

GRANT SUMMARY:

orig all change accepted by min of 11/12/74

Tehnoserve, Inc., a non-profit technical assistance organization, is requesting a five year Development Program Grant from the Agency for International Development. The purpose of the grant is to enable Technoserve to expand its capabilities in the areas of management, staffing, training, program and project analysis and evaluation, thereby increasing its effectiveness in aiding the poorest majority in developing countries to achieve economic well-being through the development of self-help enterprise and local self-reliance. *(a) 3/2/74*

Based on its six years experience in the development field, it is felt that the receipt of a DRG would enable Technoserve to increase its institutional capability and the effectiveness of its program and make a significant impact in the areas considered to be of priority importance by the Foreign Assistance Act.

BACKGROUND:

Tehnoserve is a non-profit technical assistance organization incorporated in the State of New York in February 1969. It received its federal tax exempt status in May of that year. It is the purpose of Technoserve to assist low-income population in developing countries to start or expand locally owned, viable self-help enterprises and cooperatives which directly benefit the communities in which they are located, selecting projects on the basis of maximum social and economic impact, with special attention being given to those projects which increase the production/distribution of high protein food. Enterprises which contribute to rural productivity, employment generation and income distribution are emphasized. Institution building and related management training in support of local self-reliance is a major objective of Technoserve's program. The results of Technoserve's program experiences will be shared as widely as possible.

Technoserve's approach to self-help enterprise development is best characterized by a sense of partnership and mutual trust between local project sponsors and Technoserve. This partnership concept is stimulated by and dependent on local sponsors' conceptualization, involvement, control and commitment to a project on a continuing basis.

Technoserve provides fully integrated, personalized services which can be divided into four functional categories:

- catalyst role (encouragement and analysis)
- Management assistance and training
- technology transfers
- capital funding assistance

Technoserve has established fully operational programs with a professional staff in Ghana, Honduras and Kenya, with program expansion and additions projected for the near future. Technoserve's program of self-help enterprise development in these countries has already resulted in the creation of new jobs, the broadening of income distribution

and an increase in rural productivity.

Technoserve receives its support from foundations, churches, the Agency for Internatinnal Development and, increasingly, from host country sources and project reimbursements.

Technoserve is managed by career professionals with experience in and commitment to overseas development. The company management is supported by an active and involved Executive Committee of nine people, drawn from a 21 member Board of Directors. The 57 members of the Technoserve Corporation are drawn from the business, academic and church communities.

One of the major reasons Technoserve has been successful in the development of its program has been the leadership provided by its management team and Board of Directors. There have been no "management shakeups" in over six years of operation. Most members of the Executive Committee and Board of Directors have served continuously since the founding of the company.

Since its inception Technoserve has had a clearly defined corporate purpose and has focused its attention exclusively to the achievement of this purpose. In the past year more specific clarification and refinement of these objectives has taken place. At a Board of Directors meeting held on November 12, 1973 the following statement of goals and purposes was approved.

It is the overall goal of Technoserve:

"To demonstrate that the development of appropriate indigenously owned self-help enterprises in low-income countries is one of the most effective means of assisting "the poorest 40%" to attain full human dignity and a just standard of living through their contributing to and sharing in the benefits of national economic growth; and to create a technical assistance program which lends itself to being transferred to local development entities or adopted by other international development agencies."

It is the specific purpose of Technoserve:

"To assist the low-income population in developing countries to start or expand locally owned, viable self-help enterprises and cooperatives which directly benefit the communities in which they are located, selecting projects on the basis of maximum social and economic impact with special attention given to those projects which increase the production/distribution of high protein food. To stimulate the development of enterprises which contribute to rural productivity, employment generation and income distribution. To promote institution building and related management training in support

of local self-reliance and to share the results of Technoserve's program methodology and experience as widely as possible."

Detailed criteria for project selection have also been developed and approved by Technoserve's Board of Directors. The following formal statement appears in Technoserve's documentation and represents the basic criteria for project selection.

"Technoserve's program is sharply focused on one important aspect of the human development process: the evolution of enterprises which promote self-reliance for low-income people. Requests for assistance are evaluated on the basis of the following standardized criteria.

The Prospective self-help enterprise should:

- have measurable potential for economic viability
- demonstrate it is in the local community's interest meeting the needs of low-income people.
- have as wide a base of ownership as is possible and practical, in accord with national regulations and priorities.
- have adequate leadership provided by local nationals who are willing to work closely with Technoserve and other advisory organizations in the best interests of their community.
- be labor intensive where technically and economically feasible.
- utilize, whenever possible, locally available raw materials particularly agricultural products.
- have adequate local participation in the form of cash investments or non-monetary resources.
- require a total capital investment of between \$40,000- \$250,000 in its early period of operation.
- not discriminate in favor of any one particular group.
- not have ready access elsewhere to resources and services which Technoserve provides."

Technoserve has also developed extensive policies and procedures to assist with the implementation of its program and the management of its staff. A 20 point Procedures Manual related to assisting projects and developing country programs is available to all staff members. A 17 point Personnel and Administrative Policies Manual is also available to staff for the basic administration of the Program.

To implement their current program, Technoserve employs a full time staff of 22, 18 of whom are located in LDC's. The staff is made up of Americans, third country nationals and local nationals. All of the professional staff related to the project and program activities have had previous overseas experience and are hired on a career basis. Eleven have advanced university degrees in the fields of economics, international management or development.

One of the unique features of Technoserve's program has been its

ability to relate to many organizations and institutions in the carrying out of its corporate purposes. These relationships have made it possible for Technoserve to be most efficient in the development of its program, as it has not been necessary to "re-invent the wheel". Interchanges with other institutions have also accelerated the process of project development, fund raising and staff recruitment. Of particular importance are the following institutional relationships which Technoserve has fostered over the past six years and which relate directly to its corporate purposes:

- - Technoserve is a charter member of the consortia group, PACT, Inc. and Mr. Bullard is Chairman of the Board of that organization.
- Technoserve is an associate member of CODEL, Inc.
- Technoserve has close working relationships with over 20 Protestant and Catholic Church instrumentalities which have overseas programs.
- Technoserve has formalized relationships with host country governments in each country of operation. These relationships are becoming increasingly substantive and recognize the major role that Technoserve is to play in the development process of each country concerned.
- Technoserve has informal collaborative relationships with over 30 local institutions in the countries in which it is now operating. These institutions include development banks, government ministries, para-statal development corporations, universities and religious and service organizations.
- Technoserve has received support from over ten major foundations in the U.S. and expects to receive additional support from European foundations.

Technoserve should be able to continue to draw on the functional and monetary support of the above organizations as it expands its program.

Technoserve is able to include in its request for a DFG evidence of successful past performance in the field of economic and social development. As has already been indicated, Technoserve has had as its objective for over six years the development of a program that would "directly lead to the well being of the poorest majority in the developing countries assisted by the U.S." While the Technoserve program undoubtedly requires improvement and refinement, significant outputs can be identified as a concrete demonstration of Technoserve's current capability and its potential for meeting the DFG guidelines.

While inductive evaluation processes are also necessary to fully assess progress toward Technoserve's ultimate goals of human dignity and a just standard of living for the "poorest 40%", the following approximate outputs/verifiable results for the program through June 1974 are indicative:

- 1,100 net new jobs created
- 25,000 total population affected
- \$600,000 local investment generated
- \$1,300,000 sales volume generated

Having listened carefully to the comments, inputs and suggestions of Third World colleagues, Technoserve has fashioned and refined a program which has already demonstrated that it is addressing itself to some of the crucial development issues of our time. A preliminary methodology has been developed which does contribute to income generation and distribution, employment and the production and processing of food. The process is one which is based on local initiative and motivation and, thus, is not paternalistic but rather contributes to local self-reliance. The direct participation by nationals and national institutions fosters the local institution building process and insures that Technoserve will be able to turn over its program to nationals within a reasonable period of time.

Technoserve has completed the preliminary research, development and structuring of its program. This has occurred just at the time when AID has made available its DFG program. It is ~~hoped~~ *believed* that Technoserve can take advantage of a DFG to significantly strengthen its capabilities to plan, design, manage and evaluate development programs and projects which will be of significant benefit to the poorest majority in the developing countries whom Technoserve seeks to serve.

A: STATEMENT OF PROJECT GOAL:

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1. Over the past decades of development assistance one of the critical issues has been effectively integrating the population of LDCs into the national economy. Many fragmented attempts to stimulate small enterprise development have met varying degrees of success, but an overall methodology did not appear to evolve and questions remain as to enterprise development being an effective means to bring about participation of the poor in national economic growth. Technoserve appears to have designed an approach to promoting ~~popular capitalism~~ in several countries. This DFG is aimed at increasing Technoserve's institutional capabilities to adequately demonstrate that self-help enterprise development is, indeed, an effective means toward contributing to the direct involvement of the poorest majority in national economic growth.

2. Measurement of Goal Achievement:

The most significant measure of goal achievement will manifest itself in adoption or modification of policies by LDC governments and those institutions working in development assistance as they relate to self-help enterprise development. In that it is the policies of these entities which create the climate for local development, the success of Technoserve's methodology should be reflected in those policies which affect the poorest majority.

3. Means of Verification:

While in many cases a direct causal relationship will exist, such as the new Forestry Law in Honduras which resulted from and responded to the material needs of a Technoserve project, verification will also be obtained from those relevant entities attributing such *changes, modifications* ~~policy: changes~~ to the success of Technoserve's programs. It is not expected that all instances of policy, program or procedural changes be identifiable, but rather that major changes be perceived by those entities as having been directly influenced by Technoserve's activities.

4. Important Assumptions:

Critical to the achievement of the goal are several considerations that lie beyond Technoserve's ability to control, those which are most apparent are:

- a. That the involved LDC government continue to perceive the relevance of this process to economic integration of the poorest majority. There are several examples of governments which have decided on an economic model which is not compatible with ~~small~~ private enterprise development or where a sudden shift to macro-development policies discouraged self-help enterprise growth.
- b. In many instances the state of the international economy can create conditions in LDC's which preclude progress in local programs. Therefore, relative stability in the international economic situation is assumed.
- c. Political and social chaos and natural disasters can and have had effects on projects and such events could happen again. Nevertheless, such occurrences should not be ignored in evaluation of goal achievement.

B. PROJECT PURPOSE

1. Purpose statement:

The DPG is to improve and expand Technoserve's institutional capabilities as it relates to both existing country programs and in new countries. More precisely, six areas are to be directly influenced.

- a. Central management and administration. At present Technoserve has a central management and administrative staff in Greenwich of four. However, the program cannot expand and develop without more management depth in Greenwich and the establishment of regional offices located in Latin America, Africa, and, possibly Asia. The purpose of the DPG is to provide for such increased capability. Staff for Greenwich will be sought which has geographic and functional (marketing, financial analysis, etc.) expertise/experience. IDC regional office staff will concentrate on much needed program management, accounting and administrative functions.
- b. Recruitment and training. Technoserve does not currently have any specialized capability in the area of recruitment and training. With staff projected to exceed well over 100 by 1977, a specialized

function must be added to Technoserve's program to cover this area. The DFG would be utilized to enable Technoserve to add one such specialist to the Greenwich staff and additional specialists in the IDC regional offices so as to recruit and train U.S., third country, and host country nationals for career positions with Technoserve. Technoserve has accumulated a great deal of information in the self-help enterprise development field which must be effectively disseminated to the rapidly increasing staff if the program is to have maximum effectiveness.

c. Analysis, evaluation and technology transfer. Technoserve is in complete accord with A.I.D. in insisting that development programs be analyzed and evaluated and that the methodologies and technologies involved be effectively transferred. The benefit/cost evaluation of Technoserve type programs is still in a primitive stage. Special expertise must be applied to enable Technoserve to fully assess the social and economic impact of its overseas development program. At the same time the procedures and techniques used must be documented and methods found for the wider distribution of such techniques, if they are found to be effective. It is the intent to hire one specialist in this field for the Greenwich office and begin adding such specialists to the IDC regional offices so that the process of evaluation and transfer of technology can begin.

d. ~~First~~ program initiation. Technoserve's program for some years has been focused in Ghana, Kenya and Honduras. Programs in these countries were initiated primarily by Technoserve itself and formal agreements with host country governments and/or parastatal organizations relating to Technoserve's program in those countries were worked out after the initiation of the program. Results of the program and projects in Ghana, Kenya and Honduras have demonstrated that Technoserve's approach is directly meeting the needs of the poorest majority in those countries. Other host country governments and USAID Missions have been increasingly anxious that Technoserve establish programs elsewhere. Such new program initiation in other countries will be organized in a manner different from that of the previous three countries. Appropriate agreements with the host country government will be signed prior to the establishment of a new country program, with the host country assuming some of the program costs. Greater emphasis will be placed initially on institution building concurrent with project development. Technoserve will also attempt to respond directly to USAID Mission initiatives and to relate to possible OPG funds from such Missions. Such new country programs would stress the training of local nationals and national institutions so that they might better utilize Technoserve type programs and/or further AID assistance. The DFG will provide new and specialized staffing for the initiation of the ~~first~~ development programs which would meet the above objectives and which might be located in the following target countries:

- El Salvador
- Nicaragua
- Togo/Dahomey
- Ecuador
- Botswana/Zambia/Tanzania

Such new staff additions would be located in the IDC's themselves,

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reporting to the newly established regional offices and to Greenwich. As the new ~~programs~~ programs are built in each country, project development will be simultaneously taking place. ~~This regular project development activity will be funded from sources other than the DFG.~~

Things
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be
done

e. Annual staff program review and planning meetings. As Technoserve's program expands to eight or more countries, plus an office in the U.S. and regional offices in Latin America and Africa, it ~~will become~~ *will become* increasingly important that senior staff be assembled annually to review and evaluate the program and plan for its most effective expansion. Such cross fertilization is particularly critical in program activities such as Technoserve's where the state of the art is so poorly developed. The synergistic output of a meeting of LDC senior staff, plus home office senior staff, should be significant. The DFG will allow Technoserve senior staff members to meet each year, often overseas, to review all aspects of the program and determine what modifications and improvements are required for the best utilization of resources made available to Technoserve for the benefit of the poorest majority.

out

f. Vehicles rent and office equipment. It will be necessary to provide certain modest material support for the achievement of the above objectives. The availability of a DFG will provide a limited number of vehicles to be used in LDC's for the establishment of ~~new~~ programs and the effective implementation of the recruitment and training, and analysis and evaluation elements. In addition, modest expenditures will be required for rent and office equipment.

2. End of Project Status: While the intent of the DFG is to encourage the flexibility of Technoserve in responding to the needs of their LDC activities, and a result of the evaluation, and analysis component is to help shape future planning and programming, there are, nevertheless some basic EOPS indicators that will be achieved, the most important of which are:

- a. A functioning system for the monitoring and managing of Technoserve's programs and projects operating in LDC's.
- b. An evaluation system will have been designed and applied to their programming process.
- c. The training and recruitment program will have recruited and/or trained approximately 85 new employees for country programs.
- d. A comprehensive technical paper and miscellaneous articles on the state of the art of the effectiveness and techniques of self-help enterprise development will have been produced.
- e. A minimum of three new management level staff for the central and LDC regional offices will be on-board, all having previous over-seas professional experience, language facilities (where appropriate), advanced degrees or the equivalent in the respective technical area.
- f. Funding by LDC governments will have reached a level of \$500,000 annually to support the respective Technoserve activities.
- g. Five new country programs and/or a system of transferring the Technoserve process to areas in which Technoserve has no permanent programs and/or new regional programs within existing countries of operation. (The program options will be determined from the results of continued evaluation and analysis as to the most effective mode of operation for each country and region as

well as the rate of institutionalization of specific country programs which might permit personnel to be used more extensively to assist and advise on additional projects. The EOFS will be minimally 5 new country programs combined with the additional capabilities as they are appropriate, though any one or combination of country programs might have graduated into programs with regional impact.)

h. Each country program will be operating under LDC government or parastatal agreements with Technoserve.

3. Means of Verification : The institutional capabilities above will be verified by observing the operating process of the evaluation system and monitoring system. Staffing levels will also indicate achievement of the intended results as they relate to recruitment, training and increased professional management staff. The articles and technical paper will, of course be reviewed by AID for inclusion in the "Agency Research and Development Abstracts", "War on Hunger" and/or "Development Digest". Audited financial statements will show the level of LDC government participation and site visits by AID/W and USAID staffs will also occur. Copies of all formal agreements will, and are, kept in the project file.

4. Important Assumptions : While there are variables that will influence the success of the DRG, those which are identifiable at this time which could adversely influence the project are:

- a. The availability of the highly qualified personnel needed to staff the activity, on a timely basis. This is not a problem at the present time but if for unforeseen reasons the level of competence of available personnel should dry up, the program would be affected.
- b. With the energy crisis influencing international travel, possible changes in telecommunications, etc., we must assume that existing effective international communications will continue.
- c. Due to the economic development aspects of the program, reasonable rates of LDC and international inflation are assumed.
- d. In order to eventually become independent of USG funds, continued support to PVO's by non-U.S. government sources is assumed.
- e. Success is also predicated on LDC government's philosophical view of private enterprise development being favorable.

C. PROJECT OUTPUTS

1. Outputs :

The measurable outputs of the project have been determined through joint evaluation of Technoserve's program up to now. While there are many outputs which could be pointed to, we have analysed many variables and determined that the following outputs genuinely represent the most valid objective, measurable indicators which affect the target population rather than outputs which merely indicate

activity that might be at a high level but not affect the poorest majority. The outputs we have identified are:

- a. Net jobs created
- b. Income accruing to nationals
- c. Total population affected
- d. Local investment generated
- e. Sales volume generated
- f. Development entities established.

The outputs will be measured on an annual basis.

2. Output Indicators : The baseline figures dealing with the current level of outputs are noted in paragraph D, section 4, and on D-4 of the logical framework matrix. We have established an annual rate of increase of the baseline figures that should result from the DFG. In that the percentages of increase are based on statistical projection, there may be a slight margin of error and it is to be expected that there will be some trade-off such areas as local investment as related to sales volume generated, where investment might exceed expectations during the earlier years, sales volume might be a little less than projected, but later we might find investment slowing and sales volume exceeding the predicted rate. We do feel that the following annual rate of increase is accurate enough to responsibly judge performance.

a. jobs created	35%
b. accrued income	50%
c. Population affected	50%
d. local investment	50%
e. sales volume	35%
f. development entities	15%

3. Means of Verification : Technoserve will present quarterly reports, we will also receive reports from the enterprises being developed, AID/W and USAID's will consult with the responsible IDC government agency(s) involved, and AID/W and USAID site visits.

4. Important Assumptions : The most salient factors that must be assumed are:

- a. For analytical purposes, either constant prices must exist, IDC currencies must be relatively on par with the U.S. dollar, or in the event of disparity, 1974 dollar value will be the baseline.
- b. The figures are dependent on DFG funding at the requested level to permit creation of the evaluation system required to accurately determine the above.
- c. That there be continued access to countries in which projects are operating (as is not the case with projects started in Uganda and which are probably still operating but for which no data is available.)
- d. That there is no expropriation or nationalization by local governments of projects.
- e. The continued availability of capital development funds to

finance enterprise development.

- f. That requests for project assistance continue to be received.
- g. Continued interest and formal requests for institutional building assistance from LDC governments and developmental entities.

D. PROJECT INPUTS :

1. Inputs :

- a. DFG
- b. Core support grant (see ^{below} ~~above~~ regarding level and expiration)
- c. Churches
- d. Foundations
- e. Host country
- f. Project reimbursement and other.

2. Budget Schedule :

	\$000 omitted		^{columns} Year ending		
	1975	1976	1977	1978	1979
a. DFG	\$ 180	375	375	200	100
b. Core Support	175	100	75	-	-
c. Churches	80	100	100	150	200
d. Foundations	235 240	300	350	400	500
e. Host country	52 60	380	800	1,400	1,800
f. Project reimbursement and other	15	45	100	150	200
Total Income	\$ 740 750	1,300	1,800	2,300	2,800

3. (Note: this paragraph is blank as it corresponds to D-3 on matrix.)

4. Beginning of Project Status (BOPS) : Figures below represent the current annual rate of output indicators to be used in this project. They are based on CY1974 - see C-2.

- a. Net Jobs created 1,000
- b. Income accruing to nationals \$630,000
- c. Population affected 50,000
- d. Local Investment generated \$550,000
- e. Sales volume generated \$1,000,000
- f. Development entities established 1

It should be further noted that consideration was given to several additional indicators, such as number of enterprises established, but in the final analysis it was determined that since 50 enterprises could produce perhaps less than 10 more significant and larger enterprises, it was determined that the above items reflect more accurately the actual valid outputs of the project. Cost per job created was also considered, and while this will be reported on as part of the overall analysis of Technoserve's work, it is not a direct indicator of the goal or purpose.