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Albanian Junior Achievement Project

Final Report

Submitted by

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on behalf of

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Final Report

1. Project Overview

Albania is a nation of some 3.3 million people that is now partway through its second decade as a free-market economy, after enduring nearly fifty years of state planning and centralized economic control. In an effort to hasten the pace of economic and democratic development, the United States Agency for International Development (AID) provided generous support for a project focused on teaching young people and business persons more about the theories and practices of the free-enterprise system. Programs developed by Junior Achievement of America and Junior Achievement International were used extensively in the project. AID support of \$940,800 was matched in part by approximately \$100,000 of in-kind contributions from other donors. The project commenced on September 27, 2001 and concluded on September 30, 2004.

The project had three components. Component #1 (\$215,000) provided for overseeing of the project by the Harry T. Fultz Albanian American Education Foundation based in Virginia, USA. Component #2 (\$318,800) facilitated development of the management and support capacities of an Albanian NGO, the Foundation for the Economic Education of Youth (FEEY). Component #3 (\$407,000) enabled FEEY to deliver economic education programs to teachers and business persons and to students of primary and secondary schools and universities throughout Albania.

Project finances were audited on an annual basis. Year One audit was completed by a local accounting firm. Year Two and Year Three audits were completed by an international firm. Each audit produced satisfactory ratings and provided welcome suggestions for the improvement of accounting practices, all of which were implemented immediately. The project benefited from two Financial Reviews conducted by personnel from the Budapest office of AID (July 2003 and September 2004) and one Project Evaluation conducted by an external consultant (July 2004). Here again, recommendations were welcomed and acted upon with all due haste.

The project finished on time and slightly under budget.

2. Project Highlights

2.1 Supervision and Capacity Building

During the three-year life of the project, the Fultz Foundation worked to establish and/or strengthen the capacities of a Board of Directors (BoD) and a professional staff, and to promote a productive relationship between the two entities. The task of institutional capacity building was broken down into eight objectives:

Objective 1.1 Strengthen the Organizational Structure of FEEY

Prior to gaining funding from USAID, FEEY was registered under Albanian law as a small non-membership Foundation. It was administered by a four-member Executive Board. One member of the Executive Board served as a part-time secretary. The organization had no full-time staff.

During the life of the project, the following structures were developed:

1. The Executive Board was transformed into a democratic Board of Directors (BoD), initially with seven members, now with eleven active members and two approved appointees waiting to take up their duties.
2. The member and part-time secretary of the previous Executive Board was appointed as Executive Director (ED) of the Foundation and, under supervision of the BoD, hired a contingent of full-time and part-time employees to implement policies established by the BoD.
3. A main office in Tirana and three regional offices (currently in Korca, Shkodra, and Vlora) were established, staffed, equipped and made functional.
4. Staff members received necessary training, underwent annual evaluations and met high standards of performance in carrying out their respective duties in the areas of program administration, financial management, and support services.
5. The organizational staffing structure was changed twice in order to improve efficiencies and productivity.
6. Clear distinctions were drawn between responsibilities of the BoD and the ED and staff; relationships between volunteer board members and paid staff were clearly defined.
7. Numerous systems were put in place to add efficiency and accountability to the day-to-day operations of FEEY.

Objective 1.2 Develop a Personnel System.

The BoD formulated and approved a Policy on Personnel Matters and a set of regulations to guide implementation of the personnel policy. The personnel policy defined a basic philosophy of fair personnel practices and respect for each employee. The regulations specified steps in the hiring, placement, compensation, evaluation, rewarding and disciplining of staff. Most elements of the personnel policy and regulations were implemented effectively throughout the life of the project.

Objective 1.3 Establish Financial Accountability.

During an earlier era, Albanian organizations used a single-entry bookkeeping system. Early in the life of the project, this system was replaced with a double-entry system that relies on international standards and procedures. The system was computerized, using QuickBooks software. The FEEY Finance Officer was trained in the use of double-entry bookkeeping and QuickBooks software. Finances were carefully monitored throughout the life of the project by the Program Manager, the accountant of the Fultz Foundation in Virginia, and the Finance and Administration Committee of the BoD. Three annual audits were completed and related recommendations were implemented. Two financial reviews were conducted by personnel from the Budapest office of AID.

Objective 1.4 Develop a Board of Directors.

The former four-member Executive Board was restructured to become a full-fledged democratic board. The BoD learned to function in a business-like manner, employing motions and voting procedures and adhering quite closely to Robert's Rules of Order. Board functions were focused on policy-setting, strategic planning, and budget approval and monitoring, while implementation of policies, plans and budgets was assigned to professional staff. The BoD held ten regular meetings and four extraordinary meetings. Members formulated, approved and implemented nine written policy statements and regulations, developed and approved an Interactive Strategic Plan for the five-year period 2001 – 2005, and approved and monitored three annual budgets.

Objective 1.5 Formulate Policies.

Nine policies were formulated and approved by the Board of Directors. Related regulations accompany each policy. All policies and regulations are compiled in a Policies and Procedures Manual that is updated annually and/or as needed. Each policy provides general guidance to the ED and staff; regulations provide more specific directions to those who are implementing policies.

Objective 1.6 Procure Goods and Services.

Procedures were put in place to procure needed physical assets and support services. Competitive bidding procedures were utilized according to approved policies and regulations, originally for all items over \$1000 in value, later for all items over \$5000 in value and finally for all items over \$2000 in value. Inventory, service and maintenance, and replacement policies and procedures were formulated, approved and utilized. As the project came to a close, all assets were verified by the primary recipient, the Fultz Foundation, and assigned to FEEY.

Objective 1.7 Develop Grant-Seeking Capacities.

The Executive Director and members of the Board of Directors were instructed on how to identify sources of funding, how to prepare and submit grant requests, and on how to prepare reports for funding agencies. Successful proposals were submitted to USAID and the Soros Foundation. Proposals were also submitted to six other agencies, with positive-looking results still pending.

Objective 1.8 Formulate a Strategic Plan and Evaluation Procedures for FEEY.

An Interactive Strategic Plan for the period 2001 to 2005 was developed and approved. The planning process produced agreement on the vision and mission of the organization, organizational objectives, an environmental scan and internal audit, strategies and techniques, and procedures and criteria for periodic evaluation of the plan and the organization. On the recommendation of the Financial Review Team, the plan will be updated and extended to 2010. Procedures for evaluating the on-going progress of FEEY, the Board of Directors, and its individual members were agreed upon but not utilized.

2.2 Program Delivery

During the three-year life of the project (2001-2004), FEEY implemented eleven programs of economic education. One was for elementary school pupils, one was for university students, one for high school economic teachers, and one for business people. Seven programs were aimed at high school students. Brief descriptions of each program and numbers of clients served are outlined below:

Objective 2.1 Implementing the Student Companies Program

In this program teams of students operate a real business for a four-month period. Students assume the role of president, manager of marketing, manager of production, manager of human resources and financial manager. During the life of the project 19,053 high school students and 132 high school teachers participated in this program.

Objective 2.2 Implementing Economic Education as Part of Obligatory Education (K-6)

This program is comprised of seven different curricula in which pupils learn basic economic concepts. They also learn about businesses that operate within their community and identify business careers that they might want to pursue in later life.. During the life of the project, 3040 elementary school students from 32 elementary schools participated in this program.

Objective 2.3 Implementing Tourism and Travel Business Program

In the TTBiz program teams of students assume the roles of managers of tourism and travel companies. During the life of the project, 220 high school students and 7 high school teachers participated in this program.

Objective 2.4 Implementing the Business Ethics Program

This program was designed by FEER/AJA and addresses one of the most serious problems facing the Albanian business community. During the life of the project, 3632 high school students and seven high school teachers participated in this program.

Objective 2.5 Building Partnerships between Education and Business

This program was designed by FEEY/AJA. Students working in teams survey actual businesses to study the problems they are facing. During the life of the project, 1076 high school students, ten students from university and four high school teachers participated in this program.

Objective 2.6 Training Teachers and Business People

This program is now considered as two different programs, one for explaining fundamentals of the free-market economy to teachers and one that does the same for business people. During the life of the project, 207 high school teachers and 140 business people received training.

Objective 2.7 Implementing the Business Law Program

This program was developed by FEEY/AJA and enables students from the Economics Faculty and the Law Faculty to identify typical cases in which businesses face legal challenges. During the life of the project, 294 university students participated in this program.

Objective 2.8 Implementing the Businessman for a Day Program

This program provides fourth-year high school students with the opportunity to spend a full day working in each of several businesses. During the life of the project, 19,800 high school students participated in this program.

Objective 2.9 Delivering Training through Summer Schools

This program aims to enhance students' entrepreneurial and teamwork skills to prepare them to function well in the world of business. During the life of the project, 242 high school students participated in this program.

Objective 2.10 Facilitating Improvement of Curricula

During Year One and Year Two of the project, a working group surveyed the quality and usefulness of economics curricula being used in elementary and high schools. Based on the results of the survey, a report was prepared, offering suggestions and recommendations that were submitted to the Ministry of Education and Science. The number of questionnaires delivered to teachers was 777.

Objective 2.11 Implementing the MESE Program

The Management and Economic Simulation Exercise is a computerized program designed by Junior Achievement International. In this program, students assume the roles of corporate managers. During the life of the project, 887 high school students and 132 high school teachers participated in this program.

Summary: The above programs were delivered in 33 districts representing all regions of Albania.

In total, 44,912 high school students benefited from these programs, which were delivered in 157 high schools. The K-6 economics education program was delivered to 3040 elementary school students in 32 schools in twelve districts.

FEEY programs reached 304 university students.

Business people trained by FEEY totaled 140. The number of businesses surveyed by students participating in FEEY programs was 1929, while 677 consultants supported FEEY in reaching its objectives.

Approximately 45 events were organized each year, including training sessions, consultations, conferences, awareness campaigns, and presentations at the National and International levels. Post-evaluations of each event revealed that participants were very well satisfied with the activities in which they had taken part.

Whereas plans called for teaching 15,000 students at the elementary, high school and university levels, the actual number reached was 48,256, more than three times greater than the target. The increased numbers arose, in part, from greater than expected interest in Junior Achievement programs. Numbers were also increased due to the offering of three programs that were developed to meet local needs: Business Law, Business Ethics and Businessman for a Day.

3. Lessons Learned

This project was an enriching experience for everyone involved in it. In the eyes of participants, the project evaluator, and the financial review team, the project was generally quite successful. Like all of life's experiences, the project provided certain lessons. Most of these lessons derive from the successes and positive experiences noted above. Each lesson is intended to serve as a guide to future activities of FEEY and to similar organizations that may be the beneficiaries of funding from AID and/or other donors. All lessons are put forward as positive, constructive suggestions that, hopefully, will produce only favorable results.

Lessons are stated below, organized according to the three components of the project.

3.1 Lessons re Component #1: Supervision

This project has been somewhat unique in that the recipient agency, the Fultz Foundation in Virginia, has been responsible to oversee the development of institutional capacities for an already autonomous non-governmental foundation in a nation where democratic decision-making had not been the norm for either board members or staff members. Due to this uniqueness, there may be few opportunities to apply lessons about supervision that arise from this project. Nonetheless, four lessons are noted below:

1. In cases where a recipient agency is responsible for developing the institutional capacities of an autonomous local agency, there needs to be a clear agreement in place to define the relationships, responsibilities and accountabilities of each partner.
2. While the Program Manager appointed by the recipient agency needs to function primarily as a mentor and advisor, he or she must also have the authority to exercise decisive and assertive leadership when necessary.
3. A project aimed at developing democratic capacities of an NGO in a formerly communist country needs to have a full-time, resident Program Manager for at least the first year or so of the project. At minimum, the Program Manager needs to be on-site on a half-time basis during the early phases of the project.
4. Procedures for reporting on the liquidation of project funds by the primary recipient and target recipient need to be agreed upon early in the life of the project. Such procedures must be acceptable to the donor agency, the recipient agency, and the target agency.

3.2 Lessons re Component #2: Capacity Building

Capacities of FEEY grew significantly between October 2001 and September 2004. As can be seen from the above summary of Objectives 1.1 to 1.8, the Foundation is a much stronger and more complex organization now than it was three years ago. In order to further strengthen the organization, certain lessons should be applied during the immediate and long-term future of the Foundation:

1. ***Complementarity of functions.*** The Board of Directors must limit its activities to policy setting, strategic planning and budgetary supervision and hold the ED and staff accountable for effective implementation of its directives. The ED and staff must ensure that their actions are congruent with directives of the BoD. While such a separation of functions is not easy to agree upon and adhere to, the setting of complementary roles is absolutely essential for the successful working and long-term viability of the Foundation.
2. ***Role of the Executive Director in capacity building.*** The ED must play a major role in developing the capacities of the whole Foundation and not place the organization in the position of being dependent on any one person. Self-centered, single-minded leadership would not be in the long-term interests of the Foundation. The ED must see board members not as a threat to his or her authority and power but as helpmates and overseers of a cause that demands the very best efforts of a well-functioning team of volunteers and professionals. That is, the ED must help board members to play major roles in setting and monitoring the Foundation's policies, strategic plans, and annual budgets – and not limit the board's role to that of fund-raiser. The ED must work hard to fulfill volunteers' need for leadership, ideas, logistical support and a feeling that they are valued and appreciated.

The ED must show similarly unselfish qualities of leadership in relation to developing capacities of the Foundation staff. Staff members are accountable to the BoD through the ED but they are not vassals. A well-trained, happy and committed staff is just as essential to the long-term future of the Foundation as is a well-functioning BoD.

3. ***Dedication of board members.*** Members of the BoD need to show that they regard board membership as an extremely worthwhile opportunity to serve their community; they must commit the time and energy demanded by their positions; and they must combine their own vision for the Foundation with the advice given by their professional staff.
4. ***The importance of training.*** Initial and on-going training of board members and staff needs to receive high priority.
5. ***The need for firm guidelines.*** Additional policies, procedures and systems to guide all aspects of the Foundation's operations need to be formulated, agreed upon and consistently applied.
6. ***Achieving self-sustainability.*** There is a pressing need for the BoD and ED to develop and implement a plan through which the Foundation will become increasingly self-sustaining. The Foundation needs to develop capacities to operate fund-raising campaigns and income-generating activities, rather than only relying on the kindness of foreign donors.
7. ***Broadening the support base.*** FEEY needs to develop a strong support group of volunteers from the business and education communities. Volunteers can carry out many functions, including classroom presentations, mentoring of students, assisting in fund-raising, etc. In fact, volunteers may be the Foundation's best hope for long-term survival. One or more staff members should be assigned to facilitate the recruitment, training and utilization of volunteers. Consideration might also be given to amending FEEY's Statute and Articles of Formation to have the Foundation become a membership organization, open to corporate members and individual members, possibly with a schedule of membership fees.
8. ***Models of governance.*** A lesson may also be learned by asking if, indeed, the Board of Directors Model is the best form of organization to be used in Albania at this time. If the current model for Foundation governance is retained, the ED and key board members must become a mutually supportive team that shares "ownership" of a thriving enterprise that they are building together. They need to decide jointly what the long-term future of the Foundation should be and appreciate the respective contributions that each can make toward achieving their shared goals. When such a "we" feeling is present, the Board of Directors model is the best model available. It is well suited to an organization that is dedicated to economic education and is commonly used by Junior Achievement agencies around the world. However, other models of governance might also be viable. A return to using an Executive Board that does not separate policy-making and implementation functions could be considered. A Board of Directors with a Managing Committee could also be explored. And, of course, the Foundation could operate without any board and simply leave all decisions and actions in the hands of the ED and staff. The model chosen must be the one that will best enable the Foundation to develop the broad base of support that it must have if it is to endure.

3.3 Lessons re Component #3: Program Delivery

Undoubtedly, the most successful component of the just-completed project has been the program delivery component, and justifiably so, since the delivery of high quality programs of economic education is the core function of FEEY. Lessons derived from three years of program delivery include:

1. *Settings for program delivery.* The best place for organizing conferences and seminars is a central location outside the city where most participants live and work. This helps participants concentrate better on the topics and increases social effects and networking.
2. *Reliance on needs assessments.* It is necessary to conduct a need assessment for training seminars in order to know in advance what economic lessons should be delivered.
3. *Teaching and learning methodologies.* The best teaching methods are interactive methods such as role-play, simulation, case studies, working group, etc.
4. *Teaching and learning resources.* The best training effects come from using audio visual aids, including PowerPoint presentations, videos, hand-out materials, etc.
5. *Contacts with the business community.* The best way to attract business persons is by recruiting them through Chambers of Commerce and other business organizations.
6. *Partnerships with school districts.* The best way to select teacher and student participants is to maintain a close collaboration with District Education Directorates.

4. Conclusion

This report is respectfully submitted by the Program Manager, on behalf of the Fultz Foundation and FEEY, with thanks to everyone associated with the project.

Signed:

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Dated:

October 20, 2004
