to provide financial support to IFESH. The organization has made good progress in implementing the Cooperative Agreement, particularly with the Teachers for Africa and banker training programs. Moreover, while the Debt for Development program has moved slower than anticipated, IFESH appears well positioned to continue making progress in this area, especially if it implements certain changes in the way this program is administered.

Recommendation Two: USAID should consider extending the Cooperative Agreement beyond the initial four years, and permitting maximum flexibility to IFESH in shifting funds between the original four line items. Neither the three-year timeframe nor the initial allocation of funds seems to adequately reflect the difficulty of negotiating/implementing Debt for Development programs, or to adequately anticipate the costs of the other three components. If, for instance, funds available for the "Debt Conversion" line item were reduced to $7 million, this would be an 18% reduction from the original allocation, and would likely result in a corresponding reduction in the estimate of local currencies to be generated. However, a two- or three-year extension of the overall Cooperative Agreement would provide, in the opinion of the evaluation team, a more realistic chance of accomplishing the objectives of the program. Moreover, if the Nigeria Debt for Development experience can be repeated, total local currency generations may still be in excess of the projections contained in IFESH's original proposal.

Recommendation Three: IFESH should strengthen its administrative framework by clearly delineating the roles of various headquarters, regional, and country-specific functions and authorities. While IFESH has accomplished a great deal under its current organizational structure, its overall operation can be improved by further refinements in this area.

Recommendation Four: IFESH should consider recruiting/placing a strong program manager (Director of Programs) in its administrative structure to improve budgeting and administrative oversight of the various IFESH programs.

Recommendation Five: IFESH has developed and is using in its Regional Office in Nigeria a set of internal control policies and procedures that appear adequate. Nonetheless, IFESH should consider: a) conducting a review of its procedures to ensure satisfactory segregation of duties, and b) asking the Board of Directors to establish a limit on a single authority signing of checks.

Recommendation Six: IFESH should consider ways to improve the process of selecting Teachers for Africa, including a) involving returned teachers more directly in recruitment efforts, b) conducting personal interviews with each prospective candidate, c) involving selected host country participation in the orientation process in the U.S. and the host country, and d) assigning teachers to Francophone countries who have a high level of French language ability and are able to function in French at a professional level.

Recommendation Seven: IFESH should consider using its Country Representatives in capacities other than those associated strictly with the Teachers for Africa program.

Recommendation Eight: IFESH should consider ways to improve the cash flow of Nigerian Debt for Development funds. Consideration should be given to the following: a) establishing a contingency line of credit with a local bank, b) the possible discounting of Central Bank of Nigeria debt through a local commercial bank, and c) obtaining smaller promissory note denominations that are better matched to IFESH cash flow needs that often do not require large cash conversions at once.

Recommendation Nine: Given the negative effect of the narcotics decertification on IFESH programs, and international reaction to recent political events in Nigeria, IFESH should begin preliminary assessment of alternative sites for relocating the functions currently performed by the Lagos Regional Office. Alternatively, IFESH should begin exploring other opportunities for attracting funding to support the Lagos office. One such opportunity might exist with the foreign oil companies in Nigeria that could be interested in reducing trade and/or bank debt.

Recommendation Ten: IFESH should consider engaging debt conversion specialists, via a formal contractual arrangement, to negotiate specific debt conversions in target countries. Fees would be payable only upon concrete results, acceptable to IFESH.

Recommendation Eleven: IFESH should consider expanding and improving the banker training program by: a) specifically targeting non-urban credit institutions, b) using some mechanism, such as questionnaires or surveys, to identify priority training needs, c) evaluating different banker training options (in addition to Chemical Bank and Mellon Bank) for conducting both U.S. and in-country training, and d) exploring the extent to which African banks are willing to absorb some of the costs for training their bankers under the IFESH program.

Recommendation Twelve: Based on the brief experience to date of the Ghana Alumna Association, IFESH may want to consider offering support to this Association, or to others like it in Ghana or in other countries, to address specific training needs.

PROGRAM MANAGEMENT

Prior to beginning implementation under the Cooperative Agreement, IFESH operations were directed from Phoenix. The organization did not see a need to decentralize its operations. However, IFESH recognized soon after signing the Cooperative Agreement that it would need to an established field structure. It went about this in two ways. First, a Regional Office was established. IFESH decided to open this office in Lagos, and to assign as Director a person with years of overseas experience with OICI. Second, IFESH recruited Country Representatives in most countries where the Teachers for Africa program was to be implemented. Both of these decisions were aimed at addressing the need to focus attention in the field --where project implementation was to take place.

Establishment of the Regional Office has gone well, but difficulties in setting up the office made the process a slow one. The experienced Director was able to recruit staff, locate and lease office space, acquire furniture and office equipment, and arrange for transportation (a new office vehicle arrived a few months before the evaluation took place). Yet, in interviewing Country Representatives in various countries, there appeared still to be little uniformity in their perceptions of the role of the Regional Office *vis a vis* the country programs, or with respect to the Phoenix office. In every instance where the Regional Director had visited, his visits were reported as useful. At the same time, when asked where they turned for support or resolution of issues, the answer was to Phoenix. IFESH is to be commended for designing each Country Representative's program based on an assessment of the local environment and resources available locally to support the program. However, there should be a basic IFESH administrative system present and recognizable at the heart of each country program. This basic system should include a clear delineation of Regional Office, Country Office, and headquarters functions and responsibilities.

Organization and Management

The various elements of the Cooperative Agreement have been organized (and managed) separately. It is difficult to see how all the pieces fit easily together under a single organizing unit. The Senior Program Officer (in Phoenix) is responsible for the TFA program. The Country Representatives (in the field) report to her. However, the involvement of the Country Representatives in school selection, teacher review, and administrative support varies tremendously in each country. Also, in some instances teachers appear to rely on the Country Representatives very little, except for administrative support; in these cases, reporting directly to the Senior Program Officer in Phoenix.

Likewise, the Banker Training program appears also to be organized from Phoenix, with information concerning the program sent directly from Phoenix to selected banks (in some cases with these selections being made by commercial banking advisors in the U.S., although the selection criteria were not apparent to the evaluation team). USAID field missions were not involved (and did not appear overly interested in the programs), except in Ghana. IFESH informed the evaluation team that during the design phase of the Cooperative Agreement, USAID missions visited by the Executive Director opted to have minimal involvement in the planning and implementation of IFESH activities. An exception is in Ghana, where the USAID Training Officer has taken a very active role in the Banker Training program, beginning with helping to identify prospective candidates.

The Debt for Development component involved both Phoenix (the Executive Director) and the Regional Office in Lagos (principally, the Director of Operations, but increasingly, the Finance Officer). Since only Nigeria has participated in this program so far under this Cooperative Agreement, much of the time of the Regional Office is devoted to managing the Debt of Development project, and the local development projects that are financed with local currencies available as a result of the debt conversions.

Staffing

The Teachers for Africa program has undergone a number of changes that have caused numbers to shift wildly and quickly. Events well beyond the influence of IFESH (the military coup in the Gambia, decertification of the U.S. assistance program in Nigeria due to narcotics trafficking problems) have resulted in closing the programs in the Gambia and Nigeria, and in a single year increasing the program in Kenya five-fold. The results have been predictable: current IFESH staff in Kenya was not well prepared for the sudden increase. Even in programs that have been more stable, e.g., Gabon and Ghana, IFESH has been hard-pressed to provide a high level of support for the program. Only the program in Benin seems to have managed to staff up adequately to support the current level of teachers.

The Phoenix office does not appear to the evaluation team to be organized or adequately staffed to provide the kinds of functions it has undertaken to a) directly manage the TFA program without heavier and more substantial involvement of its Country Representatives, b) exercise on-going programmatic review and analysis of broad issues that affect resource allocation, and c) provide budgeting and administrative oversight that reflects the realities of different cost structures in the various countries where IFESH programs are operating. There is no short-cut to providing sufficient staff to give the organization the depth of programmatic analysis and administrative oversight necessary to make timely and informed decisions.

Programming Resources Under the Cooperative Agreement

USAID authorized $15,000,000 in USAID funding, under the Cooperative Agreement to fund IFESH activities as shown in Table 1, below:

TABLE 1

USAID Funds Authorized for the IFESH Cooperative Agreement (U.S. dollars)

Component Funded	Original Authorization	Adjustment	Revised Authorization
Debt Conversion	8,500,000	(499,000)	8,001,000
Administration	1,500,000	499,500	1,999,500
Teachers for Africa	2,500,000	500,000	3,000,000
Training Bankers	2,500,000	(500,500)	1,999,500
TOTALS	**15,000,000**	**No Change**	**15,000,000**

Of the authorized funding levels, IFESH reported expenditures through June 30, 1995 as shown in Table 2.

TABLE 2

IFESH Expenditure of USAID Funds Through June 30, 1995

	Obligated	Expended	Available
Debt Conversion	$ 8,001,000	$ 1,730,157	$ 6,270,843
Administration	1,999,500	1,550,040	449,460
Teachers for Africa	3,000,000	3,747,971	(747,971)
Training Bankers	1,999,500	2,202,264	(202,764)
TOTALS	**$15,000,000**	**$ 9,230,432**	**$ 5,769,568**

The expenditure pattern leads the evaluation team to suggest that initial allocations of funds under the Cooperative Agreement may have been very rough estimates, developed without the benefit of detailed cost data. For example, under the Teachers for Africa program, $2.5 million was allocated from USAID sources. These cost projections (to provide for 500 teacher placements), however, did not take into account the full cost of implementing the program. One of the assumptions reflected in those projections was the expectation, as stated in the proposal, that:

> "IFESH will enter into an agreement with a recognized international body or PVO to coordinate logistical arrangements for the participants while they are in Africa. This organization will be responsible for such areas as in-country orientation, in-country transportation, stipend payments, securing housing, insurance and other required necessities."

In reality, this arrangement did not materialize and IFESH found that it had to provide administrative support directly, rather than through an intermediary. IFESH has had to establish its own administrative support through its country and regional offices, and as reported elsewhere in this report, providing adequate administrative support remains a challenge. Transportation is especially difficult. The adjustment USAID has already made by shifting funds between categories has helped to address the problem of adequate administrative support, but it has not solved it.

The same reporting from IFESH in June 1995 shows that, aside from IFESH administrative costs being higher than anticipated, the original estimates were wide of the mark in other areas. IFESH projected that the current authorized level of USAID funds for the Teachers for Africa program would fall 50 percent below the level of funding IFESH would need from USAID to complete the project as planned. On the other hand, even though IFESH did not anticipate at the outset having to pay a substantial fee for each banker training session conducted in the U.S., the original estimates were sufficiently overestimated that IFESH projected in the same June 1995 report that the USAID funding allocated for the banker training program through the end of the four-year life of the Cooperative Agreement, should require total USAID funding some 12 percent below the level estimated initially.

The evaluation team is not surprised that implementation experience with the Teachers for Africa and banker training programs has produced cost data quite different from the best estimates available when the programs began. In many respects IFESH is still gaining valuable experience in determining the level and kind of support African governments will provide to IFESH volunteers, as the governments become increasingly familiar with IFESH programs and the level of benefits they can expect from volunteer participation in their education programs.

The funding set aside for the Debt for Development (initially \$8.5 million) reflected IFESH' and USAID's best estimates of the amount of funding necessary to purchase \$25.5 million worth of debt owned by African countries. Given the IFESH experience in Nigeria, where they purchased \$6.1 million of debt for \$1.6 million, the estimate of the benefits that can be derived from debt conversion transactions was not outside the realm of possibility. However, the four-year time period allotted to complete a sufficient number of transactions to utilize the full amount of funding initially available to IFESH did not take into account the difficulty and the time likely to be involved in bringing transactions to fruition. IFESH has demonstrated, by successfully negotiating the Nigeria debt conversion, that it can produce results. The foundation has made good progress in discussions with other governments concerning other possible debt conversions, although no others have been concluded (see discussion in Annex B). We believe that IFESH should be encouraged to continue negotiations with African governments to conclude additional debt conversions. We also believe that USAID would be well served by extending the Cooperative Agreement beyond the initial four-year life in order to afford IFESH the additional time it will need to successfully conclude additional debt conversions, and to use the local currency proceeds to fund local development projects as they are doing successfully in Nigeria.

We also believe that USAID, in extending the life of the Cooperative Agreement, should provide IFESH maximum flexibility to shift funds between the four line items authorized in the Agreement. This would permit IFESH and USAID to adjust approved funding levels (within the authorized overall level) in accordance with current cost data as they become available, without requiring additional formal approval from USAID to shift funds between line items in the Cooperative Agreement. We observed in Gabon, Benin, Ghana, and Kenya that as governments and major universities learn more about IFESH volunteers and how they fit within their own educational systems, they are willing to increase their own contributions of housing, administrative support (such as handling work permit applications, ease of access to key people), and even to provide transportation in some cases. These developments should have a favorable future impact on IFESH staff and budget.

Regional Field Office in Nigeria

It is the opinion of the evaluation team that the Regional Field Office does not operate as a regional office in the strict sense of the term. While physically located in Lagos, it does not appear to have supervisory responsibilities for other offices in the region. Country Representatives in the other five countries we visited report (or did when they were operating) to Phoenix, not to Lagos. This was true even in Nigeria when there were both a regional office and a Country Representative (for the teachers program). On occasion, the Regional Field Officer has been despatched to one of the other countries to "trouble-shoot", i.e., to address a specific problem and report to Phoenix. However, Country Representatives do not look to Lagos either for funding or for supervision. It is unclear to the evaluation team if Phoenix expected the Regional Director to actually resolve issues, or if they looked to him to serve as another voice to press for issues they had been advocating. According to the position description, the Regional Field Officer reports to the IFESH Executive Director, although he appears to have been given broad responsibilities on the one hand, but appeared unable to persuade Phoenix to take decisions in some cases where action would clearly have been in the interest of the organization. This situation was further highlighted during the evaluation since the previous Regional Field Officer had recently left and a new short-term assignment had been made while Phoenix was considering options for the future. The role of the Regional Office needs to be clarified and all offices throughout the organization advised of Phoenix's decision and intentions.

Fluidity of the political situation in Nigeria adds another dimension to an already unsettled management environment for the IFESH Regional Office. One consequence of United States Government decertification of Nigeria for non-compliance with narcotics trafficking regulations, is that the use of U.S. public funds has been suspended for projects which have Government of Nigeria participation. This situation has placed a cloud of uncertainty over the future of Lagos, Nigeria as an acceptable and effective location for the IFESH Regional Office.

DEBT FOR DEVELOPMENT

BACKGROUND

During the 1970s, many commercial banks lent heavily to developing countries to finance a variety of projects. Burdened with debt, these countries were ill-prepared for the plummeting commodity prices and double digit interest rates produced by the global recession of the early 1980s. Many developing countries were forced to sacrifice internal economic growth and investment in social programs to maintain their external debt service payments.

Despite the cutbacks, many developing countries were unable to meet these payment obligations. When these countries ceased paying their western bank creditors, the "debt crisis" of the 1980s began and both creditors and debtors were compelled to seek ways of reducing debt.

One of the most popular techniques to emerge from this search was debt for equity conversion. These conversions permitted corporations to purchase a country's external debt from a bank at less than its face value and to exchange the debt for government-owned equity in companies located in the debtor country. In the mid-1980s environmental conservation groups adapted this technique to finance sustainable development and conservation projects, and the term "debt for nature swaps" was born. In these transactions, debt was exchanged for local currency to finance conservation projects. "Debt for Development" variants of the original debt-for-nature transactions have since been used to provide local currency funding for education, health, and social welfare projects in many areas of the developing world.

The economic rationale for debt-for-development conversions is based on the willingness of creditors to accept less than face value in selling debts they are owed by developing country governments. A not-for-profit non-government organization (NGO) can benefit from this discount by purchasing the debt in exchange for a payment in local currency at a higher price. The local currency proceeds can then be used to fund development projects implemented by the NGO. Depending on the country, debt conversion can generate between 5% and 200% in additional local currency for such uses, in comparison to conventional (spot market) foreign exchange transactions. Debt for Development programs provide non-government organizations, such as IFESH, an attractive method of raising local currency funds to finance international development activities. At the same time, the procedure permits highly indebted countries to reduce their hard currency debt and enables U.S. and other foreign banks to reduce their exposure to debt --much of it potentially uncollectible. In this way, Debt for Development programs have the potential of leveraging hard currency resources, and providing a source of local currency funding at the expense of relatively little hard currency.

Debt for development transactions provide the following additional benefits:

- In addition to reducing its total external debt servicing requirements by lowering its overall hard currency payments, through the same transaction a debtor country also enhances its ability to service its remaining debt. This may, in turn, help to attract new development initiatives to countries that need foreign assistance.

- The creditor receives immediate partial repayment on its outstanding loans from a credit worthy organization.

(See Annex G for more detailed description of the debt conversion process.)

USAID DEBT FOR DEVELOPMENT INITIATIVE

In February 1989 USAID announced a Debt for Development Initiative, which stated in part:

> "Through the new Debt for Development Initiative, A.I.D. will participate in ... [the new international debt market]...by using foreign assistance funds to finance the purchase of loans owed by developing countries to foreign creditors. Instead of collecting such loans, A.I.D. will provide for their retirement in exchange for local assets needed for foreign assistance activities of nongovernmental organizations in debtor countries.
>
> A.I.D. will finance all debt exchange transactions through intermediary organizations, such as private voluntary agencies and cooperatives. A.I.D. will issue grants to intermediary organizations to purchase debt. Intermediaries will subsequently convert this debt into local assets, which the intermediaries will use for either newly initiated or ongoing development projects approved by A.I.D. Participation by intermediaries in Debt for Development will strengthen the development programs of these organizations while simultaneously advancing the other stated objectives of the Debt for Development Initiative."[1]

The Congress expressed strong support for the USAID Debt for Development Initiative and provided additional authorities in the Fiscal Year 1990 Foreign Assistance Appropriations Act (P.L. 101-167), enacted on November 21, 1989; and the International Development and Finance Act of 1989 (P.L. 101-240, enacted on December 19, 1989). While giving the USAID Initiative a congressional boost, the legislation also removed a significant obstacle to extending the use of the Debt for Development funding mechanism. Section 584 of P.L. 101-167 read in part:

> "In order to enhance the continued participation of nongovernmental organizations in economic assistance activities under the Foreign Assistance Act of 1961, including debt-for-development and debt-for-nature exchanges, a nongovernmental organization may invest local currencies which accrue to that organization as a result of economic assistance provided under the heading "Agency for International Development" and any interest earned on such investment may be used, including for the establishment of an endowment, for the purpose for which the assistance was provided to that organization."

Section 584 in particular, and the general focus on international debt issues expressed in these two pieces of legislation, were interpreted by USAID and the NGO community as strong congressional support for the USAID Debt for Development Initiative.

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[1]USAID, "A.I.D. Announces Debt For Development Initiative", Washington, D.C. February 15, 1989.

COSTS AND RISKS FOR DEBT FOR DEVELOPMENT CONVERSIONS

Debt for Development swaps are not without considerable costs and risks. Typical costs include the purchase of debts, fees paid for legal and technical assistance and fees paid for financial advisors. In addition, the transaction may entail costs in negotiating program agreements, auditing and reporting fees and costs for implementing and managing the funds.

The risks could include delays in application approval or execution of the transaction, changes in government or applicable laws and regulations, rising secondary market debt prices, decline in local currency proceeds received due to changes in foreign exchange rates and inability of the government to deliver local currency. Similarly, once the proceeds are received, the NGO may experience a loss in value due to the high level of domestic inflation, currency devaluations or local taxation. In a properly structured debt conversion, these costs and risks can be minimized.[2]

IFESH EXPERIENCE IN DEBT FOR DEVELOPMENT

IFESH was one of the first NGOs to develop and submit a Debt for Development program for discussion with USAID. USAID approved the IFESH program, which began in 1990, aimed at helping to alleviate the debt crisis on the African continent. Under a USAID grant, IFESH converted $2 million into approximately $5.5 million worth of local currency for development projects in Nigeria, Niger, and Guinea. With the proceeds from the debt conversions, IFESH supported a number of skills training programs in the public and private sectors. Health activities were also supported in Nigeria with these funds. Based in large part on the IFESH experience of the early 1990's, the Debt for Development component of the current Cooperative Agreement with USAID anticipates that IFESH will generate up to $25 million in local currency (subject to specific negotiated agreements) at a cost to the U.S. government of no more than $8.5 million.

Also, drawing on its experience in Guinea, Nigeria, and Niger under its first Debt for Development program, IFESH chose to emphasize agricultural training, literacy tied to health care, and skills training as areas of support with funds generated from the debt conversion transactions. At the time of the evaluation, IFESH was implementing a debt transaction with Nigeria. In that transaction, IFESH used approximately $1.6 million to purchase $6.1 million worth of commercial debt. This is just under one quarter of the total funds expected at the outset to be generated under this component of the Cooperative Agreement.

It can be difficult to locate countries willing and able to convert external debt obligations to local currency. In the first place, the amount of debt that could be retired through this process is

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[2] Adapted from text "What is Debt-for-Development?" developed by Finance for Development Incorporated, Washington, D.C.

minuscule compared to the outstanding debt developing countries have and must service. Moreover, there are legal technicalities, insolvency considerations, political concerns, reluctance to discount debt obligations, and a general unwillingness to convert into local currency because of fear of inflationary influences and other concerns.

Although the evaluation team was unable to review reports or files of conversations, we understand that IFESH conducted country assessments in Niger, Cameroon, Uganda, and Nigeria as part of its efforts to determine countries that might be appropriate for the debt conversion program, and in an attempt to identify appropriate debt instruments for conversion. An assessment was being made of Tanzania near the time of the evaluation. We were told that meetings were held, in each country considered to be a prospective participant in the debt conversion program, with the Minister of Finance, Governor of the Central Bank, and/or minister responsible for the particular social program that was to be developed in each of the targeted countries. No formal documented assessment and evaluation was developed, thus we are unable to assess the process.

Negotiating with ever-changing government officials and obtaining a binding commitment to participate in debt conversion transactions can be both time-consuming and frustrating. It is a process subject to constant review (and potential modification or cancellation) as conditions change within each country. IFESH was able to capitalize on the stellar reputation of Rev. Sullivan in order to get a serious hearing on the proposal in several countries. However, only in Nigeria has the process been brought to fruition. At the time of the evaluation, the most promising countries with which IFESH might do future debt transactions appeared to be Tanzania and Benin (see brief discussion in Annex B of this report), although prospects continue to change. While we will never be sure of all the reasons that negotiations fell apart with various government leaders who expressed interest it earlier transactions but later declined to follow through with the debt conversion, we do know that in the cases of Niger and Cameroon, events transpired, over which IFESH had no control, after negotiations were well underway. In all such negotiations, however, two things seem apparent to the evaluation team: a) the more detailed development proposal IFESH is able to table during the initial discussions with high level government authorities, the greater the chance of winning final approval; and b) the more personal attention Rev. Sullivan is able to devote to advocating the utility of such transactions, at the presidential or ministerial levels, the greater the chance of realization.

Gaining final approval for debt conversion transactions may be more a result of personal persuasion than of continuing negotiation at the field level. Nevertheless, careful project preparation is a necessary part of any successful persuasion, and should be well under way before initial substantive discussions take place.

NIGERIA DEBT CONVERSION PROGRAM

Nigeria became the first country in Africa to establish a formal debt-equity conversion program in February 1988. Although temporarily suspended in 1990, the program was re-instituted in January 1991. Due to exchange rate anomalies, the program became moribund in 1994, but was revived in January 1995. According to International Development Finance, Inc., of Washington, D.C., overall the program represents a (fairly) reliable and efficient alternative to the traditional currency exchange transaction. IDF in summer 1995 estimated that successful conversions in Nigeria would provide a 32 percent financial gain over a foreign exchange transaction at the Central Bank of Nigeria (CBN) autonomous rate of exchange within one month of debt purchase.

IDF recorded the vital statistics of the program as follows (as of July 28, 1995):

Gain over direct investment:	.25
Debt Price Promissory Notes:	.34
Debt Price, Pars:	.42
Exchange Rates:	CBN Autonomous: N 79.2 = US\$1.00 CBN Official rate: N 21.9 = US\$1.00
CBN Discount:	46.42962 (Promissory Note Conversions)
Conversion Parameters:	US \$250,000 Face Value of Initial Redemption US \$ 25,000 Face Value of Subsequent Redemptions)[3]

The Nigerian debt conversion program is well established and efficient. Most conversions from the time of debt purchase through disbursement of local currency can be accomplished within one month. Prior to an initial debt purchase, the applicant must request the approval of the Nigerian Government to authorize the conversion of the global amount of debt to benefit a specific investment project. Initial approval is generally given within one month of the application's submission. Tranche conversions may then be effected up to the total amount of debt authorized.

Initial application is made by letter to the CBN and must include:

- The identity of the applicant, copies of the articles of incorporation or registration of the applicant organization.
- A description of the applicant's experience in debt conversions worldwide.
- A commitment by the applicant to adhere to the Debt Conversion Guidelines.

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[3] "Country Opportunity Series: Nigeria", International Development Finance, Inc., Washington, D.C., August 31, 1995.

- A full description of the proposed development project.

- Identification of the intended recipients of the conversion proceeds.

- Identification of local agents or representatives, organizational references and detailed handling instructions for conversion proceeds.

After approval from the CBN, the conversion applicant may participate in monthly debt conversion auctions at the CBN. The amount of naira offered each month is determined in accordance with macro-economic targets for the monetary system as a whole. Successful bidders then submit debt to the CBN and receive local currency.

The monthly auctions set the discount rate applicable to conversion of debt. Conversion applicants submit bids in which they state how much of the face value of the principal of the debt they are willing to forego. The highest bids offered by the conversion applicants win because they translate into the lowest repurchase price for the CBN. Successful bids are thus ranked in decreasing order, with the highest bid being favored over the next highest until the total amount of local currency offered for auction is exhausted.

The final step of presentation and payment occurs within fifteen days of the auction date. Naira proceeds from the conversions are credited to blocked, non-interest bearing accounts of the sellers at the CBN as soon as the bank has confirmation of receipt of the original debt instruments. After deducting a naira fee of 2.5% of the discounted value of the debt, the CBN disburses the conversion proceeds to the NGO's dedicated commercial bank account. The NGO may then use the naira proceeds to cover local costs of its approved project or program.

The Nigerian debt conversion program is especially attractive in its degree of flexibility. For instance, those applicants not wishing to bid at the auction may still convert the proceeds on an *ad hoc* basis, or as in the case of IFESH, outside of the official auction at prices dictated by the auction. The discount applied to the *ad hoc* conversions is the weighted average of the successful bids of the most recent auction. This is the same rate that applies to IFESH on its ex-auction conversions. Investors with debt conversion authorizations may also conduct their conversion in several tranche installments, up to the total value of the debt authorized for conversion. In each successive redemption the investor either submits a new auction bid or applies for permission for an *ad hoc* conversion.

As in any debt conversion, the conversion applicant runs the risk of non-performance by the CBN. To date, the evaluation team is not aware of any debt conversion transaction in which the CBN has defaulted on its obligations to pay naira in exchange for debt instruments. The conversion auction participant also runs the risk of not having his bid accepted. To alleviate this risk, the CBN provides information on the discounts offered by successful and unsuccessful bidders at previous auctions.

Similarly, as with any local currency holder, the successful bidder holding naira proceeds assumes the risk of hedging against inflation and devaluation of the naira.

The CBN currently applies a discount of about 43% to the face value of debt presented for conversion and Nigerian promissory notes are presently selling in the secondary market at approximately 34% of face value. An investor can therefore purchase face value debt of US$294,117.65 for an investment of US$100,000. Of this face value, US$240,117.65 represents actual loan principal outstanding and eligible for redemption. Conversion proceeds will therefore equal 53.57038% of US$240,220.58, less the mandatory CBN fee of 2.5%. The net proceeds for conversion will therefore be US$125,469.91 or Nigerian naira 9,937,216.50. Based on an investment of US$100,000, this transaction therefore produces an effective exchange rate of 99.37 naira per dollar for a 25% gain over the typical spot rate foreign exchange transaction.[4]

THE IFESH NIGERIA DEBT TRANSACTION

In June 1993 IFESH purchased $6,118,162 worth of commercial debt for $1,682,495. The debt was in eight promissory notes of unequal value. IFESH held these notes until it needed to convert them for local currency. IFESH then presented the notes the Nigerian Central Bank and redeemed them in local currency at the discount determined by the weighted average of the accepted bids at the last public auction.

IFESH has redeemed seven of the eight notes (converted February 1994, September 1994, April 1995, and July 1995), with a combined nominal value of $4,304,178. These notes have generated a total (net of commissions and fees) of Nigerian naira 129,443,290.80.

In accordance with procedures approved by the Government of Nigeria, the eight notes were approved such that IFESH is allowed to hold the notes for liquidation, on an *ad hoc* basis, outside the monthly auctions held by the Central Bank of Nigeria. IFESH is also accorded an extraordinary discount of 5% less than the weighted average of bids accepted in the last public auction held before the date IFESH actually converts a particular note. There is, however, no certainty this generous treatment will apply to future Nigerian debt purchases.

The naira are available to support of "a series of specific development projects in Nigeria" in the following fields: education, agriculture, health, micro enterprise development, Teachers for Africa and Banker Training. A portion of these funds are also used to support the IFESH Regional Office in Lagos.

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[4]Ibid.

IFESH-SUPPORTED LOCAL DEVELOPMENT ACTIVITIES IN NIGERIA

Six projects were approved for funding with local currency from Debt for Development Dollars in Nigeria. The original funding commitment was N103,975,000 for these projects; this amount was increased to N146,250,999 --an increase of 41%. At the time of the evaluation, only five of the projects remained active.

National Fadama Development Project (Revised)
N31,500,000 currently budgeted (was N21,000,000). An increase of 50%. Disbursed through 11/24/95: N1,540,854 (5 % of revised total). The project operates in six states: Kano, Jigawa, Kebbi, Sokoto, and Bauchi.

The initial proposal was submitted in May 1994. It called for IFESH, the World Bank and the Ministry of Agriculture to work together. The World Bank is to drill 50,000 shallow tubewells in the Fadama (a low land area in northern Nigeria) over a four year period. The tubewell will be fitted with a 2 HP gasoline pump, enabling 500,000 farmers to cultivate one to two hectares year round. IFESH and the Ministry of Agriculture were to produce instructional and training manuals for the farmers, and retrain agricultural extension workers, who would in turn train Fadama Water Users Association staff and water users directly.

However, following the U.S. government decision to de-certify Nigeria, IFESH decided to re-design its efforts so as not to violate U.S. government policy concerning de-certification. IFESH now plans to collaborate with local agricultural experts, book publishers, water user groups, consultants and non-governmental organizations in implementing the project. The previous association with the Ministry of Agriculture has been severed. IFESH will continue to interact with the Federal Agriculture Coordinating Unit and various agriculture development projects on the content of publications to be produced for the Fadama Water Users Groups. The principal difference is that IFESH will implement its component of the project through its Kano office, with support from the Lagos office, rather than fund the Ministry of Agriculture as originally envisioned. IFESH has budgeted N23,000,000 through 1996. An IFESH Fellow was assigned to the Kano office, and was working with a local consultant.

The evaluation team did not visit the Fadama project, and was unable to see the progress of the program. However, with the change in project administration, this is the only project that IFESH is undertaking to manage directly. It is a significant departure from its established role of providing funding to intermediaries who implement projects as a sub-grantee to IFESH . We discussed this change in Lagos and in Phoenix, and recommend that IFESH look closely at different ways of implementing this project under the guidelines USAID issued following de-certification. Given the way that IFESH is organized in Nigeria, the help of an IFESH Fellow at the Kano office notwithstanding, we recommend that IFESH consider implementing the project through another

PVO, rather than doing so directly.

We have urged IFESH to begin looking at possible alternative regional office sites outside of Nigeria because of our perception that internal events may continue for some time to complicate project implementation in some instances. We believe that IFESH is still able to carry out adequate project monitoring and supervision through its sub-grantees. However, in our judgment, a permanent physical presence is not essential for this purpose (although there may be other reasons for wanting to maintain an office in Nigeria, and there may also be cost implications). Taking on direct project monitoring responsibilities for the Fadama project would make it much more likely that IFESH would need to maintain permanent staff in the country.

Nigerian Opportunities Industrialization Center

Current budget is N42,562,500 (was N28,350,000). An increase of 50%. Disbursed through 11/24/95: N28,350,000 (67% of revised total). The program operates in three states: Lagos, Ilupeju Ekiti in Ondo state, and Warri in Delta state.

The project is to train young school leavers and unemployed youth in skills that will provide employment. There are four components: a) vocational training, b) agriculture training, c) micro enterprises development training, and d) expansion of the NOIC National Secretariat.

NOIC appears to be well established in the vocational training and expansion of the National Secretariat, the two components the evaluation team observed in Lagos. At the National Secretariat, OIC provided TDY assistance to set up programs. Five standing committees have been formed and staffed (Program Review, Executive, Finance, Resource Mobilization, and Personnel). The National Board, which began with five members, now has expanded to twenty members. Plans are well under way to move the National Secretariat headquarters (move is planned by June 1996) to a new site on the same compound with the vocational training complex in Lagos.

The vocational training component has recently developed four new courses: electrical installation, computer studies, typing proficiency, and fashion design. Other continuing courses include: auto mechanics, hotel catering, refrigeration and air conditioning, and electronics. Funding was a problem for the Training Center --in part due to slower than anticipated release of IFESH funds early in the project, but NOIC appears to have overcome the problem through a number of remedies. The National Board approved borrowing funds to get started; they were also able to secure a computer on loan in order to begin the new computer studies course. After the release of IFESH funding, other computers have been ordered, building materials have been purchased, and a "secure room" for the computer equipment was nearly completed when the evaluation team visited. The target is to enroll about 30 students in each class; however, there were 69 students enrolled in four classes during our visit. New classes were to begin in December and June. NOIC had recently received a request from the Ministry of Education to examine the NOIC training program to see how they relate to the

Ministry's Technical Training Program. IFESH should follow up to determine if the assessment is made, and to use the results when available as one way of measuring the effectiveness of the Training Center's programs.

University of Ibadan Department of Adult Education

Current budget of N9,468,750 (was N6,312,500). An increase of 50%. Disbursed through 11/24/95: N7,812,500 (83% of revised total). The project operates in Oyo and Osun states.

There are three components of the project: a) community development focused on training 1,500 adult learners in sustainable micro-enterprise development activities; b) literacy-producing functional literacy materials, focused on preventive health-care, maternal care and democratization; and c) health (river-blindness prevention) through the establishment of an Invermectin distribution centers in an effort to reach 50,000 persons at risk of contracting river blindness.

UNIVA (University of Nigeria at Ibadan Village Association) operates the project. UNIVA has now become a registered NGO, and functions independently from the University. Community development activities appear to involve broad participation of several small villages. Villagers appeared interested, even enthusiastic, in the adult reading sessions as well as in the garri-making processing the team observed. Obtaining adequate supplies of drugs (Invermectin) on a timely basis for the river-blindness project was reported as a problem. The distribution cycle is November to May. If sufficient supplies are not available to complete the cycle, we were told that much of the benefit is loss (apparently, the effect of the drug is cumulative and administration of the medicine must be continued without a break in order to be effective). Since the drugs are distributed directly to the centers by the pharmaceutical company, the opportunity for IFESH intervention may be limited.

Women's Cooperative Society

Current budget is N9,468,750 (was N6,312,500). An increase of 50%. Disbursed through 11/24/95: N6,312,500 (67% of revised total). This project operates in Lagos, Ogun, Imo, and Enugu states.

The project provides micro-enterprise development training for women, as well as technical skills training. The goal is to train 200 women per year through four centers (the Wavecrest Training Center in Lagos, Orisun Training Center, Lantana School of Catering, and Iroto Rural Training Center). We visited the Lagos Center which serves some 700 people and Iroto Center which reportedly serves about 1,800 people each year. The Lagos Center (Wavecrest) works closely with IFESH and is responsible for coordinating programs with the other centers. In addition to support from IFESH, the Women's Cooperative Society has ties with the Australian High Commission, the American women's Club, the Canadian Women's Club, and the Belgium Government. Students also pay fees to attend the centers. At the Lagos Center one to six week courses are conducted in housekeeping, laundry, and catering. At the Iroto Center, similar classes are available. In addition, the Iroto Center conducts various agricultural training, including growing and tending several indigenous crops, snail keeping, and poultry and small animal tending. A full-time veterinarian is on staff, and makes frequent visits to provide services to the community.

Africare Nigeria

Current budget of N32,250,000 (was N21,000,000). An increase of 54%. Disbursed through 11/24/95: N21,000,000 (65% of revised total). The project operates in six states: Kwara, Imo, Abia, Lagos, Anambra and Kaduna.

This project has five components: a) onchocerciasis (river blindness), b) literacy, c) aquaculture, d) health, and e) agriculture.

We were able only to visit one of the aquaculture projects, a small fish pond in Lamghasa (near Lagos). This is one of two such ponds; three more are planned. The main objective of the project, according to the Africare Project Manager, is to teach cost-effective techniques and to construct/maintain fisheries at a profit. The idea of the fisheries was formulated by a group of fishermen in Lagos to try to respond to the dwindling fish supply. Each area has an Association which is responsible for selecting the site for the community's fish pond; an Executive Committee is responsible for overseeing the actual operation of the pond. The Executive Committee is expected to operate independently, but Africare has remained involved in the Lamghasa project during the early stages. The pond was dug by hand over the course of about two months, and it was initially stocked with 5,000 tilapia fingerlings (an investment of 600,000 Nigerian naira). At the time of the visit the community was awaiting its first harvest. The expectation was that 15 percent of sales would go to the Association, and be placed into a revolving fund for future investment.

World Bank Project Implementation Unit

N21,000,000. No increase. Disbursed through 11/24/95: N8,800,000 (42% of total).
This project has been suspended because of de-certification. It was operating in five states: Lagos, Ondo, Abia, Niger, and Adamawa.

The project was designed to support the Ministry of Education with a World Bank-assisted Technical Education Project in five technical institutions. IFESH assistance was intended to help develop the institutions into "model" facilities. There were, however, several problems even before IFESH support was suspended. The World Bank-purchased equipment (worth about $10 million) arrived before the infrastructure was completed. A great deal of construction work remained to be completed in order to address safety and poor ventilation problems. IFESH funds were used to make some renovations, but the bulk of its funding was intended to provide training for maintenance technicians.

TABLE 3

Local Projects Supported by IFESH in Nigeria
Funded From Debt for Development Proceeds

Project	Approved Funding (Revised)	Amount Disbursed	Percentage of Funds Disbursed	Undisbursed Funds
NOIC	42,562,500	28,350,000	67	14,212,000
Women's Coop	9,468,750	6,312,500	67	3,156,250
Africare	32,250,000	21,000,000	65	11,250,000
UNIVA	9,468,750	7,812,500	83	1,656,250
Fadama	31,500,000	1,540,854	5	29,959,146
Min. of Edu.	21,000,000	8,800,000	42	12,200,000
Regional Office	21,000,000	10,502,790	50	10,487,210
TOTALS	**167,250,000**	**84,318,644**	**50**	**82,931,356**

IFESH Office Operations: The formal country agreement between IFESH and the Government of Nigeria also approved the use of a portion of these local currencies to finance operations of the IFESH Regional Office in Nigeria. Nigerian naira 10,502,790.33 had been used for this purpose through November, 1995.

BANKER TRAINING

IFESH invited a number of U.S. commercial banks to participate in a banker training program for Africa. Chemical Bank and Mellon Bank were the only two US banks to respond to this invitation. IFESH established a selection process in the United States which included representatives of the commercial banking sector as members of the selection team. IFESH developed a list of countries targeted for participation in this program, and presented it during the Africa-African American Summit Conference in Abidjan in 1992. IFESH, with the help of American Embassy input from the

Sub-Saharan countries, developed a provisional list of institutions that would be invited to participate. These institutions were provided with selection criteria and application forms, and requested to submit the completed applications either to IFESH or to Chemical Bank, by then identified as the bank that would provide most of the training.

A t Chemical Bank, two senior managers from the Human Resources division, joined by two senior managers from the counterpart division of Mellon Bank formed an *ad hoc* review committee. This committee reviewed candidate applications and selected about 30 percent of applicants, who were then invited to participate in the program.

In interviewing bankers who participated in some of the early banker training programs, the evaluation team learned that very little exchange took place prior to their selection for the training and that they were given very little time to prepare prior to the start of the course. They were provided, before leaving for the U.S., copies of the first three chapters of the accounting text book that would serve as the course text.

The course itself, conducted over a three-week period, attempted to cover the same materials that are taught to Chemical Bank employees over a three-month course. Thus, while the African bankers generally found value in the course, they complained of the volume of materials covered and of too little time for class-room discussion. As for the curriculum, the participants commented favorably on the content, but almost without exception, they noted that materials appear to have been more sophisticated than most of them have been able to use since returning to their countries. On the other hand, participants report having developed valuable insight into banking in a developed economy, and believe this will serve as a base for developing new ideas and a spirit of rejuvenation that is much required in the financial sector.

On balance, it appears to us that a curriculum more attuned to the middle market , and more relevant to the needs of sub-Saharan countries, might be more appropriate for the future. One way to accomplish this would be for IFESH to develop a survey, requesting each country to identify the short-term and long-term priority needs of each financial market. Using this information, a more targeted course (or courses) could be developed. For example, an effective credit risk management function is the formula for success in every bank, regardless of location. This component, perhaps in a more basic form designed to strengthen the management of a portfolio of middle market loans could be more germane to the training needs of banks and bankers in most African countries. The advanced level of credit taught in the Chemical Bank seminar is only beneficial if participants have sufficient existing knowledge of credit on which to base their continued studies. Not all bankers questioned had ever had a previous credit course, which supports the suggestion that future seminars might be more effective if the selection process were more segmented toward different sectors of banking, appropriate to the level of prior training of the participants.

Chemical Bank charges IFESH a flat fee of $125,000 for each training seminar, regardless of the number of participants. Historically there have been between thirty and thirty five bankers in each session. IFESH did not contemplate at the beginning of the program that it would have to pay such a high per-session fee to the U.S. bank that arranged the training program, and had not budgeted specifically for it. This cost, plus international transportation, and other support costs for the participants during the training has exceeded the estimate of $10,000 per banker trained. Nonetheless, the training is exactly the type and level that IFESH envisioned, and expected.

So far, outside training options have not been considered. Such training options do exist and should be evaluated from the point of view of cost, appropriateness and quality.

We questioned both training course participants and their employers on the reasonableness and viability of banks sharing in the cost of these training sessions. Without exception, they indicated that in their opinion, it would be fair and that banks would be able and willing to make some contribution to the training cause. IFESH should research the subject in each country where the program is being promoted. It is paramount that a consistent policy prevail in all countries.

We also questioned whether bringing trainers to Africa would be welcomed as an option. While most realize that visiting the US provides an invaluable experience, they also acknowledge that the immensity of the training needs of the banks and the financial sector could be better served by bringing trainers to Africa. In this way, more bankers could benefit from the same or a lower financial investment. Therefore, should IFESH continue to provide banker training in the future, it may want to look at targeting specialized short courses --in the bankers own country. This type of training could be relevant, less costly, and available to larger numbers of bankers.

Each country has different needs, therefore the subject should be researched in each country prior to formulating a change of strategy.

Summary

Through November 1995, a total of 194 bankers have been trained in the U.S. from twelve African countries (Benin, Botswana, Cameroon, Cote d'Ivoire, Gabon, the Gambia, Ghana, Kenya, Madagascar, Malawi, Nigeria, and Swaziland). Over half of these bankers have come from two countries: Ghana and Nigeria. Two final groups of bankers remain to be invited to complete the program. However, since the training sessions normally take place in April and October, there is not sufficient time to run another course within the current PACD for the Cooperative Agreement (March 10, 1996), unless the project is extended. With a project extension IFESH does not anticipate problems in accomplishing the targeted number (250) of beneficiaries.

The full benefit stream that will flow from the training will not be apparent for some time in the future. Some participants had been promoted (or advanced otherwise) and others, despite a two year lapse since participation, remained at their same assignments. Nonetheless, we were told of several cases where persons trained under the IFESH program have been promoted to more responsible positions, including two bankers in the Gambia, one of whom became Minister of Finance (now deceased), and another who was promoted to Managing Director (President) of Standard Chartered Bank in the Gambia (the first African Managing Director of that bank). Although the evaluation team did not visit Cameroon, we were informed that one of the IFESH bank training participants from Cameroon was later promoted to Chief of Recovery Services of BICIC in Douala, replacing an expatriate and becoming the first African to hold this position.

TABLE 4

African Bankers Trained in the U.S. Under the IFESH Bankers Training Program 1992-1995

Country of Origin	Number of Bankers Trained	Percentage of Total
Benin	6	3
Botswana	17	9
Cameroon	13	7
Cote d'Ivoire	7	4
Gabon	2	1
The Gambia	8	4
Ghana	71	37
Kenya	7	3
Madagascar	6	3
Malawi	16	8
Nigeria	39	20
Swaziland	2	1
TOTALS	194	100

TABLE 5

Gender Disaggregation of African Bankers

Gender	Number	Percentage
Female	43	22
Male	151	78
TOTALS	**194**	**100**

TEACHERS FOR AFRICA

The goal for the Teachers for Africa program, as expressed in the Cooperative Agreement, is to place 500 teachers from the United States to help upgrade the educational systems in up to twelve sub-Saharan African countries. The program began in 1992 in six countries: Uganda, the Gambia, Cote d'Ivoire, Gabon, Ghana and Nigeria. Zimbabwe, and Kenya were added in 1993; and the program expanded to include Benin in 1994. The Teachers for Africa programs in Nigeria and the Gambia were closed because of US Government restrictions following political events in those countries (a military coup in the Gambia and decertification of American government programs in Nigeria as a result of narcotics-related activities there). TFA assignments to Uganda, Cote d'Ivoire, and Zimbabwe were never significant - one or two TFAs were sent to each country - and programs in those countries were not continued. At the time of the evaluation, the Teachers for Africa program was active in Kenya, Gabon, Benin, and Ghana.

In our interviews with headmaster/headmistresses, university professors and administrators, and government officials, most were very pleased with the performances of the TFAs. Volunteers were applauded for their contributions in introducing new approaches to teaching, their eagerness to get students actively involved in learning, and their willingness to interact with students on a personal basis. TFAs were also lauded for their eagerness to understand local culture, and their desire to share American culture with their students.

When asked for their recommendations on how to improve the IFESH Teachers for Africa program, the two most frequent responses were to have teachers stay longer, and to have more TFAs come to their country and/or school. IFESH teachers are highly valued in their assignments.

Table 6 shows the number of TFA placements, including a number who have chosen to volunteer for periods beyond the initial year.

TABLE 6

Placement of Teachers for Africa

Year	Number of Individuals Assigned	Number Repeating	Percentage of TFAs Repeating
9/1992-7/1993	41	-	-
9/1993-7/1994	67	6	9%
9/1994-7/1995	59	5	8.5%
9/1995-11/1995	135	20	14.8%
TOTALS	271	31	11.4%

To date, IFESH has placed American teachers, professors, and administrators in 302 positions in nine African countries, providing volunteer service to improve education in Africa. These teaching and advisory positions have been filled by 271 individuals, with 11.4 percent of them choosing to extend beyond the first year --many times in a second country. Education is understood in broad terms, that go beyond straight teaching. Some volunteers are classroom teachers in primary or secondary schools, some teacher at the university level, while other work on improving teacher training techniques and methodologies or, in some special cases, serve as school administrators. Some have served in very specialized positions in special education, trade schools (welding) and in professional arts programs (music, dance, theater design, etc.). Most TFAs interviewed participated in school or community activities in addition to their IFESH assignment. These activities were self initiated and ranged from counseling prisoners (Benin), to coaching basketball (the Gambia), to giving seminars on prevention of drug use (Ghana). In Kenya and Ghana, where Universities were on strike at the time of the evaluation, these self-initiated community activities proved especially important.

Table 7 shows the distribution of teachers, by country of assignment.

TABLE 7

Distribution of Teachers for Africa, September 1992- December 1995

Country	Teachers Assigned	Percentage of Total
Benin	**40**	**13**
Cote d'Ivoire	**2**	**> 1**
Gabon	**54**	**18**
Ghana	**27**	**9**
Kenya	**80**	**26**
Nigeria	**41**	**14**
The Gambia	**56**	**19**
Uganda	**1**	**> 1**
Zimbabwe	**1**	**> 1**
TOTAL	**302**	**100**

Most volunteers spend a full calender year in their country of assignment. The period of assignment normally begins during the summer, which coincides with completion in the U.S. of the American academic year. In Kenya, this cycle does not fit well with the Kenyan academic year which begins in January. In this specific case, IFESH TFAs are unable to work with the same students from the beginning of the Kenyan academic year to the end; this reduces the effectiveness of those who are posted as classroom teachers. While recognizing that TFAs volunteer their time for one year, and must be able to return to the American teaching force in the fall - except in the case of those who are retired - IFESH should try to post TFAs to Kenya who are able to serve there for a complete academic cycle. This could be done by having postings run from September through December of the following year (15 months), or by shifting to a twelve month January - December cycle.

TFA Recruitment and Selection

Candidates for the Teachers for Africa program come from a variety of backgrounds. Originally IFESH targeted recruitment at African -American educators; at the time of this evaluation 40% of the IFESH TFAs in the field were of other ethnic backgrounds. The program is advertised in a variety of publications, with *Chronicle of Higher Education* reaching the largest number of recruits, word of mouth, speaking tours by IFESH staff and returned teachers at colleges and universities, and posters. IFESH is acutely aware of the need to interest a large a group of potential TFAs each year, in order to have the ability to select good volunteers. It is estimated that for the 1995-96 group, there were 3 - 4 candidates for each volunteer posting; for purposes of comparison, Peace Corps has 7 - 10 applicants for each posting.

Potential candidates submit a written application, an essay describing why they wish to teach in Africa, and a list of references. The applications are sorted by IFESH staff into categories indicating areas of skills. These are then reviewed by a seven-person Selection Committee which ranks the application on a scale of 1 to 5 on the following criteria:

-- Overall professional and academic achievement
-- Persuasiveness and strength of candidate's essay
-- Relevance of candidate's teaching background to job post
-- Strength of letters of recommendation
-- Presentation of Application
-- Significance of the assignment in helping develop or enhance candidate's career

The qualities valued in the selection process are predominantly achievement/performance-oriented (the application states a preference for those with graduate or Doctorate degrees). The TFAs are selected on the basis on the scores received. The process is designed to be objective and fair, reducing candidates to neutral scores on a matrix. While this is a determined effort to select well qualified volunteers, it is also not as effective or thorough as the process could be.

The current selection process offers little opportunity for a potential candidate to indicate strength of character, flexibility, generosity of spirit, humor, kindness, self discipline, imagination, courage - any of the myriad intangible qualities that make up the nature of the person, beyond academic achievements. Selection is based on what the candidate has done, and does not fully take into account some of the very qualities that may be most important in influencing the TFA's ability to succeed in a foreign culture, at considerable personal sacrifice, and in a work environment far different from that with which he/she is familiar.

Candidates are not interviewed in person by IFESH staff or volunteers (returned TFAs), and rarely by telephone. We believe that personal qualities can best be judged in the context of a personal interview, and that this should represent a significant portion of the selection process. IFESH is at a considerable disadvantage in its selection process because it has little insight into the intangibles that greatly influence a volunteer's success or failure in a new and challenging environment. To accept teachers without some type of substantive interview, preferably in person, also places a tremendous burden on the candidate to assess how he/she will fit into the IFESH philosophy and broad objectives, and adapt to the often difficult circumstances of teaching in Africa.

In principle, TFA volunteers can be de-selected by IFESH during the orientation program since it occurs before they sign their contract, or they can de-select themselves on the basis of the information they get at that time. In reality, we are aware of only one TFA who de-selected himself, nor are we aware that IFESH has asked any volunteer to leave the program on the basis of information obtained or observations made during orientations.

The record shows that most TFA volunteers serve for the full one-year academic term, with a fair number opting to spend a second year in the same or a different country. One TFA in Kenya was approved for a third year, and another in Nigeria became an IFESH contract staff member. When a TFA wishes to extend for a second year, this seems to be agreed to by IFESH almost automatically, without a critical assessment of the individual's effectiveness or skills. In the past, it appears that such approvals were granted by the Phoenix office without input from the Country Representative. One example was brought to the evaluation team's attention of a TFA recently granted an extension for a second year. The Country Representative informed the evaluation team that, had she been consulted about the request, she would not have recommended the extension.

The evaluation team found among teachers currently in the field a fairly high level of concern about their living conditions, and their personal and professional environments. In posts where strikes were still in progress, teachers also exhibited frustration that they were not able to put their skills to immediate use. These feelings were especially evident among the majority of teachers in Kenya posted to the University of Nairobi and in Ghana. TFAs had been unable to teach at the undergraduate level in Kenya or at all in Ghana because of strikes affecting the universities to which they had been assigned.

While many of the volunteers' problems were not subject to IFESH control, we do believe that a better screening of the teachers might have selected people better able to cope with these problems in a more positive manner.

A principal reason for this conclusion is that some of the most effective teachers were located in some of the most remote sites, in some of the least desirable living conditions, with the least amount of administrative support. On the other hand, some of the most unhappy teachers were living in some of the more desirable environments. The attitude of the individuals, their flexibility and adaptability, of lack thereof, seemed an important determinant in how they managed to cope with their assignments. IFESH needs to find a way to measure for these intangibles, well before assignments are made.

Health

The majority of TFAs did not experience health problems during their postings. Those who did, found that satisfactory medical care was available. The health insurance system used by IFESH requires the TFA to pay for treatment and to seek re-imbursement from the insurance company. Because the TFAs work for modest stipends, this presents real problems - both in terms of having the money needed to pay for treatment up front, and also in terms of having to wait to be repaid by the insurance company. IFESH should explore putting a system in place that would reduce this funding burden for its volunteers.

Housing

During interviews of TFAs, the evaluators heard many complaints about housing. In some cases these were based on unrealistic expectations that most likely could be prevented by better TFA selection and improved orientation. In other cases, the problems were more complex. The highest level of housing satisfaction was found in Benin, where the IFESH office identified several appropriate housing locations for each TFA, negotiated a fair rental price with the landlord, and then let the individual select his/her accommodation from several choices. In other countries the housing stock appeared to be much more limited, and in instances where schools were responsible for providing housing, their access to housing considered "adequate" by Western standards presents even more of a challenge.

Transportation

Coming from the United States, many visiting Africa for the first time, TFAs frequently find transportation an area of on-going frustration. They often do not have funds for obtaining a person vehicle, nor would their stipends afford them the ability to maintain such a vehicle in any case. Moreover, they often find the public transportation system to be inadequate for their needs. The evaluation team found no ready satisfactory solution to this problem. It is an issue that should be studied carefully in each country. Also, this is an area in which the recommendations of IFESH Country Representatives may be particularly helpful.

TFAs in French Speaking Countries

Teachers in Gabon and Benin face special problems. The work environment appears to be quite rewarding, with a high level of support from counterparts and from the governments. Moreover, the teachers seem to find their assignments challenging and rewarding if their French language abilities are adequate to the task. If IFESH is to be successful in Francophone countries, it must do an effective job of recruiting French speakers; there is no substitute for having competent teachers who are also conversant in French. No matter how good the credentials of the teachers, without the ability to make themselves understood --in French-- they can not be effective, they likely will become discouraged, and the IFESH's reputation will be damaged --since the organization will be seen as unable to provide teachers with the required skills.

ANNEX A

TERMS OF REFERENCE FOR THE EVALUATION

The scope of work shall include but not be limited to the following:

A. Program Management

Based upon discussions with the USAID Project Officer and Grants Officer, a review of IFESH's quarterly and annual progress reports and annual work plans, project financial reports, and interviews with members of IFESH's staff, the Contractors will assess IFESH's management of the Cooperative Agreement, including the following:

1. Identify factors that have impeded or adversely affected project implantation.

2. Assess the extent to which the project has been adequately staffed, organized and managed. This includes staffing and supervision/oversight of the Regional Field Officer in Nigeria.

3. Assess whether USAID management of the Project has been adequate, effective, and appropriate; and whether USAID's inputs were delivered in a timely manner.

4. Determine whether IFESH provided USAID with reports in a timely manner. If not, what constraints existed that affected the timeliness.

5. Evaluate the extent to which IFESH has publicized and educated its donor (USAID) and the general public on the project and its successes.

6. Evaluate the status of funding, whether there are sufficient funds to complete the project, and whether any reprogramming of funds should occur.

7. Based on IFESH's A-110 annual audit reports and conversations with its external auditors, determine if IFESH was in compliance with the terms of the Cooperative Agreement.

8. Has the role of the IFESH Regional Representative facilitated objectives of the project?

9. Assess the extent to which IFESH has commitment or agreement documents with participating countries and USAID missions to undertake any or all of the components under this project.

10. Assess the extent to which IFESH has set in place adequate financial and management controls to provide financial and management oversight of the project.

11. Assess the extent to which IFESH has involved the PVO and other private sector entities to assist with various management tasks as outlined in the Cooperative Agreement, pages 89-91.

Assess the extent to which the IFESH Board of Directors has been involved in management decision-making, if applicable.

12. Assess the extent to which IFESH has complied with applicable USAID rules/regulations regarding contracting and subcontracting for goods/services.

B. Technical Programs

The Contractors will examine IFESH's implementation of this project in the areas of Debt for Development, Teachers for Africa, and Training for African Bankers "The Best and Brightest"). The Contractors' evaluation should also cover the following aspects:

1. Assess the cost effectiveness of the activities that IFESH has carried out. Were the results obtained reasonable in relation to the costs incurred?

2. Identify the number and type of direct and indirect beneficiaries.

3. Assess the extent to which the objectives (expected project outputs) of each project activity have been met?

4. Assess the relevancy of the project in terms of USAID's objectives.

In regard to IFESH's project activities, the evaluators should answer the following questions:

<u>Debt for Development</u>

1. Did IFESH act in a responsible manner by purchasing or not purchasing Promissory ("P") Notes? Was a favorable leverage rate obtained in those instances where purchases occurred?

2. Did any uncontrollable constraints exist that prevented IFESH from purchasing Notes?

3. To what extent were the Central Banks helpful or not in IFESH's efforts to purchase Notes?

4. Were country assessments conducted in ascertaining where debt conversions could take place? To what extent were these assessments used and are they valid measuring tools in determining the cooperation of a country and its Central Bank in conducting a debt swap?

5. Were "P" Notes converted to local currency in a manner which maximized their value and consistent with the expenditure rate?

6. How did IFESH identify and evaluate projects (sub-grants) to be funded from the generated local currency? Was it done in an objective manner?

7. How effective is the IFESH Regional Field Officer in oversight of the activities? Have procedures been instituted to monitor the progress of the sub-grants and to track sub-grant expenditures? Are the sub-grant budgets realistic for the activities planned, do the projects include self-help components, and are they sustainable once the funding terminates? Did other donors participant in contributing to the activities funded under the sub-grants?

8. Was the use of local currency maximized in covering the costs of the regional field office in Nigeria?

9. Was a diverse group of U.S. based PVOs and local NGOs used in carrying out the sub-grant activities?

10. Assess the process by which IFESH selected countries for participation in the debt component. What are the major factors that include or exclude a specific country?

11. Discuss the number of participating countries and extent to which transactions were conducted in a timely manner. Is sufficient time made available to implement subsequent development projects/programs?

12. Has the component achieved the number of debt transactions projected in the Cooperative Agreement? If so, in which countries? If not, why? Should efforts be made to complete additional debt transactions in other countries?

13. Assess the process of identifying debt instruments and the banking institutions with which IFESH worked. Were debt instruments selected on a competitive or noncompetitive basis?

14. Assess the utilization of local currency generated from the sale of commercial debt (see debt component below). Have adequate levels of local currency been available to manage all logistical and program activities planned for the local currency? If so, describe; if not, identify alternative means of managing this resource.

Teachers For Africa

1. Is the method of soliciting applicants sound and does it provide IFESH with a large enough pool of qualified teachers?

2. Describe the method employers use in selecting participants for this program. Is the method of selecting teachers done in a professional manner? Are teachers notified of their acceptance in a timely manner, i.e., are they provided enough lead time?

3. Does the pre-departure orientation and briefing meet the needs of the teachers? How does it compare in relationship to any in-country briefings? Is one more cost effective than the other and are they both necessary?

4. Do teacher assignments meet the needs of the country? Were the assignments based upon country assessment needs or some other method? If based upon the assessments, how reliable were the assessments? Were teachers assigned to the positions for which they were recruited?

5. Were teachers qualified to teach the courses they were assigned, and conversely, to what extent were teachers underutilized? Did teachers take on many additional teaching and other roles which were not contemplated?

6. Were subjects taught that otherwise would not have been, if it weren't for the Teachers for Africa program?

7. How is the program perceived by the students/parents, local educators, national and local educators, and representatives of the U.S. Government, USAID, and/or the Embassy?

8. Do the teachers feel that the program is satisfactorily administered? What are the strengths and weaknesses of the program from an administrative perspective? What kind of practical, implementable lessons learned could be used for future groups?

9. How important of a role do the country representatives play? Should it be increased, decreased, or deleted?

10 . How important is it to have French speaking teachers in Francophone countries? If important, what is the minimally acceptable language competency level? Are there situations in which beginning French speakers are acceptable? Are the in-country language programs cost effective and helpful?

11. Are the donated books useful and being used? Are they relevant to any of the classroom teaching that is being done? Is the cost of shipping the books justifiable and should the program continue?

12. Has the program met its planned objectives? What are the number of direct and indirect beneficiaries?

13. In the countries where IFESH has placed the greatest number of TFA members, what is the impact of their assistance?

14. Are there other donors providing similar programs as the Teachers for Africa program? If so, how do per unit cost compare with each other?

15. Assess the profile of the TFA participants in terms of skills, age, adaptability, expectations.

16. The number of teachers that did not complete their full terms of assignment has been low. For those that did leave early, discuss the reasons for early departure.

17. Discuss and assess the level of financial assistance provided TFA members through their stipends and logistical support needs.

18. Have program objectives been consistent with mission strategies and objectives for the country in which participants have been placed?

Training for African Bankers

1. Is the method of soliciting applicants sound and does it provide IFESH with a large enough pool of qualified bankers? Since 52 percent of all trainees have come from two countries, what are the constraints that have prevented participation of bankers from the countries identified in the original proposal? Should more candidates come from already participating countries and/or should the number of participating countries be expanded? Have the candidates' professional backgrounds and qualifications continued to be consistent with what was envisioned at the program's inception?

2. Is the method of selecting bankers done in a professional manner? Are candidates notified of their acceptance in a timely manner, i.e., are they provided enough lead time to obtain visas?

3. Should candidates be provided any course material prior to their arrival? If so, is it practical, administratively implementable, and cost effective?

4. As the prime trainer for this activity, how did Chemical Bank perform? Is the course material current and technically challenging, relevant to the needs and experience level of the participants, and relevant to bankers from Africa? To the extent possible, ascertain if the training has been practical and if the concepts learned can and have been employed by the participants in their day-to-day work. Has Chemical Bank and the course instructors made an effort to revise the course material, as needed? Are they responsive to student feedback? What curriculum adjustments and overall changes to the training program could be made to strengthen it?

5. Are the seminars and debriefings held with the various institutions, e.g., U.S. Department of Treasury, World Bank, beneficial and cost effective? Did the participating bankers feel the time was well spent or could it have been spent in a more productive manner?

6. As a result of the training, have any African banks pursued banking relationships with U.S. banks? Have any new banking relationships been consummated? Also, has any of the training led to any expanded relationships, e.g., establishing linkages in trust department, between African and U.S. banks?

7. Has the training led to career advancement and greater professional prestige for the participants? Was the career advancement in the way of greater responsibilities in the same position or in organizational promotions with a new job title? Are there any instances where a participant replaced an expatriate in the bank?

8. Is the Alumni Association that has been formed in Ghana, outside the scope and support of the project, something that the project should support or at least encourage in other countries? Has the Association been a positive force for the project and its participants?

9. Has the program encountered problems with participants extending their visas and not returning to their countries?

10. Has the program been cost effective? Importance in accessing this effectiveness will be reference to such factors as uniqueness of program and training, cost of similar countries (in content and scope) if any, etc.

11. Assess and discuss the program management of this component. What kind of problems have been experienced and, how are they being addressed?

12. As program participants receive cash (for per diem, etc.), have financial controls been set in place to ensure proper and appropriate disbursement?

13. Will the project achieve the projected 250 ~~teachers~~ Bankers by the end of the program? Are sufficient funds and time available to accomplish the stated goal?

ANNEX B

RESPONSES TO SPECIFIC EVALUATION QUESTIONS

A. PROGRAM MANAGEMENT

1. Identify factors that have impeded or adversely affected project implantation.

Several factors have affected the project adversely:

a. The lack of prompt responses by IFESH/ Phoenix appears to have led to slow review of issues submitted by field offices in some instances.

b. It appears that there is a strong tendency to effect false economies which may severely hamper field work and which have, in at least two cases, caused embarrassment as well as a slow-down in implementation.

c. Country Representatives are involved only in matters relating to the TFA program, whereas they may be important reality checks for Phoenix on other issues that involve their countries.

d. Local currency has not always flowed in a timely manner in Nigeria, resulting in stoppage of project implementation.

e. The system used for distribution of information concerning availability of banker training may have limited participation of a broader spectrum of key mid-level bankers.

f. Limited planning appears to have led to a short-term perspective for the TFA program.

g. Involving host country counterparts (government officials, school principals) late in the selection process (both in selecting sites for TFAs and in reviewing prospective teachers) has impacted negatively on school attitudes, in some instances.

The following comments focus specifically on the TFA program:

a. Selecting teachers for Africa volunteers (TFAs) solely on the basis of a written application, which includes basic personal and professional information, an essay on interest in being a TFA, and calls for references. Candidates are not interviewed in person or, in most cases, by telephone. The only exception to this is some, selected candidates for posting to Francophone parts of Africa who were interviewed by telephone to ascertain proficiency in French. Not interviewing potential TFAs means that individuals are identified on the basis of strong academic backgrounds, and their social and adaptive skills have not been fully assessed.

b. There does not seem to be a uniform or consistent medical check of potential TFAs. The medical information form does ask about histories of alcoholism, drug use, and serious medical problems. Few individuals with these problems in their backgrounds, who are keen to be TFAs, are likely to give a positive response.

c. There were mixed responses to adequacy of housing from country to country and year to year. In general, IFESH provides TFAs with a limited choice of appropriate, reasonably priced, convenient accommodation. This can produce discontent, and lead to an atmosphere of criticism and whining which can interfere with performing adequately as a TFA.

d. As with housing, TFAs have a wide range of responses to the appropriateness of their professional postings. Failure to do a careful needs analysis in conjunction with the appropriate educational officials, may hamper the ability of the TFAs to have a good match of their skills with their posting and the needs of the educational system of their host country.

e. Briefings for TFAs in the United States have not consistently had resource persons from each host country attending. This has resulted in a mixed record on pre-departure preparation, and produced frustration in some cases due to a lack --or perceived lack-- of adequate information. Beginning in 1994, IFESH started to address this issue by inviting its Country Representatives to participate in predeparture sessions in the United States.

f. Prior to the 1995 TFA postings, each volunteer was expected to provide his/her own anti-malaria drugs. This was prohibitively expensive for some TFAs, who opted not to purchase the drugs. While the evaluation team was not made aware of any TFAs who contracted malaria during their overseas tours, the risks of contracting the disease are increased where prophylactic measures are not taken. We note that IFESH has now taken the decision to supply the drugs to all TFAs on a continuing basis.

g. Programmatic decisions appear to be made or heavily influenced by accounting staff. This results in frequent false economies which may actually cost more in the long run. Decisions are often not made in a timely manner, resulting in long periods of indecision or absence of guidance. If program decisions were made by program staff, the broader implications of actions might be apparent sooner.

Some of the more significant consequences of documented problems include:

a. The absence of clear demarcation of responsibilities between the Phoenix and the Regional offices appears to have contributed to delays and problems with some field activities. The Regional Director/Africa and Country Representatives have not always been informed on a timely basis of Home Office expectations from events or projects involving their areas of jurisdiction. This is assessed as a remnant of the time when individual projects, countries and the African continent were administered entirely from the Phoenix Home Office, and before IFESH became a manager of projects funded by USAID and other public bodies and multi-lateral agencies.

Recommendation:

IFESH should re-define the authorities and responsibilities of the Regional Office. This implies developing a clearer definition of responsibilities than is currently in place, and issuing delegations of authority to the Regional Director to permit the effective, smooth running of the office, the results for which he/she should be held fully accountable.

IFESH should consider expanding the authorities of the Regional Office to include all IFESH activities on the African Continent. The Regional Office in Lagos would then intermediate on projects or activities directly with the Country Representative under whose jurisdiction they fall.

IFESH should also develop clear scopes of work for its Country Representatives, and establish quantitative and qualitative performance criteria against which annual evaluations are undertaken.

These revisions should be communicated clearly to all offices within the organization.

b. The Phoenix Office appears not to fully appreciate and understand the market conditions and the wide range of difficulties encountered by Country Representatives and field project managers, which has hampered the smooth implementation of some local projects in Nigeria. This is to a certain degree expected from employees who have not worked extensively in emerging economies on the African continent. It does suggest the pressing need to become well acquainted with the issues and the people who are managing them.

Recommendation

Many of the problems encountered as a consequence of the situation outlined in section b. above, should be resolved by permitting the Regional Director/Africa to direct and be held accountable for his actions. However, enhanced bi-lateral communication, and a clearer definition of expectations and responsibilities at all levels, should contribute significantly to the smoother development of projects. In the interest of improving communications, and building on its home bases capabilities, IFESH should consider the installation of e-mail wherever possible.

The Phoenix Home Office should strengthen its communication system so that it can respond promptly to requests for approval or process that are received from its field operations. Ideally, a project director should be employed. This position would be the direct line of communication with the Lagos office, and all operational and project related communications should be channeled through this person, whose responsibility would be to coordinate the work flow and ensure the needs of the field are attended to promptly.

The incumbent of this position, should have extensive field experience, a project coordination background and the ability to manage effectively the multiplicity of issues and problems that emanate from the field.

c. Delays in the disbursement of debt conversion proceeds from the Central Bank of Nigeria, that customarily range from four to twelve weeks and have on occasions extended as much as six months. These delays have caused disruptions in project development in the Nigeria programs. During these periods, no interest is payable on balances held by the Central Bank of Nigeria. Inflation is high and undeterminable, and the ultimate cost of this feature to projects is considerable and determined by domestic inflation. (We were unable to determine the causes of the more protracted disbursements, and recommend that Phoenix request an explanation by the Lagos office).

The lack of a smooth flow of cash has hampered sub-grantee projects as well as projects directly managed by IFESH field offices.

Recommendation

In an effort to strengthen cash flow management, IFESH should consider the following strategies in its financing of projects through the debt conversion process:

a) Establish a contingency line of credit with a local bank to facilitate the payment of at least one month's budgeted expenditures. IFESH's Lagos bankers advised they are able to discount Central Bank of Nigeria debt conversion authorizations for customers, and therefore save beneficiaries the uncertainty of a six to twelve week delay in receiving the funds.

b) Have Lagos office discuss with their bank the purchase/discount of Central Bank of Nigeria debt for conversion authorizations. Promissory notes purchased by IFESH are for odd and sometimes large amounts, making it difficult to match their value with cash flow needs. This has, on occasions, left projects short of funds. On other occasions, too many funds have been changed. Under the current regulated interest rate regime, and hyper-inflationary economy of Nigeria, no domestic financial investment vehicle exists that conserves the purchasing power of naira-denominated cash balances. This latter mentioned situation results in IFESH suffering losses on surpluses of naira funds.

c) Have Lagos office discuss with their commercial bank, the availability of smaller promissory note denominations, that can be more easily matched to cash flow needs. IFESH's bankers in Lagos informed the evaluation team that small denominations ($250,000 and less, in historical value) of Nigerian external debt are available through their U.S. correspondent bankers (CitiBank). This is one of numerous sources of Nigerian debt that should be considered.

d) Have the Lagos office discuss with the Central Bank of Nigeria, the splitting of promissory notes held into smaller denominations, thus facilitating the exchange of notes for amounts more consistent with the cash needs of projects. The partial exchange of promissory notes could also provide a solution. The subject of the latter was discussed with the World Bank (Mr. Abdho Salem Drabo - IFESH project liaison), who advised that within reason, most central banks are prepared to consider requests to divide notes into the denominations required by IFESH).

The decertification of Nigeria for non-compliance with internationally established drug-abatement measures, has required the redesign of projects in which the Government of Nigeria is a participant or owner of the beneficiary organization. This event alone has had considerable negative impact on projects funded through this Cooperative Agreement. Until these restrictions are lifted, the survival of IFESH's activities in Nigeria is dependent on the ability to continue to channel funds through Non-Government organizations, and/or the ability to access outside financing.

New sources of outside funding could be sought from the foreign private sector operating in Nigeria, and dialogue with the oil companies --perhaps the most likely sector-- should be developed at the earliest opportunity.

2. Assess the extent to which the project has been adequately staffed, organized and managed. This includes staffing supervision/oversight of the Regional Field Officer in Nigeria.

a. Each country with TFAs has had a resident IFESH representative, with the exceptions of Cote d' Ivoire (1992-3, 1993-4), Uganda (1992-3), and Zimbabwe (1993).

b. IFESH arrangements in each country are different, reflecting circumstances in each country and the placement and support systems worked out by each Country Representative .

c. Country Representatives are not provided with a vehicle by IFESH; they are expected to provide their own transportation, on a reimbursable basis. In the case of IFESH County Representatives who do not own cars, they are expected to hire transportation on an *ad hoc* basis.

d. Country Representatives are expected to use their own communications equipment (phone, fax), computers, and copying machines to carry out their responsibilities. If they do not own such equipment, they are expected to provide it on an *ad hoc* basis. In some instances (Kenya, Ghana), IFESH does not have offices, and Country Representatives use space in their own homes as temporary IFESH offices (N.B.: Office space had recently been located in Kenya, but IFESH had not moved into the new facility).

e. Country Representatives's salaries are negotiated on a case-by-case basis.

f. Expenses incurred in carrying out IFESH responsibilities are reimbursable; however, several Country Representatives expressed a desire to have clearer policies and guidelines identifying the types and levels of expenditures that are eligible for reimbursement.

g. Country Representatives expressed a desire to have clear annual budgets, established well in advance of program events and operational expense requirements. IFESH advised the evaluation team that this concept was introduced during the 1995 briefing sessions held with the Country Representatives in the United States. However, in our field interviews it was clear that the concept had not been firmly established.

h. Country Representatives manage the TFA program only. They reported having been given no responsibility for, and generally no information about, the Best and the Brightest program, or about other IFESH activities.

i. USAID missions took differing levels of interest in the implementation of IFESH projects. The strongest interest --and apparent knowledge about IFESH operations, generally-- was apparent in Gabon, for the TFA program, and in Ghana, for the Best and Brightest program. USAID officials in Benin and the Gambia were aware of the program and took a lively interest in its implementation, while doing minimal back-stopping. The USAID missions in Kenya and Nigeria seemed to take the position that IFESH activities were funded by, and monitored by Washington, and were generally outside their realm of authority.

j. The staffing of the Regional IFESH office in Lagos was in transition at the time of the evaluation mission. Comments on current staffing are tentative. However, the evaluation team was impressed by the Regional Office in two ways: 1) the office has been well established and has a strong capable staff; and 2) the office apparently has the respect of the Government of Nigeria, particularly as concerns the Debt for Development program and the local development projects that are being funded by the program.

k. The evaluation team could not determine the Regional office's responsibility for TFA program, either in Nigeria or in other countries. In the case of Nigeria, when the TFA program was operational, it was clear that the Regional Office did not supervise the Nigeria TFAs. This function was contracted out to a Lagos based firm, that provided on-site supervision and support (this arrangement was in place prior to establishment of the Regional Office). The firm also conducted in-country briefings for the TFAs. Identification of work assignments and housing appeared to be handled largely on an *ad hoc* local basis, but also was done by the local firm. Outside of Nigeria, the Regional Office was sometimes called upon to intervene on specific issues (as it did recently in Kenya), but did not appear to have any ongoing responsibility for the program.

l. The Regional Office staff was actively involved, along with the Executive Director in Phoenix, in identifying potential sites for Debt for Development, and negotiating those arrangements. To date this was done successfully only in Nigeria.

m. Regional staff were expected to supervise the technical projects funded through Debt for Development. They were hindered in doing this by a lack of transportation until mid-1995. Their technical skills seemed more than adequate to do this supervision. It was not clear if they had the capacity to help local NGOs design and implement revolving loan funds; in the two cases where IFESH Debt for Development funds had been authorized for this purpose, they had not been used (although discussions at NOIC indicated a keen interest in establishing a revolving fund).

n. Implementation of the technical projects in Nigeria was hampered by slow disbursement of naira that did not always respond quickly to program needs.

o. Both Regional Office staff and Country Representatives reported some frustration in attempts to communicate a sense of urgency on specific issues to the IFESH Phoenix office.

p. Several decisions that required IFESH Phoenix concurrence were protracted, and did not take advantage of the relatively small size of the organization to react quickly to some events.

q. It was not possible to determine if the work loads of the Phoenix IFESH staff are reasonable. Given the nature of the type of issues most frequently facing the organization, however, the evaluation team believes that the addition of a programmer familiar with both the USAID system and Africa would improve IFESH's ability to respond more quickly to field concerns and enhance its overall effectiveness.

3. Assess whether USAID management of the project has been adequate, effective and appropriate; and whether USAID's inputs were delivered in a timely manner.

USAID management of the project appears to have been adequate, effective and appropriate. The Project Manager appears to have maintained a close professional relationship with Phoenix and with the Lagos Regional Office. However, USAID in the six countries we visited (except in Ghana) did not appear to have much involvement in any of the three components of the Cooperative Agreement. The USAID Benin mission expressed a strong interest in working more closely with IFESH.

4. Determine whether IFESH provided USAID with reports in a timely manner. If not, what constraints existed that effected the timeliness.

IFESH is required to provide two financial reports to USAID on standard OMB forms. These are:

a. Form 269 - submitted quarterly.
b. Form 272 - submitted monthly.

Of the sample of reports submitted, it would appear that Form 269 (Project Progress Report) is generally submitted within 90 days following the end of the quarter under report. We were advised that this 90 day lapse is required by IFESH to permit the compilation of the information, much of which is generated by the field offices/country representatives. This delay would appear to be reasonable given the state of inter-country communications. The process could be accelerated by the use of e-mail if available in countries where IFESH has offices. Final compilation of reports is determined by receipt of the most delayed component.

Similarly Form 272 "Federal Cash Transactions Report", is compiled from information submitted by the field offices, and is generally submitted to USAID within six weeks after the end of the month on which it reports.

The late submission of these reports has been repeatedly raised by IFESH external auditors, and reportedly by USAID, although IFESH informed that they have received no criticism from USAID for late submission of the reports. Any delay in the submission of field reports results in a delay in Phoenix. However, teacher stipends (provided quarterly) are not released until their reports are received in Phoenix. This should be a strong incentive for timely reporting from the field, and should have a positive influence on the ability of Phoenix to complete its reports to USAID.

Recommendation

All exceptions to strict compliance with the USAID Cooperative Agreement should be obtained in writing.

5. Evaluate the extent to which IFESH has publicized and educated its donor (USAID) and the general public on the project and its successes.

IFESH seems to have educated its donor on the objectives and nature of the project. The general public learns about the project on an *ad hoc* basis from the presence, and presentations, of returned TFAs. All TFAs did some public presentations upon returning to the USA; those in Philadelphia and Phoenix areas seemed especially active.

IFESH keeps USAID apprised of the status of implementation activities under the Cooperative Agreement. The Executive Director makes periodic trips to Washington, and briefs the Project Officer on progress. The Project Officer has also traveled to Phoenix, and he traveled with the Executive Director and the Regional Director/Africa to Benin and Nigeria. The Project Officer also saw the teachers program first-hand during his four-week TDY to the Gambia.

IFESH has received substantial press coverage describing its programs in the countries where it operates. For example, in Benin the local French language newspaper, Le Matin, covered the signing of the new country agreement in October, 1995 between the IFESH Country Director and the Secretary General of the Ministry of Foreign Affairs. The coverage was complete with photographs and full text explaining the IFESH program. The same newspaper has carried other articles concerning the IFESH program.

Both in Benin and Gabon, IFESH has developed newsletters --in English and French-- describing IFESH activities. These newsletters are both a way to disseminate information among IFESH teachers and their colleagues about what they are doing, as well as a way to help inform the public more broadly about IFESH presence and activities.

6. Evaluate the status of funding, whether there are sufficient funds to complete the project, and whether any programming of funds should occur.

On March 11, 1992 the USAID Administrator authorized $15,000,000 in USAID funding, under a Cooperative Agreement to fund IFESH activities.

A total of $9,230,432 had been expended through June 30, 1995 (see discussion in the main text of this report).

To date only one debt conversion has taken place, this in Nigeria. A total of $1.6 million (in U.S. dollars) was used to purchase $6.1 million worth of debt. As of November 30, 1995, $4.304 million worth of this debt had been converted to 129.44 million Nigerian naira. $1.8139 million dollars worth of this debt remains to be converted.

Of the total notes purchased in this transaction of $6.18 million, a final note for over $1.8 million is held by IFESH pending submission of sub-grantee budgets for delivery to the Central Bank of Nigeria with the application to convert. Funding for this component is adequate, however the project term should be amended to permit its orderly completion within the limit of the funds available. An extension of the terminal date of the project appears justified, given accomplishments to date.

7. Based on IFESH's A-110 annual audit reports and conversations with its external auditors, determine if IFESH was in compliance with the terms of the cooperative agreement.

The First Paragraph of Page 19 of the attachment to the Cooperative Agreement, states that... "USAID's prior approval of each transaction sell price is required". Since the debt conversion process is usually in two stages, i.e., the purchase at a discount of the promissory notes in US dollars and the subsequent conversion of the US dollar-denominated notes into local currency at a price determined by supply and demand, one could argue that USAID approval is required at each stage of the conversion process, or, as IFESH argues, that only a single USAID approval is required.

IFESH received USAID approval for the purchase of Nigerian Government Promissory Notes at the discounted rate of about $0.275 (27.5 cents) on the dollar. Subsequently, it was decided to convert the notes in tranches. IFESH does not believe it is necessary to seek additional USAID approvals for each subsequent conversion. However, in view of the wording of the Cooperative Agreement, his should be confirmed. If additional approval is deemed to be required, USAID should provide it straightaway, or, if necessary, amend the Cooperative Agreement to waive the necessity of approval for each individual transaction.

By way of further explanation; the Nigerian financial market is unstable and volatile, therefore notes may be changed in different months to produce significantly different amounts of local currency.

At the auction witnessed by us on November 23, 1995, bids ranged from discount rates of 35% to 46.25%. The weighted average discount was about 44%; however, the average of the two rates is 40.6%. These rates calculated on notes in multiples of $1 million, could translate into significant differences in the amount of money eventually received in local currency. On this particular occasion, the lower bids were disqualified by the majority of the bidders whose offers made up the Government's allocation of $14.3 million for this particular debt retirement.

There is no certainty that any auction will be fully subscribed, therefore the rates mentioned above could significantly influence the weighted average, i.e., the base rate for conversions approved for IFESH on the notes currently held.

IFESH normally converts following an auction. The Debt Conversion Committee (DCC) of the Central Bank of Nigeria requires the Regional Director to witness the auction and then present IFESH's notes for conversion. Under the currently approved framework, these conversions provide IFESH with the weighted average price at the previous auction less 5%.

From a review of IFESH's A-110 and conversations with their auditing company, Deloitte Touche, the only mention of non-compliance with the Cooperative Agreement #AOT-0488-A-00204500, is outlined in the attachments to the audited financial statements. These allude to non-compliance by sub-grantees of certain audit standards as required by the OMB. Steps are being taken to have sub-grantees comply, however, close follow up should be maintained.

8. Has the role of IFESH Regional Representative facilitated objectives of the project?

The Regional Director/Africa, operating under difficult conditions, has successfully established the Regional Office. However, the office does not yet operate as a Regional Office for Africa; rather, its principal functions are to implement the Nigeria program.

a. The role of the IFESH Regional Director/Africa was crucial in negotiating the debt conversion for Nigeria, and in negotiating and setting up the local development projects being funded by the local currency made available as a result of the conversion. He has developed a regional office that has a veteran staff, strong in both project development and implementation, and in program planning and budgeting skills. He recruited a very competent Finance Officer, and has facilitated the development of internal controls now in use for monitoring the local currencies. Office procedures are well-established and understood by staff.

b. The Regional Director/Africa was the key player in working with two PVOs to carry out development projects in Nigeria: Africare and the Nigerian affiliate of Opportunities Industrialization Center International (OICI), Nigeria Opportunities Industrialization Center (NOIC). He also worked closely with the World Bank on the agricultural training project (National Fadama Development project), and with the University of Ibadan on literacy tied to health care (University Village Association/ University of Ibadan), as well as on skills training projects (NOIC/Lagos, NOIC/Ilupeju Ekiti, and Women's Cooperation Society/ Oyo, Ogun/Enugu, and Lagos States in Nigeria).

c. Micro-enterprise projects have been developed in Nigeria, with the Regional Director/Africa's close involvement. UNIVA has soap production, garri processing, and tie dye work; funds have been allocated for a revolving loan program. NOIC has fashion design, catering, automobile repair, refrigeration and air conditioning programs that promote micro-businesses; it has an incipient revolving loan program. The Women's Cooperative Society prepares trainees to run catering businesses.

d. The Regional Director/Africa and his staff have strengthened efforts to improve the effectiveness of local NGOs, within the very real constraints of Nigeria's current political climate, and its de-certification by the US government.

Nevertheless, the Regional Office was never fully utilized. With a strong staff, capable of developing projects, budgeting, and implementing programs, it is the opinion of the evaluation team that IFESH could use their talents to assist in a more direct way with problems being experienced in some of the neighboring countries in which IFESH is active.

We believe that IFESH Phoenix functions (see question # 2 above) could be greatly strengthened by utilizing more fully the talents that are already present in the Lagos office. From a management perspective, it does not really matter whether the IFESH Phoenix function is physically located in Phoenix, in Lagos, or elsewhere, so long as communications are easily accessible and of good quality, and each position has a clearly defined mandate of operation. [Note: with the problems caused by decertification and concerns raised by recent political events in Nigeria, IFESH may well want to consider alternative sites for relocating the Lagos office.] To be clear, the evaluation team believes that by using the staff of the current Lagos office in a different way, IFESH would be able to augment its ability to provide the programming and budgeting role which Phoenix has assumed by taking on the direct management of programs, but which it has been difficult for Phoenix to perform in a timely and informed manner.

As a first step, to establish the role of the Office as a central administrative support function, a communication should be developed by the Phoenix Office and sent to all Country Representatives, clearly explaining the role of the Regional Director/Africa, the regional office, its key officers, their level of delegated authority and an outline of how each country office is expected to interface with the Regional Director/Africa. Until such clarification is provided, confusion will likely not be completely alleviated at the Country Representative level.

9. Assess the extent to which IFESH has commitment or agreement documents with participating countries and USAID missions to undertake any or all of the components under this project.

There are no formal agreements between IFESH and USAID missions in any of the six countries we visited for implementing any component of the Cooperative Agreement. However, we understand that USAID missions were informed of the program by USAID Washington. Some USAIDs replied with written approvals for the IFESH programs in their countries, while others approved informally. In all of the countries where programs are active, IFESH keeps USAID mission staff informed of project developments and progress. Moreover, USAID staff in Kenya, Benin, Nigeria, and the Gambia have participated to some extent in travel clearance and pre-departure formalities for the banker training participants. In the case of Ghana, the USAID Training Officer has taken a very active role in the banker training program, assisting with the dissemination of information to prospective participants about the program, and even helping to establish an Alumni Association of the 71 Ghanaian bankers trained so far under the IFESH banker training program.

Arrangements with host governments vary, from formal comprehensive agreements covering all

IFESH programs in a country, to formal agreements extending coverage for selected IFESH activities, to no agreements at all.

Kenya: There is a formal agreement with the Ministry of Higher Education, which covers IFESH teachers who work at the university level. There is as yet no agreement with the Ministry of Education, under whose jurisdiction primary and secondary teachers fall. [The evaluation team met with the Ministry of Higher Education, but was unable to meet with Ministry of Education officials, who were unavailable during our visit.]

Gabon: There is a formal agreement between IFESH and the Ministry of National Education. The agreement covers all IFESH teachers and was signed in Phoenix in 1993 by the Director General of General Administration, Financial Affairs, and Equipment. Rev. Sullivan signed for IFESH.

Benin: There is a formal agreement between IFESH and the Ministry of Foreign Affairs. The agreement covers all IFESH teachers, who work in primary education in Benin.

Nigeria: At present there are no IFESH teachers in Nigeria. However, there is a comprehensive agreement (covering IFESH teachers, Interns, the banker training program, IFESH's Regional Office, the debt conversion program, and development projects to be financed with debt conversion proceeds). The National Planning Commission is designated as the Nigeria point of contact for IFESH. The agreement was signed in May 1993 in Libreville, Gabon by Nigerian President Banghia and Rev. Sullivan.

Ghana: We are not aware of a formal IFESH agreement with Ghana.

The Gambia: We are not aware of a formal IFESH agreement with the Gambia.

10. Assess the extent to which IFESH has set in place adequate financial and management controls to provide financial and management oversight of the project.

An internal controls policy and procedure manual has been developed. The Controller, based in Phoenix, undertook a limited scope audit of operations in Nigeria in September, 1995. The policy and procedures manual should be reviewed by the Board of Directors with a view to approving its adoption.

We undertook a limited scope evaluation of the internal controls. They would appear to adequately address the need for dual control, with the exceptions mentioned below.

Recommendations

a. The entries to the General Ledger are prepared and posted by the same person. A review of the procedure is required to ensure a satisfactory segregation of duties exists in the posting and checking of the General Ledger.

b. Both IFESH accounts are held at a commercial bank in Lagos, are operable without limitation by one signatory. Balances in the Debt Conversion Account have occasionally exceeded $1 million. The Board should define the limit above which two signatories should sign checks, transfers etc., i.e., above the equivalent of US$10,000.

c. From a review of disbursement authorizations received from sub-grantees, it would appear that a single authorized signature controls internal and external fund disbursements. IFESH should consider imposing a condition on all sub-grantees, that requires them to establish a satisfactory level of dual control on the disbursement of all donor sourced funds received from IFESH.

d. The articles of incorporation of IFESH require the Board of Directors to approve the opening of all bank accounts. We were unable to locate specific approvals for the opening of the Lagos Office bank accounts. Also, no assessment of the credit risk of the banks with which accounts had been opened could be found. Balances in these accounts are at times substantial. Nigeria has no deposit insurance and the occurrence of bankruptcy among financial institutions in Nigeria is on the rise. A full risk assessment/credit analysis of the banks with which IFESH holds accounts should be undertaken annually. Normally, the credit evaluations and approvals should be undertaken and obtained **before** accounts are opened.

The Regional Director/Africa is scheduled to visit each project quarterly to provide advice and counsel and verify project progress vis a vis plan.

11. Assess the extent to which IFESH has involved the PVO and other private sector entities to assist with various management tasks as outlined in the cooperative agreement Pages 89-91. Assess the extent to which the IFESH Board of Directors has been involved in management decision making, if applicable.

a. The Board of Directors of IFESH and the specific advisory committees, as set out in the Cooperative Agreement, are in place and do carry out their assigned responsibilities. The committee that selects TFAs has excellent academic credentials. The committee that acts on Program requests appears to respond very slowly to requests from the field. For example, NOIC reported having made a request for support to its program in Warri during the summer of 1994; no response had been received by the time the evaluation took place, leaving NOIC in the difficult position of possibly having to close facilities and let staff and trainees leave. After 15 months of waiting, NOIC expressed concern that no response -- positive or negative -- had been received, and requested that IFESH provide a response so that it can plan accordingly. IFESH subsequently informed the evaluation team that this problem had been addressed and that funding was provided.

b. There is a comptroller in place in the regional office in Lagos. He is a Certified Public Accountant, whose services are obtained through the Nigerian firm Charles Utti Co., Lagos. His pay and benefits are channeled through Utti Co., and contract is renewed annually. He is fully attached to IFESH. He is involved in the debt conversion process, systems design for the Regional Office which could be applied to other IFESH offices (though this has not been done), disbursement of funds to other offices in Africa, and the tasks of an in-house accountant. In principle, the Regional comptroller could train accounts personnel throughout Africa to use the systems he designed, and supervise the financial management of technical projects in Nigeria.

In fact he has not been able to do this because he can not leave the Lagos office, there being no accountant in place. He did do trouble shooting for NOIC at Ilupeju Ekiti, but did not have enough time in the field to provide significant technical assistance. He feels that technical projects provide an adequate paper trail, but that on site physical verification should be done jointly by the financial officer and the project officer.

The Board of Directors was envisioned as the key decision-making unit within IFESH's management structure. A fourteen member blue-ribbon Board of Directors, headed by Dr. Andrew F. Brimmer, has been established to provide overall guidance to IFESH. The Board is scheduled to meet quarterly; however, we were unable to ascertain the actual frequency of meetings. In addition, there is an Executive Committee to the Board which meets on an ad hoc basis between regularly scheduled Board meetings. The Chairman of the Board, the Vice Chairman, the Secretary, and the President of IFESH (Rev. Sullivan) comprise the Executive Committee.

There are two other bodies which provide IFESH with management input. First, there is an Advisory Council, headed by Dr. Edward Eddy, which meets once a year (normally in November) to review future plans and past progress. The Council's members have both technical and scientific backgrounds in education and development. The Council is expected to provide an in-depth review of IFESH programs.

The final management body is the Academic Advisory Committee, which has as members the presidents of major American universities. Although this Committee has not been active for the past two years, the purpose of the Committee is to advise IFESH on program development and on human resource development issues. However, IFESH has used members of this Committee in several ways, even in the absence of formal meetings. When IFESH has a technical proposal for review, for example, selected members of the Committee may be asked to review the technical proposals. Alternatively, members of the Committee may be asked to recommend (or in some cases to assign) individuals from their institutions to assist IFESH by reviewing technical proposals or providing specific technical expertise.

The initial IFESH proposal anticipated drawing a high level of field support from private voluntary organizations or multi-lateral organizations to assist with logistics for its teachers. It also anticipated that USAID missions would take an interest and play more of a role in helping with the selection process for the banker training program. Neither expectation has materialized to any significant degree. As a result, IFESH has found both programs to present more of an administrative challenge than was reflected in the original project proposal.

A significant exception to this development is the experience to date that IFESH has had with the local currency-funded development projects in Nigeria. In three cases there, IFESH has been able to essentially approve broad program parameters, transfer required funding, and enjoy reasonable expectations that the PVOs (Africare, Nigeria OIC, and the Women's Board of the Women's Society) would implement the projects with minimum monitoring and oversight from the IFESH Lagos Office.

IFESH has responded to the challenge by involving its Phoenix staff more (in the banker training program), and through different arrangements with Country Representatives for the teacher program.

12. Assess the extent to which IFESH has complied with applicable USAID rules/regulations regarding contracting and subcontracting for goods/services.

The only instance the evaluation team is aware of involving contracting for goods involved the purchase of a utility vehicle for the IFESH Lagos Office. We understand that there were protracted discussions with USAID/W (spanning several months), but that IFESH was careful to follow USAID regulations which in this case required USAID's prior approval, which was granted.

In the case of subcontracts with Africare, NOIC, and the Women's Board, IFESH appears to follow USAID regulations. The same is true of all of the personal services contracts executed by IFESH with its Country Representatives in Kenya, Gabon, Benin, Ghana, and the Gambia, as well as with the staff of the IFESH Lagos Office. Although now terminated, we understand that the contract with the Nigeria Country Representative was through the individual's company. The services of the Finance Officer in the Lagos Office are also provided through a contract with a company, rather than through a personal services contract. When we asked why these two contracts were non-personal services contracts, we did not find anyone currently on board in Lagos who could explain.

TECHNICAL PROGRAMS:

1. Assess the cost effectiveness of the activities that IFESH has carried out. Were the results obtained reasonable in relation to the cost incurred?

The Best and Brightest banker training course given by Chemical Bank costs $125,000, per group regardless of the number of participants. As a donation, Chemical Bank gave a three day follow-up seminar in Dakar, Senegal to coincide with the most recent African - African American summit. In addition, Chemical Bank is a regular contributor to IFESH in other areas.

The content was a follow-on credit risk and strategic management session. We were unable to obtain copies of the curriculum.

About twenty bankers who had previously participated in the banker training seminars attended and Chemical Bank absorbed the total cost of tuition, hotel and air-fares.

As Chemical Bank was the only bank that responded favorably to participate in the "Best and Brightest" program, competitive rates for the service were not sought or available from those banks originally approached. In future, non-bank training institutes and firms that teach banking programs should be included in the bidding process.

The three-day seminars on some of the more practical aspects of credit risk management are given by Mellon Bank or by the National Bank of Detroit, at no cost to IFESH.

a. The evaluation team did not see financial reports for the local development projects in Nigeria. At the time of the evaluation field visit, all were works in progress and "results" were still forthcoming.

b. In order to compensate for inflation and late disbursement, each local development project was slated to get a 50% increase in the funds it would receive from IFESH through Debt for Development, with the exception of UNIVA, which would receive a 100% increase in its allotment. Timely disbursement of project funds might have reduced the need for increases in some cases, and might have stretched the Debt for Development naira. However, the rapid rate of inflation in Nigeria is the principal cause for the need to increase funding.

2. Identify the number and type of direct and indirect beneficiaries.

a. National Fadama Development Projects (not verified by site visit). 50,000 farm families, estimated at 500,000 individuals provided with water for irrigation, and training in agriculture, health care, and marketing.

b. Nigeria Opportunities Industrialization Center

Lagos: 1994/95 cycle 203 disadvantaged youths trained in specific skills, 111 found employment. All got training in work preparedness skills as well as specific trade related skills. 40% of trainees are young women.

Ilupeju Ekiti (not verified by site visit): 200 trainees per cycle trained in agriculture, poultry and pig production. Production of wooden looms benefits an unspecified number of wood working trainees.

c. Africare

Lagos: In principle, the 50,000 fish farmers in fisherman associations would be affected by the construction, stocking, and maintaining a network of fish pond projects. After assessing the cost and other factors, Africare agreed that five fish ponds would be constructed. Each pond would involve an average of 15 direct beneficiaries, who would be trained in techniques of constructing and maintaining fish ponds for profit. Each of the 15 direct beneficiaries would influence other members of the associations. To date, for the one fish pond completed, 15 fish farmers have received direct training; indirect beneficiaries are estimated at 3,000.

Anambra State: Literacy for Health, 888 local trainers/instructors (most are women), 4,000 adult learners; Child Survival Program: same target group, with 40,000 indirect beneficiaries; Income Generation, same beneficiaries.

Kogi State: 150 community based Invermectin distributors trained --300,000 direct beneficiaries.

d. University Village Association (UNIVA)/ University of Ibadan

Ibadan area villages: target of 10 communities, serving 50,000 beneficiaries. Adult literacy linked to health, with Invermectin distribution; village based income generation through garri processing, soap making, and textile processing.

Training workshops on cooperative development and micro-enterprise for 1,500 villagers.

e. Women's Cooperation Society (Opus Dei)

Lagos: Catering and secretarial training (2 year) 15 resident young women from poor homes; short practical courses for up to 800 young women per annum.

Iroto: Training in small scale agriculture, animal husbandry, sewing, child care for local village women from 33 villages; well child clinic and health worker outreach; literacy for health. The Center provides training to some 1,800 beneficiaries each year. With village outreach, the number of indirect beneficiaries could be 15-20,000.

3. Assess the extent to which the objectives (expected project outputs) of each project activity have been met.

The Teachers for Africa component of the Cooperative Agreement targeted 500 Teachers for Africa over the four year term, and as at November 1995, IFESH had filled 302 teaching and advisory positions in sub-Saharan African countries to teach (31 of these positions were filled by teachers who served as TFA volunteers for more than one year).

Under the Banker Training component of the Cooperative Agreement 250 African bankers were to be trained in the U.S. As of November 1995, 194 had completed the training.

Under the Debt for Development component, about 25% of the projected debt conversion proceeds have been generated to date.

4. Assess the relevancy of the project in terms of USAID's objectives.

The Debt for Development component of the Cooperative Agreement is clearly in line with USAID's Debt for Development Initiative as articulated in USAID's own publications and as supported by the U.S. Congress in enacting enabling legislation. Also, the local development projects supported by the proceeds from the Debt for Development component are consistent with USAID guidelines for such programs.

Both the Teachers for Africa and the banker training components of the Cooperative Agreement support USAID efforts to raise the level of expertise in developing countries that will help to accelerate economic growth.

DEBT FOR DEVELOPMENT

1. Did IFESH act in a responsible manner by purchasing or not purchasing Promissory Notes? Was a favorable leverage rate obtained in those instances where note purchases occurred?

The Debt for Development Program has the potential of leveraging hard currency resources, and facilitating sizeable field projects with relatively little hard currency. By way of example, from a sum of approximately US$1.6 million IFESH was able to receive US$6.118 million of Government of Nigeria promissory notes. These notes (eight in total) were then held by IFESH, and are presented to the Nigerian Central Bank, according to the cash needs of the project. These notes are then redeemed in local currency at the discount determined by the weighted average of the accepted bids at the most recent public auction.

In accordance with the Government of Nigeria's agreement with IFESH, notes have been approved for liquidation outside the monthly auctions and accorded an extraordinary discount of 5% less than the weighted average mentioned above. There is no certainty this treatment will apply to future Nigerian debt purchases. Specific application and negotiation of this feature should be made when negotiating future purchases.

Although the identification and negotiation of the notes were undertaken at a discounted value, the final value of the notes in local currency will not be known until they are finally converted into naira at the monthly Debt Conversion Auction.

Compared with the only viable options of transferring dollars via the spot foreign exchange market, the purchase of the Nigerian Government Promissory Notes at the discounted rate of 27.5%, was by far the most beneficial strategy at the time. The final result or "leverage factor" in buying Nigerian Government promissory notes as opposed to making spot market purchases of foreign exchange has produced *on average* 1.79 times the value of the money invested. Individual transactions registered leverage rates ranging from 2.29 times to 1.44 times, depending on the demand for the notes at the monthly auctions.

At times, the *autonomous* or parallel exchange rate has registered premiums in excess of 300% over the official market rates of exchange, however, this was over a relatively short period of time and represents a high degree of speculation and is not considered a sound basis on which to plan normal business. The markets are volatile and unpredictable and previous experience cannot be relied upon without reconfirming the state of the markets.

2. Did any uncontrollable constraints exist that prevented IFESH from purchasing notes?

The process of purchasing of notes is not particularly difficult, once a buyer locates a holder willing to sell them and agrees to a price. The debt of most countries is freely traded between investment and development funds of the major US and European money centers. Countries do occasionally oppose the transfer of debt to third parties at rates less than par, but among emerging economies, they are more the exception than the rule.

Difficulties do present themselves, however, in locating countries willing and able to convert external debt obligations to local currency. These difficulties are many and include legal technicalities, country insolvency, political incompatibilities with the US Government, unwillingness to discount debt obligations and or convert into local currency, to mention but a few. The threat to domestic inflation that the release of funds from the Central Bank potentially presents, is also a disincentive to governments to approve debt conversion applications.

Of the originally targeted countries to pursue debt conversions, IFESH experience other than in Nigeria, is summarized below. These events are not formally documented and we report the verbal statements of IFESH management.

Tanzania
Attempts to identify debt to convert that involves Tanzanian sovereign debt, did not prosper beyond the initial identification and discussion stage. USAID appeared hesitant to support the financing of a project in Tanzania financed via a conversion program. IFESH, however, has qualifiable projects in hand in the event the situation changes. The Tanzanian Government is concurrently trying to develop a partial debt buy-back program and would not, during this program, appreciate piece-meal conversions as such transaction would tend to adversely threaten the pricing for their own program. The Government has suggested, however, that bi-lateral debt be identified and the matter be reviewed again at a future date.

Uganda
An attempt was made to identify debt instruments and match them with projects in 1991. However, the USAID mission was not supportive of developing a Debt for Development project at the time, and discussions were not pursued. The Uganda Government however, showed considerable interest in the IFESH program. Concurrently, the Uganda Government pursued participation in the World Bank's "debt forgiveness program" that could lead to partial forgiveness of ODA debt in exchange for the Government's support of specific priority development projects.

Cameroon
Negotiations with French government officials were held in Cameroon and France, resulting in "in principle" approval to convert external sovereign debt. IFESH agreed to pursue the conversion, the equivalent of $500,000, on the condition that the French Government (owner of the debt), would guarantee delivery of the local currency, as well as provide a surety against devaluation of the local currency equivalent. Following the negotiations, the CFA suffered a devaluation *vis a vis* the US dollar and the Cameroon Government withdrew its commitment due to pressures from the IMF and other parties.

Although USAID has since decided to terminate its programs in Cameroon, IFESH may wish to review the Government of Cameroon's position on negotiating a debt conversion, with the idea of reactivating discussions concerning a possible transaction with a non-USAID source of funding.

Niger
Although Niger was a target country for IFESH projects, previous experience precluded the development of another debt conversion program. Of a $500,000 conversion that was successfully developed during Phase I of IFESH's Debt for Development program (not a subject of the present evaluation), the evaluation team understands that only $50,000 has been recovered and $450,000 remains in a blocked account in the Niger Central Bank, collection of which is currently seriously in doubt.

Niger's primary export commodity was uranium, the price of which collapsed following the end of the cold war. Projections for increased demand for this commodity remain weak.

Other Possibilities
IFESH has also undertaken preliminary investigations to develop debt conversion programs in Ethiopia and Kenya, and USAID has given preliminary support to IFESH for both countries. Concerns exist about the timing of any debt conversions at this point, however, as there are reportedly hyper-inflationary situations in both countries which, if unmanaged, could wreak havoc on any project financing.

Although not envisioned as part of this current phase, Angola is a target country for future debt conversions, and specialists which whom we spoke, indicated that debt exists and that the Government would most likely welcome the opportunity to support programs that alleviate the country's dire situation following thirty five years of war and internal strife.

Considerable time and resources were expended on the development of debt conversion programs in a number of countries, with little concrete results - apart from Nigeria. We believe it might be possible to improve on this record by utilizing debt specialists, as explained in greater detail below.

3. To what extent were the Central Banks helpful or not in IFESH's efforts to purchase notes?

Nigeria is the only country where IFESH successfully purchased external obligations and has commenced converting them to local currency for this phase of the project. Nigeria encourages debt for development conversions, as they alleviate the debt servicing burden, and contribute to the creation of employment and reduction of poverty.

Other central banks have been helpful, however, political events have taken their focus elsewhere. Subsequently, no other conversion has been accomplished so far under this component of the Cooperative Agreement.

4a. Were country assessments conducted in ascertaining where the debt conversions could take place?

Although no documentation on country assessments was seen, we understand that country assessments were undertaken in Niger, Cameroon, Uganda, and Nigeria; and that Tanzania was being assessed near the time of the evaluation team's field visit . We understand that meetings were held in each case with the minister of finance or governor of the central bank or with the relevant minister responsible for programs to be developed in each of the targeted countries. We were informed that these meetings occurred prior to developing any specific strategy for debt conversion transactions, but were intended as a part of a comprehensive assessment. No formal documented evaluation was developed. Future assessments should be fully documented and the criteria for evaluation submitted to the Project Management Committee for assessment and approval.

4b. To what extent were these assessments used and are they valid measuring tools in determining the cooperation of a country and its Central Bank in conducting a debt swap?

No formal documented assessments were developed in the process of evaluation of which countries to pursue.

IFESH has successfully purchased and converted external debt obligations for this phase of the project only in Nigeria. For numerous reasons, attempts to purchase and obtain central bank support to debt conversions failed in other countries, as explained in Section 2 above. There are no hard and fast rules in determining the cooperation one can expect from a Central Bank in conducting debt swaps and other than Nigeria, the process is "ad hoc".

It is widely recognized that a development project should be identified by IFESH prior to going to the minister of finance of any particular country to discuss their receptiveness and concurrence to a debt conversion program. The more formal the project documentation in support of the conversion, the better the chance of being able to convince a government of the need and benefit of their support.

5. Were Promissory Notes converted to local currency in a manner consistent with the expenditure rate?

The smooth flow of cash from the proceeds of the Nigerian Government promissory notes has not been a feature of the project from the start. An apparent misconceived preference to receive interest from the notes as opposed to making the notes available for conversion to local currency, is documented on file as having seriously prejudiced the progress of projects, damaged the reputation of IFESH in the local economy and even brought about threats to initiate legal proceedings for lack of compliance with financial obligations.

On other occasions, delays in conversion have forced projects into paying substantially more in local currency for equipment than was planned, due to substantial price increases occurring between the time the conversion was recommended by the Regional Director, Africa and the issue of approval by the Home Office (Phoenix).

At other times, more notes were converted into local currency than expenses justified, with the consequence they had to be invested in the local economy. The best available yield from bank savings accounts or Government Treasury Bills is about 15% per year, however, inflation is in excess of double this rate and on occasions over short periods of time, has risen to annualized rates of 300%. The result of the latter scenario is a capital loss equivalent to the difference between the interest rate and inflation over the same time span.

The Cooperative Agreement was approved for a four-year period. Given the time required to successfully negotiate debt for development programs, it would appear appropriate to extend the terms of the Cooperative Agreement to permit additional time for implementing the debt for development component.

6a. How did IFESH identify and evaluate projects (sub-grants) to be funded from the generated local currency?

The project under review is comprised of six components that were identified in 1993 with inputs from Nigerians, the World Bank and unilateral aid agencies. The inputs had an influence on IFESH's commitment to work through debt conversion programs and to focus attention on program activities which address the adverse impact of structural adjustment on the well being of a nation's populace.

It appeared that projects were identified through historical and personal links with organizations and individuals.

6b. Was it done in an objective manner?

The detailed assessment of project potential, much of which was based on extensive experience in the successful development of similar projects, is outlined in the IFESH proposal document of February 1992. The World Bank had already developed project profiles with IFESH and it is considered that a sound assessment was undertaken of their appropriateness.

7a. How effective is the IFESH Regional Field Officer in oversight of the activities?

While severely constrained until mid-1995 by lack of reliable transportation, the oversight appeared effective.

The Regional Director for Africa's oversight of field activities under less than ideal conditions, is considered good. Frequent visits have been made to most projects to provide advice and counsel, and quarterly reporting on project status is submitted by each office. Any lack of effectiveness in the administration of projects is attributed to deficient communication between the Home Office in Phoenix and the Regional Director's office in Lagos. Enhanced communications involvement of the Regional Director in all issues that affect his field of operation, would increase effectiveness of project administration.

The Regional Director's Office (Director of Finance), has not yet assumed the role of monitor and auditor of field offices and projects outside Nigeria. This should be undertaken in all cost justifiable cases, as soon as possible.

The Central Bank of Nigeria undertakes sporadic monitoring visits of projects financed via the debt conversion program. Its reports are not shared with IFESH. IFESH should make a special written request to the CBN, to have a copy of these reports made available.

7b. Have procedures been instituted to monitor the progress of the sub-grants and to track sub-grant expenditures?

Such systems have been developed by the Financial Officer (Comptroller) and Field Officer based in Lagos. They have been made available to the IFESH office in Phoenix for distribution to other IFESH offices in Africa.

A copy of expenses incurred vis-a-vis budget, are submitted to IFESH by sub-grantees on a quarterly basis. Project progress reports are submitted to the Lagos office quarterly.

Original budgets do not appear to provide sufficient detail of set-up expenses to permit an accurate monitoring of the related expenditures. More importance should be placed on this as a basis for evaluation and monitoring, given the price gyrations which prevail in many economies and especially Nigeria.

For the sake of simplicity, budgets should be drawn in US dollars, and explanations submitted when cost variances between planned and actual expenditures occur.

7c. Are the sub-grant budgets realistic for the activities planned, do the projects include self-help components, and are they sustainable once the funding terminates?

a. Given the time the evaluation team had in Nigeria, it was not possible to do the research needed to determine if the budgets were realistic and in line with the budgets of other, similar, non-IFESH programs. However, we noted that expenditure details were sparse in the budgets we reviewed.

b. All projects contain self help elements; this is a *de facto* requirement for IFESH funding.

c. It is difficult to assess whether or not the projects funded by IFESH through Debt for Development are sustainable once IFESH funding ends. Funding delays have resulted in less progress than might have been projected at this stage. The question of sustainability should be assessed at a later point, when more project implementation experience is available.

7d. Did other donors participate in contributing to the activities funded under the sub-grants?

Other donors, essentially from the private sector, contributed to both funds and donations in kind. These contributions were passed on to the sub-grantees. An example of donations in kind is "textbooks", delivered to various countries where IFESH is implementing a Teachers for Africa program.

8. Was the use of local currency maximized in covering the costs of the regional field office in Nigeria?

Surplus funds were generally invested in bank savings accounts at interest rates approximating 15%. This is the best available yield in acceptable investments in Nigeria, however, when compared with annual inflation that is running around 50%, the investment represents a substantial loss. Average surpluses left in interest bearing bank accounts in Nigeria were not significant, consequently their contribution to the running expenses of the Lagos office was nominal (About $500 per year).

Until the Nigerian Government permits financial institutions to pay real interest rates, naira holdings should be kept to a minimum, to avoid further depletion of purchasing power of amounts invested in the country.

9. Was a diverse group of US based PVOs and NGOs used in carrying out the sub-grant activities?

OIC and Africare are the two primary NGOs with sub-grants from IFESH under the Cooperative Agreement. Reportedly, USAID has considerable previous satisfactory experience with both of these NGOs.

There is a commonality between the management and control of IFESH and OIC, for which reason, a mechanism that assures the maximum level of impartiality and transparency in intra-group dealings is observed at all times. The mechanism should be reviewed by the Board of IFESH for acceptability.

10. Assess the process by which IFESH selected countries for participation in the debt component. What were the major factors that include or exclude a specific country?

There were several factors which influenced IFESH's decision to establish the Regional Director's

Office in Nigeria, as opposed to another African country. These factors included: a) the central location of Nigeria to other West African countries, and the relative ease of transportation to and from Lagos; b) IFESH programs were already underway in Nigeria; c) IFESH was considering Nigeria as a possible host for the African-African American Summit; and d) the Foundation had an established relationship with the Nigerian head of state at the time the decision was being comtemplated. In addition, it was also important that Nigeria was the only country in Africa with a formal debt conversion program in place.

Attempts to locate governments willing to permit a purchase of their country's debt at a discount, as well as go through the conversion to local currency have, for a variety of different reasons, failed in all other countries approached.

The following briefly outlines the situation as reported to us concerning other countries in the region. **These are submitted as a guide and should not be relied upon for the formulation of a business strategy without prior reference to market specialists.** It must be emphasized that debt swaps and conversions are heretofore entirely "ad hoc" in these countries, and what prevails this year, may not prevail in future conversions, i.e., no reliance can be placed on previous experience as a guide for the development of future expectations and plans. The "current market values" cited below are estimates based on recent transaction prices.

Country	CMV[5]	Situation	Recommended Action
a. The Gambia	NQ	The country has no commercial debt.	Discuss with GOG the possibility of swapping and con-converting Paris Club debt.
b. Ghana	NQ	Country barely has any commercial debt. Minister of Finance is not currently interested in reducing debt of approx. $4 billion.	Regular contact should be maintained in the event the situation changes for the better.
c. Cameroon	$.12-.14	USAID discontinued it programs in this country. IFESH held an earlier approval to convert debt.	IFESH should try to fund conversion from private sector sources.
d. Niger	NQ	IFESH lost the use of about $500k	Monitor for

[5]Current Market Value (CMV) is quoted, where figures were available, at current discounted value. For example, $.07 indicates that debt could be purchased for $.07 of historical value of the note. NQ indicates "no quote" was available.

		due to the illiquidity of Central Bank of Niger.	improvements in economy. Most debt since purchased by IFC. Country's main export product was uranium, now no longer in demand.
e. Tanzania	NQ	IFESH holds an approval from Central Bank to convert $500,000.	IFESH should reconfirm country's intent, as Tanzania in throes of an external debt buy-back program, the price of which could be affected by other conversions.
f. Kenya	NQ	This is a good prospective country.	A clearly defined project should accompany application, which should follow an informal approach.
g. Ethiopia h. Uganda	NQ } NQ }	USAID has reportedly shown much interest in having IFESH pursue both countries for a debt swap and conversions.	Define projects that could be financed with debt conversions and initiate discussions.
I. Zambia	$.07-.10	No current details. USAID staff familiar with IFESH Nigeria debt conversion program.	IFESH should re-establish talks with GOZ and USAID.
j. Ivory Coast	$.17	No recent information available.	Pursue clarification of actual situation.
k. Benin	NQ	IFESH holds an offer from Funding for Development to purchase $1 million	IFESH should assess project potential in

		Paris Club/COFACE debt at a discount, about $20 million apparently available from the French Government.	Benin, and pursue talks aggressively.
l. Angola	NQ	Oil companies registered to do business in Angola are reportedly eager to sell-off debt at a discount, as war has ended, development is again under consideration, and drilling concessions may be awarded soon.	IFESH should define needs in country and initiate dialogue. We were told that substantial external debt exists for negotiation.
m. Guinea Bissau	$.30-.32	No reported recent activity.	IFESH should define its needs and initiate contact with MOF.
n. Sierra Leone	NQ	No reported recent activity.	Ditto.

In most instances, the debt transaction process may be handled more expediously with the assistance of debt conversion specialists. Although debt conversion specialists charge a fee for their services, this cost should be weighed against the costs of not providing financing on time or at all. The costs involved in securing the services of debt conversion specialists should be considered the cost of doing business in an orderly manner, and therefore seen as a justifiable expense. Specialists are able to provide up-to-date assessments and market prices for each country. No formal document carries this information.

11. Discuss the number of participating countries and extent to which transactions were conducted in a timely manner. Is sufficient time made available to implement subsequent development projects/programs.

The conversion of external debt in emerging economies is, practically without exception, a complex and time consuming process. IFESH held discussions with the governments of Cameroon, Tanzania, Uganda, Ethiopia, Kenya, and Nigeria in efforts to realize debt conversions since 1991 (see discussion in Question #2 above). Many of these discussions were extensive and conducted over long periods of time. However, Nigeria is the only country in sub-Sahara Africa with a structured debt conversion program, and so far IFESH has been able to conclude a debt conversion under this Cooperative Agreement only in Nigeria.

With the exception of Nigeria, experts in the debt conversion business, advise they normally require six months from the beginning to the end of the process including debt identification, negotiation and conversion to local currency. However, conditions vary from country to country and no set term can be cited.

Unless the Cooperative Agreement is extended, IFESH will not have time to identify other countries willing to do debt swaps, nor will it have time to develop and implement additional local development projects. For reasons stated elsewhere in this report, it is the judgment of the evaluation team that USAID should extend the Cooperative Agreement, and provide IFESH more time to implement this component of the Agreement.

12a. Has the component achieved the number of debt transactions projected in the cooperative agreement?

Due to unsuccessful attempts by IFESH to develop debt conversion programs other than in Nigeria, a substantial percentage of the original grant allocation for debt conversion (79% of $8 million or $6.3 million) remains unused for debt conversion purposes.

12b. If so in which countries? Should efforts be made to complete additional debt transactions in other countries?

Due to the lack of a structured debt conversion program in other sub-Sahara countries, IFESH should consult debt conversion specialists to seek current advice on the most likely countries that could conclude a debt conversion. Each country has its idiosyncrasies, many of which radically change from time to time. IFESH management determined that Tanzania would be the most appropriate country in which to develop its next debt conversion. Consultants with whom we met, warned that, as the Tanzanian Government is endeavoring to develop a debt-buy back program, it would not favor third party transactions that could de-stabilize the market, and result in adverse price swings. IFESH reportedly holds approval to convert $500,000 in Tanzania. In view of the reports received by us, IFESH is advised to confirm the debt conversion approval, with the Central Bank of Tanzania prior to making commitments. (See comments under Question #10 above).

13. Assess the process of identifying debt instruments and the banking institutions with which IFESH worked. Were debt instruments selected on a competitive or non-competitive basis?

The conversion of external debt in emerging economies is, practically without exception, a complex and time consuming process. In sub-Sahara Africa, the only country with a structured debt conversion program that has functioned over the recent past is Nigeria. Other countries, including Uganda and Tanzania, attempted to develop programs, but failed due to political, operational or technical reasons. In other countries of the region, *ad hoc* debt conversion programs require a personal representation with someone at the level of head of state, minister of finance or the central bank governor, if the conversion is to be made possible.

In Nigeria, the debt conversion was made possible with the intermediation of the investment banking arm of American Express Bank IE Shearson Lehman (since sold to investment bankers, Smith Barney). It would appear that this transaction, which involved the acquisition of US $6.118 of rescheduled Government of Nigeria Promissory Notes at a price dictated by the Central Bank of Nigeria, was handled in a professional manner, although no debt conversion specialist was involved in the transaction. This successful transaction is attributed to the existence of Nigeria's transparent formal debt conversion program, Shearson Layman's contacts in Nigeria, and commitment at the highest levels within the Nigerian government to realize the debt conversion with IFESH.

The Nigerian debt conversion auctions are held at the Central Bank on the last Friday of every month since their introduction in February, 1988, with the exception of two suspensions of several months in 1990 and 1993/1994. The suspensions were caused by the lack of activity in 1990/91 due to unfavorable discount rates; a revision of the auction operating procedures occasioned the most recent stoppage.

IFESH holds authorizations from the Debt Conversion Committee (DCC) of the Central Bank of Nigeria to convert the notes outside the monthly auction system. The discount rate is based on the weighted average of the bids at the most recent auction, minus a special concession of 5%. The promissory notes and the subsequent authorization to convert them were obtained for US$1.6 million which equates a discount of about 63%. The notes were exchanged at the rates outlined in Annex E.

Chemical Bank was requested to pursue debt instruments for IFESH in other sub-Sahara countries, but failed to locate any that could culminate in a satisfactory conversion to local currency.

14a. Assess the utilization of local currency generated from the sale of the commercial debt (see debt component below). Have adequate levels of local currency been available to manage all logistical and program activities planned for the local currency?

14b. If so, describe; if not, identify alternative means of managing this resource.

The levels of local currency generated from the sale of commercial debt has been adequate to provide funding for six local development projects in Nigeria, including a 50 percent increase in the funding levels for five of the six projects. The proceeds have also financed the operation of the IFESH Regional Office in Lagos. See the detailed discussion in the section of the main text of this report, entitled **IFESH-Supported Local Development Activities in Nigeria**.

TRAINING FOR AFRICAN BANKERS:

1a. Is the method of soliciting applicants sound and does it provide IFESH with a large enough pool of qualified bankers?

The original list countries targeted for participation in this program, was developed during the Africa - African American summit conference held in Abidjan in 1991. IFESH, then selected, with the aid of embassies from the sub-Saharan countries, the provisional list of institutions that would receive applications for participation. These institutions were provided with application forms, the criteria for selection, and were requested to have their candidates complete the applications and have them returned to either IFESH or Chemical Bank.

IFESH forwarded those completed applications to Chemical Bank. Two senior managers each from the Human Resources division of Chemical Bank and Mellon Bank formed an *ad hoc* committee, to review and select the most appropriate candidates from the applications submitted.

The decisions of this committee were generally regarded as final. On average, 30% of the applications received were accepted and the candidates formally invited to participate.

USAID also used the services of the economic office of US Embassies in target countries, in an effort to develop the list of participants. (See Table 2 in the main report for a statistical breakdown of the banker training program.)

The program can be declared a success, as all reports from participants and their employers were very positive and supportive of the initiative, and its impact was positive on the banking sector in each.

Recommendation:

A list of all financial institutions (bank and non-bank) in each of the targeted countries should be developed and control maintained to ensure that broad distribution is made to prospective candidates. Since participants in the bank training program to date appear to have been residents of the capital city of each country, future invitation lists should focus on credit institutions based in other centers, including the rural areas.

1b. Since 52% of all trainees have come from two countries, what are the constraints that have prevented participation of bankers from countries identified in the original proposal?

The original proposal included a twelve countries: half French-speaking, and half English-speaking. While the proposal was silent on the language issue, except in so much as the estimated country allocations for participants showed that half the bankers would come from Francophone countries. In reality, only 28 of the 194 participants have come from French-speaking countries. The two largest English-speaking countries have produced the greatest number of participants.

1c. Should more candidates come from the already participating countries and/or should the number of participating countries be expanded?

At this stage of implementation, with 78% of the target number of bankers having completed their training, it would make sense to consolidate training in the countries already participating.

1d. Have the candidates' professional backgrounds and qualifications continued to be consistent with what was envisioned at the program's inception?

From those applications and CVs reviewed, the professional backgrounds of participants appear to be consistent with what was envisioned at the program's inception. The expectation was that mid-level bankers would participate in the program, and they have done so.

2a. Is the method of selecting bankers done in a professional manner?

The applications of prospective bankers are reviewed by a committee of senior bank managers convened by IFESH headquarters. IFESH advises that the applications are scrutinized carefully, and that about seventy percent of applicants are not invited to participate in the training program (See Question 1a above).

2b. Are candidates notified of their acceptance in a timely manner? i.e Are they provided with enough lead time for the process of obtaining visas?

Most candidates with whom we met, advised they had very little pre-advice of their selection and although there are no reports of their inability to travel due to the lack of visas etc. The more time they are allowed to prepare, the better. Reports of three days advance notice to two weeks time to prepare, seem to be the norm. A schedule that identifies the steps of the process and commits everyone involved, to compliance within the allotted time, would enhance the process and minimize possible work dislocations.

3a. Should candidates be provided any course material prior to their arrival?

Candidates are provided with photo-copies of the first three chapters of the accounting text book prior to leaving their countries. This is considered sufficient.

3b. If so is it practical, administratively implementable, and cost effective?

The delivery of the first three chapters of the accounting text book is considered necessary, practical, and a cost effective way to have participants prepared for the program prior to arrival in the U.S.

4a As the prime trainer of this activity, how did Chemical Bank perform?

The single most commonly cited complaint among participants, was the volume of work required vis-a-vis the time available. The material taught in a three week session is, we understand, the same that is taught over about three months to Chemical Bank employees.

The quality of training was reportedly very good, however, the lack of time for class-room discussion cut into the value of the experience and should be reassessed in the planning of future courses. The practical banking applications taught by Mellon Bank, were generally rated by participants as the most interesting and beneficial to their needs.

4b. Is the course material current and technically challenging, relevant to bankers from Africa?

The course material is considered current and technically challenging, however, relevance of some aspects of the material to bankers from Africa could be questioned, given the underdeveloped state of most economies. On the positive side, it gave participants a valuable insight into banking in a developed economy, and should serve as a base for developing new ideas and a spirit of rejuvenation that is much required in the financial sector of most African countries.

In so far as the curriculum is concerned, while all participants questioned, commented favorably on the content, almost without exception, it would appear to have been more sophisticated than most can readily employ. In viewing the needs of the countries that participated, a curriculum more attuned to the middle market would appear to have been more appropriate. There was no deprecation of the seminar, the opportunity or the experience, and comments were submitted in the interest of identifying possible modifications to better meet future needs of the sub-Sahara financial markets.

Recommendation:

IFESH should consider the development of a survey, that requests each country to identify the short term and long term priority training needs of each financial market.

4c. To the extent possible, ascertain if the training has been practical and if the concepts learned can and have been employed by the participants in their day to day work.

Relevance varies from participant to participant. Central bankers and development bankers commented favorably on the project finance aspects of the seminar. Project finance skills would be of limited use to bankers employed in consumer lending. A more segmented approach to the program should be considered.

The benefits of the program have far outweighed the disadvantages. An effective credit risk management function is the formula for success in every bank, regardless of location. This component, in a more basic form designed to strengthen the management of a portfolio of "middle market" loans, is considered more germane to the training needs of banks and bankers in most African countries.

The advanced level of credit taught in the Chemical Bank seminar is only beneficial if participants have sufficient existing knowledge of credit on which to base their continued studies. Not all bankers questioned had been exposed to a previous credit course, which supports the suggestion that future seminars might be more effective if the selection process were more segmented toward different sectors of banking. Also, the level of formal credit training previously received by candidates, should be defined in the selection process.

4d. Has Chemical Bank and the course instructors made an effort to revise the course material, as needed?

4e. Are they [Chemical Bank and the Instructors] responsive to student feed-back?

4f. What curriculum adjustments, and overall changes to the training program could be made to strengthen it?

No major curriculum modifications were in evidence as the result of the participant feed-back.

5a. Are the seminars and debriefings held with the various institutions, e.g. US Department of Treasury, World Bank, beneficial and cost effective?

5b. Did the participating bankers feel the time was well spent or could it have been spent in a more productive manner?

Reactions to these experiences, were generally very positive and most bankers questioned, thought the experience was invaluable and enabled them to have a much better vision of the workings of a developed economy and the multi-lateral donors. The value of this experience could not be equaled from class-room or text book teachings.

6a. As a result of the training, have African banks pursued relationships with US banks?

6b. Have any new relationships been consummated?

6c. Has any of the training lead to expanded relationships e.g. Established linkages in trust departments, between African and US banks?

Neither Chemical Bank nor Mellon Bank reported making any specific conscious efforts to identify the business potential that could emanate from contact with participants of these training sessions. Management of correspondent banking of both banks confirmed they had made no special contact as the result of these training sessions, and had no special plans to pursue additional business with African countries.

Participants questioned in banks visited in Ghana and Nigeria on the subject of new business, failed to identify any business activity from the contacts made between participants and U.S. banks. This refers as much to trust business as it does to correspondent banking transactions. Among those bankers questioned, it does not appear that any initiative had been taken on their or their banks' part to develop beneficial business relationships as a result of the training sessions.

7a. Has the training lead to career advancement and greater professional prestige for the participants?

7b. Was the career advancement in the way of greater responsibilities in the same position or in organizational promotions with a new job title?

7c. Are there any instances where a participant replaced an expatriate in the Bank?

Again, the experiences of the bankers following training were varied, as could be expected. Some participants had been promoted (or advanced otherwise) and others, despite a two year lapse since participation, had remained at their same assignments. In the Gambia, one former participant in the bank training program, Ousman Ceesay (now deceased), became Minister of Finance. Also in the Gambia, Ebenezer Essoka, who participated in the bank training program in October 1993, was promoted to Managing Director (President) of Standard Chartered Bank in the Gambia. He became the first African Managing Director of that bank (the evaluation team was first informed of this during a discussion in Cotonou with bank training participants from Benin, who proudly reported that one of their follow participants had done well). There were also promotions of bankers in Ghana (Kofi Adimado at the Social Security Bank; Mrs. Frances Adu-Mante, K.B. Nyarko, and Albert Essien at Ecobank Ghana) and in Nigeria (Ben Omiyi).

Generally speaking, bank administrations can be expected to continue to recognize the added value of the training their bankers received, and to rely on them increasingly as time passes.

Some responses indicate that jealousy appeared to exist among some supervisors, who viewed the experience of their subordinates as a threat. Management of this situation by IFESH is limited to an ability to impress on senior management of banks the value of the seminars, and the potential to their banks' future. Special recognition of participants through the medium of *alumni associations* could strengthen the situation of bankers vis a vis their managers. Outside of Ghana, this might be a development to watch over the medium term.

Of the banks visited in Ghana and Nigeria, only one had the custom of employing expatriates to staff key senior positions. There is no evidence that any expatriate was replaced by a participant of this training course in those two countries, or in any of the other countries visited. However, the evaluation team was informed that Felix Fon-Ndikum, a participant from Cameroon, was selected as Chief of Recovery Services of BICIC in Douala, replacing an expatriate and becoming the first African to hold this position.

8a. Is the Alumni Association that has been formed in Ghana, outside the scope and support of the project, something that the project should support or at least encourage in other countries?

The Ghana Bankers Alumni Association is quite new; it was to be officially inaugurated on December 4, 1995 (a few days after the evaluation team visit to Ghana). The plans of the Association are quite specific: to hold in-country bank training to further improve the skills of Ghanaian bankers, including the 71 bankers trained under the IFESH program; to arrange for speakers on relevant subjects; and to hold social affairs. There were very special circumstances which led to the establishment of the Association. The idea originated with the USAID Training Officer, who had experience with other alumni associations. He felt very strongly that a group of "like interests" people, such as bankers, is more likely to become a strong organization, than would a larger multi-purpose association. Also, the American Ex-Managing Director of Ecobank-Ghana played an important role in getting the Association started. A copy of the Association's charter was shared with the evaluation team (a copy is attached -- see Annex K).

The association appears to have been developed by an enthusiastic and committed group, prepared to lead the rest. An official from USAID has been invited to join the Board. Meetings will be held quarterly. One of the objectives of the Association is to invite to each session a speaker who is able to contribute to the enrichment of the members' banking knowledge and experiences.

The initiative is laudable and should be encouraged. The Association could become the role model for similar initiatives in other countries. Discussions towards developing a similar body in Nigeria have been held, however, the logistics to this becoming a success are more difficult to manage given the size of the country and transportation problems. In Lagos, traffic congestion and the lack of mass transit services make travel a major task.

It is the opinion of the evaluation team that the Association appears to be growing quite rapidly and well on its own, and it has not asked for IFESH support. If in the future the concept of an alumni association is expanded into a broader concept, the formation of a Bankers Association, for example, addressing a broad range of banking concerns, IFESH might want to consider offering support in the form of helping to arrange for specific short-term training courses, to be conducted in Ghana, to address specific needs. Also, should a Bankers Association be formed, IFESH might even consider direct assistance to the new organization to help get it established.

Based on the Ghana experience and the interest it has generated, IFESH might consider encouraging its country representatives in other countries, perhaps in conjunction with the local USAID office, to explore the viability of establishing such an association. A network of such associations throughout Africa could become the forum for addressing regional issues of importance to the banking sector. (During the drafting of this report, the evaluation team was informed that a group of participants from Cameroon formed an IFESH Alumni Association Cameroon Chapter in December 1995.)

8b. Has the Association been a positive force for the project and its participants?

It is too soon to assess the type of influence, if any, the Alumni Association might have on the IFESH project or on the members of the Association; however, initial interest is quite high.

9. Has the program encountered problems with participants extending their visas and not returning home to their countries?

There is no evidence that any participant has sought to remain in the US following attendance to this program.

Problems did occur early in the program with visa applications in Nigeria. At least two participants had their visa applications declined **twice.** USAID has assisted with visa problems on occasion. Effective communication with the American Embassy, or with USAID, by the Country Representative or the Regional Director well in advance of the participant's planned departure, should assure that this kind of experience does not re-occur. The fact that no recent problems were reported suggest that IFESH may have already developed a method of dealing effectively with visa application issues.

10. Has the program been cost-effective? Importance in assessing this effectiveness, will be the reference to such factors as uniqueness of the program and training, cost of similar countries if any (in content and scope), if any, etc.

The training seminar costs a flat fee of $125,000 regardless of the number of participants. Historically there have been between 24 and 34 bankers in each session. Chemical Bank and Mellon Bank were the only two US banks that responded to an invitation to participate. IFESH did not contemplate having to pay such a high per-session fee to the U.S. bank that arranged the training program, and had not budgeted for it. This cost, plus international transportation, and other support costs for the participants during the training has exceeded the estimate of $10,000 per banker trained. Nonetheless, the training is exactly the type and level that IFESH envisioned, and expected: the material used in this credit training program was similar in content to that provided by Chemical Bank to its own employees. In this sense the training is not unique. On the other hand, very few of the bankers who participated in the IFESH program had been exposed previously to the type of training they received in the U.S.

Outside training options have not been considered. Outside training options do exist and should be evaluated from the point of view of cost, appropriateness and quality.

In Ghana and Nigeria, we questioned both training course participants and their employers on the reasonableness and viability of banks sharing in the cost of these training sessions. Without exception, they indicated that in their opinion, it would be fair and that banks would be able and willing to make some contribution to the training cause. IFESH should explore possible participatory funding options in each country where the program is being promoted.

We also questioned whether bringing trainers to Africa would be welcomed as an option. While most realize that visiting the US provides an invaluable experience, they also acknowledge that the immensity of the training needs of the banks and the financial sector could be better served by bringing trainers to Africa. In this way, more bankers could benefit from the same or a lower financial investment. Therefore, should IFESH continue to provide banker training in the future, it may want to look at targeting specialized short courses --in the bankers' own country. This type of training could be relevant, less costly, and available to larger numbers of bankers.

Each country has different needs, therefore the subject should be researched in each country prior to formulating a change of strategy. A combination of U.S. and in-country training may best meet the needs of many countries.

There have been eight groups of bankers trained in the U. S. so far, with the last group completing its training while the evaluation team was in the field. The benefit stream that will flow from the training will not be apparent for some time in the future. Nonetheless, we were told of several cases bankers trained under the IFESH program have been promoted to more responsible positions (see discussion in Question # 7, above).

11. Assess and discuss the program management of this component. What kind of problems have been experienced and how are they being addressed?

The banker training program experienced a number of problems early in the program, but appears to be operating smoothly now. One of the principal problems was to determine the best method of disseminating information about the program. A variety of channels were used, including direct mailing to banks, requesting Embassies and USAIDs to nominate candidates, and seeking recommendations from U.S. banks and bankers. There are still remnants of the "old boy" network, according to several interviews of bankers who participated in the program, in that former participants pass along information about the program principally to individuals in the same bank rather than distributing it more broadly. IFESH appears to be largely compensating for this practice by the increasing use of many different channels of information dissemination.

IFESH also had to overcome the problem of convincing bank managers to release bankers for the training course, even though IFESH was covering all costs. At least two bankers were obliged by their employers to take their annual vacation in order to participate in these training seminars. This occurred during the early implementation of the program, and does not appear be a problem at present.

Generally, when problems occurred at the beginning of the program (visa applications, reluctance of supervisors to allow official time off to participant in the seminars, etc.), IFESH was quick to work out a solution to the problem. For example, after some participants suggested that they could benefit from more ready access to administrative support while in the U.S., IFESH modified its procedures and arranged for the Special Projects Officer to accompany the fall 1995 participant group throughout its U.S. training program.

12. As program participants receive cash (for per diem etc.) - have financial controls been set in place to ensure proper and appropriate disbursement?

Initially, members of Chemical Bank training staff were expected to handle the custody and issuance of the stipends. This has since been changed and an IFESH employee is now responsible for the tasks. In both instances, proper receipt for money received is held.

13. Will the project achieve the projected 250 bankers by the end of the program? Are sufficient funds and time available to accomplish the stated goal?

Through November 1995, a total of 194 bankers have been trained in the U.S. from thirteen African countries (Benin, Botswana, Cameroon, Cote d'Ivoire, Ethiopia, Gabon, the Gambia, Ghana, Kenya, Madagascar, Malawi, Nigeria, and Swaziland). Over half of these bankers have come from two countries: Ghana and Nigeria. Two final groups of bankers remain to be invited to complete the program. However, since the training sessions normally take place in April and October, there is not sufficient time to run another course within the current PACD for the Cooperative Agreement (March 10, 1996), unless the project is extended.

With a project extension IFESH does not anticipate problems in accomplishing the targeted number (250) of beneficiaries.

TEACHERS FOR AFRICA

1. Is the method of soliciting applicants sound and does it provide IFESH with a large pool of qualified teachers.

a. Applicants are solicited by posters, ads in professional journals, presentations at universities; many learn about IFESH's TFA program by word of mouth. This seems to provide IFESH with a considerable pool of potential applicants, but not enough to meet the desires/stated needs of host countries.

b. There is not an adequate pool of potential TFAs to meet IFESH's commitments in Gabon, and to a lesser extent in Benin. TFAs with very limited knowledge of French are taken on to teach English in Gabon, and are hampered in their teaching and in their social interaction with the Gabonese by their limited knowledge of the language. A much more aggressive solicitation process is needed to get more TFAs proficient in French. Alternatively, IFESH could cut back on the number of TFAs it promises.

2a. Describe the method employers use in selecting participants for this program. Is the method of selecting teachers done in a professional way?

a. Persons interested in becoming TFAs submit a written application, an essay describing why they wish to teach in Africa, and a list of references. The applications are sorted by IFESH staff into categories indicating areas of skills. These are then reviewed by a seven person TFA selection committee that ranks the application on a scale of 1 to 5 on the following criteria:

1. Overall professional and academic achievement
2. Persuasiveness and strength of candidate's essay
3. Relevance of candidate's teaching background to job post

4. Strength of letters of recommendation
5. Presentation of Application (e.g. neatness, legibility)
6. How significant is this internship with regard to assisting the candidate in the development and enhancement of his or her career (1 -4)

The qualities valued in the selection process are all achievement/performance oriented (the application states a preference for those with graduate or Doctorate degrees). There is no place in the process where a candidate can demonstrate strength of character, flexibility, generosity of spirit, humor, kindness, self discipline, imagination, courage -- any of the myriad qualities that make up the nature of the person, that reach beyond one's achievements. Selection is based on what the candidate has done, and ignores that the TFA is a specific human being who is volunteering to be sent to a different culture, at considerable personal sacrifice, and will be called upon to work in that culture.

The TFAs are selected on the basis on the scores received. The apparent neutrality of the process, and reduction of candidates to scores on a matrix is an impartial approach to selecting volunteers. It is not, however, as effective or thorough as the process should be.

Candidates are never interviewed in person by IFESH staff or volunteers (returned TFAs), or rarely over the telephone. Personal qualities can best be judged in the context of an interview that represents half the selection process.

When IFESH staff were queried by evaluators as to why no interviews were done, the response was that it was too expensive to conduct interviews.

2b. Are teachers notified of their acceptance in a timely manner? I.e., are they provided with enough lead time.

There is no simple answer to this question. The files and interviews with current TFAs indicate that IFESH has steadily improved its performance in this area, though there are still occasional glitches or break downs in communication.

3a. Does the pre-departure orientation and briefing meet the needs of the teachers.

a. A review of the evaluation sheets completed by TFAs at the end of the August 1995 briefing session in Phoenix showed comments that fell on a rough bell curve: some people found the briefing wholly inadequate, some found it nearly perfect, and most were in the middle.

b. When 1995-6 TFAs were interviewed in the field, about two months after reaching their host country, the responses followed a similar pattern, but were more critical of how useful the briefing had been. The recurrent criticism was that there had not been enough (or any) time to talk with people who were from or had been to the country where the TFA was assigned. The evaluators noted a high level of discontent in TFAs, especially in Kenya, that seemed to come from reality not matching expectations (no matter whether realistic or not), many of which had been formed during the briefing sessions.

c. Interviews with TFAs who had returned to the U.S. were not very instructive concerning the briefing sessions in which they had participated many months earlier. Their recollections of the pre-departure briefings seemed to have faded or to have blended into the memory of their experiences during their overseas stay.

3b. How does it compare in relationship to any in-country briefing?

The pre-departure briefing was far more important to the TFAs, in that it was longer, more intense, and formed their first "impressions" of their postings.

The briefing materials prepared for in-country briefings in Gabon, Benin, and Nigeria were of very high quality.

4a. Do teacher assignments meet the needs of the country?

In all countries, the representatives in the Ministry of Education, and/or school/university officials familiar with their work, found that the TFAs brought significant, important contributions to the educational system. Consistently, the request was made to have the TFA program turned into a two year program, to increase the impact on both the students and the institution being served. The other consistent request was for more TFAs to be placed in the host country.

4b. Were assignments based upon country needs assessments or some other method?

Country Representatives in each country designed a needs assessment process, or teacher request form. Whether there was a formal request system, as in Kenya, or a more informal system of meetings with Headmasters/Ministry of Education, as in Nigeria, all systems seem to come down to who the Country Representative knew -- a personal rather than institutional site selection and assignment system.

4c. If based upon the assessments, how reliable were the assessments.

As pointed out above, the process of determining teacher assignments is an inexact science. IFESH attempts to match teacher skills with country needs. However, external influences --such as events in the Gambia and Nigeria-- can reduce a careful planning process to a very short preparation period, both for the teacher and for the receiving government and/or school.

4d. Were teachers assigned to the positions for which they were recruited?

Yes, for the most part. There were cases in which, last minute changes had to be made when conditions in the proposed country of assignment changed or deteriorated and the assignment was no longer possible. In other cases, some TFAs were relocated due to personal preferences, such as being unhappy or unsuited for the post. In most of these cases, Country Representatives made every effort to relocate these teachers to a more appropriate assignment.

Many TFAs were assigned to positions that did not exactly match their qualifications or experience in the United States; for the most part this was acceptable. Also, the teaching situations African schools request teachers for, and recruit against, can not always be matched (or adequately prepared for) in an American school setting. In these cases, the teacher's flexibility and commitment to applying one's training and experience under difficult conditions, can be very important.

5a. Were teachers qualified to teach the courses they were assigned and conversely, to what extent were teachers under-utilized?

The academic credentials of the TFAs have been consistently very high (see Question #15 below for a statistical breakdown). They are (and have been) well qualified to teach either in the classroom or to train other teachers. The question of utilization, however, is a more difficult topic.

a. The educational authorities interviewed about the level of qualification of TFAs were consistently polite and circumspect about the qualifications they requested (or would have wanted to receive), *vis a vis* the teachers who were assigned to them. The only critical comments were a few made about personal qualities, such as difficulty in adjusting to the type of housing provided. Gabon was an exception to this trend, as representatives of the Ministry of Education expressed a desire for TFAs have a higher level of spoken and written French.

b. IFESH TFAs in Ghana at the time of the evaluation were seriously underutilized. They were all attached to the University of Ghana, which had been on strike since April 1995, despite many futile announcements that an end to the strike was imminent. Likewise, some of the TFAs assigned to the University of Nairobi found themselves in a similar situation, as undergraduate classes there were also on strike when they arrived in Kenya. In both cases, the TFAs were under-utilized and frustrated that they could not put their teaching skills to immediate use.

Aside from the TFAs caught up in the strike situation, others did not express strong feelings suggesting they felt either under-utilized or under-valued; those who were teaching appeared to be well challenged and stimulated.

5b. Did teachers take on many additional teaching and other roles which were not contemplated?

Yes. They taught at other schools, and participated in activities, church and community activities.

6. Were subjects taught that otherwise would not have been taught, if it were not for the Teachers for Africa Program.

In general terms, probably yes. The schools served were almost universally understaffed, so at minimum bringing in a TFA lowered the student/teacher ratio, and freed up other teachers. For example, a 1994-95 TFA in Gabon explained that her presence as an English teacher (she was trained as a political anthropologist) relieved two Peace Corps mathematics teachers of responsibilities for teaching English.

In Benin the IFESH TFAs are being used to improve the pedagological techniques of teachers within a highly structured project developed by the Ministry of Education, with USAID assistance. The project is seriously under staffed; the teachers and others within the school system who are being taught by the TFAs would not be reached without their presence.

7. How is the program perceived by:

a. Students? The evaluation team interviewed a total of 38 TFAs, including almost one-third of the TFAs in Kenya when the evaluation took place, 100% of TFAs assigned to Ghana at the time, and 6 TFAs (by telephone) who had completed their volunteer service. In all cases, we found the TFAs to be approachable, interesting, and to have benefitted in some way from their participation in the program. While the TFAs experienced different teaching environments, they all gained in important ways from the program and from the exposure to a new culture. There were also many frustrations, some of which the TFAs were able to suggest ways to improve the program for the future. These suggestions included continuing to augment the orientation sessions in ways that will prepare TFAs to better anticipate conditions they will likely find once assigned overseas, improved administrative support while in a foreign country, and easier access to their Country Representatives to help resolve issues before they become problems.

b. Students' parents? The evaluation team did not have an opportunity to interview students' parents.

c. National Educators? We met with Ministry of Education officials in Benin, Gabon, and the Gambia; and, with university officials in Kenya, Nigeria, and Ghana. The Ministry of Education official in Benin was perhaps the most supportive of IFESH teachers and of their role in helping the government expand the horizons of the education system in Gabon from the rigidity of the French influence. In all six of the countries, when we talked with ministry officials or university officials the principal influence of the TFAs they noted was their ability to bring enthusiasm for learning and a willingness to introduce new ways of making learning an active rather than passive experience.

d. Local Educators? School officials in Kenya, Gabon, Nigeria, and the Gambia echoed much the same opinions as did national educators and university officials (see above) with respect to the ability of TFAs to introduce new approaches to learning. In addition, however, they stressed that TFAs need to be flexible, to continue to become involved in their school communities, and to receive a high level of administrative support from IFESH during their stay. While generally pleased with the TFA program, several local school officials suggested earlier involvement in the process of selecting schools, as well as increased participation in the selection of subjects to be taught. Also, in a few instances, school officials expressed an interest in reviewing teacher resumes to ensure that they would be a good fit into their programs and so that their schools could better prepare to take full advantage of the TFA's skills.

e. Representatives of the U.S. Government? In interviews with U.S. Government officials (Embassy, USAID, and Peace Corps) assessments of the TFA program were positive. In several cases, there was evidence that TFA Country Representatives and Peace Corps officials were working closely together, making sure that their program coverage was complementary. At the teacher level, there was also evidence of close cooperation, even with some volunteers covering for each other's classes on occasion.

8a. Do the teachers feel the program is satisfactorily administered?
There is a basic perception that while the teacher program is addressing real needs, there is much room for improving its administration. The basic, recurrent complaint of teachers is of inadequate/unsatisfactory communication between the individual TFA and all levels of IFESH administration - with Country Representatives, (occasionally) with the regional representative, and with the Phoenix office.

IFESH has developed many forms and reports which TFAs are requested to complete or have completed (Supervisor's Report, Daily Time Sheet, etc.). Concern was expressed to the evaluation team by teachers and school officials alike that the evaluation information requested is difficult to obtain and may not reflect a true picture of the teachers' performance. These forms are completed, although in some cases in Kenya it was pointed out that the requested information could not be obtained. A further complaint heard frequently is that once the information is obtained and forwarded to the appropriate destination, feedback is rare.

The TFA needs to receive feedback from some level of the organization. The evaluation team believes that the first line of response should be established clearly as the responsibility of the Country Representative. In some cases, it appears that teacher forms were being forwarded -- sometimes directly by the teachers-- to Phoenix. The ultimate destination should still be Phoenix, but Country Representatives also need to participate formally in the review process. In all cases, even for seemingly minor concerns, the TFA should receive feedback concerning the issue he or she has raised.

8b. What are the strengths and weaknesses of the program from an administrative perspective?

Strengths
IFESH learns from experience. Its administrative systems and practices have clearly improved over

the life of this project.

IFESH receives tremendous loyalty and commitment from TFAs, Country Representatives, and a host of other persons who truly believe in Rev. Sullivan's vision, and work to see it implemented.

As a small foundation with a relatively small administrative system, IFESH should be able to respond quickly to needs, requests, demands, etc., from TFAs, Country Representatives, and host government agencies/institutions.

Weaknesses

In fact, the administrative system has been slow to respond to teacher needs, more often than not. Communication within the organization needs to be improved, despite the existence of internal systems already in place.

IFESH management appears to be greatly influenced by financial managers, with less influence being exerted by program managers. The fiscal prudence is to be commended, but more of a balance needs to be struck *vis a vis* programmatic issues.

Most IFESH staff are more accustomed to working with small informal organizations than with large bureaucracies, such as USAID, and lack experience in dealing with such systems-oriented organizations.

8c. What kind of practical, implementable lessons learned could be used for future groups?

a. IFESH should interview all potential TFAs to get a sense of personality, character, likelihood of ability to work well in Africa. This would involve learning the art of selection, that goes beyond the management techniques of setting criteria, developing questionnaires and matrices. It would also involve learning to trust experience, the feeling one gets about somebody.

The ideal interview would be done by IFESH staff, who would develop expertise in the process over time. To keep costs down, some of these interviews could be done by telephone. Another alternative would be to use returned TFAs to interview potential new TFAs in their geographical region. This alternative would require that the returned TFAs be trained.

b. IFESH should improve the briefing process, and move most of the substantive sessions to the host country. This would greatly reduce the cost of trips to Phoenix, which could then be applied to run briefings professionally, geared specifically to the country of posting. Briefings should cover the business of living (practical concerns), culture - popular and traditional, local language at least to the level of greetings and polite, stylized interactions, politics, economics, geography, the educational system as a bureaucracy, how to function in a school (headmasters could be used here), how to interact with government officials.

By scheduling the briefings in a staggered manner, IFESH/Phoenix staff could travel to Africa and attend each briefing to do presentations on IFESH and Rev. Sullivan's philosophy and vision. This would also serve the dual purpose of continuing to familiarize IFESH/Phoenix staff with each of the country programs, *in situ*, and to allow the Phoenix staff to learn more about the general conditions in each country.

High quality, accurate, informative written briefing materials that are country specific should be provided to TFAs before they sign their contracts, long before they leave jobs, homes, etc. This should be supplemented by telephone access to someone at IFESH who is able to give accurate answers to the questions of potential TFAs.

9. How important a role do the country representatives play?

Their role is pivotal. They are/should be the interface between the TFA and the educational system of the host country. They identify the work assignment, smooth out the dealings with the government bureaucracy, interpret strange experiences at the beginning of the assignment, identify housing -- in a word, they serve as advocate for the TFAs in an alien environment and let her/him get on with the work at hand, teaching.

The Country Representative is also the first link in the chain of communication with Phoenix.

The Country Representative needs to be efficient, an excellent administrator, understanding of American ways of doing things, willing and able to push to get things done for the TFAs even though s/he may be pushing within his own society, a good communicator (both listening and speaking), empathetic, tolerant and resilient.

10a. How important is it to have French speaking teachers in Franco phone countries?

It is essential. Non-French speaking teachers are not effective, and damage IFESH's reputation.

10b. If important, what is the minimum acceptable level of competency?

Good spoken French, with a commitment to learning and improving throughout the assignment. IFESH should continue to give an in-country period of intensive French, pre-assignment, as it does now. This should be followed by structured tutoring or small classes for continual language improvement at IFESH's expense.

10c. Are there situations in which beginner French speakers are acceptable?

No. They are never acceptable.

10d. Are the in-country language programs cost effective and helpful?

It is preferable, and far more cost effective, to recruit TFAs who are fluent in spoken and written

French. In-country language programs are very much a second choice, except for those who have good French and are willing to make the effort to continue to improve.

11a. Are the donated books useful and being used?

They are used, if only by default -- so few books are available in African schools. The assessment of usefulness is hard to come by. Teachers and administrators are grateful for the materials they receive, even if these are not what they need most. Few seem aware that they could go through the IFESH Country Representatives to try to give clearer definition of what they need.

11b. Are they relevant to any of the classroom teaching that is being done?

Yes, to some of it. We saw some of the books in the Lagos Women's Cooperative and were told they are used in some classroom situations.

11c. Is the cost of shipping the books justifiable and should the program continue?

12a. Has the program met its planned objectives?

12b. What are the number of direct and indirect beneficiaries?

The evaluation team did not gather sufficient information to make any substantive comments concerning the book distribution program. We asked about the book program in our interviews with school and government officials. We also included questions about the book program in our discussions with managers and instructors in the local projects visited in Nigeria. In some cases we observed copies of the books, prominently displayed in classrooms or offices. We also discussed the operation of the book program and procedures for valuing the books that were/are shipped. All these discussions were ancillary to our inquiries concerning the Cooperative Agreement, and the sites visited were chosen to afford a representative picture of the three components of the Cooperative Agreement, not to visit the major recipients of the book program. Therefore, we can not address the question concerning beneficiaries.

In those instances where books from the program had arrived at places we visited, the recipients were grateful. They were also putting the books to good use, even though the titles may not have been exactly ones they would have preferred or would have ordered themselves. In at least two cases we encountered, schools used their own funds to solve customs duty problems so that the books could be released to the school. This was done without knowing the titles or the quantity of the books in question. Several recipients expressed a desire to become involved in the process of selecting books to be included in the program for future distribution.

13. In the countries where IFESH has placed the greatest number of TFA members, what is the impact of this assistance?

Kenya, the Gambia, and Nigeria are the three countries that have received the highest number of TFAs.

In Kenya (79 TFA placements) the program is relatively new. Because of problems in other countries (the Gambia and Nigeria), the Kenya program increased five-fold in a single year (1995/96). Therefore, it is too soon to measure the impact the program is having. The evaluation team interviewed about a third of the TFAs in Kenya at the time of the evaluation, and found mixed experiences. Some TFAs were well settled and clearly having an important impact in their schools. Others had been unable to work in their schools due to strikes, while some were partially employed (again due to strikes).

The team was unable to meet with any representative of the Ministry of Education. We did meet with Prof. Raphael Munavu, Deputy Vice Chancellor, University of Nairobi, and with the headmasters of two schools. Their comments were generally supportive of the teachers, but the short time the teachers had been in place preclude the evaluation team from drawing any conclusions regarding impact.

In the Gambia (55 TFA placements), the program has been halted in the wake of recent political events. Nonetheless, we were able to meet with the Minister of Education, and to interview a number of teachers who had supervised TFAs when the program was under implementation. Based on those interviews, the TFAs seem to have left a very positive impression. Several of the teachers commented that the program was a good one, that the teacher selections were appropriate, and that the teachers were experienced and fit well into Gambian society. There were several expressions of interest in having IFESH re-start the program.

In Nigeria (41 TFA placements), the TFA program has also been stopped, since the U.S. Government has "de-certified" Nigeria because of narcotics- related activities. The team did not meet with government officials, but did visit one school that had served as host to several TFAs, and me t with university officials who had worked with IFESH teachers. We also met with C.B. Asenuga --who served as the former IFESH Country Representative. As in the Gambia, the impression the IFESH teachers left was a positive one, but the evaluation team does not believe it has a basis for commenting on the overall impact of the program.

14a. Are there other donors providing similar programs as the Teachers for Africa Program?

The most similar program is the Peace Corps, being volunteer, secular, and American. There are other volunteer sending groups, such as the Mennonite Central Committee, that do similar work; most of these are religious in orientation.

14b. If so, how do per unit costs compare with the TFA program?

It was impossible to get accurate per unit costs on the Peace Corps. It was estimated that, in Gabon, a PCV cost $18,400 per year exclusive of housing. It was not clear if this figure included the extensive training Peace Corps provides, or the administrative costs in-country for US direct hire staff, or a percentage of the global administrative costs of Peace Corps operations. IFESH in Gabon estimated that a TFA cost $7,000 per annum, for stipends, training, office and staff, exclusive of air fare. While an accurate comparison can not be made, it is clear that IFESH TFAs cost considerably less than PCVs, but they also get less support and training. The stipends provided by the two organizations are comparable.

15. Assess the profile of the TFA participants in terms of skills, age, adaptability, expectations.

IFESH has found the following qualities to be of greatest importance in TFAs:

Masters degree or above
Ability to plan own time
Work experience
Personal maturity
Financial stability (in the US)
Belief in and commitment to Rev. Sullivan's philosophy

IFESH records show the following break down of academic credentials:

1992

Diploma/trade 1
Bachelors 5
Masters 18
Ph.D. 3
MD 1

1993

Diploma/trade 2
Bachelors 23
Masters 23
Ph.D. 13
MD 1
JD 2

1994

Diploma/trade 3
Bachelors 10
Masters 15

Ph.D. 12
MD 1

1995

Diploma/trade 2
Bachelors 35
Masters 30
Ph.D. 26
MD 2
JD 1

It is clear that IFESH TFAs are very highly educated; this is a clear reflection of the values of the IFESH program. At the beginning of the TFA program, outreach was made to African-Americans, and the TFAs were predominantly from that group. While there is still outreach to this community, the demographics have changed and it is estimated that 40% of the TFAs are of European or other non-African ancestry. As a group, these are mature adults; it takes time to amass academic credentials and teaching experience. In addition there is no firm upper age limit. In the 1995-96 the oldest TFA is 79 years old.

16. The number of teachers that did not complete their full terms of assignment has been low. For those that did leave, discuss the reasons for early departure.

This information was very difficult to gather because Country Representatives, other staff members, and school administrators were reluctant to talk about TFAs who were not there, any problems they might have incurred, or to discuss the reasons for early departure (if this applied).

Reasons for leaving that were given were as follows:

-- Family problems back in America (this seemed to be used for itself and as a graceful excuse to leave because of other reasons as well)

-- Could not adjust, unhappy

-- Marriage/relationship breakdown

-- Psychological breakdown/alcoholism

-- Used IFESH for transportation to Africa

-- Tourist/adventurer not committed to teaching

-- Poor health

-- Death (self or spouse)

17. Discuss and assess the level of financial assistance provide TFA members through their stipends and logistical support needs.

TFAs all agreed that they could use larger stipends; that is the human condition, that one can use more money. With very few exceptions, they agreed that the stipends provided were adequate for modest living in the host country. Couples, where both were TFAs and thus received two stipends, were most comfortable. Persons who used some portion of their stipend to meet financial commitments in the United States had the greatest difficulty.

In each country the stipend reflected whether the TFAs had to pay for housing, at a flat rate as in Kenya or at market rates as in Benin, or if housing was provided as part of the volunteer package. In Benin an allowance was also made for transportation, reflecting the nature of the TFA assignments there. All TFAs groused about transportation, having come from the land of the private automobile to the world of public transportation that ranges from non-existent to chaotic.

It is safe to say that stipends are set at appropriate levels. Country Representatives should be relied upon to give IFESH reliable information on increases in the cost of living that might require an increase in stipend level.

b. TFAs who extended to a second year expressed concern about the lack of a "settling back allowance" such as the Peace Corps receive, though that allowance is in fact forced savings out of the Peace Corps stipend. A few TFAs said that they would like to extend into a second year, but that would represent too great a financial sacrifice.

18. Have program objectives been consistent with mission strategies and objectives for the country in which participants have been placed?

We believe the answer is a clear “yes”. We stated earlier that all three components of the Cooperative Agreement are consistent with USAID policies and objectives. That the Teachers for Africa program also is consistent with USAID mission strategies was highlighted in Benin and Ghana. USAID staff in both countries talked at length of how the IFESH programs support their own efforts. In Benin, one of USAID's areas of concentration is primary school reform. Their programs are addressing the particular problems of decentralization and accountability. NGOs, such as IFESH are seem as an integral part of the Mission's educational reform strategy. IFESH volunteers are teaching methodology to Beninese teachers who have been trained in a very rigid French educational system. The IFESH teachers play an important role of helping the Beninese evolve their own methods and techniques, using American critical thinking techniques.

In Ghana, USAID has also been involved in primary education (project ends in July 1996). The USAID Mission is developing, with Ministry of Education collaboration, a new effort that would continue to support primary education in Ghana. The new project would focus on in-service teacher training, and work with teacher supervisors. The USAID Mission sees the IFESH teacher program as a part of a "coordinated approach" to help the Government of Ghana implement in Five-Year Free and Compulsory Universal Basic Education program. Most of the IFESH teachers are assigned to Cape Coast University, which is a major teachers college. Their teacher training program would be in direct support of USAID's continuing strategy in primary education.

APPENDIX C

PERSONS CONTACTED

AID/W
Don Muncy, Project Officer, AID/AFR/SD/DG

US Banking Institutions
John B. Ross, Finance for Development, Washington, DC
Michael E. Sheehan, International Development Finance, Washington, DC
Robert M. Enserro, Chemical Bank, New York City
Steve Cachin, Equator Bank Ltd/Equator Financial Services, Washington, DC
Abdou Salam Drabou, World Bank (IFESH Coordinator), Washington, DC
Lamond Godwin, Smith Barney (ex-American Express Company), Atlanta, GA
Abiye Atnafou, FH International Advisors, New York City
Eric Herman, FH International Advisors, New York City

US Banking Institutions - Bank Training Course Organizers
Green Dim, Mellon Bank, Philadelphia
Shirley Leininger, Mellon Bank, Philadelphia
Thomas V. Kennedy, Chemical Bank, New York City
William Moran, Chemical Bank, New York City

IFESH/Phoenix
Rev. Leon H. Sullivan, President
Dr. C.T. Wright, Executive Director
Christopher Marsh, Controller
Julie Johnson, Senior Program Officer
Elrick Williams, Special Projects Officer
Askel Peterson, Assistant Controller
Hope Hurley, Special Projects Officer
Dr. Samuel Atteh, Program Officer
Pearlena Jackson, Executive Administrative Assistant
Reginald Hodges, Former Regional Director, Lagos (now with OIC)
Eartha Isaac, Former Special Projects Officer (now in South Africa), by telephone

Teachers for Africa Returnees (by telephone)
Richard Deshaies, served in Cote d'Ivoire 1992-4, (extended for a second year)
Douglas Fulton, served in the Gambia, 1992
Dorothy Fulton, served in the Gambia, 1992
Adele Dichter, served in Nigeria, 1993
Gilbert Huffman, served in the Gambia, 1992
Gene Morris, served in Kenya, 1994 (provided written assessment)

Kenya

American Embassy
Ambassador Aureila Brazael

USAID/Nairobi
Kiertisak Toh, Acting Director
James Ndirangu, COBRA Project Manager
Amina Salim

USAID/Nairobi Contractors
Paul DeLucco, Chief of Party, COBRA Project, Kenya Wildlife Service

IFESH/Nairobi
Dr. Lillian K. Beam, Country Director
Dr. Mari Nelson, Deputy Country Director
Lena Osaga, Schools Coordination Officer
William Nyaka, Transportation and Purchasing Officer

Teachers - Teachers for Africa
Wilma Harper, Makini School, Nairobi
Walter Allen, United States International University, Nairobi
Shirley Greene, Garden Estates Academy, Nairobi
Kathy Simpkins, Augustana Academy, Nairobi
Fatimah Saleem, Wanja Kim School, Nairobi
Dora Daniel, Kenya Technical Teachers College, Nairobi
Lola Spence-Ward, Makini School, Nairobi
Safa Abdur-Rahman, Kiambu Boys High School, Nairobi
Chandrika Ramsey, Mountain View Elementary School, Nairobi
Gordon Vandervort, University of Nairobi, Nairobi
Emily Silver, University of Nairobi, Nairobi
Kevin Silver, University of Nairobi, Nairobi
Ingrid Martinez-Rico, University of Nairobi, Nairobi
Craig Heller, University of Nairobi, Nairobi
Quill Pettway, Tala Boys School, Machakos
Fred Washington, Tala Boys School, Machakos
Archie Perry, Icaciri Secondary School, Gatundu
Daniel Mushala, Icaciri Secondary School, Gatundu
Joetta Brown, Kiganjo Secondary School, Gatundu
Mary O'Neil, Africa Nazarene University, Nairobi

School Officials - Teachers for Africa
Mr. Martin Soo, Headmaster, Tala Boys School, Machakos
Mr. Stephen Mbiu, Deputy Headmaster, Tala Boys School, Machakos

Joseph Kahunga Mwangi, Headmaster, Icaciri Secondary School, Gatundu
Patrick Pius Muiruri, Headmaster, Kiganjo Secondary School, Gatundu
Prof. Raphael M. Munavu, Deputy Vice-Chancellor (Administration & Finance), University of Nairobi

Bank Training Project
Peter G. Kathanga, Credit Officer, Cooperative Bank of Kenya Ltd.
Gerald M. Kangangi, Credit Officer, Cooperative Bank of Kenya Ltd.
Abughana K. Khasiani, Manager Treasury, Cooperative Bank of Kenya Ltd.
Alex Malla, Corporate Manager, Cooperative Bank of Kenya Ltd.

Gabon

Government of Gabon
Celestian Massala, Director General for Administration and Finance, Ministry of Education

American Embassy
Michael A. Meigs, Deputy Chief of Mission

American Peace Corps
Rosemary Traore, Assistant Peace Corps Director (Education)

IFESH/Libreville
Dr. Poonam Smith-Sreen, Country Director
Sebastien Nzuzi, Administrative Assistant
Bertille Fouty, Language Materials Developer (part-time). Former Contract Language Coordinator

Teachers - Teachers for Africa
Fatih Rasul, C.E.S. de Ndjole
Leah Ermarth, 1994-95 Teacher at C.E.S. de Ndjole

School Officials - Teachers for Africa
Bernard Ryve Akendengue, Principal, C.E.S. de Mayumba, Mayumba (by telephone)
Charles Vewagou Ngaka, Principal, C.E.S. Omboue, Omboue (by telephone)

Bank Training Project
Pacome Rufin Ondzounga, Banque Paribas, Libreville

Benin

Government of Benin

Mouhamed Jacquet, Director, Primary School Inspectors, Ministry of National Education

USAID/Cotonou
Sherry Suggs, Program Officer
Georgette Pokou, Assistant Program Officer

USAID/Nairobi Contractors
Douglas Lehman, Project Coordinator, USAID/CLEF Project
Michel Guedegbe, Assistant Coordinator, USAID/CLEF Project

IFESH/Cotonou
Moji Togbe-Olory, Country Representative
Nicolas Gomez, Program Coordinator
Akogbeto Valentine, Education Advisor

Teachers - Teachers for Africa
Lynne Gylani, Cotonou
Stephanie Stines, Cotonou
Julia DiLiberti, Cotonou
Jill Goldstein, Cotonou
Stefan McLetchie, Allada
Mbu Walters, Toffo (lives in Allada)

Bank Training Project
Gilles Guerard, Chief, Service Treasury, Ecobank-Benin, Cotonou
Saliou T. Igue, Chief, International Relations Division, Banque Internationale du Benin, Cotonou
Isidore R. Godonou, Financial Controller, Ecobank-Benin, Cotonou

Nigeria

USAID/Lagos
Shirley Erves, Deputy Director and Program Officer

IFESH Regional Office - Nigeria
Momodou K. Mambouray, Regional Project Officer, and Acting Regional Director
Victor Kwasi Williams, Program Officer
Oladapo Olagbemi, Financial Officer

IFESH Regional Office Contractors

Nigerian Opportunities Industrialization Center
Obadiah O. Craig, Country Representative, OIC International, Lagos

Oladipo Alla, Executive Director, Nigeria OIC, National Secretariat, Lagos
S.O. Afolabi, Resource Mobilization Specialist, Nigeria OIC, National Secretariat, Lagos
T.M. Asaolu, Finance/Administrative Specialist, Nigeria OIC, National Secretariat, Lagos
Olufemi A. Abiona, Training/Student Services Specialist, Nigeria OIC, National Secretariat, Lagos

Women's Cooperation Society Project

Joan M. Gilmartin, Director, Women's Board, Education Cooperation Society, Lagos
Rosario Monfort, Finance Officer, Women's Board, Education Cooperation Society, Lagos
Tana Forsuelo, Coordinator, Iroto Rural Development Center, Iroto

Africare

Shola Ojo, Project Manager, Lamghasa Aquaculture Project, Africare, Lagos
Regina Obiagwu, Literacy for Health Project Manager, Africare, Anambra

University of Nigeria at Ibadan Village Association (UNIVA)

M.A. Omolewa, Director, Community Development, Literacy, and Health Project (CDLHP), University of Ibadan, Ibadan
S.O. Fadeyi, Head, Income Generation and Health Education Components, CDLHP, University of Ibadan, Ibadan
Rashid Aderonoye, Head, Literacy Component, CDLHP, University of Ibadan, Ibadan

U.I. Ventures, Ltd.

S.F. Olatunde, Managing Director/Chief Executive, Ibadan

Bistom Educational Services & Trade, Limited (BEST)

C.B. Asenuga, Principal Consultant, Lagos (served as Country Representative for Teachers for Africa Program)

School Officials - Teachers for Africa

C. Ade Adjayi, Former Vice-Rector, University of Ibadan, Ibadan
Prof. Olu Longe, Head, Computer Science Department, University of Ibadan, Ibadan
A.M. Efunkoya, Principal, St. Mary's Apostles Secondary School, Ijebu Ode
Patience Odusode, Vice Principal, St. Mary's Apostles Secondary School, Ijebu Obe

Nigerian Financial Institutions - Debt for Development

Dele Babade, Nigeria International Bank, Lagos
Taba Cookey, Investment Banking & Trust Coy.,Lagos
Yinki Sanni, Investment Banking & Trust Coy., Lagos
(Mrs). F.M.Yemidale, Central Bank of Nigeria (Debt Conversion Committee), Lagos
Kofo Dosekun, Nigeria International Bank, Lagos
Joachim Osojie, Nigeria International Bank, Lagos

Bank Training Project
Oyinkan Ayantoye, Guaranty Trust Bank, Lagos
Ben Bagbota Omiya, International Merchant Bank, Lagos
Yemisi Tayo-Aboaba, Investment Banking & Trust Coy, Lagos
Sheila Oatah, International Merchant Bank, Lagos

Ghana

USAID/Accra
Peter B. Kresge, Chief, Education and Human Resources Development
Mitch Kirby, Education Project Officer
Joseph K. Enuson, Training Officer

IFESH/Accra
Kwesi Dzidzienyo, Country Representative

Teachers - Teachers for Africa
Maggie Lovett-Scott, University of Ghana (Lagon Campus), Accra
Gail Campbell, University of Ghana (Lagon Campus), Accra
Stancil Campbell, University of Ghana (Lagon Campus), Accra
Walter McCoy, Cape Coast University, Cape Coast
Bermecia McCoy, Cape Coast University, Cape Coast
Scherzade King, Cape Coast University, Cape Coast
Roderick King, Cape Coast University, Cape Coast
Elizabeth Burns, Cape Coast University, Cape Coast
Herbert Grossman, Cape Coast University, Cape Coast
Teresa Schulz, Cape Coast University, Cape Coast

School Officials - Teachers for Africa
G. K. Nukunya, Pro-Vice Chancellor, University of Ghana (Lagon Campus), Accra
A. T. Konu, Deputy Registrar, Academic Affairs, University of Ghana (Lagon Campus), Accra
Margaret A. Osei-Boateng, Department of Nursing, University of Ghana (Lagon Campus), Accra
Prof. C. Ameyan-Aiwmei, Pro-Vice Chancellor, Cape Coast University, Cape Coast
Dr. Akwasi Ayensu, Head, Physics Department, Cape Coast University, Cape Coast
Dr. Joseph K. Essuman, Head, Educational Foundations Department, Cape Coast University, Cape Coast
Dr. Joseph K. Tufuor, Head, Department of Science Education, Cape Coast University, Cape Coast
Dr. Dominic K. Fobih, Head, Department of Primary Education, Cape Coast University, Cape Coast

Financial Institutions - Debt for Development
Emmanuel D. A. Darko Ministry of Finance & Economic Planning, Accra

Bank Training - Supervisors
Jean Aka, Ecobank Ghana, Accra
William Taylor, Ecobank Ghana, Accra
Mr. K.A. Benneh, Ghana Commercial Bank, Accra

Bank Training Project
Doris Wunu, Ghana Commercial Bank, Accra
Joseph, Ghana Commercial Bank, Accra
Susie Netele Azu, Ghana Commercial Bank, Accra
Kofi Adimado, Social Security Bank, Accra
Alberta Quarcoopome, Ghana Cooperative Bank, Accra
Mark Addai, Ghana Cooperative Bank , Accra
Karen Tanoh, Ecobank Ghana, Accra
Ernest Asare, Ecobank Ghana, Accra

The Gambia

Government of The Gambia
Satang Jow, Minister of Education, Banjul
Saja Taal, Permanent Secretary, Ministry of Education, Banjul

USAID/Banjul
Gary Cohen, Acting AID Representative
Barbara Jensen, Human Resources Development Office (Personal Services Contractor)

School Officials - Teachers for Africa
Jenung Manneh, Principal, Gambia College (Brikama Main Campus), Brikama
Dr. Badara Loum, Assistant Director, Livestock Services, Ministry of Agriculture, Yundum
Kebba M. Sankareh, Headmaster, Latra Kunda Secondary School, Yundum
Sulayman Camara, Deputy Headmaster, Latra Kunda Secondary School, Yundum
Director, Gambia Technical Training Institute
Prince Cole, Deputy Director #2 (Academics), Gambia Technical Training Institute, Banjul
Mrs. Secka, Chief Girl Guide Commissioner, Girl Guides Training School
Isatou Jallow, Commissioner, Girl Guides Training School
Anna Coker, Commissioner, Girl Guides Training School
Vicky Ndure, Principal, St. Joseph's Junior and Senior High School, Banjul
Adelle Sock, Vice Principal, St. Joseph's Junior and Senior High School, Banjul

ANNEX D

LIST OF DOCUMENTS REVIEWED

IFESH Documents (General)

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_____Personal Services Contract: Momodou K. Mambouray. Phoenix, Arizona, August, 1995.

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Gabon

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Kenya

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Ghana

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Nigeria

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Benin

Cossi, Calixte E., "Rapport d'Evaluation de L'Intervention de IFESH dan le Department de l'Atlantique", Republique du Benin, Ministere de l'Education Nationale, Cabinet du Ministre, June 1995.

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_____Cooperative Agreement No. AOT-0488-A-00-2045-00, signed March 11, 1992 by Dr. Ronald Roskens, Administrator, USAID and Rev. Leon Sullivan, President, IFESH.

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_____Office of the General Counsel, (memorandum) "Legislative Requirement for Pilot Debt-for-Nature Program in Africa" from Edward Spriggs to Ben Stoner. Washington, DC. January 16, 1991.

_____ Office of the General Counsel, (memorandum) "Recent Statutory Enactments On Debt for Development: Modifications to A.I.D. Debt for Development Guidelines" from John E. Mullen to the Acting Administrator. Washington, DC. February 9, 1990.

International Foundation for Education & Self-Help - Debt Conversion Summary

Annex E

Conversion Date	Historical Value of Promissory Notes.	US$ Cost Principal	i) Actual - US$ Cost Principal + Int.	ii) Net US$ Proceeds on Historical Value	Naira Proceeds Gross	Conv.Comm. 2.5% of Principal	Naira Proceeds Net	iii) Leverage Factor
Feb. 7, '94	$388,513	$106,841	$107,000	$245,326	5,534,557	138,364	5,396,193	2.29
Sept. 30, '94	$774,589	$213,012	$213,329	$449,821	10,046,513	251,163	9,795,350	2.11
Apr.11, '95	$1,102,675	$303,236	$303,688	$437,419	36,420,176	910,504	35,509,672	1.44
July 25, '95	$2,038,401	$560,560	$561,297	$994,217	80,761,103	2,019,028	78,742,076	1.77
Sub. Totals	**$4,304,178**	**$1,183,649**	**$1,185,314**	**$2,126,783**	**132,762,349**	**3,319,059**	**129,443,291**	**1.79**
On Hand	$1,813,939	$498,833						
Totals	**$6,118,117**	**$1,682,482**						

NOTES: 1) These figures taken from the records of the Regional Director - Africa - Lagos, Nigeria, and intermingled with figures received from the Phoenix Office.

2) Due to the amortization of promissory notes since issue, current values are reduced by the amount of the principal payments received.

3) Minor descrepancies exist between Phoenix Office's records and Lagos, due to number rounding.

4) Minor discrepancies between the records of Phoenix and Lagos Offices are to be reconciled.

5) The exact amount of Naira to be generated from the promissory note 'On Hand', will not be known until the public auction. In the mean time, interest and principal is received in US$. The exact face value of the note was not determinable.

6) The Leverage Factor # iii) is the product of dividing column # ii) - Net US$ Historical Cost by column # i) - Actual US$ cost.

7) Net proceeds on historical value is after Central Bank of Nigeria 2.5% mandatory commission.

8) The weighted average leverage is as shown 1.79 times.

International Foundation for Education & Self-Help - Cooperative Agreement Resource Summary

Annex F

As at September 30, 1995

STATEMENT OF USAGE UNDER EACH SEGMENT

SEGMENT	A)	B)	C)	D)	FEDERAL FUNDS	PRIVATE FUNDS
DISBURSED	$1,730,157	$3,747,191	$2,202,264	$1,550,040	$9,229,652	$3,693,253
FEDERAL FUNDS AUTHORIZED 'i'	$8,000,000	$2,500,000	$2,500,000	$2,000,000	$15,000,000	$8,000,000
FEDERAL FUNDS AUTHORIZED 'ii'	$8,001,000	$3,000,000	$1,999,500	$1,999,500	$15,000,000	$8,000,000
PER CENT USED (i)	22%	125%	110%	78%	62%	46%

SEGMENT A	DEBT FOR DEVELOPMENT
SEGMENT B	TEACHERS FOR AFRICA
SEGMENT C	BEST AND BRIGHTEST
SEGMENT D	IFESH ADMINISTRATION

NOTES: (I) USAID APPROVAL RECORDS.
(II) IFESH RECORDS OF USAID APPROVAL.

ANNEX G

CRITERIA FOR A SUCCESSFUL DEBT CONVERSION

Necessary Preconditions

To execute a debt-for development swap, several pre-conditions must exist:

- ♦ The country's external debt must be priced at a discount on the secondary market and be available for purchase.
- ♦ The debt must be eligible for conversion under the relevant credit agreements, country laws and regulations.
- ♦ The debtor government must approve the debt conversion either in an individual transaction authorization or pursuant to a regulated debt conversion program.
- ♦ The NGO must propose a development project that meets the country's criteria for debt conversion projects.

Steps in Conducting a Debt for Development Transaction

Step #1: Designing the Development Project. Several considerations are important in designing a debt-for-development transaction:

- ♦ A cost benefit analysis of the proposed transaction should be completed by the NGO to provide a thorough assessment of the benefits, costs and potential risks.
- ♦ The NGO should obtain approval of its board of directors and staff for use of this financing mechanism.
- ♦ The NGO should consider sensitivities of local project partners (sub-grantees) as debt conversions often involve local NGO counterparts and require close cooperation.
- ♦ Provision should be made to adequately fund the transaction and, where applicable, to ensure that prospective donors are briefed and approve the use of grant funds for the purchase of debt.

Step#2: Designing the Financial Structure of the Transaction

Relevant issues to be considered prior to the transaction concerning its financial structure include:

- ♦ The type of proceeds to be received from the Central Bank (cash, bonds, land, etc.).

- The exchange rate to be applied to the debt conversion, the percent of face value to be redeemed by the government.

- Taxes, commissions and levies on redemption.

- Any steps to be taken to guard against the affect of hyperinflation or devaluation of the proceeds.

- The NGO should budget for the purchase of the debt and the conversion of the conversion proceeds.

Relevant issues include the amounts required for purchase of debt, timing of purchases and timing of disbursements.

Step #3: Obtaining Government Approval

The debtor government usually requires that the NGO and its local counterpart submit a debt conversion application outlining the transaction and the project to be funded. The application review process is usually managed by the Central Bank or the Minister of Finance. While the terms of the debt conversion are often outlined in formal guidelines, many governments that do not have formal debt conversion programs will negotiate debt conversion terms on an *ad hoc* basis.

Step #4: Executing the Debt for Development Conversion

Once the NGO has approved the debt-for-development internally, has identified eligible debt instruments and received approval from the government, the transaction can be "closed". The NGO will normally negotiate the purchase of the debt from a creditor (commercial or government). Once the NGO has purchased the debt (which must be considered eligible for conversion by the government and its creditors) it can present the financial instrument to the government. In exchange for canceling the debt, the government will provide the NGO with local currency proceeds, usually in the form of cash or bonds.

Step #5: Managing the Conversion of the Proceeds

Typically, the NGO or its local counterpart will need to prepare reports for the government on the use of the proceeds. NGOs receiving local currency bonds may be permitted to sell these instruments in the local secondary market to obtain immediate funds for the project.[6]

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[6]Adapted from text "What is Debt-for-Development?" developed by Finance for Development Incorporated, Washington, D.C.

ANNEX H

MELLON BANK TRAINING CURRICULUM

(Attached)

Best & Brightest
Mellon Bank Program for African Bankers
November 1, 2, 3, 1995
Mellon Bank Center, 1735 Market Street
Forum Room - 8th Floor

Wednesday, November 1, 1995

8:30 - 9:30	Welcome/Opening Remarks - Shirley M. Leininger Mellon Bank Overview • History • Organization •• Mellon Bank, N.A. •• Mellon PSFS Business Financing Our Market Focus
9:30 - 10:00	• Regional Companies (sales size from $2 to $10 million) - Robert Groff
10:00 - 10:15	Break
10:15 - 10:35	• Health Care - Carol Paige
10:35 - 10:55	• Asset Based Lending - Mike Rainone
10:55 - 11:15	• Government - Maryann George
11:15 - 11:45	• CRA - Bill Smith
11:45 - 12:45	Lunch - Thomas F. Donovan Vice Chairman, Mellon Bank Corporation Chairman & Chief Executive Officer, Mellon PSFS
1:00 - 1:30	• Regional Companies (sales size from $10 to $250 million) - Jonathan Sprogell
1:30 - 2:30	Role of the Account Officer - Shirley Leininger • Customers/Prospects •• Account Planning •• Relationship Banking •• Prospecting
2:30 - 2:40	Break
2:45	Leave to visit a Super Market location (Roosevelt Blvd & Magee St) and the Personal Financial Center (at Franklin Mills)

Best & Brightest
Mellon Bank Program for African Bankers
November 1, 2, 3, 1995
Mellon Independence Center, 7th & Market Streets

Friday, November 3, 1995

Mellon Independence Center
Operations/Services

8:30 - 9:15 Loan Administration - Helen Goode

9:30 - 11:30 Cash Management-Products/Tour - Dennis Reid & Staff

11:45 - 12:30 Lunch - MIC Cafeteria

12:45 - 1:45 Retail Bank Support Functions

- Bank-By-Phone - Joanne Liberto
- Statement Insertion - Vince Desiderio

1:45 - 2:00 Break

2:00 - 3:00 Visit Mellon Branches - 7th & Markets Sts and Broad & Market Sts

Mellon Bank Center
1735 Market Street
Forum Room - 8th Floor

3:15 - 4:45
- Trust Products
  - Pension Management - Tim Wade
  - Private Bank - Ed Carpoletti
  - Corporate Trust - Robert Eaddy

ANNEX I

CHEMICAL BANK TRAINING CURRICULUM

(Attached)

Curriculum Outline

Financial Accounting

The financial accounting module develops an overview of the concepts and logic underlying the reporting of financial information.

Emphasis is placed on understanding basic accounting principles and procedures enabling participants to apply these concepts in analyzing financial reports. Also discussed are topics such as generally-accepted accounting principles and inventory accounting, among others.

At the conclusion of this module, the participant will have an understanding of accounting concepts and skills and the tools which are necessary to interpret and analyze financial statements.

Fundamentals of Banking
(Money, Banking and Economic Fundamentals)

The Fundamentals of Banking module provides an overview of financial markets and market-based economics. Emphasis is placed on the channels of influence in financial markets, including the business cycle, market-based interest rates, central banking/monetary control and the elements which influence the foreign exchange market.

Additional topics to be discussed include the structure of the U.S. Banking System, inflation and deflation, investment banking, allowable capital market activities of commercial banks and the impact of the Glass Steagall Act.

At the conclusion of the module, the participant will have an understanding of the structure of a bank and the inherent risks of the banking system.

Corporate Finance

Corporate Finance knowledge is essential to a successful bank officer for two reasons. First, corporate finance underlies all financial decision-making including that done by financial institutions. Second, a well-trained bank officer should be able to understand and address the needs of the customer.

The topics of the Corporate Finance module include recognition of a variety of risks, the time value of money, evaluating capital expenditure proposals, assessing working capital management policies, uses of a variety of financial instruments and markets and selecting appropriate sources of financing.

At the conclusion of the Corporate Finance module, the participant should have an understanding of the skills and information necessary to make financial decisions in a changing environment.

Financial & Risk Analysis

The Financial & Risk (Credit) Analysis module is designed to enable the participant to evaluate the risk of a given corporation by analyzing the firm's financial statements and external factors, such as industry, economic, political and environmental risks. It also helps the participant establish the ability to develop financing strategies from a credit risk as well as a cost perspective.

The 5P/5C approach to making a credit decision is discussed:

- People/Character
- Purpose/Capacity
- Payment/Capital
- Protection/Collateral
- Perspective/Conditions

Also discussed are such topics as Ratio Analysis, Financial Statement Analysis, Cash Flow, Pricing, Seasonal Lending, Financial Projections and Financing Options.

At the conclusion of the Financial & Risk Analysis module, the participant should have an understanding of how to evaluate the credit-worthiness of a potential customer and the necessary steps to mitigate credit risks.

Capital Markets

The Capital Markets module provides an overview of such topics as the yields and institutional characteristics of money and capital markets securities. Topics to be discussed include Implied Forwards, Duration, Pricing of coupon-bearing instruments, Conversion formulas and the Characteristics of traditional bond and equity securities.

Also discussed are such innovations as Floaters, Debt Warrants, Zero Coupons, Futures, Collars, Call and Put Options, Convertibles, Forwards, Caps and Swaps.

At the conclusion of this module, the participant should have a general understanding of the central features of the financial and capital markets. Also provided is a brief instruction in the use of financial calculators.

ANNEX J

GHANA ALUMNI ASSOCIATION CONSTITUTION

(Attached)

CONSTITUTION OF THE IFESH ALUMNI ASSOCIATION (GHANA)

1. NAME

The name shall be IFESH Alumni Association, (Ghana).

2. OBJECTIVES

a) To promote the exchange of ideas, experience and professional knowledge among members.

b) To create a forum for networking among members and other affiliate associations and IFESH, USA.

c) To promote sound banking and credit administration culture among African bankers and financial experts.

3. MEMBERSHIP

a) Membership would be open to individuals who have been on the IFESH/African Bankers Credit Programme.

b) Individuals who have been on similar programmes may be co-opted as members.

4. OBLIGATIONS OF MEMBERS

a) To attend every meeting of the Alumni Association.

b) To pay annual subscription and registration fees to be determined from time to time.

c) To accept to serve on any committee(s) that may be set up from time to time to further the objectives of the Association.

d) To assist in programs, seminars and related activities organised jointly by IFESH and USAID.

5. ADVANTAGES

a) To be regularly informed of IFESH's activities through such means as newsletters.

b) To be kept regularly abreast with developments in banking, credit administration and financial services through such means as workshops and seminars.

6. MEETINGS

a) The Association will meet at least once every quarter of the year on days to be agreed on from time to time

b) The quorum for each meeting shall be 1/3 the Number of registered members at any time.

c) The last meeting of each year shall be a business meeting at which the accounts for the year and a report of the year's activities shall be presented by the Executive Committee and elections held.

d) Emergency meetings may be convened as and when necessary.

e) The agenda for meetings will be decided on by the Executive Committee of the Association.

f) A representative of USAID shall be invited to participate in the meetings of the Association.

7. EXECUTIVE COMMITTEE

a) The Executive Committee will be made up of the President, Vice President, Secretary, Vice Secretary, Treasurer, Vice Treasurer, two members, and a representative of USAID.

b) The term of office of the Executive Committee will be two (2) years. A members can stand for election for a maximum of two (2) consecutive terms of office.

c) Nominations for election of new officers shall be invited by the Executive Committee. The USAID Training Officer shall collate the nominations. Voting shall be by secret ballot.

d) The Executive Committee shall meet at least once every two months.

e) Where a vacancy occurs (including impeachments) before the expiry of the term of office of an executive member, the Executive Committee shall appoint another member of the Association to complete that term.

8. FINANCES

a) The Association shall be financed by members' contributions as well as donations and other income generating activities.

b) All funds accruing to the Association shall be used only for purposes of furthering the Association's goals, including organising seminars, meetings and related activities.

c) The Association shall cause a current account to be opened into which all monies for the Association will be lodged.

d) Signatories to this account shall be the President, Treasurer and any other member of the Executive Committee.

e) The Executive Committee shall arrange for accounts for the year to be prepared and audited by duly appointed independent auditors.

9. AMENDMENTS

As and when it becomes necessary, representations for amendments to the Constitution may be made to the Executive Committee at least a month before the next general meeting at which proposed amendments will be tabled for consideration and adoption.

10. ADOPTION OF MOTIONS

All motions may be carried by a simple majority of members present.

11. NON-PAYMENT OF DUES

Any member who defaults in the payment of dues shall be suspended from voting at meetings.

12. IMPEACHMENT

a) Any member of the Executive Committee found doing any acts against the interest of the Association, or abusing his office in any way shall be removed from office by a simple majority of registered members at a General Meeting.

b) Additionally, any other appropriate sanctions may be applied to the member so impeached.

K. J. NYARKO
PRESIDENT.

ACCRA 26/8/94