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**Final Report on USAID Grant
No 181-0249-G-00-5214
for TechnoServe's Assistance to
the Center for Promotion and Support
of Agricultural Enterprise
in Tarnobrzeg District, Poland**

October 1995 - June 1996

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Final report to Grant No. 181-0249-G-00-5214

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Introduction and Background

The Center for Promotion and Support of Agricultural Enterprise in Sandomierz was established by Technoserve in 1991. Its continuing purpose is to serve the rural community as a viable indigenous non-profit institution helping to create new employment and sustainable sources of income in a depressed region of southeastern Poland. It accomplishes this through the provision of business advisory services for small entrepreneurs, restructuring plans for former state-owned farms, advice on business start-ups and expansions, and other activities. Over the past four years, the Center has helped a dozen entrepreneurs start or expand their businesses, provided short-term business advice to 200 other businessmen, successfully demonstrated a new potato technology in the area, and organized an award-winning annual community strawberry festival.

In September, 1995, TechnoServe together with the Center in Sandomierz submitted an unsolicited proposal to USAID/Warsaw and obtained a nine-month Institutional Strengthening Grant (1 October, 1995 through 30 June, 1996) of \$110,000. The main objective of this grant was to help the Center prepare for full independence. The grant supported six interrelated activities:

- * Preparation of an Institutional Business Plan
- * Development of an expanded Board of Directors
- * Staff development and training
- * External audit
- * Upgrading of accounting and reporting systems
- * Strengthening of income generating activities

This is the final report, in accordance with the schedule attached to the grant agreement. A brief report on Center activities not funded under this USAID grant is also attached.

Preparation of an Institutional Business Plan

A business plan is the most basic document used by management to define its financial and human resources, operations, clients and markets. It includes the organization's goals and objectives and measures by which to determine progress towards those. It also provides a road map for the future development of the organization.

Working for its clients on business plans preparation, the Center itself did not have a written business plan to guide and assure its long-term sustainability and effectiveness.

This grant allowed the Center to fulfill this need. Though demanding a lot of valuable staff time, it is seen as a wise investment, and will guide the Center's development and activities for the next several years.

The Center prepared a draft of its business plan based on intensive research about grant makers, foundations and other donors in the US and Europe, as well as companies who might contract work to the Center. The Center's Director met with representatives of many important non-profits in Poland, both to define the form and content of an institutional business plan, and to discuss possible options for cooperation with them. Some of them came to the Center in Sandomierz to participate in the preparation of the Center's business plan and also to train the Center's staff in many areas of NGO management, project design and implementation, and fund raising methods. The final draft of the plan is currently being prepared.

In keeping with the plan's direction, the Center staff is already expanding its public relations and marketing efforts. In addition a new staff member, with key responsibilities in this area was hired in May.

Based on our work in developing this plan, we are encouraged at the prospects of working with the Rockefeller Brothers Fund, a major US foundation. A RBF representative visited at the Center in Sandomierz in March. In May the Center Director met with him at his New York office while in the US for TechnoServe's Global Team Conference. During this trip a range of other potential donors and collaborating agencies were visited.

Development of an Expanded Board of Directors

During the nine month grant period, the Center made very good progress in the development of its new Board of Directors, completing the recruitment and orientation of the new Board members and having very successful meetings of the expanded Board on 11-12 December 1995 and 16 - 18 June 1996.

The Center's founders, Senator Zbigniew Romaszewski and Barbara Magner (as TechnoServe's representative) had been the Center's legally registered board of directors. While they both deserve credit for their accomplishments and commitment to the Center, they

alone were unable to meet the Center's needs and satisfy international expectations for a non-profit board of directors.

This situation was also creating some disadvantages for the Center itself, in setting policy, guiding financial resource development, establishing strategic direction, etc. For the most part, TechnoServe has been playing that role. For the Center to be truly autonomous a local body was needed to fill this role.

During the first quarter of the grant, the Center successfully identified potential board members in Poland and in US. The Center Director visited all local candidates for the board to discuss and assess their future relationship and commitment to the Center, and prepared them for their roles as members of a western model NGO board. The Center management completed the new legal framework required for the establishment of the expanded board.

The second board meeting was held in June in Sandomierz, where the members were able to visit the Center's office, and learn more about its activities and its impact during field visits.

The newly established and increasingly active board of directors allows the Center to redesign its relationship with TechnoServe and help establish the Center as an autonomous local institution. But more important is the support the board will provide to the Center and its management both through its regular meeting schedule and through phone calls, visits, etc.

Staff Development and Training

If the Center is to be autonomous, self-sustaining and successful in the new economic environment in Poland, it must have a staff with the education, knowledge and skills to function productively in this new organization. A needs assessment identified staff needs in areas seen as critical to the Center's success.

On-site training for all staff was completed in areas of non-profit governance and team building. The staff also attended the initial board of directors meeting, learning about non-profit management.

Staff specialists also attended outside courses: Witek Biernat and Leszek Szczęch in computers, which allow them to teach others during training services; Piotr Korpysz and Ania Nogaj in non-profit management and fund raising. Witek Pycior traveled to Budapest to take part in a week-long fund-raising workshop organized by the Open Society Institute.

The entire staff is taking English lessons on a weekly basis. Halina Siemaszko attended an 8-day Johns Hopkins TOT European Institute in Slovakia and, with Suzi Hagen and Steven Londner of TechnoServe, attended AID's PVO Humanitarian Development Initiatives Project Capstone Workshop in Budapest.

Ania Nogaj finished a Polish Business Advisory Service consultant training course, earning a certificate attesting to her skills in business consulting. Suzi Hagen conducted on-going in-service training for the Center's staff. During a recent visit, TechnoServe Rep. Steve Londner conducted a training workshop for the entire Center's staff on fundraising and grant writing. This was not just a theoretical exercise--an important part of this training was its focus on the staff's actual project activities.

Having earlier solicited and evaluated proposals, the Center selected a training of trainers programs (TOT), organized and conducted it, bringing in two experts from the Łódź Training Center. To extend the training opportunity to others, and to help cover its costs, the Center's staff were joined by people from the local Banking School.

The process of staff development and training remains prominent in the Center's strategy to keep it strong, successful and self-sustaining. To participate in European funding resources for NGOs we will continue looking for good training opportunities and improve staff language capabilities in both English and Russian.

External Audit

To begin the audit process a local consultant/expert was hired to review the Center's system. His final report on the Center's accounting system recommended only a few modifications. Action on these recommendations is ongoing.

Early in the grant period, the Center Director initiated contact with the Warsaw office of Price Waterhouse to discuss the timing and requirements for their audit according to the grant agreement. After various delays, the audit was conducted in May. The final report was ready in June. TechnoServe and the Center accepted it as a positive assessment. A copy of this report was provided separately to USAID. It will be presented to the Center's Board of Directors at its next meeting.

This audit, made by an independent, external firm, did help to ensure that all elements necessary for the Center to function autonomously are in place and meet accepted standards.

Upgrading Accounting and Reporting Systems

Since its early days the Center has maintained well organized accounting and administrative systems, based on TechnoServe's sophisticated models. In 1995 the Center implemented a computerized Polish accounting system, which complements the system provided by TechnoServe.

After negotiating a new relationship with TechnoServe, it should not be necessary for the Center to use all of TechnoServe's detailed systems. However, the Center must be assured that

its Polish system can provide all the necessary and required reports. To identify the types of reports required, the Center's finance person, along with management, conducted an internal and external needs assessment. An external accountant/expert was hired to verify the regularity of the Center's system according to the Polish law. His certified written report was ready in February. Afterwards, the Center's staff contracted with a software consultant, from the Kraków company the accounting program was purchased from, to customize the Center's Polish accounting system to be able to meet all foreseeable needs. His main work was completed in June with some later follow-up work. The Center can now readily produce all standard reports for donors and government.

Strengthening of Income Generating Activity/Training Services

During the past year the Center has sought to develop additional program activities within its mandate that present opportunities to generate significant revenues, in order to recover some or all of the direct activity costs, and as possible to contribute to the Center's overall operational costs.

A promising opportunity was identified as providing training services to selected markets in the Center's geographic region. Key among these was the provision of basic computer training to rural village youth. A pilot program was developed in cooperation with a local school.

The training specialist, Leszek Szczęch, reviewed and purchased the required software packages. The training made use of a color LCD computer monitor panel and an overhead projector, which permitted the instructor to project on a wall the image of his computer monitor, a very valuable and effective training aid (that also has a number of other applications). The first two courses were conducted for youth at a village school near Sandomierz. The pilot courses demonstrated that this computer training is very useful and needed. The fees collected from participants covered the Center's costs and even made small profit, but showed how time consuming it is.

During the process of strategic planning for the Center's business plan preparation we developed criteria for project choice and development. Based on that, and in addition because of the departure of the staff's training specialist, this computer training services project has been put on hold. If continued, the actual instruction will be sub-contracted out.

Our initial expectations for offering basic enterprenurial and SME development training courses with support from a local foundation as a profit-making activity, did not materialize. We still see that as a potential activity, and are discussing moving forward with a feasibility study, including a needs assessment and financial analysis.

At this time, however, the most promising training services programs appears to be working with local Gmina governments in strategic planning. It is planned to start making investments in staff training to equip and position the Center to work in this area.

Report on Center's activities not funded under USAID grant.

The Center for Promotion and Support of Agricultural Enterprise in Sandomierz, is fulfilling its mission to serve the rural community as a viable indigenous nonprofit institution helping to create new employment and sustainable sources of income in depressed southeastern Poland.

It accomplishes this through the provision of:

- * Business advisory services for small enterprenurs,
- * Advisory and planning services for business start-ups and expansions,
- * Specific development projects to link farmers with markets.

Accomplishments in Business Advisory Services

Business Advisory Services have been provided to forty two clients during the grant period. Four were assisted in preparing full business plans. In addition, Ania Nogaj prepared a strategic development plan for a production and trading company in Stalowa Wola as a practical part of her consultancy course.

The staff continued to work on the database which will be used for marketing, billing and tracking the business advisory services provided.

Accomplishments in Development Project Linking Polish farmers to Markets

Dairy

During the grant period the Center continued its efforts on helping farmers in Tarnobrzeg district to meet requirements of new national and European Union dairy standards. As a part of this work on January 31, 1996 the Center hosted a ground-breaking regional dairy seminar, drawing together producers, processors, government officials, academics and private sector firms to discuss "the Necessity of Upgrading Milk Quality and Concentrating the Milk Production in Tarnobrzeg District in the perspective of Integration with European Community".

This initial dairy seminar was very well received and the Center is already planning the Second Dairy Day.

The Center is also developing a new on-the-farm program to further strengthen the larger and more progressive farmers, as well as to help the smaller uneconomic producers consider other options. After preliminary discussions with directors of dairy plants, farmers, and local authorities, the Center is moving forward with a major year-long milk quality contest. The framework for the milk quality contest and the identification of sponsors is under way.

Marketing groups

Building on its earlier experience with organizing groups of farmers to purchase improved varietal potato seedstock from local sources, starting from September 1995, the Center's staff member concentrated his work on establishing and strengthening cooperative potato marketing groups to increase their benefits from potato production. The Center has determined that cooperative groups can amass larger quantities of improved varieties for sale to major purchasers willing to pay a premium price.

The Center identified two areas in Tarnobrzeg district with significant potato production, and in the fall of 1995 organized 16 meetings with more than 60 farmers in both places presenting needs, advantages and limitations in creating marketing groups. In both places farmers were trained by the Center's staff and academics from Lublin agriculture university about quality requirements, linkages between farmers and wholesale markets, and group work.

Strawberry Sunday Festival

In 1994, the Center with cooperation with the City of Sandomierz and the Sandomierz Cultural Foundation organized the first Strawberry Sunday Festival in Sandomierz, intended to be the first of what would hopefully prove to be an annual community event. While begun as part of the Center's agri tourism activities, this event, as intended succeeded in fostering new cooperative relationship between the city government, the Center, local foundations, organizations and businesses.

The purpose of the Center's ongoing involvement with the festival is both to promote tourism in Sandomierz and to promote the Center. The Center helped raise the direct costs of the festival, soliciting sponsors from among local companies, institutions and organizations.

This year's festival, held in June 1996, was one of the biggest events during the summer, attracting more than 2500 people to the picturesque old town square.

Strawberry Sunday Festival "No 3" was considered a great success.