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TECHNOSERVE, INC.
PARTNERSHIP GRANT PDC-0280-A-6205-00
FIFTH ANNUAL PROGRESS REPORT
JULY 1990 -- JUNE 1991

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The Office of Private and Voluntary Cooperation
Bureau of Food for Peace and Voluntary Assistance
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TECHNOSERVE, INC

PARTNERSHIP GRANT PDC-0280-A-00-6205-00

FIFTH AND FINAL PROGRESS REPORT

FOREWORD

TechnoServe is pleased to prsent this final progress report to the Office of Private and Voluntary Cooperation of the Agency for International Development in compliance with the reporting requirements of Partnership Grant PDC-0290-A-00-6205-00. This final report provides narrative and financial accounts of Year Five of the Partnership Grant and a comprehensive accounting of both against the goals and objectives and financial obligations of this matching grant.

It is the firm opinion of TechnoServe leadership and staff that the this Partnership Grant provided a means for building a stronger and more collegial relationship with the Agency for International Development. We extend our expressions of regard and thanks to all the executives and staff of the Bureau of Food for Peace and Voluntary Assistance who have done so much to make the partnership concept work.

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I. EXECUTIVE SUMMARY

Throughout its twenty-three years of service, TechnoServe has benefitted from the collaboration and assistance of many groups and institutions. The Agency for International Development (AID) has been one of TechnoServe's most prominent partners, providing support for TechnoServe's institutional and programmatic growth since 1974. This partnership has taken several forms, including country and project specific cooperative agreements, operational program grants, special consultancies, and the centrally funded Development Program and Matching Grants administered by AID/FVA/PVC, a series which culminated in the Partnership Grant that drew to a close on June 30, 1991.

TechnoServe specializes in promoting community-based, rural enterprises--traditionally in Africa and Latin America--utilizing an integrated approach which concentrates on several key elements: location (rural), ownership/control (community-based), scale (small to medium), and sector (commodity, or commodity type such as dairy, food grains, vegetables, edible oils, etc.). Partnership Grant PDC-0280-A-006205-00 has made it possible for TechnoServe to improve and strengthen this integrated enterprise development system and to achieve greater impact on host country agricultural and government policy. The AID-funded external evaluation (1988) of TechnoServe's overall program and organizational strategy attested to the maturity of the organization and underscored its contribution to the development goals shared with AID in this partnership arrangement. Since that evaluation exercise, TechnoServe has continued to grow in organizational strength and enterprise expertise. With programs in twelve countries, it has effectively applied its 'synergistic elements' of the Partnership Grant to make the community-based enterprise a powerful engine of real and sustainable economic development.

As a result of the achievements of the past five years, TechnoServe is now prepared to launch its "New Directions" Strategy, which received the full approval of TechnoServe's Board of Directors in May 1990. The new five year program aims to further improve and expand TechnoServe's services to community-based rural enterprises through a decentralized organizational structure strengthened by effective training programs, innovative modes of field activity, and new internal support mechanisms and structures. TechnoServe's future goals are strongly consistent with AID's 1990 Matching Grant objectives of: 1) strengthening and expanding field programs, 2) assisting PVO's to professionalize management systems and technical backstopping, 3) increasing U.S. private resource funding, and 4) increasing the impact and effectiveness of economic development.

The achievements of Year Five of the Partnership Grant demonstrate how TechnoServe programs have steadily consolidated and grown in strength during the Partnership Grant period. With a staff of 193 persons, by July 1991 TechnoServe had active programs in eleven countries having completed programs in two other countries in the grant period. Moreover, with a five-year record of long-term assistance to 496 major enterprises, TechnoServe was well abreast of the outputs projected in its 1986-1991 Logical Framework and Activities Schedule (1990-1991).

In reflecting over this and the preceding four years, the senior management at TechnoServe point to the following developments as reflections of the progress TechnoServe has made since 1986:

1. **AFRICA--Enterprise Expansion.** Two key developments in the African programs during the grant period are particularly significant to the present and future direction of TechnoServe. The first concerns TechnoServe's community based enterprise (CBE) assistance model. Prior to 1986, the validity of this approach had not yet been fully demonstrated either in terms of the number of CBE's assisted and replicated nor by the costs involved. However, the successes achieved over the past five years, particularly with the palm oil and mala milk processing projects in Ghana and Kenya, have more than proven the validity of the CBE approach. The second key development during the Partnership Grant period is TechnoServe's move out of environments in which it was extremely difficult to work effectively (Zaire, Sudan) into ones with great potential for TechnoServe programs (Tanzania, Nigeria, Uganda).

2. **LATIN AMERICA--Enterprise Sustainability.** One of the most striking features to emerge during the grant period in Latin America is the remarkable staying power of CBE's despite the chaos and vicissitudes experienced by several countries in the region. For example, preliminary data out of El Salvador, while not yet completely processed, indicates that twenty-five out of thirty 'graduated' projects have successfully continued operations following the withdrawal of TechnoServe assistance. A major cotton gin project has continued operating in Nicaragua ten years after TechnoServe withdrawal. This kind of data substantiates the view that TechnoServe is making real progress in providing an assistance package that results in viable, sustainable enterprises.

3. **RESEARCH & DISSEMINATION (R&D):** The evolution of this department over the grant period has been an iterative process of looking inward at TechnoServe's internal operations and reaching outward to the development community in both the USA and abroad. TechnoServe has sought to better understand its own work in order to improve its own methodologies as well as communicate the lessons it has learned to others. Some of the outputs of this iterative process are the publication of the Findings series, the recent conference on cost-effectiveness organized by TechnoServe, the on-going preparation of teaching case study materials, and

TechnoServe's participation in the Gemini project. Since 1986, TechnoServe has also moved beyond the concept of replication as involving a single country program or project to the idea of replicating TechnoServe's operations as a whole. That is to say, TechnoServe wishes to share with others its approach and methodologies and then have them copied on a wide scale.

The conference on cost-effectiveness is a reflection of the critical importance TechnoServe has placed on developing ways to measure the sustainability and cost-effectiveness of the assistance it provides. The R&D department has been actively working to achieve an accurate means of doing so throughout the grant period. By the end of the summer of 1991, a new MIS system will be in place which has been designed to capture data on "graduated" projects that should greatly contribute to these efforts. TechnoServe has informally found that, if provided a full package of assistance, enterprises can begin to make a profit after two to three years. Early findings suggest that approximately 75% of these enterprises are still in operation after five years. The ratio of benefits to cost appears to average out to 8:1.

4. **NEW COUNTRY PROGRAMS:** One of the most significant changes in TechnoServe's new country program start-up strategy is the emphasis that is now placed on identifying local institutions with whom TechnoServe can associate. This is now done before, rather than after, a TechnoServe presence is established in the country. This trend complements TechnoServe's efforts to concentrate institutional development programs on indigenous organizations in the firm belief that this is how the most long term benefits will be reaped.

5. **ADMINISTRATION AND PROGRAM SUPPORT:** TechnoServe has had growing success in raising funds to support its programs during the grant period. Private source income increased by 42% in 1990 over that of 1989. As part of the New Enterprise Campaign, $625,000 has already been raised in the final year of the Partnership Grant through donations from members of TechnoServe's Board of Directors alone.

TechnoServe has, furthermore, far exceeded its matching obligation to the Partnership Grant. As of June 30, 1990, its five year Core Grant matching contribution stands at $7,026,570, against a cumulative AID Partnership Grant expenditure of $4,527,000. Thus TechnoServe has leveraged the Partnership Grant to achieve a 1.55 to 1 ratio, exceeding our targeted match commitment by 55%.

Moreover, TechnoServe has made continuous progress in developing diverse funding sources since 1986. Private source income amounts to 42% of total support, with AID funds now amounting to only 48% as opposed to an earlier 65% of TechnoServe's income. An increase in foundation, corporate and private individual donors has played an increasingly significant role in these efforts. TechnoServe has

also been able to attract growing support from a number of public organizations, such as the World Bank and the International Fund for Agricultural Development.

In terms of the Partnership Grant itself, all Core Grant funds ($4,527,000) had been obligated as early as June 1989. Buy-in obligations from the AID Missions in Zaire (1988) and Kenya (1989) totalling $516,253 brought the total of obligated funds to $5,043,253.

6. **GENERAL IMPRESSIONS:** Reflecting on international events that have taken place over the past five years, Mr. Edward Bullard, the founder and CEO of TechnoServe, finds that in some ways the world has finally caught up with TechnoServe. For example, TechnoServe's services are now in strong and growing demand in Eastern Europe. The resurgence of market oriented economies in many parts of the world is also perfectly consistent with TechnoServe's long standing community based enterprise approach and promises to open many new opportunities for the type of assistance TechnoServe offers. Although TechnoServe has long recognized the importance of policy dialogue with host country governments, Mr. Bullard believes this must now become, through the aggressive development of institutional partnerships, an articulated objective of TechnoServe programs.

At the end of this Partnership Grant period, the consensus among TechnoServe's senior program officers is that the relationship has been most productive and beneficial to both parties. It is incumbent on both AID and TechnoServe to make every effort to consolidate the gains derived from the partnership experiment.

II. KEY ACHIEVEMENTS OF YEAR FIVE

- TechnoServe's "sector focus" as exemplified by our oil palm and food grains enterprises in Ghana, coffee and non-traditional vegetables production in El Salvador, and milk processing enterprises in Kenya--matured to the stage of critical mass, drawing international attention as models for replication by host country development institutions, the World Bank, and other governments. TechnoServe's palm oil enterprise model is now to be replicated in sixty villages in Ghana. The milk processing (mala milk) model developed by TechnoServe in Kenya has been replicated in Tanzania, Rwanda, Zimbabwe, Zambia, Somalia, and Guinea by both TechnoServe and others.

- New country initiatives were consolidated with the official opening of TechnoServe offices in Tanzania and Nigeria this year, and in Guatemala last year. All three new programs are being developed through "innovative partnerships" with indigenous private and public sector development agencies. In addition, TechnoServe reopened an office in Nicaragua, closed since 1983, began a program

in Poland, and is preparing to open a program in Uganda.

- In Costa Rica, ACAIPADE--the Costa Rican Association for Integral Development Assistance--successfully took over from TechnoServe in January 1991. ACAIPADE was established in 1989 as a model of organizational replication to carry on TechnoServe's work.

- During the year, TechnoServe became increasingly involved in bringing its enterprise development services to other parts of the world where market oriented economies are resurgent, particularly Eastern Europe. The number of requests arriving from Polish farm communities provides increasing, and dramatic, evidence of TechnoServe's contention: that low-income people, and subsistence farmers, know what they need to do to break out of the socio-politico-economic confines of command, state-driven, economies. With the support of an AID grant awarded in April 1991, TechnoServe is now establishing a Enterprise Promotion and Support Center in Poland. TechnoServe will now be transferring to this new program the sum of methodologies and experience that TechnoServe has developed in Latin America and Africa through the support of the Partnership Grant.

- In Peru, TechnoServe continued to work in partnership with the W.K. Kellogg Foundation to support rural community enterprises. Working with special cooperative subcommittees, TechnoServe is now providing guidance and special training to committee members to enable them to plan for, and establish, linkages to social service agencies to secure the social and medical services, education and community housing assistance necessary to sustain improved quality of village life.

- The Research and Dissemination (R&D) Department's paper on cost-effectiveness, issued in the Summer of 1989 ("Measuring Our Impact: Determining Cost-Effectiveness of Non-Governmental Organization Development Project"), continued to attract national attention throughout the year. As a result of the widening interest in this subject, TechnoServe was invited to edit a volume entitled "Cost-Effectiveness in the Non-Profit Sector". In order to generate materials for the book, TechnoServe co-sponsored a workshop/seminar on cost-effectiveness in the non-profit sector that was successfully held at Stanford University at the end of June 1991. Meanwhile, TechnoServe has begun to train field staff in the methodologies of, and to systematically apply, the cost-effectiveness model on TechnoServe projects in Latin America and Africa. (See Appendix for reports on projects analyzed with TechnoServe's cost-effectiveness methodology).

- A significant achievement for R&D (and TechnoServe) was the awarding of a Biden-Pell Development Education Grant to TechnoServe last year. The three year "matching" grant of $198,000 is supporting work of the R&D Department as it develops, writes and

publishes a series of 16 teaching cases for use at college and university--undergraduate and graduate level--courses. The first two cases were completed this year. Since June 1990, nine presentations and workshops have been conducted by R&D staff on the teaching case methodology. Thirty-four colleges and universities in the U.S. have written to indicate their interest in and need for such teaching cases.

- R&D's participation in the Gemini project also reflects the growing strength of TechnoServe's high level involvement in discussions regarding issues related to enterprise development in the Third World.

- In preparation for TechnoServe's New Directions program, which calls for the pursuit of innovative modes of field activity and increased decentralization, TechnoServe continued to develop and refine internal support mechanisms. Over the course of the grant period TechnoServe's telecommunication and computer systems were completely overhauled and streamlined. A field accounting system (IFOAFM) was written in-house and installed in all of TechnoServe's field offices, allowing for the complete integration of home and field office computer based accounting systems. The software for a field operations database with linkage to a central home office database was completed this year and will be distributed to all of the field offices. Following training sessions for field staff, the database will be part of standard field operations within one year.

III. THE PARTNERSHIP GRANT STRATEGY

3.1.0. Goals and Objectives

One of several agencies chosen by AID/FVA/PVC to pioneer the Partnership Grant mechanism, in July 1986 TechnoServe commenced its special partnership with PVC and a five-year effort to achieve critical mass, or major impact levels, of enterprise development activity in Africa and Latin America. Through the Partnership Grant, TechnoServe sought to achieve two overall goals:

1) to improve the economic and social well-being of low-income people in developing countries through a process of enterprise development; and

2) to achieve a self-sustaining process of enterprise development which creates more jobs, produces more food, and helps people meet their basic needs and contribute to community growth and national prosperity.

The basic assumption behind these goals was that the self-help process of enterprise development is one of the most effective means of promoting social and economic growth with the greatest benefit to the greatest number. Progress towards these goals is

measurable in terms of numbers of rural enterprises assisted, direct and indirect beneficiaries, improvement in crop yields, processing and marketing, increased rural employment and better understanding at national policy levels of the problems and potential of small-scale agriculture.

TechnoServe strove to achieve these goals by pursuing four special--or synergistic--program elements:

- Agricultural Production, Processing, Marketing & Policy Reform;
- Agriculturally Related Institutional Development;
- Expansion into New Countries; and
- Replication and Policy Analysis, Evaluation and Training.

3.1.1. Agricultural Production, Processing, Marketing & Policy Reform

In its effort to increase small-scale farm productivity, and assure food security, TechnoServe is addressing a wide-range of agricultural products, including livestock and dairy products, food crops, cash and non-traditional export crops. In this context, the commodity sector focus combined with processing and marketing activities has continued to develop and mature. Examples may be found in Ghana, where the emphasis is on edible oils and basic grains; El Salvador, where the focus is on coffee, livestock (dairy) and non-traditional vegetables; Kenya and Tanzania, with their cultured milk processing focus; and Peru, where fruits and non-traditional vegetables, combined with irrigation and land reclamation, are providing highly visible pilot models in the coastal valleys.

Appropriate land and water use and development are emphasized in all countries, as are land entitlement and distribution in Peru, El Salvador and Panama. Environmental problems are being addressed as a matter of course, as well as priority, within the larger context of developing sustainable agricultural enterprises. At the direction of TechnoServe Headquarters, environmental inventories have been undertaken by each country program. A total of 133 major enterprises received assistance in Year Five of the Partnership Grant.

3.1.2 Agricultural Related Institutional Development

Working relationships with agriculturally related development institutions, in both the public and private sectors, continued in Panama, Peru, El Salvador, Ghana, Kenya, and Rwanda, where TechnoServe provided major training in credit management and agricultural extension services to major government agencies. As a deliberate strategic choice, working partnerships are being developed with counterpart organizations as a major vehicle for replication of programs and the transfer of TechnoServe's technical

assistance methodology and enterprise models. This is the model TechnoServe is favoring for the development of new country programs--Guatemala, Tanzania and Nigeria--where such innovative partnerships have been, or are being, forged and in Costa Rica, where TechnoServe has successfully transferred its enterprise development methodology to the Costa Rican Association for Integral Assistance for Development (ACAIPADE).

A total of 24 major institutions received assistance during Year Five of the Partnership Grant.

3.1.3. New Country Programs

At the outset of the Partnership Grant, TechnoServe anticipated establishing a total of three to four new country programs. At the end of Year Five, new programs had been initiated in Tanzania, Nigeria, Guatemala and Nicaragua. Although not covered by the Partnership Grant, preparations are underway to establish a program in Uganda. A program was also initiated in Poland this year through the support of a major AID grant.

3.1.4. Replication and Policy Analysis--Evaluation and Training

Established by TechnoServe's Board of Directors in 1984, the Department of Research and Dissemination, R&D (previously the Department of Replication and Policy Analysis, R&PA) received a mandate to conduct development research; investigate, document and evaluate the impact of individual enterprises; publish and disseminate development studies and development lessons learned to appropriate audiences.

During Year Five, R&D represented TechnoServe before a wide array of groups across the U.S. and Canada. In addition to further strengthening TechnoServe's links to academic circles in the U.S. and abroad, TechnoServe has expanded its contacts with U.S. based organizations in the non-profit sector. At the same time, TechnoServe has begun to aggressively seek a role in policy decisions on the part of government and international agencies regarding small enterprise development. Through sponsoring a conference and editing a volume on cost-effectiveness, the pursuit of a development education program, and participation in the Gemini project, R&D is actively analyzing and disseminating lessons learned through TechnoServe's extensive experience in the enterprise development field.

IV. PARTNERSHIP GRANT MONITORING AND ACHIEVEMENT INDICATORS

TechnoServe's project information system provides data for the organization to track performance against goals set forth in the Logical Framework (See Appendix). As indicated in the foregoing section, this information system has been transferred to a computer-driven management-information system. Indicators for Year Five of the grant--July 1990 to June 1991--are summarized in the table which follows under 4.2.0.

4.1.1.0. DEFINITION OF PROJECT OUTPUTS/RESULTS

4.1.1.1. Major Enterprises/Projects Assisted

These are the number of major enterprises receiving long-term assistance throughout the report period. Major enterprises are expected to exert measurable impact on the enterprise/community as a result of assistance received. All major enterprises have signed agreements which are on file with TechnoServe and progress is tracked by quarterly operating reports prepared in the field. The concept of "major" enterprises is one which has evolved over a period of years within TechnoServe. As now defined, major enterprises are those which have a minimum of 25 active members, and a total membership of no less than 40 persons. Such enterprises have annual gross incomes of more than $25,000 and more than $25,000 in total assets. In certain African countries, this limit is fixed at $10,000.

4.1.1.2. Major Institutions Assisted

These are the number of major institutions assisted in country programs during the year. Included in this category are local PVOs, community organizations, host country government agencies, para-statal organizations, development banks, and local branches of international agencies, including PVOs, and multi-lateral agencies.

4.1.1.3. Total Projects Assisted

This figure represents the number of projects--enterprises and institutions--assisted during the report period. Short-term consultancies (those of one year duration or less) are included in this category. Assistance to long-term projects are covered by formal agreement. Short-term assistance consultancies are documented by letters of understanding, or file memoranda.

4.1.1.4. Project Requests Investigated

This relates to the number of requests which TechnoServe investigates or pre-screens during the report period. Requests are documented in field office records.

4.1.1.5. Project Analyses

This item records the number of economic, institutional, or social analyses completed during the report period, on file in field offices.

4.1.1.6. Project Plans

This category reflects the number of economic, or institutional management plans prepared during the report period to guide the implementation and operation of assistance packages. Plans are on file in field offices and at Norwalk headquarters.

4.1.1.7. Project Agreements

This reflects the number of formal long-term agreements signed with enterprises and institutions and in effect during the grant period.

4.1.2.0. Definition of Outputs/Results for Other Activities

These outputs relate to New Country initiatives, R&D activities and outputs, staff training seminars, evaluation seminars and studies, staff development and financial growth.

4.2.0. ACHIEVEMENT INDICATORS

4.2.1. Project Outputs

	Actual Year 4	Goal Year 5	Actual Year 5	Total Years 1-5
Project Investigations	87	-	71	685
Project Analyses	58	-	47	448
Project Plans	54	-	69	365
Project Agreements	99	-	95	544
Projects Assisted	245	140-170	225	1,007
Major Enterprises Assisted	121	85-90	133	496
Major Institutions Assisted	33	15-20	24	122

4.2.2. Other Activities

	Actual Year 4	Goal Year 5	Actual Year 5	Total Years 1-5
New Country Programs				
- Investigations	2	-	2	15
- Start-ups	1	1-2	3	4*
Eval/Staff Training	32	-	31	116
Evaluation Studies	11	-	16	55
Seminars/Speeches	59	-	60	147
Publications & Studies	9	-	16	61
Replication of Programs	0	-	1	2
Replication of Projects**	-	-	26	26
External Evaluations	0	1	0	1

* Tanzania, Nigeria, Nicaragua, Guatemala (Poland not included)

** New category this year.

4.2.3. Staffing

	Actual Year 4	Goal Year 5	Actual Year 5
Salaried Officers	5	-	5
Country Program Directors	11	-	12
Project Officers & Advisors	89	-	108
Replication & Dissemination	3	-	4
Admin/Program Support	73	-	61
Interns	8	-	3
Total Staff	189	200	193

V. REVIEW OF PROGRAM RESULTS BY REGION AND COUNTRY 1986-1991

5.1.0 AFRICA DIVISION

In the original Partnership Grant proposal, the African Division proposed to continue focussing on supporting agricultural enterprises, projects and institutions through the following activities:

1) Business Advisory Services (BAS);
2) Enterprise Facilitating Projects:
3) Partnerships/Institutional Development.

Efforts to start new country programs were to concentrate on the rehabilitation of agriculture with 2-3 new programs to begin during the grant period.

Over the course of the past five years, the Division has made impressive progress in all four of the 'synergistic' program areas that formed the core of the Partnership Grant program (refer to Section 3.1.0 Goals and Objectives for further details). The Division's most significant achievements over the grant period include: the development of the commodity sector approach to facilitate enterprise development - the success of which has led to a positive impact on policy; the introduction of innovative enterprise investment and promotion models; an increased emphasis on working with local groups and institutions, leading to a country program start-up approach based on partnerships with indigenous NGOs; and the diversification of funding sources. These achievements leave the Division in a powerful position from which the New Directions campaign, supported by the next Matching Grant, may be pursued.

Commodity sector approach: Palm oil, milk, and increasingly maize projects have achieved impressive results and are being replicated by both TechnoServe and other organizations. A notable example is the decision of the World Bank and the Government of Ghana to replicate TechnoServe's palm oil enterprise model in sixty rural communities. The commodity sector approach has proven to be extremely effective in identifying constraints, possible points of intervention, and viable opportunities for TechnoServe assistance within a given sector. Its success may be viewed from several perspectives:

o Increasing impact and geographic expansion in countries with established programs;

o Mala milk, water systems, palm oil and maize (the latter in collaboration with Sasawaka/Global 2000) projects are all being, or are planned to be, replicated [illegible] new countries;

o TechnoServe projects have attracted the attention of host governments and international organizations - leading to policy impact through the persuasive force of successful examples.

Community Enterprise Promotion and Investment Service (CEPIS): Initiated in response to the array of barriers confronting enterprise development in Africa, CEPIS seeks to provide increased employment opportunities while facilitating the involvement of low income people and their communities in the ownership and development of productive enterprises. A major offshoot of the CEPIS program was the establishment of Charitable Trusts in Ghana and Kenya. The Trusts provide otherwise inaccessible financing to low income communities who have demonstrated a commitment to the establishment of sustainable community enterprises. Capitalized by a variety of donors, the Trusts have provided loans and/or equity investments to a number of enterprises. The Trust model has already shown great replicability potential in Ghana, and the concept has been used independent of TechnoServe in Lesotho. The Division also foresees that the Trusts will play a major role in future monetization strategies.

Partnerships: By working increasingly through local organizations, TechnoServe is addressing the need to develop new strategies of program replication (see below - New Country Programs) and to strengthen local institutions. Successful partnerships have also been established with international (World Bank, Heifer Project International, Sasawaka/Global 2000) and host government institutions, contributing to TechnoServe's ability to positively affect policies and programs.

New Country Programs: The TechnoServe program strategies in Tanzania and Nigeria combine activities on two levels: institutional (strengthening local counterparts through the transfer of enterprise development capacities); and community (direct services to CBE's). The programs in both countries are placing an emphasis on women and have begun through the establishment of working partnerships with women's organizations and enterprises owned and operated by women. In Tanzania, TechnoServe is working with the Presidential National Trust Fund, with whom a formal letter of understanding has been signed; and in Nigeria with the Country Women's Association of Nigeria and the Farmers' Agriculture Development Union (members of the latter include both men and women). Given the socio-economic and political conditions in most of Africa, country program replication along affiliate or franchise lines is not yet possible, nor will it be for several years to come.

Business Advisory Services (BAS): Cited as one of the main activities in the Partnership Grant proposal, BAS continues to perform an essential role in the Division's programs. A kind of 'prospecting' tool, BAS is often used to identify sectors in which opportunities exist for the effective provision of TechnoServe's style of assistance. Once a sector focus has been chosen the use of the tool tends to temporarily diminish, waxing and waning according to the evolving needs of maturing programs.

At the close of the Partnership Grant period, TechnoServe is operating on-going programs in Ghana, Kenya, and Rwanda, has opened new programs in Nigeria and Tanzania, and is preparing plans to open a program in Uganda. In Year Five, a total of 106 projects were assisted, including 79 major rural enterprises and 9 institutions. A focus on 'winner' programs has led TechnoServe to move out of countries in which the necessary political and economic preconditions for effective enterprise development were absent (Sudan, Zaire) into countries where such conditions are present (Tanzania, Nigeria, and Uganda in planning stage). This movement is linked to the recognition that the capacity of TechnoServe programs to realize their full potential is unavoidably influenced by the political/economic environment of the country of operation. As the success of numerous TechnoServe assisted enterprises may attest, when given the chance, community based enterprises can perform outstandingly well. However, negative environments seriously constrain the effectiveness of enterprise development projects while deterring the support of donors.

5.1.1.0 PRIMARY COUNTRIES

5.1.1.1. GHANA

From the outset of the Grant period, the Ghana program has closely adhered to both the synergistic elements forming the core of the Partnership Grant program and the Africa Division's long range strategy. The focus of activities has been on the following: the development of agricultural pilot projects with potential for wider impact and replication; the pursuit and development of TechnoServe's commodity sector strategy; providing institutional support programs for local church and voluntary organizations; and the expansion of services on a broader national scale.

Economic resurgence provided a favorable environment for the expansion of the TechnoServe program in Ghana. Through the support of the Partnership Grant, the Ghana program has grown significantly, both in terms of size and impact. Key activities and achievements of the program include the development of the commodity sector approach, first defined and tested in Ghana, and the replication of the palm oil model; successful working relationships with international agencies (Sasawaka/Global 2000, World Bank) and the Government of Ghana (Ministry of Agriculture, Department of Cooperatives); replication and expansion of TechnoServe's assistance package to service cooperatives; and the establishment of the Ghana Charitable Trust through the CEPIS program. The cumulative efforts of the past five years resulted in continuing progress in the following key program areas during Year Five of the Partnership Grant:

Commodity Sector Approach - Palm Oil Community Based Enterprise Model: TechnoServe is currently monitoring two established palm oil processing centers (Ntinanko and Prestea) while three other processing plants are in the process of preparation. In May of 1991, the Ntinanko plant recorded a processing level of 108.7 tons FFB, its highest since it began operations in 1987. The Ntinanko Cooperative has begun to explore other marketing outlets where the oil resulting from this increased production may be sold.

TechnoServe's work in the palm oil sector serves as a good example of what TechnoServe is seeking to achieve in terms of policy impact: i.e. "impact through successful example". In 1986, after extensive investigations into the palm oil sector, TechnoServe began a pilot project with the Ntinanko Cooperative to establish a small scale palm oil processing plant. Traditionally, palm oil was extracted by hand - a laborious and inefficient method relegated to the village women. Some of the unprocessed fruit were sold to the sole oil mill in the area. With the only market several miles away, profit from palm oil production was relatively insignificant. However, at the end of only one year of TechnoServe's package of assistance, production at the Ntinanko oil processing plant had doubled. The thirty-four members of the Ntinanko cooperative assumed full control of the plant in October 1989, and they continue to successfully manage operations today.

Around the same time that TechnoServe began to work in Ntinanko, the Government of Ghana (GoG) was in the process of planning a program in the palm oil sector that was to be financed by the World Bank. Initially, the GoG considered supporting large parastatal processing centers. Their enthusiasm for the project dimmed, however, when it was discovered that there was a glut of palm oil in the Accra markets. In addition, the parastatals were producing so inefficiently that they were unable to sell their oil on the world markets at competitive prices. At the same time, however, it was found that local demand for palm oil exceeded supply in many villages. The success of the Ntinanko plant attracted the government's attention because it demonstrated that, in contrast to the parastatals, relatively small processing centers could efficiently supply local demand while producing at costs that rendered them competitive on the world market.

The GoG consequently redesigned the planned palm oil program to focus on small scale private processing enterprises. In July 1991, an agreement was finalized with the Government and the World Bank to launch an extensive replication program of TechnoServe's Ntinanko palm oil processing model. Under the new program, up to sixty small scale, privately owned processing facilities are to be established. This program will enable at least 25,000 poor farmers and their families to increase their productivity and incomes while providing a stable market for their palm fruit. A significant impact on women is expected, as they are expected to increase their production ten fold.

In addition to providing assistance to community based enterprises during the grant period, TechnoServe conducted two commodity sector feasibility studies commissioned by the World Bank in 1988-1989. The first, on the pineapple sector, concluded that it was not a viable sector to develop at the time. The second focussed on the possibility of establishing a Training Center/Service Company for palm oil processing activities and of replicating the Ntinanko model.

Assistance to Service Cooperatives: Over the past several years, TechnoServe has been working in tandem with Sasawaka/Global 2000 to assist service cooperatives access inputs and store their crops. The program was initiated following the realization that increased yields gained through technologies introduced by Sasawaka/Global 2000 needed to be complemented by improved storage and marketing facilities if farmers were to realize actual increases in income. A pilot project begun in 1987 with two service cooperatives has since expanded to include thirteen cooperatives. Efforts are now being made to cluster three to four cooperatives into one of five regional groups in order to provide more concentrated assistance.

Through its work with both Sasawaka/Global 2000 and as part of its commodity sector strategy, TechnoServe has tried to restore farmer confidence in cooperatives that was shaken through past experiences of mismanaged government sponsored organizations. This year, the success of TechnoServe's program with Sasawaka/Global 2000 led to a World Bank financed contract with the GoG Department of Cooperatives to work with service cooperatives in the Upper West Region of Ghana. In the past, the GoG established a number of now defunct Farmer Service Centers that were meant to ensure farmers timely access to required inputs and markets. TechnoServe has proposed to transform three of these centers into service cooperatives, owned and operated by the farmers themselves, that will serve as models for service centers in the region. The Upper West project, which began in May 1990, will continue to the end of 1992. Through the project, 2,800 poor families are expected to gain access to agricultural inputs and markets, directly benefitting at least 25,000 Ghanaians.

Work with Local NGOs: This year, TechnoServe signed a contract with Sasawaka/Global 2000 to work with the 31st of December Group, a movement founded by the President's wife, Mrs. Rawlings, to assist rural women's groups in income generating projects. TechnoServe will assist the women's groups, who are largely involved in cassava processing and handicrafts, to develop their activities into viable income generating enterprises.

Overtures are currently being made by AID for TechnoServe to assume responsibility for an umbrella contract to provide management assistance to local NGOs. Discussions are also underway concerning possible TechnoServe role in an AID supported private sector project.

Charitable Trust: Active in Ghana since 1987, the TechnoServe/ Ghana Charitable Trust was officially registered in March 1990. This is an important step towards both TechnoServe/ Ghana's increasing autonomy and TechnoServe's ability to work directly in partnership with enterprises. The Trust has focussed its assistance on palm oil processing enterprises and service cooperatives, and has provided loans to five enterprises, one of which was Ntinanko. It has not yet made any equity investments. (Refer to 5.1.1.2 Kenya for further background information on the CEPIS program and the Trusts).

BASIG (Business Advisory Services in Ghana) was actively promoted through advertisements seeking to expand TechnoServe's reach. Substantial private donor contributions were made for BASIG and commodity sector promotion.

5.1.1.2. KENYA

Kenya was upgraded from secondary to primary country status in April 1988. Key elements of the Kenyan program include the successful pursuit of a commodity sector approach in several sectors (mala milk, community water systems, and increasingly horticulture) that has attracted significant attention and contributed to the success of TechnoServe's replication efforts. The mala milk model has been taken up by other organizations and implemented in Tanzania, Rwanda, Zimbabwe, Zambia, Somalia, and Guinea. The water system program was considered by the Government of Kenya (GoK) as a potential model to be replicated throughout the country. The CEPIS program was also initiated in Kenya, one important consequence of which has been the development of the Charitable Trust concept which was replicated by TechnoServe in Ghana and used by others in Lesotho. The Charitable Trust model is considered to have considerable potential and is likely to play a key role in future programs, particularly monetization activities. John Makilya, a host country national, was appointed Country Director in Year Two of the grant, reflecting the mature status of the program.

While the unsteady economic and political environment was a source of concern this year, activities continued in the key programming areas that TechnoServe has pursued over the course of the grant period. Kenya has been chosen as one of the sites for the external AID evaluation of the Partnership Grant program scheduled for the Fall of 1991.

Commodity Sector Approach - Cultured Milk Processing (Mala milk) : A five year project in the cultured milk sector was begun in 1987. TechnoServe sought to address the problem faced by many small scale dairy farmers of being unable to preserve or market their evening milk due to a lack of processing or storage facilities. To assist the farmers realize their full potential income from their dairy

production, TechnoServe promoted the production of mala milk, a cultured milk product. The production process is simple, low cost, and environmentally benign, involving the heating, cooling and adding of a basic culture to the milk. The product has a shelf life of ten to fifteen days without refrigeration, and up to three weeks with refrigeration. Mala milk is popular among Kenyans, whose diet is made up largely of milk products, and has found a ready market.

The TechnoServe mala milk program received additional AID funding through a two year $225,000 Mission contribution - "buy-in" - to the Partnership Grant (October 1988 - October 1990). Since 1987, TechnoServe has provided technical assistance to five mala milk enterprises - Buit, Drumvale, Engineer Cheese (featured in the Solar Industry Journal, 2nd Quarter, 1991), Naishi (closed 1991), and Chesumot Farms - in addition to several smaller privately owned enterprises. A plant is currently being established in the Nandy Hills region with the support of Appropriate Technology International (ATI). Three of the existing enterprises also received financial inputs from the Kenyan Charitable Trust (see discussion below on CEPIS). ATI and the Thrasher Research Foundation are funding a manual covering technical, financial, marketing, and managerial issues for mala milk enterprises.

A joint TechnoServe/AID evaluation of the mala milk program was conducted in September 1990 at the completion of the buy-in period. Key issues to be considered were the following: what progress had been achieved toward the stated objectives, how could the enterprise model be improved, and should AID continue funding the project as a regional model. Due to unfortunate inaccuracies in the draft version the finalization of the report was delayed. However, the process is now back on track, with a meeting scheduled between the AID/Kenya Human Resources representative and the TechnoServe/Kenya Country Director. An ATI evaluation, conducted in February 1991, concluded that the mala milk model is sound, with five of the six mala milk plants established in Kenya operating successfully. This view is further corroborated by the fact that the model has been replicated in Tanzania, Rwanda, Zambia, Zimbabwe, Somalia, and Guinea.

Commodity Sector Approach - Taita Farmer's Cooperative Society: TechnoServe's work with the 445 member farming cooperative, established to increase the production and marketing of vegetables, signals a potential new sector focus in horticulture for the program. The project was begun in 1990 and is funded by the Kreditanstalt fuer Wiederaufbau (KFW) through the Ministry of Agriculture. The aim is to establish horticulture cooperatives targeting their sales at the well touristed coastal regions of Kenya. TechnoServe is providing assistance in the selection, grading, and packaging of the produce for shipment to the coast.

Community Based Water Utilities - Ngorika Water Society (NWS) : A major component of the Kenyan program, TechnoServe began working with NWS in 1986. Drawing from past experience in semi-arid, rural communities and advisory work with the Kenya Water for Health Organization (KWAHO), the program developed a model for a self-sustaining community based water system. Under the TechnoServe assistance package, the community owned and operated water distribution project became a mini-public utility serving over 15,000 Kenyans with clean, gravity fed water. In the February 1989 inauguration ceremonies, the GoK praised the project as a potential model for replication. The project is supported by the European Economic Community, religious institutions, and foundations and corporate donors in the U.S.A.

With the water system infrastructure in place, TechnoServe will monitor the project through 1991 as individual hook-ups are completed. Plans to replicate the model are in process. Private and international agencies expressed interest in supporting the replication effort (DANIDA, SIDA). The cost of the model is, however, a limiting factor in the extent to which it can be replicated. Discussions were also begun with KWAHO regarding training programs and the transfer of TechnoServe's community based water utility methodology.

Ngorika Horticulture project: Begun in 1991, the project is a direct spin off of the near complete NWS project. Women in the Ngorika area, freed from time consuming tasks of gathering water, organized themselves into groups. They aimed to further realize the benefits of the water system by producing and marketing horticulture products. In response to the women's request, TechnoServe is providing technical and marketing assistance. In addition, TechnoServe is assisting them raise capital and acquire management skills for a small revolving loan fund. It is interesting to note that while the NWS water project was not itself directed at the traditional TechnoServe goals of enterprise promotion, the success of the NWS project created opportunities for other projects which do.

Community Enterprise Promotion and Investment Service (CEPIS): In 1986, TechnoServe received grants of $80,000 from the Ford Foundation and $50,000 from the Wm. Penn Foundation to explore new enterprise possibilities in Kenya. Cultured milk, cheese, and wool processing activities were identified as potential areas to be developed. The CEPIS program subsequently evolved, designed to address the daunting number of obstacles faced by low income groups seeking to establish a community based enterprise in Kenya.

The program aims to provide increased employment opportunities while involving community members in the ownership and development of their enterprises. Rather than wait for community groups to approach TechnoServe, TechnoServe actively seeks out potential enterprise opportunities and then assists groups to match their

skills to them. TechnoServe helps the groups establish their enterprise, providing management assistance and serving on the board of directors until members are able to assume full control and ownership.

Because CEPIS projects usually involve the initial set-up of an enterprise, the need for capital investments quickly became evident. Partially in response to Kenyan investment laws, the concept of local charitable trusts evolved, resulting in the establishment of the Kenyan Charitable Trust. The Trust invests in new projects of the CEPIS program, retaining equity while the enterprise is under development, and sells back its holdings once the enterprise has stabilized its operations. Through this provision of investments and equity loans, TechnoServe becomes an active partner with the owners/workers of the enterprises.

Another important feature of the CEPIS program is the establishment of by-laws designed to ensure that ownership of the enterprises remain broadly based within the community to deter external take-over bids. In addition, TechnoServe assists the enterprises in the complicated process of registering themselves under Kenyan national laws.

The CEPIS program has since been replicated in Ghana, where the Ghana Charitable Trust was also established and is actively involved in providing loans to new enterprises. Independent of TechnoServe, the Charitable Trust concept has also been replicated in Lesotho.

Livestock: Contracted by Heifer Project International (HPI) to act as its representative in Kenya, TechnoServe provides assistance to 12 rural groups in the purchasing, care, and management of livestock. TechnoServe works with groups to prepare proposals for HPI's funding consideration, as well as providing some on site technical support to project holders.

Funding: The continuation of grants from AID and the Thrasher Fund supporting mala milk projects should allow for the expansion of program activities. The prospect of Mormon support for community water system projects also suggests a possible expansion of activities.

5.1.1.3 ZAIRE

Due to the continued deterioration of the economic and political environment in Zaire, TechnoServe closed its country program in March 1991. The decision was based on the conclusion that an effective enterprise development program could no longer be sustained either in terms of operations or attracting donor support. While it was difficult to withdraw from Zaire, the move is a counterpoint to TechnoServe's decision to focus its efforts on

countries in which favorable economic and political conditions exist for viable enterprise development.

The TechnoServe/Zaire program was established in 1982. Under the Partnership Grant, the Zaire program focussed on overcoming the agronomic, marketing and management constraints to low-income farmer productivity. Of these, logistical constraints posed enormous problems. TechnoServe sought to develop and strengthen agricultural community based enterprises and institutions with direct impact on their operating environments, and to expand into new regions of operation. The main components of the program included BASIZ (Business Advisory Services in Zaire); long term assistance to several major farming and fishing cooperatives; providing management assistance to the Catholic Diocese program in the Bandundu region - Development Progress Populaire (DPP); and an innovative form of partnership with rural enterprises through the establishment of a transport company initially owned and operated by TechnoServe.

In 1988, the Zaire program received additional support from AID through a $280,000 one year Mission contribution - a buy-in to the Partnership Grant (October 1988 - September 1989). A 1988 AID/Zaire evaluation of the TechnoServe program was positive, however, the overall situation in Zaire began to endanger the continued operations of the program. Despite continuing progress of long and short term services, withdrawal of two PVO partners in 1989 increased pressure on the program. To meet the budget gap, Zaire was upgraded to primary country status under the Partnership Grant, which meant the grant's core funds could be used once the support from the buy-in was exhausted.

Continuing political and economic deterioration, widespread corruption and mismanagement resulted in increasingly negative working conditions in Zaire. In addition to the generally unstable environment, the reductions in private funding, high costs of operation, forced cut backs such as the withdrawal of expatriate staff and the reduction of Zairian professional staff to five, and future dependance on private source funding all contributed to the final decision to close the program.

5.1.2.0. NEW COUNTRY INITIATIVES

5.1.2.1 TANZANIA

The TechnoServe/Tanzania program was officially opened in May 1991 with the establishment of an office in Arusha. The program was initiated through a partnership with the Tanzanian Presidential Trust Fund (PTF), a local NGO with whom TechnoServe has signed a formal letter of understanding. Essential characteristics of the program are TechnoServe's partnership and collaboration with local and international NGO's (PTF, Sasawaka/Global 2000), and successful

replications of the commodity sector approach (mala milk, basic grains).

Investigations into the possibility of starting a country program began in 1986 with a focus on the Arusha region. A September 1987 study concluded that there was ample potential for a TechnoServe program - the government was receptive, numerous opportunities for a revitalized cooperative movement were identified, and PVOs expressed interest in becoming involved. Demand for TechnoServe services in management, administrative support and training also appeared strong. Following a systematic search for an appropriate local counterpart, TechnoServe began working with the Tanzanian Presidential National Trust Fund (PTF). Foundations were laid for a TechnoServe program of services supporting enterprises and institutions which was to include a revolving fund for the capitalization of small scale enterprises. TechnoServe aimed to provide long term support and training to PTF.

The objectives of the program include the provision of assistance to rural agricultural community based enterprises through an "innovative partnership" approach. This is to be coupled with a commodity sector strategy concentrating on milk processing and basic grains production (maize). In a move that may have significant implications to global efforts to bring the Green Revolution to Africa, TechnoServe recently signed an agreement with Sasawaka/Global 2000 to work with maize farmers.

The following are the key program activities of this year, all of which are consistent with the long term aims of the Africa Division and contribute to the achievement of the goals set for the Partnership Grant program:

Partnership: TechnoServe has signed a formal agreement with PTF to provide a program of institution building and staff training to the agency, which was established to assist rural farmers and businesses in project design, implementation and management. TechnoServe is working with the PTF staff to upgrade their management skills and train them in TechnoServe's enterprise development methodology. One component of the training was the involvement the PTF staff in the development of feasibility studies and the test marketing of mala milk.

Nronga Mala Milk Project - Project Model Replication: Drawing extensively from its experience with mala milk projects in Kenya, TechnoServe successfully replicated its mala milk model in Tanzania. Assistance to mala milk projects in the Arusha/Moshi region first went under active consideration in 1988. In 1989, TechnoServe began working with the Nronga Cooperative Society (NCS), a 351 member women's dairy cooperative in the Kilimanjaro region. The women formed the cooperative in response to the need to develop alternative sources of income following a coffee blight. However, logistical and time constraints posed obstacles to the

possibility of realizing a significant increase in income through the sale of milk. Members of NCS approached TechnoServe for assistance and a pilot program to replicate the Kenyan mala milk model was subsequently begun. NCS officially opened their mala milk plant in November 1990. TechnoServe is now focussing its work on improving the distribution and marketing systems of NCS. Investigations have also begun into two other potential mala milk enterprises.

Input delivery/Credit Systems Identification: TechnoServe is in the process of finalizing a contract with Sasakawa/Global 2000 to implement a service cooperative program that will draw on their mutual experience in Ghana. The program will focus on overcoming production and credit problems of maize farmers. TechnoServe will be organizing 600 farmers in the Arumeru region into five pilot farmers associations that are to receive loans and inputs from Sasawaka/Global 2000. TechnoServe will be providing management, financial, and accounting training and assist in the establishment of inventory credit systems.

5.1.2.2. NIGERIA

Following investigations the previous year, a decision was made to establish a program in Nigeria scheduled to begin by October 1990. The first female TechnoServe Country Director, Margaret Bowman (formerly of the R&D Department), was appointed to supervise the development of the program. As in Tanzania, a distinguishing feature of the program is the way it is being established in partnership with local NGOs.

Currently, TechnoServe is working with the Country Women's Association of Nigeria (COWAN), and the Farmer's Development Union (FADU). The focus of the program is on: 1) the delivery of direct enterprise development assistance to community based enterprises, with investigations into cassava and palm oil as potential sectors for intervention; 2) providing management and administrative assistance to strengthen the counterpart organizations, and 3) extending technical assistance to small scale women food processors with special attention to fuel saving designs which could impede the rate of deforestation.

In terms of strengthening counterpart organizations, TechnoServe is working with COWAN, a 15,000 member rural women's group, on providing farming, food processing, marketing and credit support to its members. TechnoServe is also providing institution building assistance to FADU, a 6,000 member association involved in farming and food processing. The program is also seeking to develop working relations with several other local NGOs.

By March 1991, the TechnoServe staff consisted of two professional Nigerians (one business and finance specialist and one agricultural

extension/training specialist) working under Ms. Bowman. By July 1992 they will be joined by an agri-business specialist and a credit specialist.

The Ford Foundation will be providing major financial support to the program through 1992 in addition to funds from the Partnership Grant.

5.2.0. LATIN AMERICA DIVISION

Over the course of the grant period, significant progress was achieved in regard to each of the following activities that were identified by the Division in the Partnership Grant proposal as priority areas:

1) Enhancing special program capabilities and expanding the reach and impact of existing programs;
2) Geographic expansion; and
3) Seeking new replication opportunities in other countries.

The Division's activities also fit well within the framework of the four synergistic elements that formed the core of the Partnership Grant program (refer to Section 3.1.0 Goals and Objectives). The Division's focus on developing new models of country program structures, the promotion of country program autonomy, and environmental program activities are also in line with the TechnoServe's New Directions strategy. The key achievements of the Division over the past five years are as follows:

Special Program Capabilities: Efforts to enhance special program capabilities have been particularly successful in the region. A methodology was developed to work with agricultural reform groups that has been implemented in El Salvador and Peru. It is interesting to note that despite the radical differences in the objectives (i.e. the promotion of collective versus private systems) and working conditions of these two TechnoServe programs, the methodology has proven to be effective in both countries. TechnoServe believes that the same approach may be helpful for future work in Panama and Guatemala - countries that have also experienced radical land reform measures.

Other special program capabilities that have been strengthened since 1986 are TechnoServe's community based enterprise (CBE) and participant methodologies. The CBE approach has been enriched and solidified over the years as evidenced by the impressive sustainability of graduated projects. A wider use of para-technicians has also served to strengthen the participant methodology used throughout the region.

Lastly, TechnoServe has entered into a three year partnership with the Kellogg Foundation in Peru. TechnoServe plans to implement a community development program following an integrated approach combining enterprise development, social, and health components.

Partnership: In order to expand impact and multiply the effects of TechnoServe training, the Latin American programs frequently worked through institutions and on institutional strengthening: Panama (Agriculture Development Bank, ASCOVE), Costa Rica (ACAIPADE, FOV), Peru (Agricultural Development Bank, CHINECAS, Ministry of Agriculture), Belize (BEST). Continued on-the-job training for

credit officers from the Agricultural Development Bank in Panama was one example of an institutional strengthening project. Another training program was implemented in El Salvador, where eighty-two extensionists from the Ministry of Agriculture were trained in rural enterprise development methodology. TechnoServe later supervised the extensionists as they assisted eighty agricultural projects throughout the country.

Policy Impact: TechnoServe's program in Peru well illustrates the success it has achieved in terms of policy reform. The Agricultural Bank adopted a TechnoServe proposal regarding rural lending programs which will have a significant positive impact on the way loans will be made available to small farmers (through their cooperatives). The program has also achieved significant success in terms of agricultural institutional development, as demonstrated by its close working relationship with CHINECAS (a regional development agency) and the Santa River Water Users Association.

Promotion of Country Program Autonomy: The promotion of country program autonomy - involving the decentralization of operations with fiscal and programmatic authority resting with individual Country Directors - has been one of the Division's long term guiding principles. Progress in this direction was furthered through continued efforts to strengthen local support groups (see below) and the introduction of locally controlled administrative systems - particularly in the area of accounting systems. Costa Rica has made the most progress towards program autonomy, while Panama has a strong Amigos group. The appointment of a host country national as Country Director in Panama contributed to the nationalization of TechnoServe staff and the achievement of increased autonomy.

Amigos Groups: Efforts to form local support groups began in 1985 based on the belief that such groups would be vital to the long range stability of TechnoServe's work in the region. In addition to playing a major role in efforts leading towards country program autonomy, the Amigos have contributed to goals of policy impact and official program recognition. In Costa Rica, an Amigos group served as a stepping stone to the formation of a counterpart NGO - the Costa Rican Association for Integral Assistance for Development (ACAIPADE).

New Country Programs/Replication Activities: Groundwork was completed for the initiation of new country programs in Nicaragua and Guatemala. The branch office model will most likely be chosen for the Nicaraguan program while in Guatemala elements from both the branch office and affiliate approaches will be used.

BEST, TechnoServe's first attempt at organizational replication, is now fully independent and operating effectively in Belize. In Costa Rica, TechnoServe has completely transferred its projects to

ACAIPADE, a TechnoServe 'affiliate'. Pursuant of new replication activities, recent contacts made with a local PVO in Ecuador, INSOTEC, have raised the possibility of an exchange of methodologies.

In Year Five, the Latin American Division assisted a total of 119 projects, out of which 54 were with major cooperatives or enterprises, and 15 with major institutions. TechnoServe also continued to provide short term assistance to projects.
During the Grant period, the Division was responsible for on-going programs in El Salvador (not covered by the grant), Panama, and Peru, and initiated new country program and replication activities in Costa Rica, Guatemala, Nicaragua, Belize, and Mexico.

Long term plans foresee a 1995 Latin America Division structure comprised of two traditional, 'branch office' models and six semi-autonomous model country programs. Efforts to achieve the latter will involve a reduction of home office payrolled staff and the establishment of local organizations whose staff are complemented by a TechnoServe team. These autonomous programs would be expected to generate 25-50% of total country funding.

5.2.1.0. PRIMARY COUNTRIES

5.2.1.1. PANAMA

The political and economic crisis that unfolded in Panama during the Partnership Grant period had a significant impact on the TechnoServe program. However, despite the turmoil, the program succeeded in providing sustained assistance to the projects with which it was involved. The challenges posed by the U.S. invasion of Panama in December 1989, during which all the office equipment was looted, is but one example of the extraordinary working environment in which the program has managed to operate.

The Panama program was begun in 1981, aiming to assist horticulture, livestock, coffee, and multi-service cooperatives in the central provinces. A dramatic gap exists between urban and rural sectors of the Panamanian economy. TechnoServe sought to impact the agricultural sector, in which fifty percent of the population work yet which produces only ten percent of the national gross domestic product. With the support of the Partnership Grant, the program proposed to focus on the following activities, all consistent with the proposal's synergistic elements: strengthening and expanding services to agricultural cooperatives in production, processing, and marketing; institutional development; and staff training and evaluation. Special attention was to be placed on women's participation in the projects. A participatory project methodology was to be standard operating procedure, as was the use of 'para-technicians'.

Once the political crisis began in October 1987, the main focus of the program was to instruct clientele on appropriate business and cash management techniques for the duration of the crisis. Despite limitations on travel, TechnoServe maintained program continuity and contact with client groups, providing advice on how to sustain viable operations through special bulletins.

The key achievements of the program have been its flexibility in time of crisis, its ability to provide assistance to cooperatives who were consequently able to sustain operations despite extremely difficult working conditions, and the initiation of environmental programs. The appointment of Jose Agustin Espino, a Panamanian national, as Program Director in September 1987, also contributed to the autonomy of the program. The following are the main activities that were pursued this year and over the grant period:

Cooperatives: When TechnoServe began working with the multi-service cooperatives it found that they faced the following set of constraints: weak membership participation, a decline in productivity, marketing obstacles and various credit problems. Over time, TechnoServe's participatory methodologies have been an effective means of addressing these problems.

At the beginning of the Partnership Grant period, TechnoServe assisted eight cooperatives. However, the ensuing turmoil in subsequent years inevitably restricted the TechnoServe program. Despite these uncertain circumstances, TechnoServe was able to provide technical assistance and training in crisis management to five major cooperatives. The cooperatives remained operational throughout the crisis, with a few even increasing production and profit margins.

In 1987, TechnoServe began an institutional strengthening program with ASCOVE, a marketing association comprised of twenty-six cooperatives with a total of 8,250 members. TechnoServe is focussing its assistance on a sub-group of thirteen cooperatives. Over the past year, TechnoServe continued its work with ASCOVE, providing assistance in marketing, administration and financial management, planning, and evaluation. The program is estimated to have benefitted approximately 7,300 farm families. The program was only briefly interrupted during the December 1989 crisis.

In the Rio de Jesus area, TechnoServe is seeking to combine two on-going projects in order to concentrate its assistance in management, accounting, production, marketing and planning. TechnoServe's work with El Despertar Campesino, a 208 member service cooperative, was completed this year.

Agricultural reform group methodology: The Asentamiento, farmer's settlements formed after the land reform acts of the early 1980's, received government extension services until 1986. These services were abruptly halted as a consequence of the country's economic and

political crisis, leaving the Asentamiento with little of the management experience required to continue operating profitably. Drawing from its experience in El Salvador and Peru, TechnoServe is now preparing plans to assist the Asentamiento become integrated with farmers associations and cooperatives in order to benefit from their services.

Institutional Strengthening: In 1986, TechnoServe signed an agreement with the Agriculture Development Bank (ADB) to provide on the job training at TechnoServe for ADB technicians (ADB contributing $11,000 a year and a vehicle). The Institute of Agronomic Experimentation also expressed interest in a similar training program. The purpose of such programs was to encourage a greater interest in development among the institutions' staff; to expand TechnoServe service to enterprises through added manpower; and to spread understanding of TechnoServe's methodologies. During the past couple of years TechnoServe has also been actively supporting government efforts to get a social action program underway (FES-Social Emergency Fund) in Panama.

Environment: Over this past year, TechnoServe continued to develop, in collaboration with environmental NGOs (Institute of Renewable Natural Resources, Nature Conservancy), a program in the Lake Alajuela/Chagres National Park. The Lake is the source of water for Panama City and plays a critical role in maintaining the water levels of the Panama Canal. Following the U.S. invasion in 1989, unsupervised logging of trees around the lake threatened to disrupt the natural ecological balance of the area upon which steady water supplies in part depended. Over one year ago, TechnoServe began a program combining measures to address environmental concerns with assistance to the area's small farmers. The program aims to help farmers identify new income generating activities that will provide them with a steady source of income while protecting the environment.

5.2.1.2. COSTA RICA

In the Partnership Grant proposal assistance was requested to help the Costa Rica program, begun in 1983, become firmly established. The program's proposed focus was consistent with both the Government of Costa Rica's long range plans and the proposal's four synergistic elements. TechnoServe planned to carry out the following activities: technical assistance to rural cooperatives in areas of production, processing and marketing; institutional development; evaluations and staff training. Initial funding for the program came through the 1982-1986 Matching Grant and a grant from CINDE (a PVO established with the assistance of AID that later developed into ACORDE).

The key achievements of the program over the past five years include the development of an innovative replication model. With the assistance of TechnoServe, a Costa Rican PVO - the Costa Rican

Association for Integral Assistance for Development (ACAIPADE) - was established to assume complete responsibility for TechnoServe's project portfolio. This successful institution building effort reflects the guiding philosophy behind TechnoServe's New Directions strategy that will be pursued under the next Matching Grant. Before the transfer of responsibilities to ACAIPADE, TechnoServe concentrated its assistance on the small farm sector, with a particular focus on identifying appropriate export crops.

Program Replication - ACAIPADE: ACAIPADE was officially instituted in January 1989. The NGO was formed as a counterpart to TechnoServe and was intended to gradually assume the major portion of TechnoServe's project portfolio. TechnoServe signed an agreement with ACAIPADE under which the TechnoServe Country Director would serve as ACAIPADE's Executive Director to assist the Board of Directors in organizational development and planning. In addition, TechnoServe strove to transfer its enterprise development methodology and capabilities to the new NGO.

ACAIPADE became fully independent this year. TechnoServe's Country Director moved to Nicaragua to head the establishment of TechnoServe's country program there while the remaining TechnoServe staff was transferred over to ACAIPADE. Before the Country Director left in January 1991, there was an overlap of two weeks with the new Executive Director of ACAIPADE. A TechnoServe representative remains on the Board, and TechnoServe will continue to contribute approximately one third of ACAIPADE's budget for at least one more year. A legal representative remains in Costa Rica to represent TechnoServe and maintain close contact with ACAIPADE.

The projects in TechnoServe's portfolio have all been transferred to ACAIPADE. Due to funding limitations, some of the projects were either graduated or closed. The remainder, however, continue to progress well.

Small Farm Sector: During the grant period, while working with ACAIPADE, TechnoServe focussed on improving small farm production. Yearly, TechnoServe assisted eight to ten small farmers associations. The four main components of TechnoServe assistance were:

1) Provision of technical agronomic assistance to increase quantity and quality of production;
2) Provision of integrated business management expertise, inclusive of marketing to cooperatives and cooperative unions;
3) Organizational strengthening and social consolidation of enterprise membership; and
4) Provision of technical advice and assistance focussing on the reduction and reversal of soil erosion and deforestation.

A greater sophistication in administrative and processing capabilities has led to the development of stronger cooperatives in Costa Rica than elsewhere in the region. Initially, TechnoServe assisted cooperatives through the production of manuals on administration and accounting, and the promotion and installation of computerized accounting systems. Over time, the program began to focus on regional groupings of projects and worked with more central cooperative organizations in order to extend TechnoServe's reach. In 1989, TechnoServe completed assistance to a 170 member vegetable cooperative (COOPECHAYOTE) and conducted a positive final participatory evaluation. After several years of TechnoServe assistance, this cooperative has achieved phenomenal success in maintaining high export levels of its single export oriented crop - chayote.

Institutional Strengthening: During the first years of the grant, TechnoServe helped the Federation of Voluntary Organizations (FOV) - in which TechnoServe was an active member - to establish a monitoring and impact evaluation system. TechnoServe also provided technical assistance to Save The Children (FUDEJUC) to develop a project planning and evaluation system.

Amigos: In 1986-1987, TechnoServe assisted in the formation of a nine member group headed by the former Minister of Agriculture, Dr. Hernan Fonseca. TechnoServe assisted the Amigos incorporate and register itself with the government, while the group worked with TechnoServe on raising funds. The Amigos group was subsequently instrumental in the establishment of ACAIPADE.

5.2.1.3. PERU

The Peru program was established in 1982 through the support of Matching Grant funds. In April 1988, the program was upgraded from secondary to primary country status under the Partnership Grant. From the outset, the focus of the program has closely adhered to the core synergistic elements of the Partnership Grant program. TechnoServe/Peru is pursuing its programs following participative methodologies and drawing from the considerable knowledge of agricultural development it had gained through its years in Peru. The program's priority areas of activity are: 1) support to agricultural cooperatives of the agrarian reform sector; and 2) water management programs for agriculture.

Key developments in the program over the past five years are numerous, and include the successful pursuit of a geographic "sector" approach to working with community based rural cooperatives in the Santa, Huaral, and Canete River Valleys. By moving from working with individual cooperatives to focussing on regional groups, TechnoServe is achieving greater impact at the same cost and effort. The success of the TechnoServe Santa River Valley water project, an outgrowth of TechnoServe's work with the

reform cooperatives, provided a convincing demonstration that TechnoServe's methodologies could be effectively applied to large, integrated, government managed projects. TechnoServe also effectively used participatory methodologies and "para-technicians" in Peru that will be useful in the launching of an innovative community development training program. Finally, TechnoServe/Peru has effectively worked in partnership with other NGO's and government agencies and has been successful in identifying diverse funding sources for special program activities.

Despite the strain of rapidly spiralling inflation during the grant period, TechnoServe's assistance continued undiminished. The activities and achievements described below are a consequence of the cumulative efforts of the entire grant period:

"Sector focus" program: Past experience of working with dispersed individual cooperatives led TechnoServe to focus on specific regions to achieve greater cost effectiveness and strengthen its impact potential. By concentrating on a specific area, community type and commodity, TechnoServe has provided direct assistance to 10,000 subsistence farmer families in Peru while 56,000 more people have benefitted indirectly. The TechnoServe program is focussed on working with agrarian collectives in coastal river valleys (Santa, Huaral, and Canete) producing basic grains, cotton and non-traditional vegetable crops. The components of this integrated program are:

1) Increased agricultural production;
2) Promotion of agro-industrial processing and marketing;
3) Re-organization of collectively owned rural enterprises into service cooperatives;
4) Land redistribution and entitlement;
5) Strengthening of service cooperative and farm association organizations through training in administration, credit, and extension services; and
6) Improvement of irrigation infrastructure and water resource utilization.

Agrarian Reform Cooperatives: Through its work with cooperatives in the Santa, Huaral, and Canete Valleys, TechnoServe has developed and implemented a new enterprise model for cooperatives in Peru. This new model, known as an Agricultural Users Group, provides legal individual title to land. Because land ownership is now private and not collective, the farmers are able to reap the benefits of their own hard work.

Seventy-five percent of TechnoServe's efforts is concentrated in the Santa River Valley (SRV), an area that was drastically reorganized under the 1972 agrarian reform program. TechnoServe has worked with Chinecas (a regional development agency), the Ministry of Agriculture, and the Agriculture Bank to assist 3,720 farm families revitalize and reorganize old cooperatives. Water

user management and production components were also integrated into the program (see below).

Santa River Valley Water Systems Program: An important feature of the development of the Santa River Valley is the Water Users Association (WUA) which sets and collects tariffs for water use and maintains part of the system with the resulting income. The 3,450 member Association currently manages a water distribution system for 16,000 hectares of farmland. Starting in 1987, TechnoServe provided technical and management assistance to the WUA, helping them develop a more efficient and equitable distribution system and make themselves financially self-sufficient.

TechnoServe's program with WUA was supported by the Ford, Kellogg, and International Foundations and the Presbyterian Hunger Program. The integrated program addressed the following issues: irrigation and water resource management, land distribution and entitlement, and the restructuring of service cooperatives. TechnoServe aimed to increase agricultural production, facilitate cooperative enterprise development, and generate employment in an environmentally sound fashion. In addition to its work with the WUA, TechnoServe worked with 7 farmer coops and associations, and established over 20 demonstration fields on efficient water use and appropriate fertilizer applications. 1990 witnessed the successful conclusion of this component of TechnoServe's program in the Santa Valley.

Integrated Community Development: In 1989, findings from a participatory evaluation of a recently "graduated" agrarian reform cooperatives (Villa Hermosa) revealed that the cooperative and its members had achieved overall growth and financial success. However, an unexpected finding was that with prosperity members were paying less attention to their community responsibilities. Additional social training was consequently deemed necessary by both TechnoServe and the cooperative members. An integrated social development component was introduced into a renewed technical assistance program aiming to help members adapt newly acquired management skills to social needs and facilitate a greater appreciation of social amenities as community assets and generators of wealth.

A three year grant, awarded by the Kellogg Foundation in June 1990, promises to open new areas of TechnoServe activity in the Santa, Huaral and Canete River Valleys through an integrated community development approach combining health, social and economic program components.

Institutional Strengthening: TechnoServe has enjoyed close working relationships with several Peruvian development institutions: CHINECAS Water Development Program (National Development Institute), the National Water Users Association, the Ministries of Agriculture and Education, and the Banco Agrario (BA). For

example, during the second year of the grant period a new system of providing credit to individual farmers through their cooperatives was developed by TechnoServe and implemented on a national level by the Agrarian Bank. The following year, TechnoServe signed a new contract with CHINECAS to assist in the extension of the Irchim Irrigation canal system in the Santa River Valley. TechnoServe also has conducted training programs for credit officers of the BA and CHINECAS. In addition, TechnoServe was a member of an NGO coalition negotiating a debt for development swap with the government. Regrettably, the debt-for-development deal fell through.

Partnership: TechnoServe is currently exploring the possibility of working with the Intermediate Technology Development Group (ITDG), a British NGO, to provide business management training assistance to project beneficiaries with whom ITDG is currently involved.

5.2.2.0 NEW COUNTRY AND REPLICATION INITIATIVES

5.2.2.1. BELIZE

In 1986, TechnoServe launched its first organizational replication effort in Belize with support from the Partnership Grant. Through working with BEST - the Belize Enterprise for Sustainable Technology - TechnoServe hoped to explore new ways of achieving institutional replication with less cost in terms of time, personnel and funds than the initiation of traditional TechnoServe country programs entailed. The Partnership Grant enabled TechnoServe to test this affiliate model and assess the degree to which it may be replicated elsewhere. (Refer to Section 6.1.0 R&D for a further discussion of TechnoServe's replication efforts).

The BEST experience taught TechnoServe much regarding the sensitive and complex relationship inherent in this type of situation. TechnoServe realized that BEST has its own approach to conceptualizing goals and methods, and its own working style. Yet BEST was still able to absorb many of the lessons that TechnoServe took over twenty years to learn.

In the Partnership Grant proposal, TechnoServe proposed to act as a sponsor and technical advisor to BEST and its American sponsor, Bill Graham. Inaugurated in 1985, BEST's objectives were to provide management and technical assistance to community based enterprises in agricultural, agro-industry and economically developing sectors - conforming to AID's country strategy. BEST's focus was to be on cooperatives, addressing production and marketing problems of many farmers through work with six national farmer associations. It was expected to service up to 50 cooperatives and associations, benefitting 50,000 participants.

Funding was provided by Bob Graham and matching Belizean private resources. In 1986, BEST was awarded a three year OPG from AID.

Graham subsequently established the Katalysis Foundation in the United States through which support was also provided to BEST. TechnoServe's expenses for advisory services made up 16% of BEST's start up budget. BEST's staff was to be developed with the advisory services of TechnoServe and the Katalysis Foundation. Representatives from TechnoServe (the Vice President/Latin American Division, Mr. Gerald Schmaedick) and Bob Graham were to sit on BEST's nine member board. Ultimately, the goal was to have BEST become an effective, self-supporting organization.

Mr. Gerald Schmaedick retired from BEST's board in March 1990. To date, TechnoServe has retained a close relationship with BEST in terms of exchanging information and lessons learned. A 1990 evaluation by AID consultants gave a favorable review of BEST's operations.

5.2.2.2. GUATEMALA

TechnoServe's approach to the establishment of a country program in Guatemala combines elements from replication activities as well as traditional country program start up routines. A significant achievement of the program is the success it has had following a commodity sector approach with a non-traditional, export oriented crop (snow peas).

In May 1988, in-depth program investigations culminated in the submission of a concept paper to AID and the presentation of a TechnoServe program proposal to the Ministry of Agriculture. The purpose of the program was to be: 1) to provide technical assistance to small farmers in the Oriental, Occidental, and Highland Regions; and 2) to institutionalize a capacity to provide enterprise development assistance in a local affiliate organization. TechnoServe planned to establish a small office focussed on training and supporting the affiliate's staff in TechnoServe's enterprise development methodologies.

The following year, a one year assistance contract was signed with PRODAC, a quasi-governmental office attached to the Ministry of Agriculture, to provide institutional strengthening assistance to agricultural marketing centers. TechnoServe planned to train PRODAC staff in TechnoServe's participation methodology, focus, and development concepts. Initial funding of $90,000 was provided by PRODAC. TechnoServe also assisted in the formation of an Amigos group made up of professionals which could form the basis of a local, independent NGO fashioned after TechnoServe.

In September 1989, AID provided a $39,000 grant to start a new program. A resident program was consequently begun in 1990 and was later staffed by TechnoServe personnel who had been transferred from Costa Rica following the transfer of projects to ACAIPADE. Budget difficulties limited program start-up to continuing planning

sessions with PRODAC and negotiations with AID regarding the possibility of an OPG or a Mission "add on" to central AID funding. TechnoServe is planning to provide management and training assistance to strengthen the Agriculture Production Cooperation Service Centers engaged in agricultural diversification in Altiplano through an innovative partnership with PRODAC. In the long term, the program foresees the establishment of a professional staff of five within three years.

In the meanwhile, TechnoServe has helped a 300 member farmer's cooperative - Flor Patzunera - achieve phenomenal success producing snow peas for export. The cooperative began to reap significant profits from the crop--which they raise, sort, package, and ship. After only eighteen months of assistance, this cooperated had achieved a gross profit level ten time higher than its previous best year. The project graduated from TechnoServe assistance in September 1990.

This year, TechnoServe has largely been involved in short term advisory projects while investigating other long term possibilities.

5.2.2.3. MEXICO

As discussed earlier, increasingly higher costs of new program establishment led TechnoServe to develop innovative ways of initiating new country programs. One of the ways it explored in Mexico was to create creative linkages with indigenous and international organizations.

Following the earthquake in 1985, Catholic Relief Services (CRS) began an income generation program in Mexico which included a revolving fund to channel small loans to community enterprises. In the summer of 1988, CRS asked TechnoServe to assist a local NGO, established by CRS, to operate the revolving fund and to provide technical assistance to selected projects. Projectos de SOLIDARIDAD AC, a non-profit association, was consequently legally constituted in October 1988 to 1) manage small enterprise trust funds donated by CRS, and 2) provide technical assistance to self-help enterprises following TechnoServe methodologies. A TechnoServe advisor acted as general manager from November 1988 to August 1989, with support and training services provided by TechnoServe's Latin America Division staff.

TechnoServe completed the 'replication effort' in July 1990, having transformed SOLIDARIDAD from a purely grant/loan making focus to the provision of technical assistance. Due to the limitation in funds following the end of the contract with CRS, TechnoServe withdrew from continued involvement. The organization has not been formally affiliated with TechnoServe.

5.2.2.4. NICARAGUA

Early this year, TechnoServe reopened an office in Nicaragua. TechnoServe operated a program there from 1977 until 1983, when it was forced to shut down. Renewed contact was made following the 1990 elections with the new Nicaraguan government to discuss restarting the program, and negotiations were begun with AID regarding funding.

TechnoServe is planning to focus activities on the following:
1) reviving traditional small farm agriculture including the involvement of farmer groups and associations as owners of agricultural processing, marketing and service enterprises; and
2) assisting beneficiaries of land reform cooperatives to make their collectively owned agricultural businesses viable enterprises.

Over the course of this past year, TechnoServe has been assessing the current situation in the country to identify viable assistance opportunities.

VI. REVIEW OF SPECIAL ACTIVITIES

6.1.0. SUMMARY OF THE RESEARCH & DISSEMINATION (R&D) DEPARTMENT

The R&D Department (formerly Replication & Policy Analysis) was established in 1984 to strengthen TechnoServe's links with the development community - including NGOs, international agencies, and academic circles. Under the Partnership Grant the R&D Department proposed to focus its attention on evaluation, replication and dissemination activities. Its goals were to enhance TechnoServe's ability to understand and measure the effect of its work and to share this understanding with others.

Conscious of the need to perfect its community based enterprise (CBE) model, TechnoServe planned to concentrate on refining its processes of internal evaluation over the grant period. Evaluations take three forms at TechnoServe. 1) At the institutional level, they take place every four years during the traditional International Senior Staff Meetings, and as external evaluations conducted in conjunction with AID matching and partnership grants. 2) At the program level, they occur via regional staff meetings and country-based seminars. 3) At the project level, evaluations take place via a system of baseline, mid-term, final and ex-ante reviews. R&D hoped to test and improve its participant planning and evaluation methodologies through the implementation of major evaluations of several completed projects.

At the beginning of the Partnership Grant program 'replication' was mainly understood to mean developing new ways of delivering TechnoServe's assistance package at reduced cost, both financially and in terms of staff time, compared to what traditional country program start-up routines entailed. A key element to these efforts was the establishment of indigenous 'affiliate' organizations that could adapt TechnoServe's methodologies to their particular country circumstances. The first of these organizations was founded in Belize in 1985. TechnoServe also believed that a number of other activities could be interpreted to be a means of 'replication': i.e. the commodity sector approach; collaboration with major institutions; demonstration or imitation effects; and policy impact. Over the course of the Grant period these activities have assumed an increasingly prominent place in TechnoServe's replication efforts.

Dissemination activities were to cover the development of two types of materials. The first were what became known as the 'Findings' series - an assortment of monographs addressing issues related to TechnoServe's enterprise development methodology. The second were to be a series of case histories documenting the experience of actual TechnoServe projects.

The achievements of Year Five reflect the strength, and are in large part a consequence, of R&D's performance throughout the grant

period. Key areas of activity include the Cost-Effectiveness model, teaching case materials, the Gemini project, graduate level courses at Columbia University, investigations into agricultural business potential in Eastern Europe, and representing TechnoServe at a variety of conferences, seminars and workshops.

Cost-Effectiveness Model: In late 1987, a TechnoServe working group was formed to explore issues related to the concept of cost-effectiveness. The group developed a model designed to weigh both the financial and social benefits of assistance against the costs of a project. The model was presented to the Advisory Committee on Voluntary Foreign Aid and was favorably received. A Findings paper presenting TechnoServe's own definition of cost-effectiveness, entitled "Measuring our Impact: Determining Cost-Effectiveness of Non-Governmental Organization Development Projects", was then published in 1989. The paper describes the model, which was copyrighted in 1989, and explains the methodology involved while providing examples of its application.

In the meantime, the model continued to be refined through an iterative process as R&D moved to apply it to TechnoServe's own projects. In so doing, TechnoServe realized that the model held previously unforeseen benefits. The process of applying the model to a project led staff to reflect on what TechnoServe is actually seeking to achieve, and contributed to a broadening of their perspective on the nature and direction of the project and program. Ultimately, R&D aims to train all country program field officers in TechnoServe's cost-effectiveness methodology. Not only would this allow for its systematic application to all of TechnoServe's projects, it would also sustain an on-going process of self-examination and analysis critical to the continuing success of TechnoServe operations. In the future, R&D will also be focussing its attention on how to better process and effectively use the data produced through the use of the model. (See Appendix for examples of cost-effectiveness studies of TechnoServe projects)

In 1989, the reputation of TechnoServe's cost-effectiveness methodology led to an invitation by Greenwood Press, a major publishing house, to edit a volume to be entitled "Cost-Effectiveness in the Non-Profit Sector". TechnoServe signed a contract with the Press in January 1990. In order to generate materials for the book, R&D decided to sponsor a national level conference on cost-effectiveness. This conference was held at the end of June 1991 and was co-sponsored by the Independent Sector, the Public Management Program of the Stanford University Graduate School of Business, and the Support Center of San Francisco. The papers and methodologies presented at the conference will be incorporated into the book, due to be published at the end of the second quarter of 1992.

Teaching Case Materials and Training: The idea of developing teaching case materials began to be considered in 1988. After

initially failing to obtain funding in 1989, a proposal was accepted by Biden-Pell in June 1990. R&D was awarded a Development Education grant of $198,000 for a three year period (October 1990 - September 1993). This was later matched by a $40,000 grant from IBM. With the support of these grants, R&D will research, write, publish and disseminate sixteen interactive teaching cases modelled after those pioneered by the Harvard Business School. The teaching cases will cover a range of subjects that will include the environment, appropriate technology, women in development, enterprise development methodology, and PVO management.

A manager for the development education program was hired in October 1990. The first six months of the grant period were spent identifying a market for the cases, building interest among the academic community, and conducting workshops on the teaching case methodology. A high caliber university advisory committee (including representatives from Columbia University, American University, Illinois State University, Boston University, and North Carolina State University, and others) was assembled to review each case as it is developed.

At present, two cases have been prepared and are due out by August 1991. Both cases are set in Peru. One explores the environmental impact of a large scale river basin development project in the Santa River Valley, the site of an actual TechnoServe project. The second case examines the impact of hyper-inflation on small businesses and the strategies used to survive in such an environment.

During the remainder of the grant period, the focus of R&D's activities will be both on producing cases and training others in the case study methodology. Since June 1990, nine presentations and workshops have been held, with seven or eight more scheduled for the remainder of 1991.

Gemini Project: In September 1989, the contract for the Gemini project was signed by Development Alternatives Inc. (DAI), the head of a consortium of agencies which included TechnoServe, Michigan State University, Accion International, World Education, Opportunity International, and Management Systems International (MSI). Thus far, TechnoServe has contributed to the project in three ways. The first was to participate in several industry sector analyses and one baseline enterprise survey in Africa; the second was to make a major presentation on TechnoServe's sector approach to enterprise development; and the third was to produce a background paper on the sector approach. As this is a five year project, R&D will continue to focus its attention on these activities for several years to come.

Columbia University: For the past two years, Mr. Peter Reiling (appointed head of R&D in January 1990) has held the position of Adjunct Professor at Columbia University's School of International

and Public Affairs. Mr. Reiling taught a course on Small Enterprise Development that provided a live testing ground for the teaching case methodology. The success of the course has reinforced the credibility of TechnoServe's development education program. The Institute for Developing Economies in Japan has, for example, invited TechnoServe to deliver a weeklong series of twelve lectures this fall on enterprise development in the developing world. Another consequence of the course was to attract several Columbia students and graduates to work as interns and employees at TechnoServe's Norwalk home office.

Eastern Europe: As part of a multi-disciplinary team, R&D conducted investigations into the feasibility of agricultural businesses in Poland. As a result of these investigations, TechnoServe decided to pursue - and was awarded - a major AID grant to establish an Enterprise Promotion and Support Center in Poland in April 1991. A Country Director was appointed and moved to Poland in the beginning of July 1991. Although not covered by the Partnership Grant, it is important to note that TechnoServe will be transferring to this new program the sum of methodologies and experience it has built up in Latin America and Africa through the support of the Partnership Grant.

Conferences, Seminars, and Workshops: R&D represented TechnoServe before a wide array of groups across the U.S. and Canada. This included presentations before the University-NGO Action Research Network's conference in Vancouver, and the Interfaith Hunger Appeal's conference on "International Debt, Development, and the Hungry" at Notre Dame University. Other R&D appearances included Columbia University, Stanford University, Brigham Young University, the University of California, Illinois State University and World College West. In the past, R&D presented key papers at a number of international meetings (OECD Development Assistance Committee Meeting - Paris, SID Conference - New Delhi). Such presentations underscore TechnoServe's firm commitment to sharing the organization's lessons learned and methodologies to as wide an audience as possible.

In addition to the above activities, R&D has achieved significant progress in the areas of dissemination and replication during the Partnership Grant period. Over time, the Department has found that it has shifted its audience away from the scholarly community of development practitioners at which the Findings series and case studies were originally aimed. Now, through the development of practical teaching tools, R&D is seeking to expand its reach within a wider academic community. In addition, as demonstrated by the variety of organizations who participated in the cost-effectiveness conference, it is trying to include the non-profit sector at large.

Dissemination: The conference and future book on cost-effectiveness and the development education program are but two examples of TechnoServe's dissemination efforts during the grant

period. The reputation of the Findings series grew steadily over time, and some were featured in a variety of other publications. The number of Findings papers is now at eleven, with four having been translated into Spanish. A number of case studies and papers were also produced, including a monograph entitled "Enterprise Development in Africa and Latin America: The TechnoServe Experience". The preparation and writing of this paper was extremely important in terms of TechnoServe's resulting ability to articulate its guiding philosophy, methodologies, and key lessons learned. The document was published in 1989, and has been translated into Spanish.

Replication: Since 1986, TechnoServe has developed three approaches to replication. The first involves the replication of TechnoServe's approach to enterprise development, leading TechnoServe to actively promote its methodologies and share its lessons learned. TechnoServe has also begun to aggressively seek a role in policy decisions on the part of government and international agencies (AID, World Bank, IFAD, etc.) regarding small enterprise development.

Secondly, TechnoServe has expanded the idea of internal program replication from perceiving a TechnoServe country program as a fixed model that could be systematically copied to include more creative approaches. Efforts to establish a program presence by working through or establishing new local institutions are one expression of this new perspective on replication. This approach was successfully followed, for example, in Tanzania, Nigeria, and now Poland (for further details refer to Sections 5.1.2.1. Tanzania and 5.1.2.2. Nigeria). Another means of program replication is through the establishment of "spin offs". These are local organizations that are established with the assistance of a TechnoServe country program and trained in TechnoServe's development methodologies and management systems. These new organizations are intended to eventually assume TechnoServe's project portfolio in the country. TechnoServe's experience in Costa Rica with ACAIPADE is an example of this method (For further details refer to Section 5.2.1.2. Costa Rica).

The third approach to replication is the replication of projects through a sector approach. By focussing on one industry and learning from the experience of pilot projects in the sector, TechnoServe accumulates knowledge that can be used with increasing effectiveness and speed as time goes by. TechnoServe's experience with the palm oil processing plants in Ghana illustrates this well - after establishing a handful of plants during the first few years, TechnoServe is concluding negotiations with the World Bank and Government of Ghana to replicate the palm oil model in sixty communities. (Replication of projects is now included as a progress indicator - see Section 4.2.2. Other Activities).

TechnoServe's first attempt of organizational replication, the Belize Enterprise for Sustainable Technology (BEST), was inaugurated in 1985. In 1986, BEST was awarded a three year OPG grant from the AID Mission. TechnoServe provided technical assistance and training to BEST through 1990, and Gerry Schmaedick (TechnoServe Vice President/Latin America) served as a member of BEST's Board of Directors for several years. TechnoServe's experience with BEST has been a true learning process through which both parties have matured. TechnoServe began a research project in 1987 to examine the experience of this pilot replication model. TechnoServe realized that BEST has its own way of conceptualizing its goals and methods and of learning what it wished to know. Despite this, BEST was able to absorb many of the lessons it has taken TechnoServe over twenty years to learn.

As part of its replication efforts, TechnoServe also worked for eighteen months with a PVO established by CRS in Mexico (for further details refer to Section 5.2.2.3. Mexico).

6.2.0. EVALUATION AND TRAINING

Throughout the Grant period, monitoring, evaluation, and reporting have been an on-going process at TechnoServe. In respect to monitoring, a field project data base is used to generate quarterly monitoring reports presenting information on baseline, actual, and planned indicators.

Evaluations include the following components: sector studies, baseline evaluations, on-going evaluations including impact and cost-effectiveness analysis, final and graduated project reviews. The main characteristics of the TechnoServe evaluation system is that it is systematic and participatory. TechnoServe adopted a participatory approach to project evaluations with three aims in mind: to enhance the project beneficiaries sense of ownership and responsibility for their enterprises--and in the process help them develop critical decision making skills; to help TechnoServe improve its delivery of assistance based on information drawn from actual projects; and to assist in highlighting the lessons learned from the experience of each project.

Information generated by monitoring and evaluation activities are then used in regular management reports that maintain a steady flow of information reaching all levels of the organization.

With the support of the next Matching Grant, R&D plans to focus on further refining and rationalizing TechnoServe's monitoring and evaluation systems. As part of TechnoServe's New Directions Strategy, an emphasis will also be put on skill training programs for all levels of staff to facilitate the move towards decentralization of such activities.

As in previous years, evaluation activities at all three levels - regional staff meetings, country-based seminars, and project evaluations - were carried out over the course of the year. In addition to the training programs on teaching case study and cost-effectiveness models discussed above, staff training activities at both the regional and country program level also took place. Cost-effectiveness studies were carried out on a minimum of two projects in each of the countries where TechnoServe operates. Three of the studies were translated from Spanish this year. (See Appendix for examples of cost-effectiveness studies)

In 1988, R&PA coordinated an evaluation carried out by a team of external consultants who assessed the overall TechnoServe program and the progress made under the Partnership Grant. While the evaluation was extremely positive, the team pointed out the need for TechnoServe to improve its social impact analysis. It also encouraged TechnoServe to continue working more intensively through institutions, and to maintain a balance of new, growing, mature and graduated programs. These views closely concurred with TechnoServe's own perspective, and as the various departments' activities may attest, they have been successfully acted upon.

A joint AID/TechnoServe evaluation of the programs supported by the Partnership Grant is currently scheduled for the Fall of 1991.

6.3.0. ADMINISTRATION AND PROGRAM SUPPORT

In May 1990, a "New Directions" program was formally approved by TechnoServe's Board of Directors, making official a movement towards organizational decentralization that was begun the previous year. The program - which emphasizes decentralization and the continued development of innovative modes of program activity - will be the focus of the next five year AID Matching Grant. A Senior Staff meeting, held once every three years, is scheduled for October 1991 and will concentrate on developing plans to implement the New Directions program.

Since 1989, Mr. Rich Redder, Vice-President for Administration and Program Support, has held the oversight responsibility for all home office support functions, including: Human Resource Management, Financial Services, R&D, MIS, and Program Support. In June 1991, the management of these Departments was reorganized. A position entitled 'Director of Program Support' was created to focus exclusively on Program Support matters. The position will be filled by Mr. Buzz Schmidt in August 1991. The administration of the Matching Grant will remain this Department's responsibility under the Director of Government and Donor Relations, Ms. Barbara Magner. Responsibility for the remaining support services will now fall to the newly appointed Director of Financial Services and Administration, Mr. Luis Chavez (formally TechnoServe's Controller).

Mr. Redder will become Vice-President/Latin American Division, replacing Mr. Gerrald Schmaedick, who will assume the newly created position of Vice-President/Research and Dissemination Department.

This year, in preparation for the planned increase in country program autonomy, the TechnoServe Norwalk headquarters continued to develop and refine internal support mechanisms (for additional information refer to Sections 6.1.0. R&D and 6.4.0. MIS). The Department of Program Support is contributing to this through its provision of advisory and support services to country programs in respect to all aspects of resource development. A fundraising manual for field staff is currently under preparation and will be ready for discussion at the Senior Staff meeting.

During the Partnership Grant period, the Department also began to develop new country program initiatives. An example of this is Poland, where the Department spearheaded exploratory missions investigating the potential for a TechnoServe program. In addition, the Department has begun to develop working partnerships, principally with other U.S. based organizations, to collaborate on a variety of new program activities. The Department will continue a focus on these two areas in the coming years.

The Department continued to oversee the management of the Partnership Grant and various fundraising activities. As in preceding years, TechnoServe successfully met the targeted output indicators under the Partnership Grant program. In terms of fundraising, Harrod Merlin--a Toronto-based advertising agency working on a pro-bono basis--developed a series of advertisements which the Department placed in a variety of publications. These advertisements were most successful, contributing greatly to TechnoServe's direct mail fundraising efforts. A new set is currently being prepared. The direct mail program, formally begun in 1988, is on target for its goal of raising $1,200,000 by 1994. This will provide a significant amount of undesignated funding, an important asset to TechnoServe's operations. The New Enterprise campaign launched this year, which aims to raise $3,000,000, has already received significant support from TechnoServe's Board of Directors who have pledged $620,000 to date. The funds from the campaign will be used to initiate new programs and expand existing ones.

6.4.0. MANAGEMENT INFORMATION SYSTEMS

TechnoServe's Management Information Systems Department (MIS) was formed in January 1990. The formation of the Department was preceded by a period of activity that significantly contributed to the on-going transformation of the computer and telecommunications systems at TechnoServe.

Mr. Alberto Espinosa, now the Director of the MIS Department, was hired in 1987 with the following objectives: to assess TechnoServe's existing information system, develop a five year strategic plan aiming to rationalize and streamline the existing computer and telecommunications systems, and establish company wide computer policies. Once these objectives were met, the strategic plan and computer policies were to be implemented in both the home and field offices. Ultimately, TechnoServe aimed to promote computer technologies to project beneficiaries.

In 1987, computers were generally considered to be 'personal productivity tools', the choice of equipment and use decided according to individual preference. The goal of the Department was to transform these existing computer practices so that computers could become real information management tools. By 1988, the initial objectives had been met and the strategic plan was put into operation.

Over the next two years the computer system at TechnoServe's home office was effectively overhauled and streamlined. Telecommunication capabilities were established with all of the TechnoServe Latin American programs and half of the Africa programs, significantly contributing to the integration of the company's operations. A field accounting system (IFOAFM) was written in-house, and has been now installed in all of TechnoServe's field offices. This system allows for the complete integration of home and field office computer based accounting systems. Currently, the MIS department is considering whether to add additional components to the system, in particular job costing items.

Desktop publishing capabilities were introduced by the MIS Department last year, reflecting the Department's commitment to improving the quality of all TechnoServe output for both internal and external audiences. This includes graphics, illustrative software, and overhead materials.

This year the software for a field operations database with linkage to a central home office database was completed. The database is now ready for distribution to all TechnoServe field offices. This worldwide data collection service will greatly facilitate monitoring, evaluation and reporting activities through the provision of timely data on all TechnoServe projects. The data collected will also strengthen TechnoServe's ability to demonstrate and replicate its successes, and learn from its mistakes. The most difficult stage in the development of the database was the identification of required data items, of which there are currently two hundred. These cover baseline information, environmental, economic and social data. Half of the data items are collected either once or annually, half collected quarterly. The MIS department is now planning training sessions for field staff in the use of the software, and the database should become part of

standard field operations within one year.

As part of the Department's on-going efforts to refine the organization's information systems, TechnoServe--with the assistance of PACT--is actively involved in creating a network of computer users and information managers in development organizations. Two organizational meetings and one workshop on telecommunications have been organized, with members of about sixty organizations attending at least one of these events. In organizing the network, TechnoServe hopes to bring development organizations closer together by establishing communication channels to share knowledge and experience in information management, and promote the use of computer technologies in developing countries.

Under the next Matching Grant, the MIS department will focus on training--both at the home office and in the field--and field support. Efforts will also be made to continue to improve and expand the field operations database.

VII. FINANCIAL REPORT

7.1.0. INSTITUTIONAL FINANCIAL PERFORMANCE AND MANAGEMENT

During this fifth and final year of the Partnership Grant the Financial Services Department strengthened its staff and accounting capabilities, resulting in a Department that is well equipped to implement the auditing and training activities that are integral to TechnoServe's planned decentralization program. At the same time, the Department met all of its routine administrative and reporting responsibilities in a timely and accurate manner.

This year, another full time accountant was hired, completely trained, and sent on three overseas assignments. As a result of this expansion of staff, the Department was able to finish installing the field accounting system (IFOAFM) in all of the field offices (refer to section 6.4.0. MIS for further details on the system) and increase the number of internal audits performed. The Department also developed a field accounting manual that should greatly assist field staff in assuming responsibility for their program's accounting requirements.

With a well trained staff in place and home office systems running efficiently, the Department is poised to concentrate on overseas training programs and audits. While the Department is currently performing approximately three audits a year, it is aiming to perform ten to twelve per year by 1992 - essentially visiting each country program once a year. With increased decentralization, such audits will be critical to maintaining strong internal controls that are key to sound financial management.

Over the course of the year, Department staff gained critical decision making experience through the process of working with the Africa Division to close the programs in Zaire and Sudan. Lessons learned from the experience confirmed the need for leadership and financial management training for senior program advisors in the field - an issue that has already been identified as a major theme for the upcoming Senior Staff meeting in October 1991. By the fourth quarter of this year, the Department plans to have one staff member on the road year round in order to promote professional development and systems application among field staff. Only when field staff have the capacity to fully realize the utility of the financial management and accounting tools available will it be possible for the field offices to become self-sustaining units.

All of the Department's routine administrative and reporting responsibilities were met. These included reports to state and federal regulatory agencies and donors and internal management reports on the company's financial status. The stronger staff and improved systems enabled the Department to provide unprecedented support to TechnoServe's senior management through an increased capacity to forecast and rapidly respond to a variety of situations. An external Price Waterhouse audit, which included visits to two field offices, concluded that TechnoServe is in good financial health, complying fully with federal regulations, and has effective systems of internal control.

Looking back over the past five years, the Department has identified several lessons learned. Among these is the need, as has been previously discussed, for staff training to ensure the maintenance of strong financial management as TechnoServe moves towards increased decentralization. In the future, TechnoServe also needs to carefully balance programming requirements with the need to practice sound fiscal policies in terms of maintaining healthy capital reserves. The Finance Department will become increasingly involved in top management decisions concerning the organization's operations.

7.2.0. PARTNERSHIP GRANT FINANCIAL PERFORMANCE

The Core portion of the Partnership Grant totalled $4,527,000. Of this, $4,500,000 was allocated to grant implementation, while the balance of $27,000 covered external evaluation and conference activities. Contributions from AID Missions (Kenya and Zaire) to the Partnership Grant totalled $516,253. Thus, at the completion of the grant period on June 30, 1991, AID Partnership Grant funding totalled $5,043,253.

As noted in the Executive Summary,TechnoServe's match portion of the Partnership Grant totalled $7,026,570 as of June 30, 1991. In addition to this core contribution, TechnoServe provided an additional $156,561 to complete its 3 to 1 match requirement to the Mission contributions for Kenya and Zaire.

Expenditure Statements for the grant period July 1, 1990 through June 30, 1991 are provided in the final pages, immediately following "Lessons Learned". In accordance with AID reporting requirements, the statements include:

(1) Comparison of Budget to Actual for each grant Year.
(2) Expenditures and Sources of Funds for Mission Contributions.
(3) Expenditure Statement and Sources of Funds for Years One through Five including Cumulative Totals.
(4) Overall Five-Year Grant Budget.

VIII. LESSONS LEARNED 1986-1991

As TechnoServe prepares to launch its New Directions strategy, the following lessons learned over the Partnership Grant period shall have a significant influence on the course of TechnoServe's activities in the future:

- **Development Solutions:** There are no quick fixes. Sustainable enterprise development is a long term process requiring a healthy mix of credit, technical assistance, and training.

- **Focus:** Development organizations need to focus to be effective. For this reason, TechnoServe will continue to maintain its focus on small and medium scale agricultural enterprises.

- **Stake:** Unless project beneficiaries have a stake in what they and TechnoServe are trying to do together, the project is doomed from the start. A sense of stake is first established through extensive preliminary discussions with project participants at the very beginning of project preparations. It is then reinforced through three means: fees, equity, and participation. Project beneficiaries sign a contract agreement with TechnoServe setting out the fees to be paid for TechnoServe's services - an arrangement which is also meant to assist the beneficiaries to recognize the future need for paid professional management in their enterprises. The beneficiaries must also contribute approximately twenty-five percent of the equity (the amount varies from country to country) for the enterprise. Finally, the beneficiaries actively participate in the evaluation of a project throughout the implementation process.

- **Integrated Community Development:** Through experience, TechnoServe has realized that it is also necessary to assist project beneficiaries to develop a sense of communal responsibility with respect to social benefits, such as education, health and welfare services, and to look upon such services and amenities as generators of wealth which improve living standards for rural communities.

- **Leverage:** Successful enterprise development involves both direct and indirect assistance. Direct assistance to local community groups is indispensable to the development of community based enterprises. However, no business exists in a vacuum. Indirect assistance in the form of working with institutions whose work has a significant impact on the success or failure of an enterprise is extremely important. For an enterprise to succeed bottlenecks posed by political, financial, marketing, human resource, and technical constraints must be addressed.

- **Environment:** The concept of "sustainable development" has evolved greatly over the years. At one time it signified development projects that were capable of successfully continuing operations once the assisting organization had withdrawn. Now it implies programs that do not destroy the environment in the process of helping to improve economic and social opportunities in the Third World. TechnoServe's experience confirms the agency's belief that world environmental programs cannot succeed independently of a concern for the interests of the low-income farmers who live in and use the natural resources of these regions. Community enterprises improve the likelihood that environmentally sound practices will be adopted by small farmers because group enterprises reduce the risks individual farmers must take. Furthermore, pilot projects within the group can illustrate the benefit of ecologically sound agronomic practices.

- **Evaluation:** It is impossible to assess an organization's impact by measuring inputs alone - outputs must also be considered. Key output indicators of long term impact on a community include: 1) increased productivity; 2) increased community income; and 3) increased number of new jobs. In addition, with TechnoServe's cost-effectiveness model, non-quantifiable social, economic, and policy benefits are carefully considered. Examples of social benefits include increased access to public services and greater participation for marginalized groups. Economic benefits may include backward and forward linkages forged by the project in addition to increased employment. Finally, policy benefits include an improved national policy environment for rural enterprises and institutional policy impact.

- **Partnerships:** A North/South partnership is one in name only if a two-way flow of information and lessons learned is not an integral part of the relationship.

- **Institutional Sustainability:** The need for on-going staff training and growth must be recognized in order for organizations like TechnoServe to maintain institutional sustainability. TechnoServe's future decentralization strategy will also only be possible through a program aiming to build a broad range of skills (strategic planning, financial and human resource management, monitoring and evaluation, impact analysis, fundraising) at all staff levels.

- **Staffing:** The best way to be cost-effective, and effective in a country, is to staff a program with host country nationals. While there are specific roles for expatriates, local staff have an

understanding of their country's culture and context that is invaluable to true program viability and sustainability.

- **Professionalism:** In a point related to those above, organizations such as TechnoServe must carefully recruit professionals for their staffs. The staff must be capable of assuming the serious responsibility for everyone who is affected by TechnoServe programs in a country. In addition, only by acting professionally may TechnoServe gain the attention of host governments and funding agencies - a factor which plays a major role in determining the success of TechnoServe's programs.

- **TechnoServe is "on to something":** TechnoServe is increasingly confident that, with the resurgence of market oriented economies in many parts of the world, its community based enterprise development approach will be a powerful means of achieving sustainable development. TechnoServe consequently feels a responsibility to share both the positive and negative lessons the organization has learned in order that others may benefit from its twenty-three years of experience in the field.

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TECHNOSERVE FINANCIAL REPORT
AID PARTNERSHIP GRANT NO. PDC-0280-A-00-6205-00
BUDGET VERSUS ACTUAL
(CORE GRANT ONLY)

YEAR 1 7/1/86 TO 6/30/87

	AID		TNS MATCH		
PROGRAM EXPENDITURES:	BUDGET	ACTUAL	BUDGET	ACTUAL	TNS OTHER
PRIMARY COUNTRIES:					
GHANA	195000	190819	110000	108856	35009
PANAMA	220000	268747	150000	96635	34277
COSTA RICA	145000	153531	35000	35662	116545
BELIZE	45000	38985	0	913	4
KENYA	0	0	260000	333927	104693
ZAIRE	0	0	80000	60079	407390
PERU	0	0	260000	272149	249103
NEW COUNTRIES	95000	42864	35000	21034	0
REPLICATION & DISSEMINATION	140000	129479	35000	27283	909
G & A OVERHEAD	160000	157465	185000	182655	181074
TOTAL EXPENSES	1000000	981890	1150000	1139193	1129004

YEAR 2 7/1/87 TO 6/30/88

	AID		TNS MATCH		
PROGRAM EXPENDITURES:	BUDGET	ACTUAL	BUDGET	ACTUAL	TNS OTHER
PRIMARY COUNTRIES:					
GHANA	165000	121992	95000	196198	39015
PANAMA	165000	218030	190000	184597	24520
COSTA RICA	130000	122570	0	13687	182867
BELIZE	70000	49435	0	8404	0
KENYA	0	13075	240000	237286	94816
ZAIRE	0	0	80000	50017	554329
PERU	0	7647	200000	209721	115868
NEW COUNTRIES	100000	85529	40000	39156	0
REPLICATION & DISSEMINATION	160000	208922	0	7793	4335
G & A OVERHEAD	135000	158327	155000	181229	194415
TOTAL EXPENSES	925000	985527	1000000	1128088	1210165

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TECHNOSERVE FINANCIAL REPORT
AID PARTNERSHIP GRANT NO. PDC-0280-A-00-6205-00
BUDGET VERSUS ACTUAL
(CORE GRANT ONLY)

YEAR 3 7/1/88 TO 6/30/89

	AID		TNS MATCH		
PROGRAM EXPENDITURES:	BUDGET	ACTUAL	BUDGET	ACTUAL	TNS OTHER
PRIMARY COUNTRIES:					
GHANA	165000	123061	100000	211473	17065
PANAMA	165000	191716	225000	151981	4919
COSTA RICA	120000	137436	0	22516	169671
BELIZE	80000	50277	0	-8120	0
KENYA	0	102758	225000	164094	76329
ZAIRE	0	0	90000	148313	429719
PERU	0	111119	160000	248736	43543
NEW COUNTRIES	125000	79813	50000	79219	9185
REPLICATION & DISSEMINATION	110000	208671	0	35176	3916
G & A OVERHEAD	135000	187907	150000	196983	141063
TOTAL EXPENSES	900000	1192760	1000000	1250371	895410

YEAR 4 7/1/89 TO 6/30/90

	AID		TNS MATCH		
PROGRAM EXPENDITURES:	BUDGET	ACTUAL	BUDGET	ACTUAL	TNS OTHER
PRIMARY COUNTRIES:					
GHANA	120000	147694	100000	183295	13487
PANAMA	120000	42099	225000	236021	2775
COSTA RICA	120000	114098	0	2727	178001
BELIZE	80000	15174	0	0	0
KENYA	0	14604	235000	200345	163159
ZAIRE	0	56329	50000	93500	329282
PERU	0	176802	150000	331369	620
NEW COUNTRIES	150000	41472	50000	191413	21372
REPLICATION & DISSEMINATION	137000	136718	0	15182	16130
G & A OVERHEAD	125000	147508	140000	248224	143517
TOTAL EXPENSES	852000	892497	950000	1502076	868343

TECHNOSERVE FINANCIAL REPORT
AID PARTNERSHIP GRANT NO. PDC-0280-A-00-6205-00
BUDGET VERSUS ACTUAL
(CORE GRANT ONLY)

YEAR 5 7/1/90 TO 6/30/91

	AID		TNS MATCH		
PROGRAM EXPENDITURES:	BUDGET	ACTUAL	BUDGET	ACTUAL	TNS OTHER
PRIMARY COUNTRIES:					
GHANA	110000	76023	100000	310720	2504
PANAMA	110000	6629	200000	256661	0
COSTA RICA	120000	57148	0	32167	83681
BELIZE	80000	1906	0	554	0
KENYA	0	78113	220000	190457	64930
ZAIRE	0	432	60000	85273	24935
PERU	0	56471	190000	396978	0
NEW COUNTRIES	125000	62422	50000	333835	35558
REPLICATION & DISSEMINATION	185000	56789	0	68515	100714
G & A OVERHEAD	120000	78395	130000	331682	61840
TOTAL EXPENSES	850000	474327	950000	2006842	374162

5-YEAR SUMMARY TOTALS

	AID		TNS MATCH		
PROGRAM EXPENDITURES:	BUDGET	ACTUAL	BUDGET	ACTUAL	TNS OTHER
PRIMARY COUNTRIES:					
GHANA	755000	659589	505000	1010542	107080
PANAMA	780000	727221	990000	925895	66491
COSTA RICA	635000	584783	35000	106759	730765
BELIZE	355000	155776	0	1751	4
KENYA	0	208549	1180000	1126109	503927
ZAIRE	0	56761	360000	437182	1745655
PERU	0	352039	960000	1458953	409134
NEW COUNTRIES	595000	312100	225000	664657	66115
REPLICATION & DISSEMINATION	732000	740579	35000	153949	126004
G & A OVERHEAD	675000	729602	760000	1140773	721909
TOTAL EXPENSES	4527000	4527000	5050000	7026570	4477084

TECHNOSERVE FINANCIAL REPORT
AID PARTNERSHIP GRANT NO. PDC-0280-A-00-6205-00
EXPENDITURES STATEMENT
FOR THE PERIOD OF 7/1/86 TO 6/30/91
(MISSION BUY-IN ONLY)

PROGRAM EXPENDITURES:	OBLIGATED	EXPENDED	MATCH
ZAIRE BUY-IN	280000	280000	92400
KENYA BUY-IN	236253	203952	64161
TOTAL MISSION BUY-IN	516253	483952	156561

TECHNOSERVE FINANCIAL REPORT
AID PARTNERSHIP GRANT NO. PDC-0280-A-00-6205-00
FOR THE PERIOD OF 7/1/86 TO 6/30/91
EXPENDITURES STATEMENT
(CORE GRANT ONLY)

A. PROGRAM EXPENDITURES:	YEAR 1 7/86-6/87	YEAR 2 7/87-6/88	YEAR 3 7/88-6/89	YEAR 4 7/89-6/90	YEAR 5 7/90-6/91	CUMULATIVE 5-YEAR TOTALS
PRIMARY COUNTRIES:						
GHANA	334732	357204	351599	344475	389248	1777258
KENYA	438620	345177	343182	378107	333499	1838585
PANAMA	399670	427147	348616	280896	263290	1719619
COSTA RICA	305751	319125	329624	294825	172995	1422320
PERU	521252	333237	403399	508761	453449	2220098
BELIZE	39905	57839	42156	15174	2460	157534
ZAIRE	467469	604346	578032	479111	110640	2239598
NEW COUNTRIES	63901	124686	168218	254258	431815	1042878
REPLICATION & DISSEMINATION	157671	221049	247764	168030	226018	1020532
G & A OVERHEAD	521116	533970	525954	539279	471916	2592235
TOTAL EXPENSES	3250087	3323780	3338544	3262916	2855330	16030657

B. SOURCE OF FUNDS:						
AID PARTNERSHIP GRANT	981890	985527	1192759	892497	474327	4527000
PRIVATE CHURCHES	223784	356698	353664	402590	193427	1530163
PRIVATE FOUNDATIONS	373249	280193	316736	255863	552373	1778414
PRIVATE CORPORATIONS	220225	258897	282346	311514	367523	1440505
PRIVATE INDIVIDUALS	4802	4721	10963	19862	14541	54889
PRIVATE UNRESTRICTED	423730	340834	193748	178677	425741	1562730
PACT & OTHER PVO'S	236884	249367	307485	338906	303227	1435869
HOST GOVERNMENT	100727	41533	61195	87751	61649	352855
PROJECT FEES	151941	175422	133703	50960	42409	554435
OTHER INCOME	31403	36358	56985	206876	333995	665617
OTHER AID GRANTS	501452	594230	428960	517420	86118	2128180
TOTAL	3250087	3323780	3338544	3262916	2855330	16030657

TECHNOSERVE PARTNERSHIP GRANT BUDGET
CORE GRANT ONLY
($000)

	YEAR 1 7/86-6/87		YEAR 2 7/87-6/88		YEAR 3 7/88-6/89		YEAR 4 7/89-6/90		YEAR 5 7/90-6/91		5 YEAR TOTALS	
COST CATEGORY	AID	TNS	AID	TNS	AID	TNS	AID	TNS	AID	TNS	AID	TNS
PRIMARY COUNTRIES												
GHANA	195	110	165	95	165	100	120	100	110	100	755	505
PANAMA	220	150	165	190	165	225	120	225	110	200	780	990
COSTA RICA	145	35	130		120		120		120		635	35
BELIZE	45		70		80		80		80		355	
KENYA *						225		235		220		680
ZAIRE **										60		60
PERU *						160		150		190		500
NEW COUNTRIES	95	35	100	40	125	50	150	50	125	50	595	225
REPLICATION & DISSEMINATION	140	35	135		110		157		185		707	35
EVALUATION			25								25	
SECONDARY COUNTRIES:												
KENYA		260		240								500
ZAIRE		80		80		90		50				300
PERU		260		200								460
OVERHEAD	160	185	135	155	135	150	125	140	120	130	675	760
TOTAL	1000	1150	925	1000	900	1000	852	950	850	950	4527	5050

* KENYA & PERU WERE CLASSIFIED AS PRIMARY COUNTRIES PER AMENDMENT NO. 3
** ZAIRE WAS CLASSIFIED AS A PRIMARY COUNTRY PER AMENDMENT NO. 5

APPENDIX

1) Partnership Grant Logical Framework

2) Implementation Schedule 1990-1991

3) Country Data Sheets

4) Research and Development (R&D) Publication's List

5) Field Manual on TechnoServe Cost-Effectiveness Methodology

6) TechnoServe/Ghana: Cost Effectiveness Analysis of the Prestea Cooperative Oil Palm Society

7) An Institutional Evaluation of TechnoServe Inc. (C.Stark Biddle & Dr. Kevin Dwyer, July 1988)

1) LOGICAL FRAMEWORK

TECHNOSERVE LOGICAL FRAMEWORK
Partnership Grant 1986-1991

A-1 GOAL STATEMENT

(a) To improve the economic & social well-being of low-income people in the developing countries through a process of enterprise development.
(b) To achieve a self-sustaining process of enterprise development which creates more jobs, produces more food and helps people meet their basic needs and contribute to community growth and national prosperity.

A-2 MEASUREMENT OF GOAL ACHIEVEMENT

The impact of Technoserve assistance may be measured in terms of increased personal income, increased farm productivity, employment generation; changes in local & regional infrastructure; revitalized regional development changes in government policies affecting small farm production.

A-3 MEANS OF VERIFICATION

- Threshold Evaluation 1989-90
- Case Studies & Impact evaluation exercises
- Project Termination Reports
- Post Program Evaluation
- Small Enterprise Evaluation Project

A-4 BASIC ASSUMPTIONS FOR ACHIEVING GOAL

The self-help process of enterprise development is one of the most effective mean of promoting social and economic growth with the greatest benefit to the greatest number.

B-1 PURPOSE

- To stimulate and strengthen rural community enterprises and local & national development institutions which support self-help enterprise development.
- To provide increased support in the agricultural sector to enterprises focused on food production marketing & processing and in sectors which impact on national development policy.
- To enhance capabilities of Technoserve programs in order to achieve greater impact in the rural sector in terms of production & institutional development.
- To extend these services to new countries through establishment of new resident programs.
- To achieve wider impact through sharing of Technoserve knowledge & processes and replicate projects & programs where possible.

B-2 END OF PROJECT STATUS

- Enhanced & improved core country programs in good functional relationships with host country governments.
- Well established working & service relationships with development agencies & institutions.
- Increased numbers of major community-based rural enterprises assisted.
- Stabilized, major community-based enterprises working on a self-sustained basis.
- New countries in operation.
- Projects and country programs being replicated.

B-3 MEANS OF VERIFICATION

- Monthly & quarterly project monitoring reports
- Semi-annual country program reports
- Project "participation" evaluations
- Divisional field reports, including evaluational officers, R&D staff

B-4 ASSUMPTIONS FOR ACHIEVING PURPOSE

- Government and local development groups provide necessary support and referrals and recommendations.
- Availability of necessary equity and del capital.
- Prioritization by AID and bilateral development institutions.

C-1 OUTPUTS

New countries investigated.
New country programs established.
Increased services to rural enterprises and increased numbers of enterprises assisted.
Changes in national development policies.
Staff training and evaluation seminars.
Replication of programs and projects.
Publication of major position papers.
Impact case studies.
Convening of development seminars & training sessions for development students & professionals.

C-2 MAGNITUDE OF OUTPUTS

- 250 projects investigated annually.
- 200 projects receiving assistance each year by 1991
- 500 enterprises assisted by 1991.
- 3 - 4 new country programs by 1989.
- 3 - 6 staff seminars (training, evaluation) per year.
- 1 - 2 major development seminars (R&D) each year.
- 1 - 3 country replications; & 5 project replications by end of 1990.
- Major development articles & position papers.

C-3 MEANS OF VERIFICATION

- Project feasibility analyses
- Management & Executive Committee Memoranda
- Project agreement documents
- Monthly & quarterly project monitoring reports
- Staff training seminars documentation & reports
- Replication agreements & studies
- Seminar documentation & reports
- New country investigation studies & plans & government agreements.

C-4 ASSUMPTIONS FOR ACHIEVING OUTPUTS

- Retention of effective Technoserve professional staff
- Sponsor groups (community enterprises) sustain cooperation with Technoserve to accomplish objectives
- Sponsor groups (enterprises) have continued freedom of operation
- Political stability of host country
- Absence of natural disasters
- Public and private institutions continu to have freedom of operation and sustai cooperation.

D-1 INPUTS

Increased professional staff
Refined & completed participatory project methodology.
Improved evaluation systems.
Increased private funding base.
Capital leveraging capability.

D-2 IMPLEMENTATION TARGETS

- Budget projections (intermediate level)
  - CY 86 $6,150,000
  - CY 87 $6,705,000
  - CY 88 $7,200,000
  - CY 89 $8,400,000
  - CY 90 $10,000,000
- Staff total: 225 by CY 1990.
- Methodology manuals published.
- Replication manuals published.

D-3 MEANS OF VERIFICATION

- Technoserve financial records
- Annual audit
- Personnel records
- Technoserve publications list

D-4 ASSUMPTIONS FOR PROVIDING INPUTS

- Availability of support from AID and other development institutions
- Continued support of private donors
- Availability of financial support from host country governments & development institutions
- Availability of motivated & qualified staff.

2) IMPLEMENTTION SCHEDULE 1990-1991

TECHNOSERVE PARTNERSHIP GRANT NO. PDC-0200-A-00-0205-00.
ACTIVITIES SCHEDULE 1990-199'

PROGRAM COMPONENT	AS SCHEDULED PER PROPOSAL		UPDATED SCHEDULE	
	Year 4	Year 5	1/1/90 TO 6/30/90 (Year 4)	7/1/90 TO 6/30/91 (Year 5)
Agricultural Production Policy Development	Regional policy strategy conferences on policy development. Expand OPG relationships. Strengthen linkage component in commodity sector project activity Provide services to 125-150 enterprises	Hold Senior Staff Policy Development Conference Provice services to 150-200 enterprises Complete staff building	Aggregate "beacons of success" projects in primary country programs, i.e Kenya, Ghana, Zaire, Costa Rica, Panama and to promote program autonomy and release local initiatives, and to promote policy leveraging at the national level. Provide services to 85 major enterprises Provide services to 125 enterprises, including BASIX. Strengthen commodity sector focus in Africa & Latin America: (e.g. oil seeds, milk processing, basic grains, non-tradional crops) Establish and develop local counterpart entities in several primary countries over balance of Partnership Grant period.	Aggregate "beacons of success" projects in primary country programs, i.e Kenya, Ghana, Zaire, Costa Rica, Panama and Peru, to promote program autonomy and release local initiatives, and to promote policy leveraging at the national level. Provide services to 85-90 major enterprises. Provide services to 125-150 enterprises incl. short-term,BASIX, activities Strengthen commodity sector focus and leveraging capabilities. Consolidate TechnoServe staff level world-wide at 200 persons
Institutions	Provide services to 5 major institutions Phase BASIX programs into langtern project relationships Broaden, strengthen langtern service programs in support of local development institutions	Provide services to 5-6 major institutions Sustain langtern service component to local and national level institutions Continue short-term service component (BASIX) on reduced basis	Provide services to 15 major institutions. Broaden & strengthen services to local institutions and develop institutional partnerships as a variation of replication activity. Scaling down of BASIX activities as scheduled.	Provide services to 15-20 major institutions Scaling-down of BASIX activities, as scheduled. Expansion of replication effort through formation of institutional partnerships as in Tanzania, Mexico, Costa Rica. Strengthen agricultural service programs and technical assistance capabilities of select institutions
New Countries	Strengthen three new country programs. (2 Africa and 1 Latin America). Commence 4th New Country Program	3-4 New Country programs up and running Strengthen agricultural and Institutional Components	Commence formal programs in two countries: Tanzania and Guatemala. Undertake indepth investigations in Nigeria, Madagascar	Start up program activities in third, and possibly, in fourth, country. Alternatively, establish new country activities through using institutional replication models as in Belize, Mexico Guatemala and Tanzania
Replication & Dissemination Policy Analysis Staff Training Program Evaluation	Produce 4 major studies incl case histories Work on 2nd Country Replication Work on 2nd country replication. Evaluate Belize replication Conduct two replication seminars Hold 4 staff seminars on evaluation processes. Publish divisional evaluation studies Participate in threshhold evaluation	Continue TechnoServe participation in seminars & conferences. Continue research and documentation on TechnoServe' work through work on new FINDINGS papers Commence integration of country programs into all phases of R&PA document production Commence work on major cost-benefit study comparing non-profit systems. Assist country & project replication efforts Externally conducted threshhold evaluation.	Participate in development seminars & conferences. Continue FINDINGS series. Publish short position papers and articles on development problems and policy issues Commence integration of field programs into all phases of R&PA document production. Commence series of teaching case studies Publish divisional evaluation documents. Assist country & project replication efforts. Continue internal review of 1987 external evaluation	Complete case study series and place in circulation. Publish comparative cost-benefit volume. Publish major agrarian reform study. Publish FINDINGS papers and sector studies Take on wider, leadership role in international seminars & conferences Produce and publish field-designed traning manuals for external use. Convene International Senior Staff Conference. Assist in documentation of replication packages. Conduct self-evaluation per Partnership Grant Agreement

66

3) COUNTRY DATA SHEETS

ON AID SUPPORTED PVO PROJECTS

FOR OFFICIAL USE ONLY

COPY

PVO Type	Project Number	
Appropriation	Level	
Country Code	Fund Type	Technical Code
Project Officer	Key 1	Key 2

PROJECT INFORMATION (PRIMARY)

Name of Organization: TECHNOSERVE, INC.		Grant/Contract Number: PDC-0280-A-00-6205-00
Start Date (MM/DD/YY): 7/1/86	End Date (MM/DD/YY): 6/30/91	AID Project Officer's Name: Karen Anderson

AID OBLIGATION BY AID-FY ($000)

FY	AMOUNT	FY	AMOUNT
LOP			

Activity Description

To assist Technoserve in its goal of sponsoring BEST (Belize Enterprise for Sustained Technology) as a local entity which replicates Technoserve's approach to enterprise development. BEST is provided with support and training in Technoserve's project assistance methodology.

Status

BELIZE

Status

In 1990, TechnoServe concluded its assistance relationship with BEST--Belize Enterprise for Sustainable Development, a counterpart organization it helped establish and develop. Now, functioning on its own with USAID and other private funding, BEST was TechnoServe's first country "replication" experiment.

COUNTRY INFORMATION (SECONDARY)

Country: BELIZE	Location in Country (Region, District, Village): BELMOPAN
PVO Representative's Name: Barbara Magner, Headquarters, Norwalk, CT	Local Counterpart/Host Country Agency: BEST (see above)

COUNTRY FUNDING INFORMATION ($000)

YEAR	1986	1987	1988	1989	1990/91
AID $	24	55	75	23	9
PVO $	1	1			
INKIND					
LOCAL					
TOTAL	25	56	75	23	9

AID 1550-11 (11-85)

ON AID SUPPORTED PVO PROJECTS.

FOR OFFICIAL USE ONLY

PVO Type	Project Number	
Appropriation	Level	
Country Code	Fund Type	Technical Code
Project Officer	Key 1	Key 2

PROJECT INFORMATION (PRIMARY)

Name of Organization: TECHNOSERVE, INC.		Grant/Contract Number: PDC-0280-A-00-5205-00
Start Date (MM/DD/YY): 7/1/86	End Date (MM/DD/YY): 6/30/91	AID Project Officer's Name: Karen Anderson

AID OBLIGATION BY AID-FY ($000)

FY	AMOUNT	FY	AMOUNT
LOP			

Activity Description

To enable Technoserve to strengthen the capability of its program to provide direct assistance to agricultural, community-based enterprises and thereby stimulate production. Emphasis will be given to bringing women into the process. Efforts will be made to affect policy reform through host-country decision makers. Business advisory services will be provided to related for-profit and service institutions that benefit low income people.

Status

COSTA RICA

Status

As of 4/30/91, TechnoServe Costa Rica had effectively transferred most of its program activities (and most of its staff) to a counterpart agency: ACAIPADE--Association for Integral Assistance for Development. During the balance of 1991, TechnoServe retains a professional staff of two persons to continue training assistance to this organization.

COUNTRY INFORMATION (SECONDARY)

Country: COSTA RICA	Location in Country (Region, District, Village): SAN JOSE
PVO Representative's Name: Barbara Magner, Headquarters, Norwalk, CT	Local Counterpart/Host Country Agency: None

COUNTRY FUNDING INFORMATION ($000)

YEAR	1986	1987	1988	1989	1990-91
AID $	100	171	141	174	111
PVO $	44	123	232	187	250
INKIND					
LOCAL	47	63	29	15	9
TOTAL	191	357	402	376	370

AID 1550-11 (11-85)

ON AID SUPPORTED PVO PROJECTS

FOR OFFICIAL USE ONLY

PVO Type	Project Number	
Appropriation	Level	
Country Code	Fund Type	Technical Code
Project Officer	Key 1	Key 2

PROJECT INFORMATION (PRIMARY)

Name of Organization: TECHNOSERVE, INC.		Grant/Contract Number: 519-0312-A-00-6376-00
Start Date (MM/DD/YY): 5/28/86	End Date (MM/DD/YY): 5/31/90	AID Project Officer's Name: Jeffrey Allen

AID OBLIGATION BY AID-FY ($000)

FY	AMOUNT	FY	AMOUNT
LOP			

Activity Description

To assist cooperative enterprises, providing them with technical assistance and training to improve their management, production and marketing skills and increase profitability; and to provide institution building support to the Federation of Salvadoran Cooperatives of the Agrarian Reform (FESACORA) to improve its operational efficiency.

Status

EL SALVADOR

Status

Program is on-going with USAID support. In 1991, TechnoServe/El Salvador has a staff of 41 and a program portfolio which emphasizes assistance to 30 agrarian reform cooperatives, institutional assistance to FESACORA, and the Ministry of Agriculture, and cooperation (through sub-contract) with NCBI.

COUNTRY INFORMATION (SECONDARY)

Country: EL SALVADOR	Location in Country (Region, District, Village): SAN SALVADOR
PVO Representative's Name: Francisco Lino Osegueda	Local Counterpart/Host Country Agency: FESACORA

COUNTRY FUNDING INFORMATION ($000)

YEAR	1986	1987	1988	1989	1990
AID $	554	1403	1154	1341	1047
PVO $	8	39	106	300	349
INKIND					
LOCAL	70	155	90	66	133
TOTAL	632	1597	1350	1707	1529

AID 1550-11 (11-85)

ON AID SUPPORTED PVO PROJECTS

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PVO Type	Project Number	
Appropriation	Level	
Country Code	Fund Type	Technical Code
Project Officer	Key 1	Key 2

PROJECT INFORMATION (PRIMARY)

Name of Organization: TECHNOSERVE, INC.		Grant/Contract Number: PDC-0280-A-00-6205-00
Start Date (MM/DD/YY): 7/1/86	End Date (MM/DD/YY): 6/30/91	AID Project Officer's Name: Karen Anderson

AID OBLIGATION BY AID-FY ($000)

FY	AMOUNT	FY	AMOUNT
LOP			

Activity Description

To enable Technoserve to strengthen the capability of its program to provide direct assistance to agricultural, community-based enterprises and thereby stimulate regional economies. Emphasis will be given to bringing women into the process. Efforts will be made to influence policy by improving host-country decision making process. Business advisory services will be provided to related private and non-government institutions with the aim to make more effective delivery of technical assistance services to low income groups.

Status

PANAMA

Status

In 1991, TechnoServe/Panama has a staff of 8 persons and is assisting rural enterprises in Veraguas, Chiriqui and also the Canal Zone. Enterprise activities include vegetable, fruit and coffee production, fishing, and agro-forestry with a special focus on water resource management around Lake Alajuela (Canal Zone). Groups include farmer cooperatives and cooperative associations, and also farmer settlements (Veraguas). TechnoServe is working closely with the Government in its FES--Social Emergency Fund.

COUNTRY INFORMATION (SECONDARY)

Country: PANAMA	Location in Country (Region, District, Village): PANAMA CITY
PVO Representative's Name: Barbara Magner, Headquarters — Norwalk, CT	Local Counterpart/Host Country Agency: Agricultural Development Bank

COUNTRY FUNDING INFORMATION ($000)

YEAR	1986	1987	1988	1989	1990-91
AID $	157	318	295	76	20
PVO $	59	156	185	270	424
INKIND					
LOCAL		33	33	4	21
TOTAL	216	507	513	350	465

AID 1330-41 (11-85)

ON AID SUPPORTED PVO PROJECTS

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PVO Type	Project Number	
Appropriation	Level	
Country Code	Fund Type	Technical Code
Project Officer	Key 1	Key 2

PROJECT INFORMATION (PRIMARY)

Name of Organization: TECHNOSERVE, INC.		Grant/Contract Number: PDC-0280-A-00-6205-00
Start Date (MM/DD/YY): 7/1/86	End Date (MM/DD/YY): 6/30/91	AID Project Officer's Name: Karen Anderson

AID OBLIGATION BY AID-FY ($000)

FY	AMOUNT	FY	AMOUNT
LOP			

Activity Description

To enable Technoserve to strengthen the capability of its program to provide direct assistance to agricultural, community-based enterprises and thereby stimulate regional economies. Emphasis will be given to bringing women into the process. Efforts will be made to influence policy by improving host-country decision making process. Business advisory services will be provided to related private and non-government institutions with the aim to make more effective delivery of technical assistance services to low income groups.

Status

PERU

Status

TechnoServe/Peru currently has a staff of 13 employees. Program focus is primarily in coastal river valleys (Santa, Huaral and Canete) working with post-agrarian reform cooperatives producing basic grains, cotton and non-traditional vegetable crops. Government of Peru has recognized TechnoServe work in these valleys as a model for replication in remaining 18 coastal valleys. TechnoServe/Peru works closely with Ministry of Agriculture, National Development Institute, and Agrarian Bank.

COUNTRY INFORMATION (SECONDARY)

Country: PERU	Location in Country (Region, District, Village): LIMA
PVO Representative's Name: Barbara Magner, Norwalk, CT Headquarters	Local Counterpart/Host Country Agency: None

COUNTRY FUNDING INFORMATION ($000)

YEAR	1984	1985	1986	1987	1988	1989	1990-91
AID $	65	286	199	200	124	160	137
PVO $		128	262	197	330	301	689
INKIND							
LOCAL		3	9	10	6	63	46
TOTAL	65	417	470	407	460	524	872

AID 1550-11 (11-85)

ON AID SUPPORTED PVO PROJECTS

FOR OFFICIAL USE ONLY

PVO Type	Project Number	
Appropriation	Level	
Country Code	Fund Type	Technical Code
Project Officer	Key 1	Key 2

PROJECT INFORMATION (PRIMARY)

Name of Organization: TECHNOSERVE, INC.		Grant/Contract Number: PDC-0280-A-00-6205-00
Start Date (MM/DD/YY): 7/1/86	End Date (MM/DD/YY): 6/30/91	AID Project Officer's Name: Karen Anderson

AID OBLIGATION BY AID-FY ($000)

FY	AMOUNT	FY	AMOUNT
LOP			

Activity Description

To strengthen the capability of Technoserve's program to provide direct assistance to agricultural, community-based enterprises and thereby stimulate the development of agricultural commodity sectors. Emphasis will be given to bringing women into the process. Effort will be made to affect policy reform by systematically dialoguing with host-country decision-makers. Business advisory services will be provided to related for-profit and service institutions.

Status

GHANA

Status

TechnoServe/Ghana currently has a staff of 24. Its program emphasizes sector focus, i.e. community-owned and operated palm oil processing centers, farm service cooperatives, with focus on basic grains production, storage and marketing. TechnoServe is working in partnership with Sasakawa/Global 2000, World Bank, and GoG Department of Cooperatives.

COUNTRY INFORMATION (SECONDARY)

Country: GHANA	Location in Country (Region, District, Village): ACCRA
PVO Representative's Name: Barbara Magner Headquarters. Norwalk, CT	Local Counterpart/Host Country Agency: None

COUNTRY FUNDING INFORMATION ($000)

YEAR	1986	1987	1988	1989	1990-91
AID $					
PVO $	175	108	191	231	126
INKIND	27	297	226	208	531
LOCAL					
TOTAL	202	405	417	439	657

AID 1550-11 (11-85)

ON AID SUPPORTED PVO PROJECTS

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PVO Type	Project Number	
Appropriation	Level	
Country Code	Fund Type	Technical Code
Project Officer	Key 1	Key 2

PROJECT INFORMATION (PRIMARY)

Name of Organization: TECHNOSERVE, INC.		Grant/Contract Number: PDC-0280-A-00-6205-00
Start Date (MM/DD/YY): 10/1/88	End Date (MM/DD/YY): 9/30/90	AID Project Officer's Name: Karen Anderson

AID OBLIGATION BY AID-FY ($000)

FY	AMOUNT	FY	AMOUNT
LOP			

Activity Description

Technoserve's global 5-year Partnership Grant with AID provided for a "buy-in" mechanism. Through this mechanism, Technoserve has been able to contract with USAID Missions for project funding on a case by case basis. A buy-in with USAID/Kenya for the period of 10/1/88-9/30/89 provides funding for mala milk projects.

Status

KENYA

Status

TechnoServe/Kenya currently has a staff of 9 and a program which is concentrated on three sectors: mala milk enterprise replication, community water utilities, and community vegetable production and marketing enterprises. A USAID Mission contribution to the Partnership Grant--to help develop the mala milk enterprise model--concluded in 1989.

COUNTRY INFORMATION (SECONDARY)

Country: KENYA	Location in Country (Region, District, Village): NAIROBI
PVO Representative's Name: Barbara Magner, Norwalk, CT - Headquarters	Local Counterpart/Host Country Agency

COUNTRY FUNDING INFORMATION ($000)

YEAR			1988	1989	1990-91
AID $			130	96	226
PVO $			309	324	402
INKIND					
LOCAL					
TOTAL			439	420	628

AID 1550-11 (11-85)

ON AID SUPPORTED PVO PROJECTS

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PVO Type	Project Number	
Appropriation	Level	
Country Code	Fund Type	Technical Code
Project Officer	Key 1	Key 2

PROJECT INFORMATION (PRIMARY)

Name of Organization: TECHNOSERVE, INC.		Grant/Contract Number: 696-0121-A-00-4011-00
Start Date (MM/DD/YY): 9/1/84	End Date (MM/DD/YY): 6/30/90	AID Project Officer's Name: Mike Fuchs-Carsh

AID OBLIGATION BY AID-FY (000)

FY	AMOUNT	FY	AMOUNT
LOP			

Activity Description

The Rwanda Private Enterprise Development Project has been initiated to promote the Rwandan private sector, especially agri-business initiatives, through technical assistance to enterprises and by contributing to an improved institutional and policy environment. Specifically to:

1) Establish a business advisory and management assistance program to provide assistance to businesses and institutions supporting private enterprise;
2) Improve business and management skills through short-term, in-country training programs a seminars; on-the-job training; and long-term training of local accountants.
3) Undertake field investigations to guide project implementation and to support policy dialogue with the Government of Rwanda (GOR) on major issues affecting private enterprise in Rwanda.

Status

RWANDA

Status

TechnoServe's cooperative agreement with USAID was continued through September 1991. TechnoServe/Rwanda has a staff of 14. A Rwanda national has been named Country Program Director and TechnoServe will continue to operate a service program in Rwanda in FY1992 through Matching Grant and private funding.

COUNTRY INFORMATION (SECONDARY)

Country: RWANDA	Location in Country (Region, District, Village): KIGALI
PVO Representative's Name: Greg Kruse, Country Director	Local Counterpart/Host Country Agency:

COUNTRY FUNDING INFORMATION (000)

YEAR	1984	1985	1986	1987	1988	1989	1990
AID $	30	472	714	1010	1040	848	711
PVO $					10	6	
INKIND							
LOCAL							
TOTAL	30	472	714	1010	1050	854	711

AID 1550-41 (11-85)

ON AID SUPPORTED PVO PROJECTS

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PVO Type	Project Number	
Appropriation	Level	
Country Code	Fund Type	Technical Code
Project Officer	Key 1	Key 2

PROJECT INFORMATION (PRIMARY)

Name of Organization: TECHNOSERVE, INC.		Grant/Contract Number: PDC-0280-A-00-6205-00
Start Date (MM/DD/YY): 10/ 1/88	End Date (MM/DD/YY): 9/30/89	AID Project Officer's Name: Karen Anderson

AID OBLIGATION BY AID-FY ($000)

FY	AMOUNT	FY	AMOUNT
LOP			

Activity Description

Technoserve's global 5-year Partnership grant with AID provided for a "buy-in" mechanism. Through this mechanism, Technoserve has been able to contract with USAID Missions for project funding on a case by case basis. A buy-in with USAID/Zaire for the funding period of 10/1/88-9/30/89 was secured in late 1988 to provide funding for Technoserve's ongoing activities.

Status

ZAIRE

Status

Due to the continued deterioration of the economic and political environment in Zaire, TechnoServe closed its country program in March 1991. The decision was based on the conclusion that an effective enterprise development program could no longer be sustained either in terms of operation or in terms of donor support.

COUNTRY INFORMATION (SECONDARY)

Country: ZAIRE	Location in Country (Region, District, Village): KINSHASA
PVO Representative's Name: Ebaka Ebongo	Local Counterpart/Host Country Agency

COUNTRY FUNDING INFORMATION ($000)

YEAR	1986	1987	1988	1989	1990-91
AID $	345	397	457	480	139
PVO $	173	236	272	143	280
INKIND					
LOCAL					
TOTAL	518	633	729	623	419

AID 1550-11 (11-85)

ON AID SUPPORTED PVO PROJECTS

FOR OFFICIAL USE ONLY

PVO Type	Project Number	
Appropriation	Level	
Country Code	Fund Type	Technical Code
Project Officer	Key 1	Key 2

PROJECT INFORMATION (PRIMARY)

Name of Organization: TECHNOSERVE, INC.		Grant/Contract Number: 650-0054-A-00-6011-00
Start Date (MM/DD/YY): 2/15/86	End Date (MM/DD/YY): 12/30/90	AID Project Officer's Name: Micky Feldt

AID OBLIGATION BY AID-FY ($000)

FY	AMOUNT	FY	AMOUNT
LOP			

Activity Description

To enable Technoserve, in collaboration with the Agricultural Bank of Sudan (ABS), to implement the agricultural credit component of the Kordofan Region (KORAG) Rainfed Agricultural Project in Western Sudan. Technoserve will provide 2 expatriate advisors to the ABS to improve and upgrade the Bank's system for the delivery of agricultural credit to cooperatives and farmer's associations in the Kordofan Province of Western Sudan. USAID/SUDAN believes that the support of Rainfed Agricultural Production in this area of Sudan provides the greatest potential for improving food production in Sudan.

Status

SUDAN

Status

Initiated under a cooperative agreement in 1986, the Sudan program was completed in December 1990.

COUNTRY INFORMATION (SECONDARY)

Country: SUDAN	Location in Country (Region, District, Village): EL OBEID
PVO Representative's Name: Ron Gillespie	Local Counterpart/Host Country Agency: Agricultural Bank of Sudan

COUNTRY FUNDING INFORMATION ($000)

YEAR	1986	1987	1988	1989	1990
AID $	98	437	431	474	620
PVO $			47	113	113
INKIND					
LOCAL					
TOTAL	98	437	478	587	733

AID 1550-11 (11-85)

ON AID SUPPORTED PVO PROJECTS

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PVO Type	Project Number	
Appropriation	Level	
Country Code	Fund Type	Technical Code
Project Officer	Key 1	Key 2

PROJECT INFORMATION (PRIMARY)

Name of Organization: TECHNOSERVE, INC.		Grant/Contract Number: PDC-0280-A-00-6205-00
Start Date (MM/DD/YY): 7/1/86	End Date (MM/DD/YY): 6/30/91	AID Project Officer's Name: Karen Anderson

AID OBLIGATION BY AID-FY ($000)

FY	AMOUNT	FY	AMOUNT
LOP			

Activity Description

To enable Technoserve to expand its operations into 3-4 new countries, with most of this expansion taking place in sub-Saharan Africa.

Status

NEW COUNTRIES

Status

During the past five years, TechnoServe has employed Partnership Grant funds to explore new country program activities in Bolivia, Guatemala, Uganda, Tanzania, Honduras and Nigeria. In 1991 limited funds have been used to formally initiate programs in Nigeria, Guatemala, and Tanzania and an expatriate country director is now in residence in each of these three countries. Current activities are current concerned with program foundation and start-up, with the usual TechnoServe emphasis on food production and processing. Women's enterprises are receiving special attention.

COUNTRY INFORMATION (SECONDARY)

Country: New Country Start-Ups in Africa and Latin America.	Location in Country (Region, District, Village): N/A
PVO Representative's Name: Barbara Magner Headquarters Norwalk, CT	Local Counterpart/Host Country Agency: N/A

COUNTRY FUNDING INFORMATION ($000)

YEAR	1986	1987	1988	1989	1990-91
AID $	27	88	124	21	142
PVO $	25		5	107	563
INKIND					
LOCAL					
TOTAL	52	88	129	128	705

ID 1550-11 (11-85)

4) R&D PUBLICATION LIST

TECHNOSERVE
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So. Norwalk, Connecticut 06854
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DOCUMENT ORDER FORM

FINDINGS

Demystifying "Policy Dialogue" How PVOs Can Have an Impact on Host Country Policies (Dichter, 1986)	4.00	_____
Development Management: Plain or Fancy? Sorting Out Some Muddles (Dichter, 1987) (Also available in Spanish)	4.00	_____
Enterprise Development in Africa and Latin America The Technoserve Experience (R&PA, 1989)	Free	_____
Food Crops Versus Cash Crops: A Spurious Controversy? (Zesch, 1987)	4.00	_____
Measuring our Impact: Determining Cost-Effectiveness of NGO Development Projects (Bowman, Baanante, Dichter, Londner, Reiling, 1989) (Also available in Spanish)	4.00	_____
Neglected Middle Scale: Implications of Size (Dichter, 1986) (Also available in Spanish)	4.00	_____
NGOs and the Replication Trap (Dichter, 1989) (Also available in Spanish)	4.00	_____
Primer of Successful Enterprise Development-II Practices (Dichter, 1986)	4.00	_____
Thinking Economically: Applying Two Classical Concepts to Grassroots Enterprise Development (Dichter, Zesch 1987) (Also available in Spanish)	4.00	_____
Who Runs the Show? Staffing Patterns Overseas (Dichter, 1986)	4.00	_____

FIELD STUDIES

Sudan Reports: TechnoServe Institutional Support Project - The Agricultural Bank of Sudan (Munro, 1989-90) Banking on Kordufan Poverty and Planning Profiting from Development Seeds of Success (Set of 4)	5.00	_____

SECTOR STUDIES

Kenya--Commercial Ranching in Arid and Semi-Arid Areas (Dichter, Lancaster, Wiitala, Zesch, 1987)	6.00	_____
Palm Oil Sector (Africa Division, 1986)	6.00	_____
Savings and Credit Societies in Kenya (Dichter, Zesch, 1988)	6.00	_____

CASE HISTORIES

AHK Ltd. Commercial Rabbitry, Ghana: Starting a High Risk Enterprise in a Troubled Economy (Dichter, 1986)	6.00	_____
Business Advisory Services to Small Enterprises and Local NGOs in Africa: Pluses and Minuses (Dichter, 1986)	6.00	_____
Juan XXIII Cooperative, Panama: Development Assistance to a Large Enterprise (Lancaster, 1986)	6.00	_____
Plan de Amayo Farm: An Agrarian Reform Cooperative in El Salvador (Lancaster, 1986)	6.00	_____
Cooperativa La Esperanza De Los Campesinos (Spanish only) Small Farmers' Enterprise Development Experiences in Panama (Lataste, 1988)	6.00	_____

TECHNOSERVE TRAINING AND MANAGEMENT GUIDES

Technoserve Bookkeeping Manual (Africa Division, 1989)	11.00	_____

RE-PRINTS/OTHER PAPERS

The Enterprise Concept: A Comment on Innovations in Participatory Approaches to Development (re-print from Assessing Participatory Development, Dichter, 1988)	2.00	_____
Changing World of Northern NGOs Problems, Paradoxes, and Possibilities (re-print from Strengthening the Poor: What Have We Learned?, ODC, Dichter, 1988)	4.00	_____
Commodity Sector Approach to Small Enterprise Development (re-print from VITA Newsletter, Dichter, 1988)	Free	_____
Forms of Business Organization and Rural Enterprise Development: Anglophone Africa (Zesch, 1987)	10.00	_____
Summary/Analysis of Technoserve Policy Role in Semi-Arid Land Livestock Production/Commercial Ranching (Dichter, 1987)	4.00	_____
Toward Partnership in Africa: Leadership • Development Education • Field Programs, An in-depth review by African and U.S. non-profit development agancy staff. (Edited by Phyllis and Jerry Ingersoll, 1990)	5.00	_____

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OCCASIONAL PAPERS IN ENTERPRISE DEVELOPMENT:

ENTERPRISE DEVELOPMENT IN AFRICA AND LATIN AMERICA: THE TECHNOSERVE EXPERIENCE

SERIES: Occasional Papers in Enterprise Development
AUTHOR: Replication and Policy Analysis
DATE: 1989
PAGES: 22
LANGUAGES: English
PRICE: Free

The Technoserve Experience is a general introduction to Technoserve's small enterprise methodologies and its development philosophy. Topics discussed include where Technoserve fits in the world of international development assistance, how we develop our projects, how we try to ensure beneficiary participation, and how we extend benefits through a sector strategy. The Technoserve Experience also describes how we manage our funds and determine the cost-effectiveness of our work, and includes a short glossary of development terms.

FINDINGS:

DEMYSTIFYING "POLICY DIALOGUE:" HOW PRIVATE VOLUNTARY ORGANIZATIONS CAN HAVE AN IMPACT ON HOST COUNTRY POLICIES

SERIES: Findings '86
AUTHOR: Thomas W. Dichter
DATE: 1986
PAGES: 9
LANGUAGES: English, Spanish
PRICE: $4.00

Large numbers of aid agencies believe that finding ways to alter host country policies is crucial to effective development work in the Third World. PVOs, with their wealth of field experience, are in a perfect position to influence government ministries with hard facts. Despite this wealth of experience,

PVOs hesitate to get involved in policy dialogue because they fear it will corrupt or taint their organizations. Technoserve believes that PVOs must abandon their anti-bureaucracy and anti-government biases if they ever hope to have lasting impact on development policy. By using its knowledge of the field, Technoserve successfully lobbied for changes in host government import rules which adversely affected rural cooperatives, thus ensuring a healthier small enterprise environment. To effect change, PVOs should emphasize their long-term commitment to the country and focus on a few development sectors which they know well. Once a commitment is made, PVOs must actively avail their experience and knowledge to government ministries.

DEVELOPMENT MANAGEMENT: PLAIN OR FANCY? SORTING OUT SOME MUDDLES

SERIES: Findings '87
AUTHOR: Thomas W. Dichter
DATE: 1987
PAGES: 18
LANGUAGES: English
PRICE: $4.00

There is widespread concern about how NGOs manage both themselves and their projects. NGOs often have "management developers" and "management trainers," but they are sometimes in the business of preaching what they do not practice, or worse, preaching what cannot be effectively practiced. The manner in which development management is practiced is increasingly ideological. On one side is the blueprint model of specific methods, and on the other, the learning process model emphasizing people. Yet what is most important is what works. People oriented management is good, but basic organizational and management skills (accounting, administration, bookkeeping, and record keeping) must be in place first. Organizations need certain rational skills and procedures, that is professionalism, before they can behave, and be taken, seriously.

FOOD CROPS VERSUS CASH CROPS: A SPURIOUS CONTROVERSY?

SERIES: FINDINGS '87
AUTHOR: Scott Zesch
DATE: 1987
PAGES: 14
LANGUAGES: English
PRICE: $4.00

Given the tremendous diversity among the developing regions of the world, the simplistic "food crops versus cash crops" dichotomy does not accurately describe the problems faced by the Third World. One cannot assume that either increased food production or a reduction in cash crop cultivation would alleviate hunger and rural poverty. Instead, the more pressing issue is household income level. Regardless of which commodities they produce, smallholders can raise their incomes most significantly by participating in local producer organizations which integrate their activities into the mainstream economy. However, to successfully gain control over their situation, they must learn to make decisions according to the particular constraints they face (such as prices, markets and transportation).

MEASURING OUR IMPACT: DETERMINING COST-EFFECTIVENESS OF NON-GOVERNMENTAL ORGANIZATION DEVELOPMENT PROJECTS

SERIES: FINDINGS '89
AUTHOR: Margaret Bowman, Jorge Baanante, Thomas Dichter, Steven Londner, Peter Reiling
DATE: 1989
PAGES: 22
LANGUAGES: English
PRICE: $4.00

A development organization must evaluate its work. Recently, Technoserve implemented a methodology by which NGOs can measure the effectiveness of their projects. The process recognizes the need to weigh many factors, dependent upon the specific goals of a project, to arrive at an overall cost-effectiveness analysis. Technoserve concentrates on non-financial assistance to enterprise owners [management training, increasing incomes and production, generating employment, redistributing income to the poor, increasing access of goods to isolated areas,among other things]. Therefore, any sound measure of a project's efficacy must represent not only financial, but non-quantifiable social, economic, and policy benefits as well. Only such a comprehensive analysis will provide a firm basis to determine the long-run value of a stated project. With this process, NGOs can evaluate the cost-effectiveness of individual projects or an entire country program so that they can better serve both the needs of their intended beneficiaries and their donors.

THE NEGLECTED MIDDLE SCALE: IMPLICATIONS OF SIZE

SERIES: Findings '86
AUTHOR: Thomas W. Dichter
DATE: 1986
PAGES: 14
LANGUAGES: English
PRICE: $4.00

Solutions to the problems of the small farmer do not, and often should not, have to be small. Appropriate Technology is a useful contribution to the development debate, but as a reaction to large-scale transfer of high technology from developed countries, it may go too far. Peasants and smallholders are rational utility-seeking beings who behave much like farmers in the developed world. Contesting that smallholders and peasants behave differently, inaccurately romanticizes the goals under which they live. Rather than concentrating on the inappropriate big-scale or the often condescending "Appropriate" small scale, farmers should be encouraged to follow a middle path. Small farmers should get a chance to up-grade and band together in larger units (such as cooperatives) so that they can break into and compete with the local, national, and eventually, the international, agro-industrial business and marketing system. To do otherwise perpetually condemns peasants and smallholders to peripheral economic roles.

NGOs AND THE REPLICATION TRAP

SERIES: Findings '89
AUTHOR: Thomas Dichter
DATE: 1989
PAGES:
LANGUAGES: English
PRICE: $4.00

Potential for replicability (transferring successful development projects and concepts to other countries, regions, or programs) often determines the ultimate success or failure of a project. NGOs often cannot replicate their successes because of a variety of managerial limitations, yet NGOs continue to search for methods to replicate their projects. In general, NGOs use two traditional types of replication, "accidental" replication which repeats a project's success by random imitation, and "strict construction" replication which mechanically repeats a project. Technoserve has created a third, non-traditional replication methodology that emphasizes individual development sectors, integrates efforts at both grassroots and policy-making levels, and attempts to concentrate on strategically integrating projects within a country or region. A key element in this strategy is a department of replication which can transfer methodologies and ways of thinking, not just project designs, to other NGOs.

A PRIMER OF SUCCESSFUL ENTERPRISE DEVELOPMENT-II ONE ORGANIZATION'S PRACTICE

SERIES: FINDINGS '86
AUTHOR: Thomas W. Dichter
DATE: 1986
PAGES: 18
LANGUAGES: English, Spanish
PRICE: $4.00

Primer II is a companion to Technoserve's statement of principles outlined in Primer I [Out of Print]. As such, it attempts to describe the specific processes in which Technoserve operates in the field. For Technoserve, social and community development skills are important, but successful enterprise development requires "nut and bolts" business skills (such as accounting and marketing) first. In addition to business skills, Technoserve believes that successful enterprise development includes full pre-assistance project evaluations, fees, and recipient participation. Technoserve uses these business skills within a framework of four "realizations": The Third World has significant human and material resources; people are self-interested; short-cuts to development do not work-out in the long-run; and the basics of business and management are universal.

THINKING ECONOMICALLY: APPLYING TWO CLASSICAL CONCEPTS TO GRASSROOTS ENTERPRISE DEVELOPMENT

SERIES: Findings '86
AUTHOR: Thomas W. Dichter, Scott Zesch
DATE: 1987
PAGES: 14
LANGUAGES: English
PRICE: $4.00

Even at the grassroots level, economic concepts such as comparative advantage and opportunity costs play a crucial role in determining enterprise viability. These concepts help business planners choose the best option given the constraints they face. Individual enterprises in the Third World, no matter how small and local, are increasingly part of a wider commercial network; therefore, their managers must acquire the habit of using the same kind of economic analysis used by business elsewhere so they can compete in the larger marketplace. Economic tools are applicable not just during the start-up of a business but, throughout the life of the enterprise. Through hands-on management training, PVOs can transfer the economic skills that small-scale entrepreneurs need in order to seek out new opportunities and respond to changing trends.

WHO RUNS THE SHOW? STAFFING PATTERNS OVERSEAS

SERIES: Findings '86
AUTHOR: Thomas Dichter
DATE: 1986
PAGES: 13
LANGUAGES: English
PRICE: $4.00

It may sound cliche, but one of the most important elements of an international assistance program is the make-up of its staff. Technoserve believes that ex-patriates are not as necessary to development programs as they once were. Indeed, Technoserve argues that hiring local nationals is key to its programs' successes. Local staff is often less expensive and more qualified than ex-patriate management. Further, the hiring and training of qualified nationals is one of the most important seeds of sustained development programs that Technoserve can help to plant. Yet, hiring overseas professional nationals is not simply a matter of placing advertisements and reading resumes. Technoserve attracts and maintains its staff with incentives such as a thrift plan and weighted salaries, as well as the employee's fit with Technoserve's overall philosophy.

COOPERATIVA LA ESPERANZA DE LOS CAMPESINOS: EXPERIENCIAS EN EL DESARROLLO EMPRESARIAL DE PEQUENOS AGRICULTORES

SERIES: Sector Studies
AUTHOR: Juan B. Lataste
DATE: 1988
PAGES: 29
LANGUAGES: Spanish only
PRICE: $6.00

Small Farmers' Enterprise Development Experiences in Panama. This case describes Technoserve's enterprise development work with Cooperative La Esperanza de los Campesinos (the "Hope of the Peasants Cooperative"), a multiservice cooperative in the Veraguaz province of Panama. It clearly illustrates how Technoserve used its methodological approach to help La Esperanza gain vitality and morale to become a profitable, successful enterprise once again. The case describes the principal events and activities undertaken during each phase of the development process, from preliminary investigations and needs assessment, to implementation, evaluation, and future plans. The study shows that a sustained assistance effort resulted in significant improvements in management and economic performance, including the doubling of revenues in five years, from $605,000 in 1983 to $1,412,000 in 1988.

CASE HISTORIES:

AHK LTD. COMMERCIAL RABBITRY, GHANA: STARTING A HIGH RISK ENTERPRISE IN A TROUBLED ECONOMY

SERIES: Case Studies
AUTHOR: Thomas Dichter
DATE: 1986
PAGES: 59
LANGUAGES: English
PRICE: $6.00

This series presents lessons learned in enterprise development. It looks at both successes and failures and much in between, which is where most development projects fall. AHK Ltd. has very clearly been on the darker side of this grey area. The case study is an attempt to interpret the ups and downs of AHK Ltd. by bringing out the interplay of elements, some of which are not often discussed in project studies: the interplay, in this case, of a development organization's desire to move forward with an increasingly clear-cut mission, and that organization's culture of caution and procedural rigor; the interplay of business goals and social goals; the interplay of grass roots constraints and macroeconomic constraints at the national level; the relationship of the ability to learn lessons and the way an organization is structured; the interplay of project orientation and program orientation. The case study attempts to consider different perspectives on the question of success and failure in the field of enterprise development. Finally, the study gives the reader an understanding of the details of the actual work of enterprise development as practiced by one organization.

BUSINESS ADVISORY SERVICES TO SMALL ENTERPRISES AND LOCAL NGOs IN AFRICA: PLUSES AND MINUSES

SERIES: Case Histories
AUTHOR: Thomas W. Dichter
DATE: 1986
PAGES: 59
LANGUAGES: English
PRICE: $6.00

Technoserve's Business Advisory Services (BAS) was begun in Ghana in 1979 to provide limited services to local NGOs assisting low-income people. These services include classic business principles (general management advice, accounting systems design, review of administrative structures, assistance in recruiting personnel, and advice on renumeration), services which would be associated only with the non-profit sector (assistance and advice in fundraising), and finally, assistance in locating specific needed technology and equipment. Technoserve prefers a long-term skills transfer approach to enterprise development assistance, but it believes that short-term BAS style advice can be extremely useful to many organizations if it is quickly and clearly administered. In addition, BAS advice often identifies new projects for Technoserve's traditional assistance methods. Technoserve believes that successful rural development requires great care, rigor, and full commitment. BAS has high demand for its services, but because it is a short commitment, it can dangerously lull an organization into believing that it is doing more than it really is.

JUAN XXIII COOPERATIVE, PANAMA: DEVELOPMENT ASSISTANCE TO A LARGE COMMUNITY-BASED ENTERPRISE

SERIES: Case Histories
AUTHOR: Chet Lancaster
DATE: 1986
PAGES: 65
LANGUAGES: English
PRICE: $6.00

This case study describes the cooperative and the problems it has had over the past 20 years; how Technoserve worked with the Cooperative to help it meet its goal of better serving its members. We say there are advantages to working with big projects and we do so. This is one of our biggest and it illustrates some of the advantages, disadvantages, and implications of relatively large size. This case study thus has a focus and a hypothesis: that size of enterprise makes a difference in some ways. But at the same time, this is a fairly rounded descriptive case study of a Technoserve project. It traces the history of the Cooperative, describes the situation as we found it, how it reached the problem stage, how we negotiated a series of working agreements, how we helped it, and where the Cooperative is now.

PLAN DE AMAYO FARM: AN AGRARIAN REFORM COOPERATIVE IN EL SALVADOR

SERIES: Case Histories
AUTHOR: Chet Lancaster
DATE: 1986
PAGES: 81
LANGUAGES: English, Spanish
PRICE: $6.00

This study will describe a fairly typical example of Technoserve's brand of integrated, long-term development assistance to a rural agricultural producer's cooperative. This report is also an example of the very important work we are doing in helping to make a success of the ambitious, long-awaited, and much maligned Agrarian Reform currently underway in El Salvador. This study is meant to stand on its own as a frank, well-rounded description of a particular country program development strategy in strife-torn El Salvador, our careful assessment of the initial situation at Plan de Amayo, what we did about it, how we did it, and the results obtained.

SECTOR STUDIES:

THE CASE FOR COMMERCIAL RANCHING IN ARID AND SEMI-ARID AREAS IN EAST AFRICA

SERIES: Sector Studies
AUTHOR: Chet Lancaster, Thomas W. Dichter, Gregg Wiitala, Scott Zesch
DATE: 1987
PAGES: 85
LANGUAGES: English
PRICE: $6.00

This Sector Study argues for a "middle-way" approach to a highly problematic commodity sector--one which has discouraged many who have made efforts to develop it. The major constraints on viable ranch development are not inadequate resources or adverse environmental conditions, but rather poor management and unfavorable policy decisions. Technoserve contends that commercial ranching (defined broadly as any ranching enterprise which aims for a profit) can succeed both financially and environmentally if a low capital, land extensive model is used. Several cooperatively owned Technoserve assisted ranching projects are investigated as empirical evidence to support Technoserve's claims. The sector study concludes that commercial ranching is the best means to significantly increase Kenyan livestock production in those arid zones too dry for smallholder livestock rearing, but not dry enough to be considered true desert (which are more suitable to traditional nomads).

THE CHANGING WORLD OF NORTHERN NGOs: PROBLEMS, PARADOXES AND POSSIBILITIES

SERIES: book chapter re-print (Strengthening the Poor: What Have We Learned?)
AUTHOR: Thomas W. Dichter
DATE:
PAGES: 11
LANGUAGES: English
PRICE: $4.00

This re-print from the Oversease Development Council's book, Strengthening the Poor: What Have We Learned, discusses why the expansion of local NGOs and grassroots groups is forcing Northern NGOs to re-evaluate their role in international development initiatives. Northern NGOs face a dilemma. The UNDP wants Northern NGOs to play a larger role in the development process, while local NGOs desire a less direct role from them. This tension puts pressure on Northern NGOs which are already in transition. Northern NGO's are moving from food aid and relief to more sophisticated, technically skilled efforts characterized by corporate terms and business discipline. The author foresees a period of sorting-out and maturing for the NGO industry.

THE ENTERPRISE CONCEPT: A COMMENT ON INNOVATIONS IN PARTICIPATORY APPROACHES TO DEVELOPMENT

SERIES: Reprints/Other Papers
AUTHOR: Thomas W. Dichter
DATE: 1988
PAGES: 4
LANGUAGES: English
PRICE: $2.00

A negative reaction from development practitioners to the top-down, culturally insensitive approach to development of the past, has led them to reluctantly assume an active role in the current development process. Development groups are overcompensating for previous failures, avoiding any interferences in local villages and cultures which they seek to preserve untouched. However, change does not occur through isolation. Development groups can not be blinded by a romanticized vision of cultural sensitivity which prevents them from meeting their real objectives. One appropriate, participatory approach is Enterprise Development.

TECHNOSERVE TRAINING AND MANAGEMENT GUIDES:

TECHNOSERVE BOOKKEEPING MANUAL

SERIES; Technoserve Training and Management Guides
AUTHOR: Africa Division
DATE: 1989
PAGES: 63
LANGUAGES: English
PRICE: $11.00

Any successful enterprise project requires accurate and reliable financial records. Designed to meet the needs of Technoserve's Africa Division beneficiaries, the Bookeeping Manual emphasizes the basic technical aspects of bookeeping, not the theory of accounting. The manual presents an easy to follow bookkeeping system using source documents, standard accounting practices, and common financial statements.

OTHER PAPERS:

FORMS OF BUSINESS ORGANIZATION AND RURAL ENTERPRISE DEVELOPMENT: SOME EXAMPLES FROM ANGLOPHONE AFRICA

SERIES: Paper
AUTHOR: Scott Zesch
DATE: 1987
PAGES: 30
LANGUAGES: English
PRICE: $10.00

For rural enterprises in transition from the informal to the formal sector, the legal form of business organization adopted can significantly affect the management of the firm. Partnerships are simple and flexible but may be too loosely structured than commercial ventures. Cooperative societies are more formally structured than partnerships and are subject to less complicated statutory requirements than companies, although they are vulnerable to far-reaching government intervention. Companies are generally more attractive to institutional lenders and passive investors; however, their complexity makes them better suited to entrepreneurs with substantial business experience.

F:ab.lst

5) FIELD MANUAL ON TECHNOSERVE
COST EFFECTIVENESS METHODOLOGY

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TechnoServe Ghana

A Cost Effectiveness Analysis of TechnoServe's assistance to the Prestea Cooperative Oil Palm Farmers Society, Ltd.

Accra, Ghana

February 1991

Prepared by:

James G. Herne
Paul Warmka

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A. PRESTEA PROJECT DESCRIPTION

Prestea is a fairly large mining town in the Western Region of Ghana, located about 200 kilometers north west of Takoradi, the regional capital. In 1985 a large group of oil palm farmers held a meeting with representatives of TechnoServe Ghana to discuss their problems of processing and marketing their oil palm. TechnoServe explained the criteria for assistance, and discussed in general the work that had been done so far on developing a "model" small-scale oil palm processing plant. The group was asked to formally organize themselves, and begin to make the equity contributions that would constitute their share of any enterprise ultimately established.

Over the next two years the group maintained contact with TechnoServe and even though the number of people involved had gone down from about 500 at the initial meeting, to around 85, the group had managed to collect 250,000 Cedis as their equity contribution. At this point TechnoServe resumed serious discussions with the group regarding the establishment of a small-scale plant at Prestea. The equity contribution goal was set at 500,000 Cedis. Work began on a feasibility study for the plant in late 1987, just about the time that the first TechnoServe assisted oil palm plant at Ntinanko, was getting underway.

Throughout the study period the cost of the equipment necessary for such a plant was rising quickly and TechnoServe felt it necessary to raise the equity contribution goal for the group. Early in 1988 the goal was raised to 750,000 Cedis, and then later in the year it was raised to 1,000,000 Cedis. All during this period work was continuing on the preparation of the feasibility study for the plant, and many of the assumptions used were the same that had been used for the study completed for Ntinanko. In early 1988, after Ntinanko had been operating for about six months, the difficulties faced by small-scale oil palm plants became very clear, based on experiences at Ntinanko. A basic assumption -- that the plant would buy oil palm fruit and process it into oil -- was found to be unworkable at Ntinanko, and by inference, at Prestea. This called for a complete rethinking of the study, and the basic method of operation for the plant.

Fortunately the experience at Ntinanko provided a guide for the developments at Prestea. The Ntinanko plant switched from a "buy-sell" operation to a "service milling" operation, and the business took off. Appropriate changes were made to the Prestea feasibility study, and TechnoServe's Project Advisor returned to Prestea to present the new assumptions to the members. At first they were not in favor of the idea -- they believed it was necessary for the plant to operate on a "buy-sell" basis, or they would loose control of the process. After arranging a visit for some of the Executive Committee members to Ntinanko, the membership was convinced of the need for the change, and the project started to move ahead.

By this time the members had made equity contributions of 800,000 Cedis and The TechnoServe Ghana Charitable Trust agreed to provide a loan of 1 Million Cedis to complement this equity. A formal request was to be made to a local commercial bank for additional debt financing to complete the financial package. Bank financing proved to be very difficult to obtain, due to strict requirements regarding title to land used as collateral, so The TechnoServe Ghana Charitable Trust (TGCT) was called upon once again for additional loan funds. By this time equity contributions

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had reached 900,000 Cedis and the TGCT added another 2.2M Cedis, bringing its total contribution to 3.2M Cedis.

With this funding construction began in July of 1988, with the goal of starting operations in September or October. Unfortunately inflation caught up with the cooperative once again, and the funds ran out before construction could be completed. The members were fully committed to the project by now and they made a decision to send a large quantity of fruit to the large-scale mill at Bogoso. All the proceeds from this sale would be contributed to the project as new equity contributions. The group raised an additional 200,000 Cedis through this sale and managed to complete the construction of the plant in October 1988.

Operations at the plant began in November 1988, and have continued on a regular basis since that time. The plant incorporated a few changes from the Ntinanko plant, mainly to reduce the overall labor requirement for the processing. The main changes include: 1) a "tipper" scale, which has a larger capacity and is easier to unload; 2) a "thresher", which mechanically separates the fruit from the bunches; 3) a blower, which separates out the chaff from the fruit; 4) two "presses" instead of the one, to balance press capacity with digester capacity, and; 5) a nut cracker which was used to extract the palm kernel meats. With two presses the capacity of Prestea was about double that of Ntinanko.

Operations during the first year, 1989, were encouraging, but the volume processed and the financial results were not as good as Business Plan projections. Despite the fact that 1989 was a bad year for all palm oil producers (the government allowed the import of large quantities of tallow, which replaced much of the palm oil used in the soap industry), the Prestea plant should have done much better. One fact that became obvious was that the capacity of the plant was greater than needed -- only one of the two presses was in use at any one time. After much internal discussion within the cooperative, and review of ideas with TechnoServe Project Advisors, the cooperative decided to establish a subsidiary processing plant at Bogoso, 20 kilometers away. A new digester would be purchased and the excess equipment at Prestea would be moved to Bogoso. The cooperative members added new equity (250,000 Cedis) to cover the cost of construction of the building, and the TGCT purchased the new digester and engine. This was done on the basis of an additional loan to Prestea, but this one -- totalling 400,000 Cedis -- was to be repaid within twelve months.

The addition of the Bogoso plant has been a very positive decision for the cooperative. There were many more traditional processors in the Bogoso area, and about 50 of them are using the plant at this time. The volume of fruit processed at Bogoso is reaching the levels of Prestea (about 50 tons a month at each site), effectively doubling the volume processed. While the cooperative recorded a loss for 1990, the last few months of the year were profitable, because of the start-up of Bogoso in August. Projections are that Prestea (with both plants operating the full year) will be profitable in 1991.

The success of both the Ntinanko and Prestea plants is being noticed in Ghana, and elsewhere. Ntinanko has been written up a number of times in the local press and the Ghana Broadcasting Corporation (GBC) has provided radio and television coverage of the project at Ntinanko. The "model" established at Ntinanko was the key to the development of a "replication" at Prestea, and Prestea is just the

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first of many more replications to come. TechnoServe Ghana is now turning its attention to four new groups wishing to establish small-scale palm oil plants. These groups are in the Brong-Ahafo, Western and Ashanti Regions.

With the evident success of the model established at Ntinanko, and the follow on plant at Prestea, the Ghana Government is now taking additional notice of the idea. The government is now convinced that the Ntinanko "model" is a valid, and profitable, enterprise opportunity for rural oil palm farmers. TechnoServe and the Government of Ghana are now in the initial stages of designing a "project", to be implemented by TechnoServe, which would involve the establishment of 60 of these small-scale plants over a five year period. This project is expected to be financed by World Bank funds, made available to the Government of Ghana, through the recently signed "Agriculture Diversification Project".

B. SUMMARY OF PRINCIPAL ASSUMPTIONS

The TechnoServe Cost Effectiveness Model has established three broad categories of economic benefits that might result from our assistance to a rural community based enterprise. These categories are:

- Farmer and Processor Income
- Enterprise Level Income
- Salaries and Wages Paid

The sections which follow will describe the basic assumptions used in the C/E calculation for Prestea. The various elements that enter into the calculation of the benefits derived in each category will also be identified.

1. Farmer and Processor Income:

Prestea provides significant benefits at the farm level, and these benefits could accrue to either member farmers (i.e. cooperative members) or to non-member farmers (including farmers in the local area and others outside the Prestea "catchment area"). The benefits to each group would be similar, except that non-members would not receive any benefits from the profits generated by the enterprise. At Prestea, as is the case at Ntinanko, the palm oil plant utilizes the "processing services" model which adds a new element to this benefits category. This new element is benefits derived by the individual "processors" who utilize the facilities made available by the plant. Our assumptions regarding the benefits gained by these various actors will be described in the following paragraphs.

Member Farmer Income: In the absence of TechnoServe's intervention we have assumed that the farmers acreage in oil palm would remain static, yields would remain at the same level and that initially the farmer would only be able to sell about 10% of his fruit, all of this to traditional processors of oil palm. This figure is very low because in late 1988 the large mill at Bogoso ceased operations. Its' reopening is uncertain, but for the purposes of this analysis we have assumed that the farmers could begin selling as much as 400 tons a year to Bogoso starting in 1992.

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With TechnoServe's intervention we have seen a slight decrease in acreage (as older stands are felled for planting of newer high yielding varieties) and a steady average yield. As the new acreage begins to yield fruit (starting in 1992) production on member farms will begin to increase. We have projected that the member farmers will sell no more than 85% of their production to processors at the plant, as they usually keep some palm fruit for consumption in the home. Tonnage processed in the plant will include both member and non-member fruit. The price paid to the farmer for his oil palm fruit is assumed to be the same in both cases.

Non-Member Farmer Income: In the absence of TechnoServe's intervention we have assumed that these farmers would keep the same acreage in oil palm, their yields would remain at the same level and that these farmers would be under the same constraints for sale as the member farmers. With TechnoServe's intervention these farmers would still keep the same acreage, their yields would not increase (they do not have access to extension services provided by Prestea) but they could sell as much as 85% of their production to processors at the plant. The price paid to these farmers for oil palm fruit is the same in both cases.

Processor Income: Prestea originally had about nine processors in the area, and with the advent of the plant, this number has not increased. In the absence of TechnoServe's assistance we have assumed that the original nine processors would continue to produce palm oil at a very low rate over the period covered by the analysis. This has been assumed to be about 1/2 ton of fruit per processor per month. At the point where the Bogoso plant (effectively the start of 1991) is added we have added in the traditional processors in that area who were buying fruit and processing it. The C/E analysis uses current price data for oil palm purchases and sales of palm oil and kernel projected out to the end of the analysis. The cost of production is estimated based on best estimates of labor, transportation and other costs. With TechnoServe's intervention there is an expansion in the quantity of oil palm processed. We have assumed that the 60 or so processors would continue their activities, but that no new processors would enter production. The production volume of these processors is assumed to increase slightly (5% growth from estimates of production for 1991) each year. Sales income and cost factors are calculated in a similar manner to the non-intervention situation. The benefits in each case (i.e. with and without TechnoServe) entered on the table represents processor revenue, less the cost of production.

2. Enterprise Level Income:

Without TechnoServe's Intervention: We have assumed that an oil palm processing plant would not have been established at Prestea in the absence of TechnoServe's intervention. Thus the benefits shown on this line of the C/E analysis are zero. This is not an unreasonable assumption, given the limited technical and managerial knowledge of the original group and the virtual impossibility of obtaining loan financing for rural agricultural enterprises in Ghana.

With TechnoServe's Intervention: With TechnoServe's intervention the cooperative has been able to establish and operate the existing Plant, and to expand to Bogoso. Enterprise benefits to date are actual figures, with the net profit (losses for the years 1989 and 1990) being entered on the "Enterprise Income" line. Future projections of enterprise income include modest assumptions for growth in the processing volume, and a parallel growth for operating costs. The enterprise income

projected for the future represents income that is available for distribution, as dividends, to the members, or is available for reinvestment in the Plant.

3. Salaries and Wages Paid:

Salaries and Wages are paid at three levels in this project: a) at the farm level; b) by the processors; and c) by the enterprise itself. Descriptions of the basic assumptions for each of these levels are included here.

Farm Level Wages: As a normal part of their farming operations rural farmers hire casual labor to assist in certain phases of their crop production. These phases include land preparation, planting, weeding, harvesting and threshing. In the case of oil palm most casual labor is hired for weeding, harvesting, and "head portering" (transport of fruit from the fields to pickup sites or processing areas). Without TechnoServe's assistance we have assumed that the utilization of casual labor on the farm will remain at existing low levels. With TechnoServe's assistance the utilization of farm labor has increased, as farmers adopt improved cultural practices, replant some of their fields, and harvest the palm fruit more completely.

Processor Level Wages: Processors hire casual labor to assist in all phases of the production of palm oil, from transport of the fruits to the processing site to the final packaging and distribution of the palm oil. Processors who are using the Prestea and Bogoso plants hire an average of three employees for each batch they process, and we have assumed wage payments of about 1,200 Cedis per ton of fruit. The figures for 1989 and 1990 are actual data obtained from records kept at the plant. Prior to the start-up of Prestea, processors hired more employees, because of the additional labor required for the pressing of the palm fruit, and we have assumed that they paid out about 1,600 Cedis in wage payments per ton of fruit.

Enterprise Level Salaries: Presently the Plant at Prestea employs four people and an additional four people are employed at the Bogoso plant. Without TechnoServe's assistance we assume that these jobs would not have existed. With TechnoServe's assistance we have included actual salaries paid for the period up to the base year, with steady state salaries for the future. No projection of increased employment at either plant has been included.

4. The Cost of TechnoServe's Assistance:

The actual direct cost of TechnoServe's assistance (what we call 01 to 21 costs) has been included for the years 1989 (start up of TechnoServe assistance) to 1990. These costs are netted out by subtracting the fee income received from Prestea. A projection of TechnoServe's costs, for the years 1991 and 1992, has been included to account for monitoring efforts in future years. Some fee income is expected in 1991, but none for 1992.

C. SUMMARY OF RESULTS

Our analysis of this, the first replication of the Palm Oil production "model" in Ghana, has yielded a Cost/Effectiveness ratio of 5.10 (NB: a C/E ratio of greater than 1 indicates that project financial benefits are expected to exceed project costs). This is based on total project benefits projected at $818,900, and total project costs

of $160,400. A detailed presentation of the C/E analysis, and the numbers used to develop the ratio, are included in the Tables presented as Attachments 1 and 2.

This strong positive result, compared with a C/E ratio of 0.71 for Ntinanko, is a clear confirmation that TechnoServe is moving down the "learning curve" with oil palm "model", and that as new plants are established TechnoServe's costs can be reduced still further. This is expected to result in increased C/E indicators for future oil palm plants -- depending to a certain extent on the existing conditions of each area where a plant is situated. This healthy positive ratio is also a confirmation that the "research and development" effort made with the Ntinanko plant will be repaid -- to the benefit of the Ghanaian economy and the rural farmers -- in fairly short order.

Again, as at Ntinanko, one of the key factors in the outcome of the C/E analysis is the inclusion of the "processor" benefits. If we had examined only the "farmer level" and "enterprise level" income, the C/E ratio would have been much lower. In the case of Prestea this is particularly evident, as traditional processor activity was at a very low level before the plant was established. The enhancement of processor income, and the greatly increased level of processor activity is the key to understanding the real benefits of this project "model". Another important factor was the decision of the Cooperative, with assistance and guidance from TechnoServe, to add the second processing facility at Bogoso. This has resulted in effectively doubling the processing volumes, and should insure profitability of the cooperative in future years.

A second element of TechnoServe's C/E analysis system is an attempt to quantify the "non-quantifiable" benefits of the project. In this area Prestea's Non-Quantifiable Benefits indicator (See Attachment 3) shows a significant non-financial impact, with an overall rating of 12.9 (with values of 11 to 20 representing positive impact). This is somewhat less than Ntinanko because many of the "non-quantifiable" benefits (replicability, policy impact, etc.) are really attributable to the original project. The greatest non-quantifiable impact occurs in the "Economic Benefits" category, where the average indicator is 14.3. The factors of "increased and sustainable productivity" and "improved backward/forward linkages" receive the highest scores in this category.

Overall Prestea has recorded an impressive C/E ratio of 5.10 and it has been received a positive Non-Quantifiable Benefits Indicator of 12.9. TechnoServe's initial investment in the Palm Oil Plant "model" was not expected to be repaid via the benefits to flow from the original plant at Ntinanko, but this replication at Prestea will provide benefits that should repay the original "investment". As was indicated in the C/E analysis for Ntinanko, the original project investment was a very fortunate one, and it will result in economic benefits for the Ghanaian economy, and rural small-scale farmers, many times greater than TechnoServe's initial investment.

D. ATTACHMENTS

1. The Quantifiable Benefits Analysis Worksheet

2. The Quantifiable Benefits Supporting Worksheet

3. The Non-Quantifiable Benefits Summary Worksheet

4. Photographs of the Prestea Plant & Members

5. Location of Prestea in Ghana

6. Glossary of Terms relating to Palm Oil Production

7. Description of the Palm Oil Production Process

8. Statement of the Malaysian Palm Oil Producers Association regarding palm oil and health

The Prestea Cost/Effectiveness Analysis

Attachment 1 - The Quantifiable Benefits Analysis Worksheet

PROJECT: Prestea Cooperative Oil Palm Farmers Society COUNTRY: Ghana DATE: January 1991 BASE YEAR FOR C/E ANALYSIS: 1990

CATEGORIES / Sub-Categories — Years ==>	1985	1986	1987	1988	1989	> Base Year < 1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
I. BASIC PARAMETERS:																
Exchange Rate Used (local Currency/dollar)	50.00	145.00	180.00	280.00	340.00	345.00										
Annual Inflation Factor						37.00%										
US Treaury Bill Rate	7.49%	5.97%	5.83%	5.89%	6.00%	6.40%										
II. ECONOMIC BENEFITS:																
A: Benefits Without TechnoServe's Assistance:																
1. Farmer & Processor Income.....	0	0	0	0	1331333	1345042	2210000	2525250	2651513	2784088	2923293	3069457	3222930	3384077	3553280	3730944
2. Enterprise Income.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Salaries and Wages Paid.....	0	0	0	0	2548800	3426500	5499000	5773950	6062548	6365780	6684069	7018272	7369166	7737645	8124527	8530754
B: Benefits With TechnoServe's Assistance:																
1. Farmer & Processor Income.....	0	0	0	0	16502851	19731160	29485833	30960125	32508131	34133538	35840215	37632225	39513837	41489529	43564005	45742205
2. Enterprise Income.....	0	0	0	0	-169748	-151924	120873	126840	133182	139841	146833	154175	161884	169978	178477	187400
3. Salaries and Wages Paid.....	0	0	0	0	4211964	5513712	8524506	8901506	9297356	9712999	10149423	10607669	11088827	11594043	12124520	12681521
C: Incremental Benefits of TechnoServe Assistance:																
1. Farmer & Processor Income.....	0	0	0	0	15471518	18386118	27275833	28434875	29856619	31349450	32916922	34562768	36290907	38105452	40010725	42011261
2. Enterprise Income.....	0	0	0	0	-169748	-151924	120873	126840	133182	139841	146833	154175	161884	169978	178477	187400
3. Salaries and Wages Paid.....	0	0	0	0	1663164	2087212	3025506	3127555	3234703	3347219	3465254	3589937	3719541	3856393	3999953	4153757
D: Present Value of Incremental Benefits																
1. PV of LC Past Benefits (1984-1989).....	0	0	0	0	18661427	58747129										
2. PV of LC Future Benefits (1991-2000/ICE=10%)...						223786401										
3. Present Value of Incremental Benefits (US$)....						$818,938										
III. COST OF TECHNOSERVE ASSISTANCE:																
1. TechnoServe "01-21" Cost (a)	0	0	0	37,611	67,646	34,500	12,500	3,000	0	0	0	0	0	0	0	0
2. TechnoServe Fee Income (b)	0	0	0	360	1,074	957	375	0	0	0	0	0	0	0	0	0
3. Annual Net TechnoServe Cost (a-b)	0	0	0	37,251	66,572	33,543	12,125	3,000	0	0	0	0	0	0	0	0
4. Compound Net TechnoServe Cost prior to 1991	0	0	0	37,251	106,059	146,390										
5. NPV of Net TechnoServe Cost after 1990						14,046										
6. Present Value of Net TechnoServe Cost						$160,435										
IV. TECHNOSERVE'S COST EFFECTIVENESS RATIO =======>	$818,938	DIVIDED BY:		$160,435	EQUALS	5.10										

The Prestea Cost/Effectiveness Analysis

Attachment 2 - The Quantifiable Benefits Supporting Worksheet

PROJECT: Prestea Cooperative Oil Palm Farmers Society COUNTRY: Ghana DATE: January 1991 BASE YEAR FOR C/E ANALYSIS: 1990

CATEGORIES / Sub-Categories — Years ==>	1985	1986	1987	1988	1989	1990 (> Base Year <)	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
FARMER INCOME CALCULATION (Member & Non-Member):																
Member fruit available (tons):	0	0	0	0	683	562	490	514	540	567	595	625	656	689	723	760
Non-member fruit available (tons):	0	0	0	0	990	990	990	990	990	990	990	990	990	990	990	990
Fruit from outside catchment area (tons):	0	0	0	0	1440	1440	1440	1440	1440	1440	1440	1440	1440	1440	1440	1440
Total fruit available to mill (tons):	0	0	0	0	3113	2992	2920	2944	2970	2997	3025	3055	3086	3119	3153	3190
Actual Fruit supplied to mill (tons):	0	0	0	0	1007	1012	1300	1365	1433	1505	1580	1659	1742	1829	1921	2017
Price paid by processors (per ton):	0	0	0	0	13207	14151	15523	15523	15523	15523	15523	15523	15523	15523	15523	15523
Farmer benefits with TechnoServe:	0	0	0	0	13299500	14320755	20180000	21189000	22248450	23360873	24528916	25755362	27043130	28395287	29815051	31305803
Fruit purchases w/o mill (tons)	0	0	0	0	80	95	130	137	143	150	158	166	174	183	192	202
Price paid by purchasers (per ton):	0	0	0	0	12000	12000	14000	15500	15500	15500	15500	15500	15500	15500	15500	15500
Farmer benefits without TechnoServe:	0	0	0	0	960000	1140000	1820000	2115750	2221538	2332614	2449245	2571707	2700293	2835307	2977073	3125926
PROCESSOR INCOME CALCULATION:																
Volume processed with TechnoServe:	0	0	0	0	1007	1012	1300	1365	1433	1505	1580	1659	1742	1829	1921	2017
Sales revenue (palm oil & kernel):	0	0	0	0	21923481	25945572	38328333	40244750	42256988	44369837	46588329	48917745	51363632	53931814	56628405	59459825
Less: processing expenses:	0	0	0	0	18720130	20535167	29022500	30473625	31997306	33597172	35277030	37040882	38892926	40837572	42879451	45023423
Processor benefits with TechnoServe:	0	0	0	0	3203351	5410405	9305833	9771125	10259681	10772665	11311299	11876964	12470707	13094242	13748954	14436402
Volume processed without TechnoServe:	0	0	0	0	80	95	130	137	143	150	159	166	174	183	192	202
Sales revenue (palm oil & kernel):	0	0	0	0	1456000	2204000	3317167	3483025	3657176	3840035	4032037	4233639	4445321	4667587	4900966	5146014
Less: processing expenses:	0	0	0	0	1384667	1998958	2927167	3073525	3227201	3388561	3557989	3735889	3922683	4118817	4324758	4540996
Processor benefits without TechnoServe:	0	0	0	0	71333	205042	390000	409500	429975	451474	474047	497750	522637	548769	576208	605018
ENTERPRISE INCOME CALCULATION:																
Total Enterprise revenue:	0	0	0	0	2426376	2803939	3224529	3385725	3555011	3732762	3919400	4115370	4321138	4537195	4764055	5002258
Less; operating expenses:	0	0	0	0	2596124	2955863	3103658	3258885	3421829	3592921	3772567	3961195	4159255	4367218	4585578	4814857
Net Enterprise income:	0	0	0	0	-169748	-151924	120873	126840	133182	139841	146833	154175	161884	169978	178477	187400
SALARIES AND WAGES PAID CALCULATION:																
Salaries & Wages with TechnoServe:																
Farmer wages for labor:	0	0	0	0	2416800	3238400	5200000	5460000	5733000	6019650	6320633	6636664	6968497	7316922	7682768	8066907
Processor wages for labor:	0	0	0	0	1208400	1518000	2340000	2457000	2579850	2708843	2844285	2986499	3135824	3293615	3457246	3630108
Enterprise wages & salaries:	0	0	0	0	586764	757312	984506	984506	984506	984506	984506	984506	984506	984506	984506	984506
Total Salaries & Wages with TechnoServe:	0	0	0	0	4211964	5513712	8524506	8901506	9297356	9712999	10149423	10607669	11088827	11594043	12124520	12681521
Salaries & Wages without TechnoServe:																
Farmer wages for labor:	0	0	0	0	2416800	3238400	5200000	5460000	5733000	6019650	6320633	6636664	6968497	7316922	7682768	8066907
Processor wages for labor:	0	0	0	0	132000	188100	299000	313950	329648	346130	363436	381608	400689	420723	441759	463847
Enterprise wages & salaries:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Salaries & Wages without TechnoServe:	0	0	0	0	2548800	3426500	5499000	5773950	6062648	6365780	6684069	7018272	7369186	7737645	8124527	8530754

The Prestea Cost/Effectiveness Analysis

Attachment 3 - The Non-Quantifiable Benefits Summary Worksheet:

TECHNOSERVE, INC.
COST EFFECTIVENESS ANALYSIS
Non-Quantifiable Benefits Summary Worksheet

PROJECT: Prestea Cooperative Oil Palm Farmers Society COUNTRY: Ghana DATE: January 1991

CATEGORIES Non-Quantifiable Benefits Indicators	Weight	Samuel Danso Project Advisor Value	Weighted Value	Esther Adjetey Project Advisor Value	Weighted Value	Paul Varnka Country Director Value	Weighted Value	Average scores for all Raters
I. SOCIAL BENEFITS:								
A: Improved Managerial & Technical Skills	5	14	70	14	70	16	80	73
B: Increased Access to Public Services (e.g. banking, extension, health)	4	12	48	11	44	10	40	44
C: Increased Control over Quality of Life	3	14	42	12	36	12	36	38
D: Greater Participation for Marginal Groups (e.g. women, minoritires)	2	12	24	12	24	16	32	27
E: Increased Community Solidarity	1	11	11	11	11	12	12	11
Category Totals :	15		13.0		12.3		13.3	12.8
II. ECONOMIC BENEFITS:								
A: Increased and Sustainable Productivity	5	16	80	15	75	13	65	73
B: Enterprise Replicability	4	17	68	11	44	15	60	57
C: Increased Enterprise Sustainability	3	15	45	13	39	12	36	40
D: Increased Employment	2	15	30	15	30	13	26	29
E: Improved Backward/Forward Linkages	1	15	15	15	15	15	15	15
Category Totals :	15		15.9		13.5		13.5	14.3
III.POLICY BENEFITS:								
A: Improved National Policy Environment for Rural Enterprises	5	10	50	10	50	13	65	55
B: Regional/Commodity Sector Policy Impact	5	11	55	10	50	19	95	67
C: Institutional Policy Impact	5	14	70	13	65	12	60	65
Category Totals :	15		11.7		11.0		14.7	12.4
Total, All Categories ===>	45		586		542		607	582
Non-Quantifiable Benefits Indicators =====>			13.3		12.0		13.5	12.9

RATING GUIDELINES:
- VALUE = 5 - 9 : Project has actually had a negative effect with respect to this benefit.
- VALUE = 10 : Project has had neither a positive nor a negative effect in this benefit category.
- VALUE = 11 - 20 : Project has had a positive effect with respect to this benefit category.

The Prestea Cost/Effectiveness Analysis

Attachment 4 - Photographs of the Prestea Plant and Members:

Photo No. 1 - A "load" of Fresh Fruit Bunches (FFBs) is brought to the plant utilizing a common means of transportation in the rural areas of Ghana.

Photo No. 2 - FFBs that have been delivered to the plant must be split and then heaped in a pile to ripen. From there they will be sent to the "thresher" which will strip off all the fruit from the bunch.

The Prestea Cost/Effectiveness Analysis

Attachment 4 - Photographs of the Prestea Plant and Members:

Photo No. 3 - Once the fruit has been stripped off the bunches it is sent through the "blower". This machine separates the chaff from the fruit, providing 'clean' fruit for boiling, digestion and pressing.

Photo No. 4 - The fruit is boiled in a large open tank to soften up the outer covering and make oil extraction easier. Here an employee of one of the processors prepares a "headpan" of fruit for transport to the digester.

The Prestea Cost/Effectiveness Analysis

Attachment 4 - Photographs of the Prestea Plant and Members:

Photo No. 5 - After boiling the fruit is processed in the "digester". This machine macerates the fruit and breaks open the oil bearing cells on the outer covering of the fruit. This is one of the most difficult steps in the traditional processing system.

Photo No. 6 - A new addition to the "model" at Prestea is the nut cracker. This machine uses centrifugal force to crack open the inner palm nut and make the separation of the kernel possible. The kernel is then sold to the large mills for oil extraction.

The Prestea Cost/Effectiveness Analysis

Attachment 4 - Photographs of the Prestea Plant and Members:

Photo No. 7 - Oil extracted by the press must be boiled and clarified in small boiling vessels such as this one. Here a "processor" pours oil into the boiling container for clarification.

Photo No. 8 - Once the oil is boiled and clarified the final product is a clean, red oil, which is then marketed to women who transport it and sell it in the major urban markets of Ghana.

The Prestea Cost/Effectiveness Analysis

Attachment 4 - Photographs of the Prestea Plant and Members:

Photo No 9 - After the oil has been extracted from the digested fruit the "press cake", as it is called is left to dry. Then the nuts and the fiber can be separated.

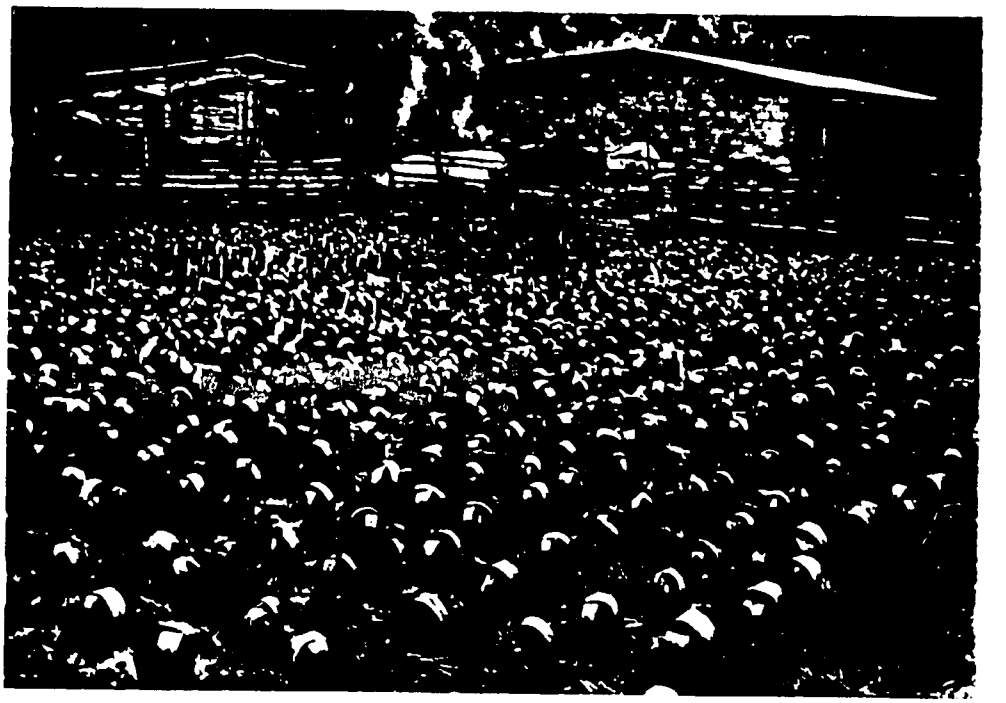
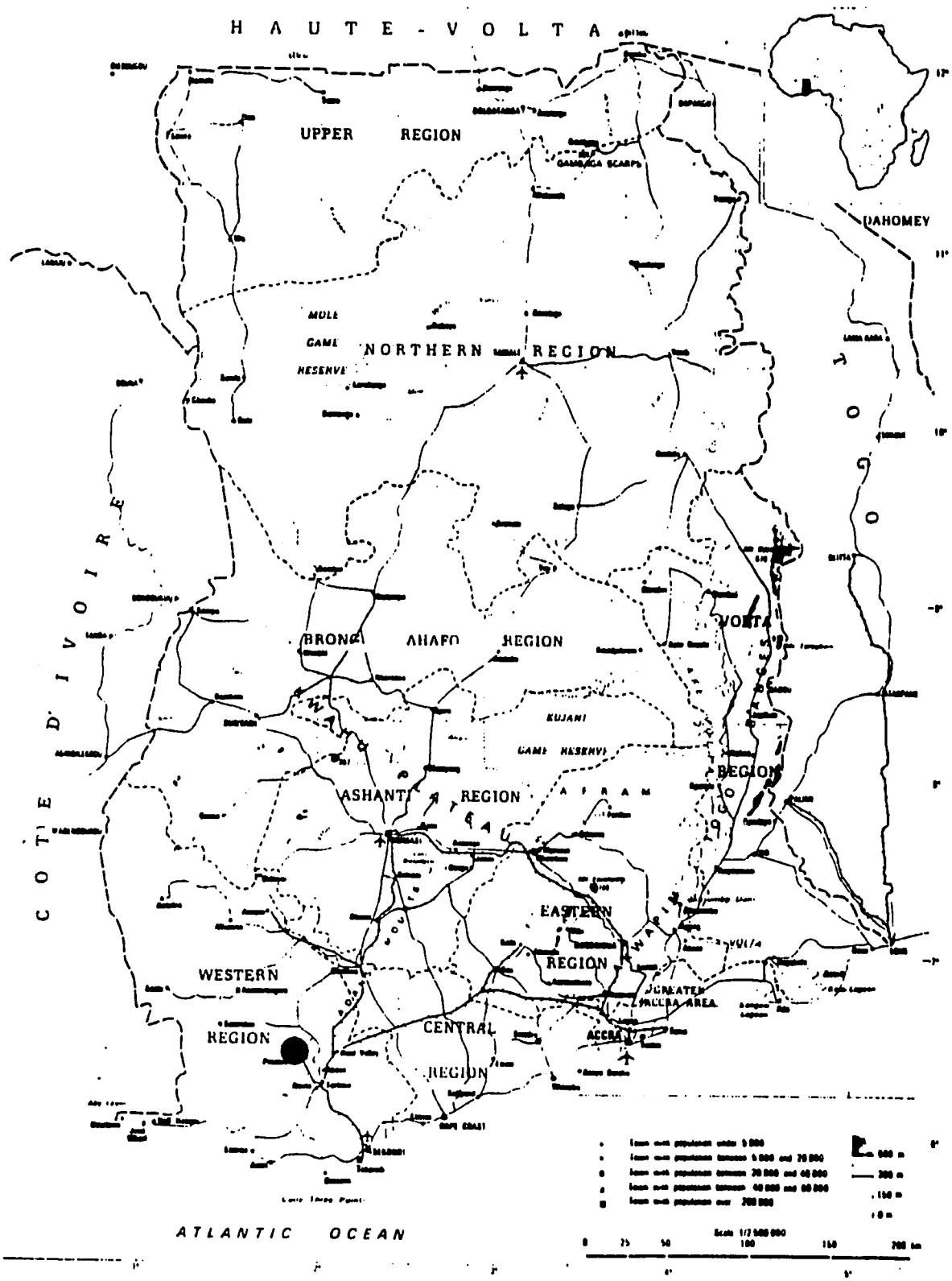


Photo No. 10 - This photo shows the Prestea Plant in the background with the recently planted oil palm nursery in the foreground. The trees from this nursery will assist the members of Prestea to increase their yields in the future.

The Prestea Cost/Effectiveness Analysis

Attachment 5 - Location of Prestea in Ghana

● = **Prestea**



The Prestea Cost/Effectiveness Analysis

Attachment 6 - Glossary of Terms related to Palm Oil Production:

Cedi: The unit of currency used in Ghana. As of January 1991 the nominal exchange rate was about 350 Cedis to the US Dollar.

Dura Fruit: Another common variety of oil palm grown in Ghana. This variety has a modest oil content (16%) and a harder kernel than the Tenera variety.

Fresh fruit bunch: Usually referred to as FFB, this is the fruit "bunch" that is recovered from tree. The individual palm nuts must be removed from this bunch prior to processing.

Oil palm: A general term used to refer to the various species of Palm Trees which yield oil palm fruit. Common species in Ghana are Tenera and Dura.

Palm fruit: This term refers to the individual palm nuts as they are harvested from the trees.

Palm kernel: Palm kernels are the hard inner nuts that remain after the palm oil has been extracted.

Palm kernel oil: The palm kernels contain a nut meat that yields an additional oil - palm kernel oil. The cracking of the kernels and the extraction of the oil is usually done on an industrial basis.

Palm oil: This is the name given to the red oil extracted from the outer fibrous covering of the palm fruit.

Processing Services: This term refers to the operating procedure utilized at Prestea. The Plant does not buy fruit, but offers a service whereby local processors can have the oil extracted using the mechanical system available at the Plant. The processors pay a flat fee per ton of fruit processed.

Tenera Fruit: A common improved variety of oil palm grown in Ghana. This variety has a higher oil content (as much as 18%) and a kernel which is easier to crack.

The Prestea Cost/Effectiveness Analysis

Attachment 7 - Description of the Palm Oil Production Process:

The typical processing steps involved in the production of palm oil at a Plant like Prestea would include the following:

1. Weighing

Fresh Fruit Bunches (commonly known as FFB) are delivered to the Plant by the growers and/or the processors. At Prestea they are weighed on one ton capacity "tipping scale". Two people are involved in the weighing - one for loading and unloading the FFB, and the other for reading the scale. The FFB are weighed to determine quantity of fruit to be processed by the processors. Similarly, processors weigh FFB purchased from growers without a weighing facility to reconcile the price paid and as a guide to determine the extraction efficiency. FFB are usually purchased in lots of 100 kg., which normally sell for between 1,200 and 1,600 Cedis, depending on the season.

2. Chopping

The FFB are chopped in half to prepare them for ripening and threshing. After chopping the bunches are heaped into piles in the individual processor's sheds at the plant site. These heaps are allowed to ripen for 3 to 5 days, to facilitate the removal of the individual fruits from the bunches. One person-day of labor is required to chop 1 ton of FFBs. This cost is borne by the processors.

3. Threshing

Fruit threshing is done 3 to 5 days after chopping. Threshing is the removal of the individual fruits from the spikelets. At Prestea this process has been mechanized with the addition of a motorized thresher. One laborer is hired by each processor to thresh their fruit. Once the fruit is threshed it must be passed through the blower to clean the fruit.

4. Blowing

After threshing the fruit is passed, bucket by bucket, through the blower. This machine, which is a new addition at Prestea, blows all the chaff (small pieces of fiber left from the bunches) out of the fruit and provides a clean fruit for boiling and further processing.

5. Boiling

Boiling of the threshed fruits is done in open tanks, constructed with steel plate, capable of holding approximately one ton of FFB equivalent. The fire under the tanks usually uses the bunch waste, and the palm nut fibre obtained from the final processing. Utilization of these "wastes" provides an environmental advantage, as almost no firewood is required. The boiling of fruit is done on the same day as the processing. Boiled fruits are covered with burlap sacks to conserve steam, and speed up the boiling process. It takes about 1 and 1/2 hours to boil 1 ton of FFB equivalent. Labor contracted by the processors for nut/fibre separation also assist in the boiling process. Once the boiling process is completed the fruits are carried to the digester.

6. Digestion

Digestion of the boiled fruit is done by a mechanical "digester" which is powered by an electric motor. The fruit is fed into a hopper and gradually released into a hollow drum fitted with beaters, where digestion of fruits takes place. The fruit is allowed to remain in the drum for a minimum period, to ensure adequate destruction of the oil bearing cells. This operation is the limiting factor in traditional (i.e. the entirely manual, artisan process) small scale processing. Normally this work is done by pounding the hot fruit with heavy wooden pestles, a tiresome and unpleasant task. In many cases this step is frequently not well carried out, resulting in a considerable loss of oil.

The digester holds 50 kg. of fruit, and can pound three tons of FFB equivalent per hour utilizing a continuous flow process. This digester has the capacity to serve as many as three hydraulic presses. At Prestea, as at Ntinanko, the plant employs one full time employee to operate the digester. Operation of the digester is very simple and it has low maintenance costs. Since Prestea has electric power, the usual diesel engine has been replaced with a 10 HP electric motor.

7. Pressing

After pounding, the hot pulp is loaded into the press cage for pressing. Pressing of the pulp is done by a hand-operated hydraulic press manufactured by a local workshop in the Eastern Region of Ghana. The hydraulic press is capable of processing 6 tons of FFB equivalent during a normal working day. The press cage holds about 45 kg. of pulp, and usually two cages are required. One cage can be pressed while the other is being loaded or unloaded. The hydraulic pump exerts 25 tons of pressure, and is capable of achieving and extraction efficiency of between 76-79%, (16 to 18% yield of oil from fruit) if a second pressing is used. The second pressing is especially important in the processing of

dura fruit, which has a relatively high nut:fibre ratio. The Plant employs one full time employee to operate the press, who has received training in his job.

The actual operation proceeds as follows. The press cage is filled with pulp, placed under the ram and the pressure valve is tightened. Pressing is done first with the low pressure plunger, and then with the high pressure plunger, until the flow of oil ceases, or is negligible. The pressure is then released and the press cage is removed. Once the pressing is completed the pressed pulp is emptied from the cage for nut/fibre separation. The quantity of crude oil obtained per pressing is about 11 kg. A processing fee of Cedis 160.00 is charged per press cage. This is equivalent of Cedis 2,400 per ton of FFB equivalent processed.

8. Oil Clarification

At this stage the plant is no longer involved in the production process. The processors undertake this process by pouring crude oil into one of the boiling vats and boiling it for about an hour. Water is added at this point to facilitate separation of fiber and other contaminants in the oil. About 45 liters of water are required to clarify 200 liters of crude oil. After the boiling is complete the fire is allowed to subside to enable the contaminants to settle while the palm oil rises. The palm oil is then skimmed off the top and poured into drums. Water is again added to the residue and the boiling process is done once again to obtain residual oil. A deodorant is added to the palm oil, in the form of traditional herbs, to improve its quality and taste. The quantity of final residue that is discarded is negligible.

9. Fibre/Nut Separation

The processors contract local labor, mainly older women in the community, for this process. Separation of the palm kernel nut from the fibre is done to: 1) enable second pressing of the fibre, and 2) recover the palm kernels for eventual cracking and extraction of the oil bearing palm kernel. These palm kernels are then sold to the large-scale palm oil mills.

10. Second Pressing

The fibre separated from the kernel is re-pressed, this time using a manually operated spindle press. This press is located at the Plant and is available for use, free of charge, by all the processors. It is operated by two people, hired by the processor, to retrieve any remaining oil trapped in the cells or fiber. About 1.5 kg. of crude oil is obtained per press cage. The pressed fibre may again be fermented, and re-pressed a second time, and the oil obtained used for making local soap. The fibre does not go to waste but is used as fuel for boiling and clarification.

11. Kernel Nut cracking

At Prestea the plant has added a new machine for the cracking of the palm nut kernel. This is the hard inner nut of the palm fruit, which contains an oil bearing kernel. The nut cracker is a simple machine which uses centrifugal force to fling the nuts against a steel surface and crack them open. Prior to cracking the nuts are left to dry for about a week. The shell of the kernel is then separated from the kernel. The kernel is then sold to the large mills for processing into oil. The shell of the kernel can be made into a high grade charcoal.

The Prestea Cost/Effectiveness Analysis

Attachment 8 - Statement of the Malaysian Palm Oil Producers Association regarding palm oil and health:

THE FACTS ABOUT PALM OIL

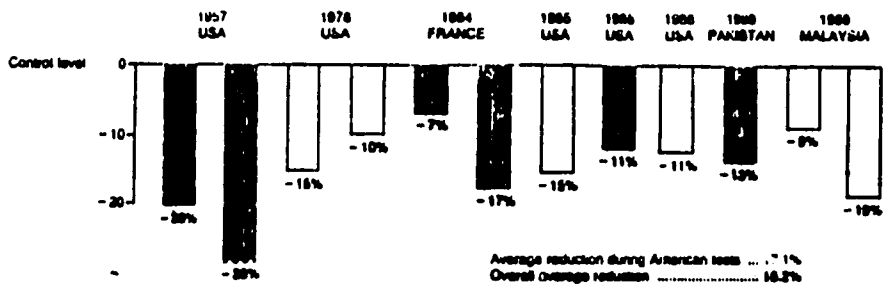
About two years ago, vested interest groups launched an extremely aggressive campaign to discredit imported edible oils, in particular palm oil. It has been insinuated that the consumption of palm oil could be detrimental to the cardiovascular health of the American people. Indeed, subsequent advertisements have claimed that palm oil is poisoning America. The American Council on Science and Health has already denounced the advertisements, calling them a disservice to American consumers. Nonetheless, we feel compelled to submit the following facts to the American public:

- Initial scientific research has provided evidence that Palm Oil is a **healthy** and **nutritious** vegetable oil with positive **anti-thrombotic** properties.
- Palm Oil, like all vegetable oils, is **cholesterol free**, whereas animal oils and fats are rich in cholesterol as shown below:

Lard	3500	parts per million (ppm)
Butter	3150	ppm
Tallow	1100	ppm
Soybean	28	ppm - Negligible
Palm Oil	18	ppm - Negligible

- Palm Oil can be used in its natural form and, generally, **does not require artificial hardening or hydrogenation.** Polyunsaturated vegetable oils must be hydrogenated before they can be used for shortening or for any other form of solid fat products.
- Hydrogenation of polyunsaturated oils seems to promote saturation and creates transfatty acids in oils exposed to such processes. **Approximately 70% of the soybean oil consumed in the USA is**
- Palm Oil provides a rich source of **Vitamin E.** This is present in a unique combination of tocopherols and tocotrienols, which are **natural anti-oxidants**, making palm oil a **superior frying medium for the food industry.**
- Natural Palm Oil also provides a rich source of **Beta-Carotene**, which has attracted interest in cancer research as a **potential anti-cancer agent.**
- Palm Oil is extracted from the steam-sterilised fruit **without the use of solvent**, which is generally used when extracting polyunsaturated oils.
- Palm Oil has a **balanced composition with 50% saturates and 50%** unsaturates. In recent nutrition studies, monounsaturates were **credited with lowering blood cholesterol.** 40% of Palm Oil is monounsaturates whereas soybean oil, for example, has only 24% monounsaturates.
- Recent human studies have suggested that Palm Oil does **not raise** but rather, **reduces blood cholesterol.** See below:

% REDUCTION IN BLOOD CHOLESTEROL



The Malaysian producers of palm oil have no objection whatsoever in accepting fair and non-discriminating labeling legislation. In fact, on October 22, 1987, the Malaysian Oil Palm Growers' Council proposed to the President and senior executive officers of the American Soybean Association that both parties jointly undertake scientific research at various American research centers and then submit the results to the American Food and Drug Administration to establish without ambiguity whether consumption of palm oil would be detrimental to the cardiovascular health of the American people. This proposal was not accepted.

6) TECHNOSERVE/GHANA:
PRESTEA COOPERATIVE OIL PALM SOCIETY
COST EFFECTIVENESS ANALYSIS

TechnoServe

A Field Manual On

The TechnoServe Cost-Effectiveness Methodology

A "How-To-Do-It" Approach

CONTENTS

1. Policy Guidelines

2. The Financial Component: Estimating the C-E Ratio

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Replication and Policy Analysis
October 1990

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INTRODUCTION

This manual consolidates into one document three guides previously prepared for estimating and implementing the TechnoServe Cost-Effectiveness methodology. It incorporates the most recently prepared guide on how to estimate the financial component with two other documents developed during the past 2 years: one that explains how to evaluate the Non-Quantifiable Indicators (NQBR), and the other that refers to our policy guidelines for implementation. It has been written keeping in mind that the likely users would be TechnoServe field staff who are already familiar with TechnoServe's project development methodology.

The TechnoServe Cost-Effectiveness Methodology

Policy Guidelines

Purpose

The primary purpose of TechnoServe's Cost-Effectiveness (C-E) methodology is to assist TechnoServe project advisors and program managers to assess the expected benefits that result from our assistance efforts relative to the cost of providing this assistance. The methodology consists of two components, one that relies on economic/financial variables and the other, more qualitative, based on the experienced judgment of key Technoserve staff directly involved with the project. Our C-E analysis is an internal process, developed to enhance the performance of our projects and promote more efficient utilization of our resources. Although it resembles the traditional cost-benefit analysis, there are significant differences since we limit our measurements to certain benefits and the cost of our assistance. Although we recognize that other organizations sometimes provide additional assistance (which implies additional "costs" of development), we do not attempt to measure this in our analysis.

Scope of Application

1. TechnoServe staff will carry out C-E analysis for all projects requiring at least 12 person-months of continued assistance.

2. Cost-effectiveness analysis for other projects that do not fit the above criteria may be undertaken as determined by the CD or Home Office.

3. Normally the C-E analysis will be conducted three times in the life of the project. (Once the first spreadsheet and model has been constructed for a particular project only a few variables will change, so recalculating the cost-effectiveness will not be expensive or time consuming).

    a) The first comprehensive C-E analysis will be conducted after we have adequate information about the business. Most often this will happen when we have completed the first business plan.

    b) The second analysis will be a revision of the first case and is expected to take place at the midpoint of our project assistance. However, we encourage that each CD make a decision about the most appropriate time for revision, taking into account any substantial change in the business plan.

    c) A third revision should be done as a complement to the termination or final report.

4. We encourage all CD's consider C-E from the point of project inception even though formal, comprehensive analysis may not be feasible at the time a project is presented for initial review and approval. It is expected that C-E concerns will be addressed in each concept paper.

The Qualitative Indicators

5. The perspective of the analysis should remain that of TNS. (To allow outsiders to evaluate the non-quantifiable benefits - as suggested by some CD's would distort the analysis since they may not understand our program goals and corporate values.)

6. The non-quantifiable benefits rating sheet calls for are a relative rating of improvement over initial (i.e. baseline) conditions. Therefore, on the first go-round (i.e. at project inception), analysis will entail evaluation of the <u>potential</u> non-quantifiable benefits which could result from the project.

7. The weights assigned to the non-quantifiable benefits should be determined by each country program in consultation with the Program Staff. Rating sheets must address the same defined categories (economic, social, policy) and sub-issues, but different weights maybe assigned if they better serve the country's strategic planning priorities. The potential overall impact of the non-quantifiable benefits should not vary (i.e., total points should equal 45). Such revised weights should remain constant at least during the strategic planning cycle.

8. It is recommended that the qualitative rating sheet be filled by at least three individuals or a group of individuals familiar with the project. It is desirable to include raters with varied perspectives. Appropriate individuals include the CD, Deputy CD, the Project Manager and Project Advisors.

Presentation of the Analysis

9. Results of the C-E analysis will be completed with numerical and quantifiable indicators presented separately (no longer using the qualitative factor as multiplier).

10. We expect that each C-E case will be accompanied by a brief project description since without this context the numbers can not be interpreted. We encourage documentation of each case at the country level and in Norwalk. It is expected that these cases will be a important source of information often needed for marketing purposes.

    The following format is suggested for the contents of each case:

    a) Project description: - less than one page.
    b) Summary of principal assumptions - no more than two pages.

c) Summary results - no more than one page.
d) Attachments
   - Tables with projections
   - Non-quantifiable rating sheets prepared by each rater.

11. Each case should be prepared with relevant supporting tables showing assumptions that are key to explain the results, e.g., type of crops, yields, hectares, milk production, etc.

Usage

12. The results of C-E analysis should not be used in isolation to a make a decision about a project. The process of conducting the C-E analysis and the final result should help us gain better information for decision making and help us to determine when to make decisions. It should also help us better conceptualize our project design.

13. C-E analysis will complement other evaluation exercises. They will be part of our termination reports and will be incorporated in other evaluation studies as deemed appropriate for the case.

14. The C-E analysis should provide a good framework for initiating constructive discussions on how to improve project conceptualization and project design among TechnoServe project advisors.

15. The C-E tool will also be a source of important data for writing grant proposals and explaining benefits to potential project/program donors.

16. This analysis will eventually be integrated into the annual planning process, e.g. as CD's consider the viability of their project portfolios.

Limitations

17. It is indeed recognized that the current methodology may not be applicable to all TNS projects. Rather, it is geared to the more traditional, "CBE-type" of assistance. Efforts are underway to adapt the methodology, as feasible, to other types of TNS interventions (e.g. training, institutional strengthening, etc.).

The TechnoServe Cost-Effectiveness Methodology

The Financial Component: Estimating the C-E Ratio

Concept of the C-E Ratio

The TechnoServe C-E ratio aims to compare the expected financial benefits accruing to project participants, to the cost of providing TechnoServe assistance. Because our focus is enterprise development, the core of our model includes a measure of enterprise profits and financial returns to project participants. This financial component of C-E evaluation complements the Non-Quantifiable Benefits Rating described in the next section.

The underlying premise that guides our assistance effort is that, in all enterprises projects assisted by TechnoServe, benefits to the project participants will be greater than the cost of our assistance. Our C-E ratio attempts to quantify these benefits by estimating changes in income (hopefully positive changes) occurring over a reasonable period of time.

This concept is best illustrated in Graph A (see next page) which shows an example of benefit and cost flows over the life of a project. In this illustration, TechnoServe services represent a cost incurred over the first four years of the project's life. This cost of assistance is expected to bring monetary benefits which are estimated as the difference between benefits produced with TechnoServe assistance and those which -- we assume -- would be produced if no assistance were provided to the enterprise. Our C-E ratio attempts to compare these accumulated net benefits to our cost -- over a time frame of ten years.

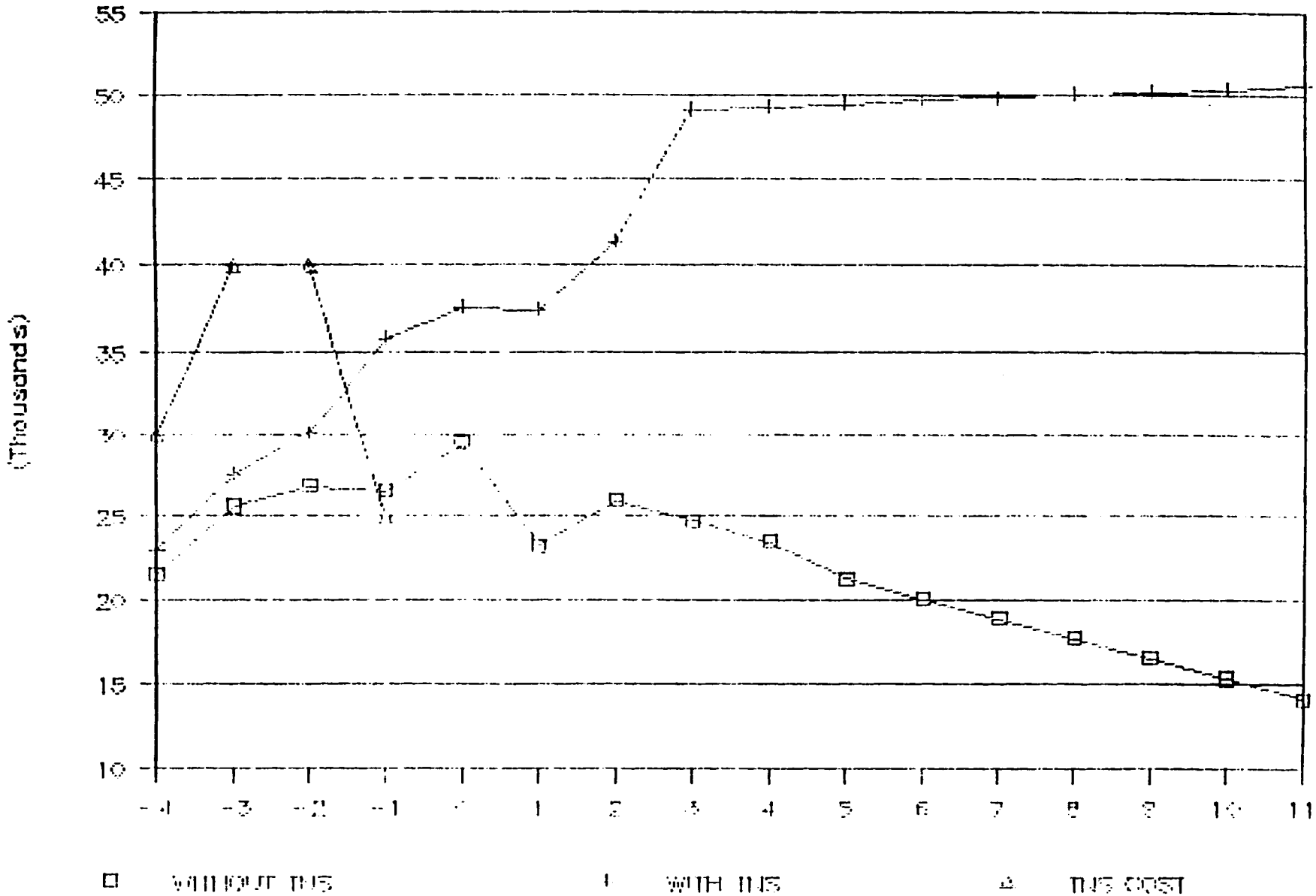
The C-E Ratio will be determined using the following formula:

$$\text{C-E RATIO} = \frac{\text{Net Financial Benefits with TechnoServe} \quad \text{less} \quad \text{Financial Benefits without TechnoServe}}{\text{TechnoServe Cost}}$$

GRAPH A

TEST CASE "SERIOUS DESPERATO"

BENEFITS AND COST FLOWS



DATA NEEDED FOR C-E CALCULATIONS:

The Summary Table

If you have a thorough business plan for the project, you already have most of the data required for C-E analysis. Only a few additional calculations with supporting tables will be necessary. In preparing the C-E analysis we are seeking to consolidate and present the data in the format shown in summary Table 1. They consist of the following:

Section I presents the basic parameters needed for the calculations (e.g. exchange rate, inflation factor, and T-Bill rate).

Section II summarizes benefits by taking the difference of two components:

A) Benefits With TechnoServe Assistance
B) Benefits Without TechnoServe assistance.

Section III estimates the cost of our assistance.

Section IV estimates the C-E ratio.

As in most development projects, the measure of benefits is often the hardest part of the exercise. Although there are many ways to measure them, as indicated by the vast literature available on the subject, our methodology requires that we focus principally in three categories of benefits: farmers' income, enterprise profits and workers' salaries. We at TechnoServe believe that the shortcoming of limiting ourselves to these three categories of benefits are more than offset by benefits derived by keeping the method simple and focusing on key elements of our assistance.

Project cost data is produced regularly from TechnoServe accounting records, and its calculation should not be of great concern to the analyst. It is usually the estimation of benefits which requires more attention.

USE OF THE SPREADSHEET MODEL

We recommend the use of a computerized spreadsheet model for preparing Table 1. The obvious advantage of this is that it already incorporates various formulas for calculating the present value of project benefits and project costs. This allows us to obtain the C-E ratio almost immediately after flows of benefits and costs are determined and to build diverse scenarios for sensitivity analysis.

The advantage of using of the spreadsheet model is that it has the capability of linking the results of various subsidiary tables into one summary table such as the one we developed. To fully use the interactive capability of the model you may want to incorporate all subsidiary tables in the same spreadsheet. For example you may want to

TECHNOSERVE COST EFFECTIVENESS ANALYSIS
COUNTRY: AAA
PROJECT: TOMATO PROCESSING
BASE YEAR FOR ANALYSIS: 1987

SUMMARY TABLE No 1

DATE ANALYSIS: JAN 1988

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	
I. BASIC PARAMETERS																	
EXCHANGE RATE (US$ 1= 5 COLONES)	2.50	2.50	2.50	2.50	3.95	5.00	5.00	5.00									
ANNUAL INFLATION FACTOR	0.15	0.12	0.13	0.12	0.22	0.32	0.25	0.10									
US TREASURY BILL RATE (%)	0.14	0.11	0.09	0.10	0.07	0.06	0.06	0.06									
II. BENEFITS																	
A. WITHOUT TECHNOSERVE ASSISTANCE																	
1. FARM LEVEL INCOME	0	31,500	31,500	33,600	35,000	37,800	37,800	37,800	42,000	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45
2. ENTERPRISE INCOME	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
3. SALARIES AND WAGES PAID	0	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1
B. WITH TECHNOSERVE ASSISTANCE																	
1. FARM LEVEL INCOME	0	31,500	31,500	33,600	35,000	37,800	37,800	80,892	130,200	184,730	206,570	206,570	206,570	228,410	228,410	228,410	228
2. ENTERPRISE INCOME	0	0	11,686	8,398	3,845	(33,407)	(100,000)	(9,769)	64,878	140,179	161,460	161,460	161,460	182,741	182,741	182,741	182
3. SALARIES AND WAGES PAID	0	1,270	11,727	25,292	72,342	30,501	100,000	182,171	206,841	231,727	238,761	238,761	238,761	245,794	245,794	245,794	245
C. INCREMENTAL BENEFITS																	
1. FARM LEVEL INCOME	0	0	0	0	0	0	0	43,092	88,200	139,230	161,070	161,070	161,070	182,910	182,910	182,910	182
2. ENTERPRISE INCOME	0	0	11,686	8,398	3,845	(33,407)	(100,000)	(9,769)	64,878	140,179	161,460	161,460	161,460	182,741	182,741	182,741	182.
3. SALARIES AND WAGES PAID	0	0	10,458	24,023	71,073	29,231	98,730	180,902	205,572	230,458	237,491	237,491	237,491	244,524	244,524	244,524	244.
TOTAL INCREMENTAL BENEFITS	0	0	22,144	32,421	74,918	14,176	(1,270)	214,225	358,649	509,867	560,021	560,021	560,021	610,175	610,175	610,175	610.

PV OF LC PAST BENEFITS (1982-1987)		282,560
PV OF LC FUTURE BENEFITS (1988-1997) SDR =	10.00%	3,226,226
TOTAL PV OF INCREMENTAL BENEFITS in US$ 1987	US$	701,757

III. COST OF ASSISTANCE	1981	1982	1983	1984	1985	1986	1987
TECHNOSERVE "01-21" COST (a)	31,413	88,918	57,822	58,717	146,079	86,713	100,000
: FEE INCOME (b)	14,440	240	360	1,340	55,291	0	7,240
NET TECHNOSERVE COST (a-b)	16,973	88,678	57,462	57,377	90,788	86,713	92,760
PRESENT VALUE OF COST							628,806

IV. COST EFFECTIVENESS RATIO >>>>>>>>> 701,757 / 628,806 >>>>>>>>> 1.12

link the crop plans to the pro-forma income statement and then to consolidate the total enterprise income into our Summary Table. Four examples of supporting tables (1A, 1B, 1C, 1D) follow. You have the option of creating independent supporting tables in different spreadsheets files or to have the complete model in one. What we recommend for the purposes of good presentation is to have the final results in the standard format shown in Table 1.

Basic spreadsheet templates for constructing this table are available in Lotus 123 and Supercalc formats from TechnoServe Home Office.

PREPARING FOR THE ANALYSIS

We suggest the following before you begin your C-E analysis:

1) Secure the template diskette with the Summary Table. The table was carefully formatted to be adapted to diverse type of projects. A sample of this table is attached to this guide. Become familiar with the template, study the formulas and interactions in the model.

2) Gain familiarity with the project concept and objectives. If you are not familiar with the project, you should seek the assistance of the person or persons who are. The TechnoServe advisor in charge of the project, as well as other technical advisors, can help you to obtain the data and also help you to identify benefits and costs that fit in our model. We encourage that this process be a team effort.

3) Compile project data. The most relevant data should be in the business plan and financial reports. Here you may find the production data and productivity ratios that are key to the model.

4) Construct all necessary supporting tables showing the details of how you obtained your benefits. Begin with crop plans and production schedules showing projected quantities and prices for each crop. The pro-forma income statement should be the basis for estimating enterprise benefits.

5) Set up the model to estimate the benefits at the farm level, e.g. benefits to individual members of the community that are not reflected in the enterprise income statement but that often represent the area of most significant impact of our assistance. Since data at this level is not that easy to obtain, you will probably have to make some assumptions based on what is achievable for increasing crop production, changing the crop mix, expanding the cultivated area and similar types of interventions. Data from demonstration farms is useful in arriving at these estimates. In some other cases, such as those where small farmers are dispersed within the community, you may want to construct "typical" farm income/expense budgets representative of existing traditional agricultural activities and compare them to the expected results after the interventions. Three or four scenarios of

1A

PARAMETERS AND BENEFITS WITHOUT TECHNOSERVE ASSISTANCE

A TEST OF TECHNOSERVE S COST EFECTIVENESS METHODOLOGY

A. BASIC PARAMETERS:	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
One manzana equals 0.7 hectares																		
Farmers wage per day 10.58 colones																		
CPI Index	0.15	0.12	0.13	0.12	0.22	0.32	0.25	0.10	0.15									
Exchange rate	2.50	2.50	2.50	2.50	3.95	5.00	5.00	5.00	2.50									
Treasury bill rate	0.14	0.11	0.09	0.10	0.07	0.06	0.06	0.06										
FARMING AREA FOR PROJECT																		
Measure in MANZANAS	0	45	45	48	50	54	54	54	60	65	65	65	65	65	65	65	65	65
Measure in HECTARES	0	31.5	31.5	33.6	35	37.8	37.8	37.8	42	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.5

B. BENEFITS WITHOUT INS PROJECT	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
EST. REVENUES	0	126,000	126,000	134,400	140,000	151,200	151,200	151,200	168,000	182,000	182,000	182,000	182,000	182,000	182,000	182,000	182,000	182,000
ESTIMATED COST	0	94,500	94,500	100,800	105,000	113,400	113,400	113,400	126,000	136,500	136,500	136,500	136,500	136,500	136,500	136,500	136,500	136,500
FARMERS INCOME BEF. PROJECT	0	31,500	31,500	33,600	35,000	37,800	37,800	37,800	42,000	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500
SALARIES AND WAGES	0	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270
NET BENEFITS WITHOUT INS	0	32,770	32,770	34,870	36,270	39,070	39,070	39,070	43,270	46,770	46,770	46,770	46,770	46,770	46,770	46,770	46,770	46,770

1B

ESTIMATING FARM-LEVEL INCOME

1. ESTIMATING FARMERS INCOME	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
YIELDS TOMATOES (tns per ha)								18	20	22	23	23	23	24	24	24	24	24
TOTAL PRODUCTION in tons.								680	840	1,001	1,047	1,047	1,047	1,092	1,092	1,092	1,092	1,092
PRICE per ton. (Col.)								480	480	480	480	480	480	480	480	480	480	480
FARMERS REVENUE								326,592	403,200	480,480	502,320	502,320	502,320	524,160	524,160	524,160	524,160	524,160
PERSON DAYS PER HA.								200	200	200	200	200	200	200	200	200	200	200
TOTAL LABOR COST per ha.								2,116	2,116	2,116	2,116	2,116	2,116	2,116	2,116	2,116	2,116	2,116
TOTAL LABOR COST								79,985	88,872	96,278	96,278	96,278	96,278	96,278	96,278	96,278	96,278	96,278
COST OF PRODUCTION FOR TOMATOES								6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
OTHER COST TO FARMERS per ha.								4,384	4,384	4,384	4,384	4,384	4,384	4,384	4,384	4,384	4,384	4,384
TOTAL OTHER COST TO FARMERS								165,715	184,128	199,472	199,472	199,472	199,472	199,472	199,472	199,472	199,472	199,472
NET INCOME TO FARMERS								80,892	130,200	184,730	206,570	206,570	206,570	228,410	228,410	228,410	228,410	228,410

II. ESTIMATING ENTERPRISE INCOME:	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
1 Production of fresh tomatos								680,400	840,000	1,001,000	1,046,500	1,046,500	1,046,500	1,092,000	1,092,000	1,092,000	1,092,000	1,092,000
2																		
3 Percent for ketchup								20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
4 Kgs. tomato required								136080	168000	200200	209300	209300	209300	218400	218400	218400	218400	218400
5 Kgs. Tomato/box of ketchup								33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33
6																		
7 Percent for paste								80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%
8 Kgs. tomato required								544320	672000	800800	837200	837200	837200	873600	873600	873600	873600	873600
9 Kgs. Tomato/box of Paste								164.71	164.71	164.71	164.71	164.71	164.71	164.71	164.71	164.71	164.71	164.71
10																		
11 PRODUCTION:																		
12 Ketchup (boxes)								4,083	5,041	6,007	6,280	6,280	6,280	6,553	6,553	6,553	6,553	6,553
13 Paste (boxes)								3,305	4,080	4,862	5,083	5,083	5,083	5,304	5,304	5,304	5,304	5,304
14																		
15 PRICES (per box)																		
16 ketchup								81.6	81.6	81.6	81.6	81.6	81.6	81.6	81.6	81.6	81.6	81.6
17 Tomato paste								153.6	153.6	153.6	153.6	153.6	153.6	153.6	153.6	153.6	153.6	153.6
18 TOTAL REVENUES																		
19 Ketchup								333,157	411,305	490,139	512,418	512,418	512,418	534,697	534,697	534,697	534,697	534,697
20 Tomato paste								507,605	626,672	746,765	780,729	780,729	780,729	814,674	814,674	814,674	814,674	814,674
21																		
22 Total revenues			41,004	71,629	184,701	42,845	150,000	840,762	1,037,977	1,236,923	1,293,147	1,293,147	1,293,147	1,349,371	1,349,371	1,349,371	1,349,371	1,349,371
23 COST KETCHUP																		
24 Raw Materials								19.24	19.24	19.24	19.24	19.24	19.24	19.24	19.24	19.24	19.24	19.24
25 Direct labor								4.536	4.536	4.536	4.536	4.536	4.536	4.536	4.536	4.536	4.536	4.536
26 Overhead								21	21	21	21	21	21	21	21	21	21	21
27																		
28 Unit cost per box								44.776	44.776	44.776	44.776	44.776	44.776	44.776	44.776	44.776	44.776	44.776
29 Production Cost ketchup (1)								147,972	182,682	217,695	227,591	227,591	227,591	237,486	237,486	237,486	237,486	237,486
30																		
31 COST PASTE																		
32 Raw Materials								54.02	54.02	54.02	54.02	54.02	54.02	54.02	54.02	54.02	54.02	54.02
33 Direct labor								13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5
34 Overhead								33.1	33.1	33.1	33.1	33.1	33.1	33.1	33.1	33.1	33.1	33.1
35																		
36 Unit cost per box								100.62	100.62	100.62	100.62	100.62	100.62	100.62	100.62	100.62	100.62	100.62
37 Production Cost Paste (2)								332,521	410,519	489,202	511,439	511,439	511,439	533,675	533,675	533,675	533,675	533,675
38																		
39 PRODUCTION COST (1+2)			29,318	63,231	180,856	76,252	250,000	480,493	593,201	706,898	739,029	739,029	739,029	771,161	771,161	771,161	771,161	771,161
40																		
41 ADMINISTRATION																		
42 Overhead								62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000
43 Personnel								77,000	77,000	77,000	77,000	77,000	77,000	77,000	77,000	77,000	77,000	77,000
44																		
45 Total Adm. Cost (3)								139,000	139,000	139,000	139,000	139,000	139,000	139,000	139,000	139,000	139,000	139,000
46 Sale expenses (4)	5.00%							42,038	51,899	61,846	64,657	64,657	64,657	67,469	67,469	67,469	67,469	67,469
47 Depreciation (5)								125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
48 Interest Expense (6)								64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000
49																		
50 Total expenses (1+2+3+4+5+6)								850,531	973,100	1,096,744	1,131,687	1,131,687	1,131,687	1,166,630	1,166,630	1,166,630	1,166,630	1,166,630
51																		
52 NET ENTERPRISE INCOME			11,686	8,398	3,845	(33,407)	(100,000)	(9,769)	64,878	140,179	161,460	161,460	161,460	182,741	182,741	182,741	182,741	182,741

1D

ESTIMATING SALARIES AND WAGES

III. ESTIMATING SALARIES AND WAGES:	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Ketchup								18,520	22,864	27,246	28,484	28,484	28,484	29,723	29,723	29,723	29,723
Tomato paste								44,614	55,079	65,635	68,619	68,619	68,619	71,602	71,602	71,602	71,602
Administ								77,000	77,000	77,000	77,000	77,000	77,000	77,000	77,000	77,000	77,000
Sale expenses								42,038	51,899	61,846	64,657	64,657	64,657	67,469	67,469	67,469	67,469
Other		1,270	11,727	25,292	72,342	30,501	100,000										
SALARIES AND WAGES PAID		1,270	11,727	25,292	72,342	30,501	100,000	182,171	206,841	231,727	238,761	238,761	238,761	245,794	245,794	245,794	245,794

"typical" farm operations are often very useful for assessing expected benefits. This approach may be particularly useful when dealing with marketing or multiple service cooperatives which are providing services to farmers who are scattered throughout a given area.

DEFINITION OF TERMS FOR THE C-E FINANCIAL COMPONENT

Conceptually, our model captures direct financial benefits derived from the enterprise under study and compares them to the amount of money and time TechnoServe invests in this service. This information is compiled over time because, while we incur costs at the beginning of the intervention, the enterprise usually derives increasing benefits as participants learn to become more self-sufficient. The financial component of the model focuses on three aspects of the participants income:

1) Increased community-level (farmers, suppliers, owners) incomes;

2) Increased enterprise profits (before dividend payments, mandated reserves, re-investment, or taxes); and

3) Increased aggregate salaries, wages, and benefits to enterprise employees or directly contracted services.

Each must be calculated as a net incremental return, i.e. the difference between that attributable to the project and that which would have occurred in the absence of the project. Projections are made for two scenarios: with TechnoServe assistance and without it. These figures are projected out ten years beyond the termination of intensive TechnoServe assistance to the project.

Project Time Frame

We have adopted a convention of projecting accrued project benefits for a period of ten years following TechnoServe assistance -- a rather conservative period for accruing benefits. In particular cases, a different duration for the benefit stream may be appropriate (e.g. forestry projects). However, after 10 years, these benefits (when discounted) are usually negligible. Similarly, we adopted the convention of ignoring a project's residual/liquidation value of assets. But again, in certain cases, such as for a capital intensive irrigation system scheduled for a major rehabilitation in its eighth year, this convention may be contravened.

Participants' Viewpoint

Notice in the equations below that our model views financial benefits from the project participants' viewpoint, whereas costs are viewed as TechnoServe's. This is an important element of the model because it reflects our view of development assistance. We do not want to measure how TechnoServe benefits from our development assistance, but how our beneficiaries benefit. By mixing the perspectives of the financial analysis, we depart from traditional cost-benefit analysis to focus our development objectives on the low-income people we assist when measuring the effectiveness of our organization.

Our Costs

TechnoServe's costs may constitute only a modest portion of total development costs injected into a community. Therefore, we look at the total net financial returns we feel are most directly attributable to TechnoServe's participation in the activity and compare it to our costs. If we effectively use TechnoServe's development "investment" to leverage other significant investments in a project, such as new roads, electrical service, debt financing, and the like... so much the better. Our resources are being put to good use. Again, it is a matter of perspective: we are looking for the best use of our limited resources, and the best return to beneficiaries on our own investment.

The Cost-Effectiveness Ratio (C-E Ratio) is calculated as follows:

	WITH TechnoServe Assistance		WITHOUT TechnoServe Assistance
NET BENEFITS =	A. Owner's income + B. Enterprise Income + C. Salaries and Wages wages paid by enterprise.	less	A. Owner's previous income + B. Previous enterprise income + C. Previous salaries and paid by enterprise.

COSTS = A. TechnoServe project and direct administrative costs.
less B. Fees paid by enterprise for TechnoServe services.

DEFINITIONS

The following are some definitions we are using for the analysis:

Net Income to Farmers: The actual and/or expected income to farmers net of their enterprise-related farm-level production costs (this varies by project type). Income to farmers within the target population is calculated net of what they earned previous to TechnoServe assistance.

Net Enterprise Income: Increased enterprise income is the most direct financial benefit of enterprise assistance. Net enterprise income is calculated before taxes, dividends distributed, etc. It is drawn from projections or actual data from the enterprise income statement, depending on when the analysis occurs.

Salaries and Wages Paid: Salaries and wages paid by the enterprise to its staff. Other workers' wages may be appropriate to include, such as those who interact regularly with the enterprise, and local people whose incomes have risen due to increased volume of activity.

Benefits Without TechnoServe Assistance: Any financial returns in the form of farm-level income, enterprise profits, and salary and wages that exist prior to TechnoServe assistance are calculated in baseline studies. We assume these benefits would continue if TechnoServe had not become involved.

Total Financial Benefits: The sum of the first three items above, minus the forth, calculated in local currency (so information is useful at field level).

TechnoServe Costs: Includes all TechnoServe costs directly associated with the project, including administrative costs in the field, and attributable support costs at the main office. These costs are usually available from TNS financial records and are dollar denominated.

Fee Income: This is subtracted from TechnoServe costs, because it represent payment from the participant groups for services.

Cost-Effectiveness Ratio: Present value of benefits divided by present value of costs. This ratio should be interpreted within the context of the project environment. The cost effectiveness ratio is calculated by dividing the present value of benefits by the present value of associated costs. For example, a ratio of 1:1 tells us that the financial benefit expected to be derived by project participants is equal to the financial costs incurred by TechnoServe, and a ratio of 5:1 suggests that the financial benefit is five times as great as our expenditures. This ratio and the supporting spreadsheets provide us with information about our financial "bottom line," the analog to business profits that we were searching for.

ADJUSTING FOR PRESENT VALUE

These total net incremental benefits are brought to a present value in the year of analysis using standard techniques for handling inflation and discounting/compounding factors. We then compare this factor to an analogous present value figure of TechnoServe's costs.

In our spreadsheet model, the stream of benefit flows consist of two parts: The actual benefits produced during the past years of assistance from the time TechnoServe assistance starts to the present -- or base year; and the expected stream of benefits that will be produced in future years. The assumption is made that benefits and costs are produced at the end of each calendar year. The base year is the reference year used for the present value calculations-- it usually corresponds to the current year.

The local value of past benefits are brought to the present adjusting for the rate of inflation of each year as reported in the Parameters section of the Summary Table 1 and also adjusting for the social discount rate, which in our example is assumed to be 10 percent.

The estimated future benefits are brought to the present using an "average social discount rate" of 10%. No adjustments for inflation are made in this case since, for the sake of simplicity, we assume that all prices--of products and inputs-- remain constant over time. By doing this, we further assume that future increases in revenues and income are largely caused by real increases in production and productivity or the undertaking of new activities brought about by TechnoServe interventions.

In the example of Summary Table 1, the computed present values are presented in separate rows corresponding to the base year column of 1987. Both stream of benefits are added and converted to US$s at the exchange rate prevailing in that year.

Graphically this may be illustrated as follows:

```
Actual Benefits                                        Future Benefits

-----------------------------------------O-------------------------------------- - ->>>>

>>>>>>>>>>>>>>>>>>>>>>> PV <<<<<<<<<<<<<<<<<<<<<<<<<

*-------------/-------------/==========/---------/--------/-------->>>>
     1985        1986          1987        1988     1989     1990 >>>>
                              Base Year
-----------------------------------------------------------------------------------
* Project start.
```

USE OF PRESENT VALUE FORMULAS

To facilitate the present value computations, we have built a few formulas into the spreadsheet model which are described as follows:

a) Present Value of Past Benefits

Table 2 illustrates how the formulas were constructed for calculating the present value of past benefits as they would appear in your computer screen. In this case we have the cursor in cell L179 which shows 283,830 Colones in 1986. You may notice that the formula, which appears in the left top corner, incorporates the adjustments for inflation and social discount. By moving the cursor to other cells of prior years in this row you will find similar formulas interacting with actual inflation rates that appear in the parameters section. You may use this as a basis for constructing your own formulas as may be needed in each specific case.

c) Present Value of Future Benefits

Future returns are discounted by a country's "social discount factor" to account for the opportunity cost of money invested for social purposes. Generally, according to World Bank/IMF sources, the social discount rate varies from 8.5% to 12.5% according to the strength of the economy. TechnoServe assumed this rate to be 10% for most of its projects.

The formula we use to convert the future stream of benefits to present value is less elaborate than that used for estimating the present value of past benefits since you can obtain it directly from the functions in the spreadsheet program. If you use Lotus 123, the @NPV functions will produce the present value of a series of financial flows that may or may not be constant from year to year.

d) Present Value of Past/Future Costs

Past/Future costs are compounded/discounted by the appropriate Treasury Bill interest rate for each year to approximate the opportunity cost of money in the U.S., where most of our funds are generated. When needed, we projected current (constant) T-Bill rates into the future. Table 3 illustrates how the formula is derived.

TABLE 2

CALCULATING PRESENT VALUE OF BENEFITS

L179: (,0) [W8] (K179+L177)*(1+L149)*(1.1)

A	B	C	D		G	H	I	J	K	L	M	N
				145	1981	1982	1983	1984	1985	1986	1987	1988
				146								
I.	BASIC PARAMETERS			147								
	EXCHANGE RATE (US$ 1= 5 COLONES)			148	2.50	2.50	2.50	2.50	3.95	5.00	5.00	5.00
	ANNUAL INFLATION FACTOR			149	0.15	0.12	0.13	0.12	0.22	0.32	0.25	0.10
	US TREASURY BILL RATE (%)			150	0.14	0.11	0.09	0.10	0.07	0.06	0.06	0.06
				151								
II.	BENEFITS			152								
A	B	C	D		G	H	I	J	K	L	M	N
3.	SALARIES AND WAGES PAID			175	0	0	10,458	24,023	71,073	29,231	98,730	180,902
				176								
	TOTAL INCREMENTAL BENEFITS			177	0	0	22,144	32,421	74,918	(4,176)	(1,270)	214,225
				178								
				179	0	0	27,525	73,853	199,651	283,830		
	PV OF LC PAST BENEFITS (1982-1987)			180							282,560	
				181								
	PV OF LC FUTURE BENEFITS (1988-1997) SDR =			182							3,226,226	
				183								
	TOTAL PV OF INCREMENTAL BENEFITS in US$ 198			184						US$	701,757	
				185								

TABLE # 3

CALCULATING PRESENT VALUE OF COSTS

F127: (,0) +E127*(1+F15)+F125

	A	B	C	D	E	F	G
12	BASIC PARAMETERS						
13	CPI Index		1.10	1.63	0.78	0.86	4.00
14	Exhange Rate assumed 1/. per US$		3.32	10.84	40.00	70.00	250.00
15	Treasury bill rate		0.096	0.075	0.060	0.058	0.059
16							
17							
18							
	A	B	C	D	E	F	G
119			1984	1985	1986	1987	1988
120	IV. COST OF PROJECT						
121	INS cost 01-21		3392	18294	83642	128368	203692
122	Fee income (Intis)						
123	Fee income US $				34483	36470	86531
124							
125	ANNUAL INS NET COST		3392	18294	49159	91898	117161
126							
127	Compound cost before 1988		3392	21,940	72,409	168,528	295,616
128	Cost after 1988						969,348
129							
130	INS COST AT 1988 PRICES						1,264,963

The TechnoServe Cost-Effectiveness Methodology

Evaluating the Non-Quantifiable Indicators

In this section, the definitions, use and application of the non-quantifiable indicators of our cost-effectiveness methodology are explained. A sample of the Non-Quantifiable Benefits Rating Sheet is shown in Table 4 on the next page.

PURPOSE:

The purpose of the non-quantifiable sheet is:

- To acknowledge the fact that TNS assistance to projects in Africa and Latin America yields benefits (in economic terms, "externalities") above and beyond those purely quantifiable ones accounted for in the normal project financial statements.

- Using a system of weighted values and individual ratings, to produce a factor to which complements the results of the financial benefit/cost ratio developed in the accompanying work sheets.

DESCRIPTION:

The non-quantifiable benefits are divided into three major categories: social, economic and policy benefits.

A "polling method" was used to arrive at the subcategories in each -- i.e. an in-house brainstorming session was held to poll TNS employees as to their perceptions with regard to the non-quantifiable benefits accruing to TNS project beneficiaries. Results were tabulated and weighted, and, where deemed necessary, adjusted for biases. Adjustments were also made based on new directions for TNS -- i.e. increased emphasis on policy reform.

Weighted values for the relative importance of each category and subcategory were determined through discussions among the members of the Cost-Effectiveness Working Group and with Ed.

USE:

1. <u>Who will complete it?</u>

The Non-Quantifiable Rating Sheet will be completed by at least three persons or a group of persons familiar with the project. Including raters with various perspectives of the project will provide a more complete picture of the impact TechnoServe's

Non-Quantifiable Benefits Rating Sheet

Worksheet 1/21/88

Country: El Salvador
Project Name:
Evaluator:

	Weight	Value	Weighted Value	Comments
I. Social Benefits				
a. Improved Managerial and Technical Skills	5	18	90	
b. Increased Access to Public Services (e.g banking, extension, health)	4	17	68	
c. Increased Control Over Quality of Life	3	15	45	
d. Greater Participation for Marginalised Groups (e.g. women, ethnic minorities)	2	20	40	
e. Increased Community Solidarity	1	15	15	
	15			
II. Economic Benefits				
a. Increased and Sustainable Productivity	5	15	75	
b. Enterprise Replicability	4	18	72	
c. Increased Enterprise Sustainability	3	15	45	
d. Increased Employment	2	16	32	
e. Improved Backward/Forward Linkages	1	16	16	
	15			
III. Policy Benefits				
a. Improved National Policy Environment for Rural Enterprises	5	16	80	
b. Regional/Community Sector Policy Impact	5	15	75	
c. Institutional Policy Impact	5	13	65	
	15			
	45		718	
Multiplier =	1.60			

RATING KEY:

5 - 9 : Project has actually had a negative effect in terms of this benefit.

10 : Project has had neither positive nor negative effect with regard to this benefit.

11 - 20 : Project has had a positive effect with regard to this benefit.

intervention is having with regards to each of the sub-categories. Appropriate individuals include the CD, Deputy CD, the Project Manager and Project Advisors.

The Non-Quantifiable Rating Sheet is completed at the same time the Spreadsheets containing the financial calculations are completed. These sheets, together with the supporting project description and other summary documents, represent a complete C-E analysis.

2. How will it be completed?

For each of the non-quantifiable benefit subcategories, the raters will be required to assign a value representing the degree to which TNS intervention has had an impact. This impact may be rated as either positive or negative. The rating scale runs from 5 to 20. Within this scale, a rating of 10 is a neutral rating, i.e. TNS intervention has had neither a positive nor a negative effect on this aspect of the project. A rating of 5, 6, 7, 8 or 9 will indicate a negative effect of TNS intervention on the subcategory in question, with a rating of 5 representing the most negative of effects. A rating of 11 to 20, inclusive, will indicate that TNS assistance has had a positive effect within the subcategory in question -- with 11 representing a very marginal yet positive effect and 20 a highly positive effect.

EXPLANATION OF SUB-CATEGORIES

When evaluating the project in-question, the rater is expected to gauge the effects -- positive or negative -- that TNS assistance has had on the following subcategories of potential benefits:

1. Social Benefits

a. **Improved Managerial and Technical Skills** - To what degree has TNS assistance raised the level of skills in both general management (personnel, administration, marketing, etc.) and financial management (budgeting, planning, accounting, etc.)? To what degree has TNS intervention raised the level of community technical skills (agronomic, ranching, agro-processing, etc.)?

   Improved management skill levels would be evidenced by the initiation/use of rational business plans and budgets, market plans, cost accounting analyses, etc. Improved technical skills might be evidenced by the adoption of: improved agronomic techniques such as the use of improved seeds, compost, chemical fertilizers; integrated pest management techniques; improved herd management techniques; improved product milling techniques, packaging, etc.

b. **Increased Access to Public Services** - To what degree has TNS assistance increased the community's access to vital and non-vital services such as government extension services, banking services, general and maternal-child health services, water/electricity services, etc.?

"Increased access" may also indicate a greater sense of how "the system" works, a greater sense of entitlement to what this "system" has to offer, and a more aggressive stance in terms of ensuring that the community gets that to which it is entitled.

c. **Increased Control Over Quality of Life** - Admittedly, a "soft" indicator, yet obviously a valid and important one. What we are attempting to gauge here is the extent to which TNS intervention has helped the community to gain control over its living conditions --i.e. control in the sense of a heightened ability to deal pro-actively as opposed to reactively with problems.

For example, a marketing coop may have increased its ability to command as opposed to simply responding to wholesale or retail prices. Or, whereas previously, it might have been felt that the community's health problems were insurmountable or else a function of the degree of attention which the government decided to focus on the community, the process of enterprise development and management may have taught the community about the value/potential of organized group action, e.g. in establishing a village-run and supported primary health care clinic.

d. **Greater Participation for Marginal Groups** - To what degree has TNS assistance increased the participation and the autonomy of politically or economically neglected subgroups in the development of the community? This might include women, certain tribal groups without political representation, etc.

e. **Increased Community Solidarity** - To what degree has TNS assistance increased the ability of the community to act as just that -- a community, i.e. a united, consensus-driven political and economic entity -- to address key developmental issues affecting it?

2. Economic Benefits

a. **Increased and Sustainable Productivity** - To what degree has TNS intervention assisted the community in increasing yields/production in a manner that will permit it to sustain these yields over time?

For example, has TNS transferred skills that will not only permit the community to grow more sorghum, but to preserve or improve the environmental integrity of the fields as well -- i.e. through terracing, minimum tillage, agro-forestry, etc.? (Note: Here we are rating the transfer of productivity-increasing skills/technologies that will remain even beyond the life of the particular enterprise currently receiving assistance.)

b. **Enterprise Replicability** - To what degree has TNS intervention led to the development of an enterprise which is likely to be replicated by others once they have witnessed the viability thereof or which can more easily be replicated by TNS as part of a commodity sector strategy?

c. **Increased Enterprise Sustainability** - To what degree has TNS assistance increased the likelihood that the particular enterprise to which it is offering assistance will survive over the medium- and long-terms? (Note: Again, we are making a distinction between the group and the enterprise -- i.e. perhaps this particular venture may not be sustainable but the lessons learned and skills/technologies transferred will allow the community to become involved in others of the same sort.)

d. **Increased Employment** - To what degree has TNS intervention increased employment opportunities within the community?

e. **Improved Backward/Forward Linkages** - These refer to enterprises and/or services which are part of the overall production-marketing-consumption (PMC) system governing the product in question. Backward linkages for an agricultural production coop might include increased opportunities for suppliers of agronomic inputs such as improved seeds, fertilizers and pesticides. Forward linkages might include increased opportunities for millers, transporters, additional processing facilities, etc. To what degree, then, has TNS intervention improved these types of linkages within the PMC system?

3. Policy Benefits

a. **Improved National Policy Environment for Rural Enterprises** - To what degree has TNS assistance to this community-based enterprise focused attention and generated authoritative data which has influenced the direction of national policy vis-a-vis the development of the rural private sector -- e.g. by easing access to National Development Bank credit, by lowering taxation levels, increasing protection from subsidized imports (e.g. food aid), etc.?

b. **Regional/Commodity Sector Policy Impact** - To what degree has TNS assistance to this CBE focused attention and generated authoritative data which has influenced regional policies and/or commodity sector policies --e.g. by improving access to services (e.g. extension services) for other enterprises operating in the region or, in the product sector?

c. **Institutional Policy Impact** - To what degree has TNS assistance to this CBE focused attention and generated authoritative data which has influenced the policies of major institutions such as banks, national cereals marketing boards, etc.?

7) AN INSTITUTIONAL EVALUATION OF TECHNOSERVE
(C. Stark Biddle & Dr. Kevin Dwyer, July 1988)

AN INSTITUTIONAL ASSESSMENT

Of

TECHNOSERVE INC.

Submitted As An Evaluation of Technoserve's
USAID Partnership Grant No. PDC-0280-A-00-6205-00

By:

C. Stark Biddle
&
Dr. Kevin Dwyer

July, 1988

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SUMMARY OF FINDINGS AND CONCLUSIONS

The following summarizes the principal findings, conclusions and recommendations of the Study Team.

. Technoserve is a skillful, professional well managed private voluntary organization that has accumulated considerable expertise and formulated an effective approach to enterprise development.

. Technoserve's clear conception of its mission, clarity of approach and sustained programmatic focus have served it well. Nothing in this Study suggests that Technoserve should contemplate a fundamental deviation from its basic mandate.

. Technoserve has developed a strong capacity and willingness to be analytical and self evaluative. Its ability to ask difficult, self critical questions about program impact, cost effectiveness and long range direction is impressive.

. At the same time, Technoserve has certain institutional characteristics -- a strong unifying culture, a centralized and hierarchical management system and an armature of rules, procedures and guidelines -- that may unintentionally wall out innovative approaches. Along these lines the Study Team concluded that Technoserve has reached a point of stability and maturity and has a sufficiently strong sense of identity to permit it to experiment with innovative ideas without fear of diverting the organization from its basic mandate.

. Technoserve's basic institutional superstructure -- its procedures, policies, systems, practices, organizational framework and stylistic characteristics -- complement and support the work of the organization.

. Organizationally, Technoserve has shown a desire to decentralize certain operational functions. The Study Team felt this was healthy and should continue at an accelerated pace.

. Technoserve deserves high marks for its concern for long range planning. But as the organization grows this function will become increasingly demanding and will need to be given its own institutional housing. Planning should become more participatory, field programs should be included more fully in the long range planning process and country programs should themselves be asked to prepare long range plans compatible with the parent document.

. Inevitably, Technoserve will find itself devoting increasing time and energy to the formulation and reformulation of policy of an institutional and programmatic nature. Technoserve needs to carefully think through the different types of policy making functions and make sure that these activities are being performed at an appropriate location. Some or all of these functions may be housed within the R&D Department.

. Technoserve's approach to enterprise development appears to be conceptually sound; the organization has demonstrated the capacity to learn from experience and to deliberately adjust its approach when necessary. The challenge for Technoserve will be to creatively adjust its

'147'

"model" to changing conditions and learned lessons without eroding its core approach.

. With regard to Technoserve's current approach to enterprise development:

- The Study Team believes that there would be considerable practical benefit to further work and analysis devoted to the understanding of alternative replication models.

- The Study Team encourages Technoserve to accelerate the start-up process once a decision has been made to establish a new country program.

- While the Study Team was impressed with the effectiveness of Technoserve field staff, it recommends that additional training be offered in presentation skills and that Technoserve develop clearer practical guidelines regarding the appropriate balance point between being proactive and reactive.

- The conduct of social impact analysis should be either strengthened or deleted in favor of financial determinants.

- Technoserve's increasing emphasis on working through institutions as opposed to working directly with enterprises should be encouraged and accelerated.

- Principal emphasis should continue to be placed on provision of managerial technical assistance but Technoserve should develop project review criteria that would allow technical assistance in other substantive areas in deserving cases.

. With regard to the subject of "policy dialogue", the Study Team noted that there is some confusion with regard to the meaning of this concept and expressed caution as to the desirability and institutional capacity of performing this function.

. With regard to the future of the Technoserve program:

- The Study Team concluded that Technoserve should maintain an appropriate balance of new, growing, mature and graduated programs, balancing new starts with graduation of mature programs and using its laboratory capabilities to develop a "stages of growth" model as a conceptual underpinning.

- If this balance is to be achieved, Technoserve needs to devote more attention and energy to speeding up the "graduation" process. Success in this area will depend heavily on the capacity of country programs to become financially viable through the development of their own fund raising capabilities.

- Despite certain difficulties, the Study team was impressed with the potential application of the Belize model and felt that considerable

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effort should be placed on elaboration of the Belize approach and a search for a comparable relationship. The Belize case study should deal explicitly with the tensions and communications problems that developed and on ways that these can be reduced in subsequent cases.

. The Study Team recommends that Technoserve undertake a number of positive steps to gradually reduce the current degree of financial dependence on AID funding.

. With regard to the R&D Department, the Study Team felt that this relatively new unit was performing an extremely valuable function for Technoserve and, in general, for the development community. Increasingly the R&D Department should take on certain internal, slightly more operational functions. Specifically the Study Team suggested an expanded role for R&D in long range strategic planning and in the development and teaching of practical case studies that would be of use to country program staff as they design and implement their programs. In addition, it may be appropriate for R&D to assume a more operational role with respect to policy formulation.

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INTRODUCTION

This Study is an Institutional Assessment of Technoserve, Inc. of Norwalk Connecticut. The immediate purpose of the Study was to provide a mid-point evaluation of a five year Cooperative Agreement (the Partnership "grant") between Technoserve and the Agency for International Development (AID) that was awarded in June, 1986 in the amount of $6,150,000. Because of the broad institutional nature of the Grant, the scope of the evaluation was broadened to examine overall program and organizational strategy.

The explicit purpose of the Partnership Grant is to strengthen Technoserve's capacity to provide managerial and technical assistance to small and medium enterprises in certain designated countries, support Technoserve's Research and Dissemination Department, provide start up funds for several new country programs and test a model for the creation of indigenous entities similar to Technoserve that has been developed in Belize. In addition, the grant is intended to assess the merits of a new funding mechanism and the concept of a "partnership" relation between AID and an experienced and respected Private Voluntary Organization (PVO). In broad terms, the purposes of the Partnership Grant are institutional, strategic and programmatic.

Reflecting the goals of the Partnership Grant and the institutional maturity of the recipient, this assessment examines Technoserve from a comprehensive institutional perspective. The primary emphasis is on the strategic future evolution of the organization rather than on past performance.

The assessment was conducted by C. Stark Biddle, a management consultant who works with non-governmental organizations and Dr. Kevin Dwyer, a cultural anthropologist with executive level experience in an international private voluntary organization. Material was collected and interviews conducted at Technoserve headquarters in Norwalk Connecticut and field trips were made to Ghana, Costa Rica, El Salvador and Belize. Work on this study was conducted intermittently from November of 1987 through May, 1988.

This report is divided into three sections:

Part I provides factual background and a description of Technoserve operations, policies and structure. It describes the goals of the Partnership Grant and the approach that the evaluators used in conducting this assessment.

Part II examines Technoserve from an institutional perspective, deals with such matters as organizational structure, management systems and operating style and discusses a series of related issues.

Part III analyzes Technoserve's programmatic approach to enterprise development and discusses a series of related issues.

Appendix A provides a brief description of the four country programs that were visited and highlights several issues that surfaced during these visits.

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Part I

BACKGROUND

Brief History of Technoserve

Technoserve was founded in 1968 by Edward Bullard who became and remains its President and is largely responsible for its evolution and current direction. Bullard has a background in industrial management and had worked for ten years at the family owned Bullard Company, a leading New England manufacturer of machine tools. As a volunteer in Ghana, Bullard became convinced that American methods for increasing productivity in the private sector could be successfully adopted to the Third World.

During its early years of operation, Technoserve's overseas projects were staffed by volunteers, often retired businessmen, based in the United States and the program concentrated primarily on providing technical assistance to increase agricultural productivity. The first country program (Ghana) was established in 1971 and additional programs were established in Kenya, Honduras and Uganda the following year. By 1976 Technoserve was operating in five countries with a budget of $1.3 million and a staff of 65. However, early initial growth brought management and administrative problems. In retrospect, Bullard characterizes this early period as "formative and experimental" and acknowledges that few of these early projects were successful. In 1977 the Honduran program was phased out and several other unsuccessful projects were terminated. For 1977/78 the budget remained static as the organization came to grips with problems created by several years of steady growth. During this consolidation phase, considerable effort was devoted to improved management information systems and better personnel selection procedures and a deliberate decision was made to switch from using volunteers to employment of full-time professional staff. Simultaneously, the program focus was sharpened, greater attention was accorded to project sustainability and replication, methodology and procedures were standardized and the central principles that guide Technoserve today (focus on agricultural, community based enterprises) was developed. Program expansion resumed in 1979 and the organization has grown at an average annual rate of 15% since then.

Technoserve currently operates in nine countries, has an affiliate program in a tenth and supports a Replication and Dissemination Department (R&D) that was created in 1984 to document and disseminate the organization's work . In 1988, Technoserve will provide technical managerial assistance to over 220 different projects. Expansion to three additional countries is planned for the near future.

Technoserve currently has a staff of 184. Of this total, 35 or 19% are in Norwalk and 149 are overseas. Of those overseas, 137 or 74% are local hire and five of the nine field programs are run by nationals.

AID funding was first obtained in 1972 and currently constitutes 60% of the operating budget. Changing composition of AID to total funding in five year increments is as follows:

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	1975	1980	1985	1988est.
AID central	168	505	878	995
AID field	168	723	1861	3609
Total AID	336	1228	2739	4604
Total Program	918	2108	4463	7177
AID as %/budget	37%	58%	61%	64%

Technoserve's current mission statement reads as follows:

> It is Technoserve's aim to improve the economic and social well-being of low income people in developing countries through a process of enterprise development which increases productivity, jobs and income. Technoserve accomplish this by providing management, technical assistance and training to enterprises and institutions primarily related to the agricultural sector.

Source and Use of Funds

Technoserve's budget for 1988 is allocated as follows:

	$Budget	% oftotal
Ghana	358	5%
Kenya	397	6%
Zaire	519	7%
Rwanda	760	11%
Sudan	555	8%
(Total Africa	2589	36%)
Salvador	1126	16%
Panama	384	5%
Peru	372	5%
Costa Rica	268	5%
Belize	62	1%
(Total Latin Am.	2212	32%)
R&D Department	210	3%
Norwalk (all other)	2119	29%
Total	7130	100%

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For 1988, income is projected to come from the following sources:

	$Amount	%ofTotal
Religious orgs.	480	7%
Foundations	355	5%
Corporations	495	7%
Individuals	510	7%
AID/Washington	1025	14%
AID/field	3657	51%
Fees	306	4%
Other	336	5%
Total	7130	100%

Program Approach and Project Criteria

Technoserve is the only PVO that limits itself exclusively to enterprise development projects. Normally, the organization offers two types of assistance:

- Training and managerial assistance to "community based" organizations. These organizations are normally rural, medium scale, agricultural cooperatives with a membership ranging from a dozen to a 1000. Roughly 75% of Technoserve's efforts are in this category.

- Business Advisory Services of a short term, ad hoc nature to small firms who require managerial assistance.

In addition, in some Africa programs, Technoserve is experimenting with mechanisms that involve taking equity positions in support of enterprise development and in Latin America the organization is testing an affiliate relationship with a local organization to determine if that approach could be used elsewhere.

The Three Year Plan

Technoserve places considerable emphasis on long range planning and the importance of periodic senior staff meetings and retreats to review, validate and occasionally revise program direction and strategy. The current Long Range Plan was adopted in June, 1985 and covers the three year period, 1986 to 1988.(A new Three Year Plan for the period 1989 to 1992 is currently being developed and will be discussed and adopted at the November 1988 Board meeting.)

The current (1986 to 1988) Plan sets forth specific organization wide goals for the planning period and programmatic priorities for the major divisions. While somewhat out of date, the Plan is important because it provides a backdrop for several of the issues that the organization is

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dealing with and that are discussed in later sections of this Study. The principal elements of the Plan are as follows:

. No change in the basic Mission Statement or underlying policy and strategy. (As later discussed. Technoserve has a remarkably clear, coherent and consistent conception of its mission.)

. An average annual growth rate of 16% for Technoserve as a whole, slightly higher in Africa, slightly lower in Latin America. (This goal has been approximately achieved.)

. Expansion to 12 countries by the end of 1988 (Two more in Africa and one more in Latin America) with a staff of 220. (Exploration efforts are underway but it is unlikely that this goal will be achieved in entirety by the end of 1988.)

. Gradual broadening of the funding base with decreasing reliance on AID funding (from 65% in 1985 to 53% by 1988) and a concomitant increase from private sector sources.(This goal will not be achieved.)

. In Africa:

- a relatively greater proactive approach to project identification and development;

- occasional injection of equity financing where this is a principal constraint.

- Use of sector analysis and sector concentration to strengthen Technoserve's capacity to generate projects and influence governmental policy;

(These emphases appear to be reflected in the operations of the Africa Division.)

. In Latin America:

- Increased emphasis on working through intermediary institutions in order to increase outreach;

- Adoption of an in-country regional focus to improve efficiency and increase impact;

- Encouragement of country programs to "graduate" to full independent legal status.

- Increasing reliance on affiliate relations similar to the Belize experiment.

- Increased effort to strengthen local fund raising capacity " to move toward both financial and legal independence as quickly as is possible."

(The Latin American Division is putting increased emphasis on intermediaries and on in country regional linkages. The Division

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appears to have been less successful with respect to increasing the number of "graduates", strengthening local fund raising capacity and expanding use of the Belize model.)

Organization and Management

Technoserve is a membership organization comprised of roughly 70 members elected for life who in turn elect a Board of Directors that meets twice a year. An Executive Committee of the Board provides policy oversight between Board meetings.

The internal structure is straightforward and hierarchical. All programmatic and administrative functions are grouped under six officers who report to the President. Of these, four are Vice Presidents (Africa, Latin America, Marketing and Replication and Dissemination) and two are Directors (Personnel and Controller). Country programs are under the direction of Country Directors who report to the regional Vice President. Levels and degrees of authority are specified in the organization's policy manual. (Management and organizational matters are discussed in Part II.)

The Partnership Grant

The Partnership grant (actually a cooperative agreement) is one of three similar grants awarded by AID/PVC to an established PVO. Aside from the considerable size of the award ($6,150,000 total) the funding mechanism has several distinctive features:

. **Five year funding.** Although subject to the standard caveat with respect to "availability of funds" the agreement strongly implies the future availability of funds from the core portion of the agreement during the five year period, thereby providing Technoserve with a fairly confident source of future income.

. **A new mechanism for possible AID mission "buy-ins".** The cooperative agreement envisions a process (not fully designed as of this writing) whereby AID missions may, at their discretion, re-program funds to obtain services or support from a Technoserve field office thereby "buying into" the Partnership grant. This has the ostensible advantage of combining different grants under a single grant mechanism.

. **An implicit recognition of the institutional maturity of the recipient** and the complementarity of AID's and the recipients program objectives.

The Partnership Grant to Technoserve sets forth both general purposes with regard to institutional strengthening as well as specific quantifiable goals. The broad purposes of the grant are:

. To bring Technoserve's in country presence and capability up to a "critical mass" in Panama, Costa Rica and Ghana. ("Critical mass" is defined as being "self sustaining" and having the capacity to carry on a

national dialogue on agricultural policy matters. It also carries the non-quantified implication of higher staffing levels and expanded program activity in these three countries.)

. To enable Technoserve to expand its operations into new countries. (The grant envisions 3 to 4 new countries during the life of the grant with "most" of the expansion taking place in Sub-Sahara Africa.)

. To strengthen the work of the Replication and Dissemination Program with particular emphasis on the development of techniques and models to improve program replicability.

. To complete the Belize "franchise" experiment, evaluate the merits of this approach and test similar approaches.

The core or centrally funded portion of the grant is established at $4.5 million and the Mission "buy-in" portion at $1,650,000. Technoserve is required to match the core portion on a 1:1 basis and the "buy-in" portion on a 1:3 basis for a total commitment during the grant period of $5,050,000.

At the time this evaluation began, the Partnership Grant was a year and a half old. Progress against the goals of the Grant had been reported to AID/PVC six months earlier. At that early juncture, progress against the general and specific goals of the grant was being made on or ahead of schedule.

The Assessment, Timing and Approach

The Scope of Work for this Assessment was designed so that the evaluators would take a broad, strategic look at the effectiveness of Technoserve. While the Partnership Grant provided a framework for the evaluation, the thrust of enquiry was intentionally broadened to deal with long term organizational and programmatic issues. In view of the recent comprehensive status report to AID/PVC on progress against the goals of the Partnership grant, the Scope did not envision a detailed status report of accomplishments against goals.

In conducting this study, the evaluators used the following approach:

. A combination of headquarters and country visits to ensure a balance between the quite different perspectives of the center and the field.

. Open ended, largely unstructured interviews (or discussions) organized around a set of core questions derived from the scope of work. (All interviews were confidential.)

. An extensive review of internal documents including policy manuals, procedural handbooks, project proposals and financial data.

This assessment deals with the following matters:

. The clarity and conceptual soundness of Technoserve's program

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strategy;

. The compatibility of institutional structure, operation and style with current and future program directions.

. The project design and programming system.

. The evolving role of the Replication and Dissemination Division.

. Challenges, trade offs and opportunities that Technoserve may need to grapple with in the coming years.

This Study does not deal with the effectiveness of the Board of Directors, the mechanics of fund raising, or the details of the accounting and financial management system. Nor does it attempt to evaluate the impact or the technical merit of individual projects or individual country programs.

During the course of this Study, Technoserve was in the process of reviewing key strategic and programmatic directions and revising its Long Range Plan. It is the impression of the Study Team that several of the issues that are raised in this report are being addressed through this long range planning process.

Tom Dichter, Vice President for Replication and Dissemination assisted and advised the evaluators, helped draft the scope of work, and accompanied the team to Ghana and Belize. His assistance was immensely helpful to the Study Team.

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Part II

AN INSTITUTIONAL ASSESSMENT OF TECHNOSERVE

This Part of the study examines Technoserve from an institutional perspective and raises several cross-cutting issues of an organizational nature. The Section deals with:

- Culture, values and style of operation.
- Organization, staffing, management.
- The policy formulation process.
- The program design process.
- The management of financial matters.
- Dependency on AID funding.
- The current and future role of the R&D Department.

The last portion of this Section raises several issues for discussion.

Institutional assessments are challenging because there is no broadly accepted easily measurable standard of what constitutes institutional effectiveness. This is particularly true with respect to the non-profit sector since the success or failure of philanthropic endeavors cannot be measured by a simple "bottom line" formula, as it can in the case of profit making entities. For this reason, non-profits are obliged to spend considerable time and effort defining what constitutes effectiveness in their particular case. Because of the lack of a standard measure, evaluators are frequently forced to conclude that the only fair measure of institutional effectiveness is the demonstrated capacity of the organization to achieve the goals that it has set for itself. The difficulty with this logical but circular line of reasoning is that it does not add to or enrich our understanding of what constitutes a healthy, viable organization. In the final analysis it is true that non-profits can only be fairly judged against the goals they set for themselves. At the same time there are certain indicators or attributes which appear to enhance the likelihood that an organization will be successful in that endeavor. For the purpose of this study, the Study Team developed a list of institutional characteristics that were felt to be of particular importance in assessing the performance of international development agency.

- Focus and clarity of mission.

There is tremendous pressure on non-profits and PVOs in particular to demonstrate quick, short term results. As a consequence, these organizations can be easily lured away from their particular market niche and initial comparative advantage. While the capacity to "stick to ones knitting" can be pursued slavishly, it is important for development agencies to have the self discipline and internal unifying culture

necessary to keep them roughly on track.

- **A capacity to change.**

The ability to balance between focus and continuity on the one hand and innovation and adaptation on the other is probably the most difficult dilemma that a non-profit must confront. Change is threatening because it implies dissatisfaction with the status quo. It is particularly difficult to handle in an organization with strongly held values and a program and operating style linked to those values. The capacity to lead an organization through a process of change demands adroit and sensitive leadership.

- **A capacity to formulate, reformulate and apply a unifying body of policy.**

The evolution of policy is central to the growth and evolution of the organization as a whole. Policy formulation is based on a process of research, self learning, adjustment and planning. The capacity to systematically re-examine and replace existing doctrine is particularly important as organizations increase in size and complexity. As relations between the center and the parts becomes increasingly distant, clear and current policy guidance increases in importance.

- **The capacity to enhance impact.**

Given the magnitude of the challenge, few PVOs would wish to be measured on the basis of their absolute impact on Third World development. However, it is fair to ask whether an organization's impact is improving, remaining the same or declining. A fair measure of an effective organization is whether it has an interest in and capacity to increase the magnitude of its impact through such measures as greater project life (sustainability); the capacity of an activity to automatically regenerate itself (replicability) or the capacity to engage in and influence national policies that carry structural benefits to the society.

- **The capacity to identify, attract, keep and motivate skilled personnel.**

Non-profits face special problems in human resource management in part because of their low salary scales but more importantly because of the frequent ideological orientation of their missions and the passionate convictions that staff often bring to their work.

- **Prudent management of financial resources.**

Because non-profits are driven by the zeal of their mission, they can easily forget the financial basics. Included in prudent financial management is: a diversified funding base; scrupulous adherence to the code of fund raising ethics; internal mechanisms for measuring cost effectiveness; a budget allocation process based on clear, broadly accepted criteria; budgeting on the basis of firm rather than speculative donor commitments.

. **The capacity to behave strategically.**

Strategic management is an overused term with unclear meaning and limited application to many organizations. However, the concept of the strategic organization is intuitively straightforward. Some organizations appear to have the capacity to steer through a thicket of adversity, others do not. Strategic behavior involves: knowing the competition; understanding market share and "brand loyalty"; anticipating external developments and the use of long range planning that is designed to test the validity of current decisions.

Culture, Values and Style of Operation.

Technoserve's most singular institutional characteristic is its remarkably clear and consistent conception of its mission and the compatibility between that mission and Technoserve's own internal organization and corporate culture.

Technoserve's strong and unifying value structure and its set of shared beliefs about enterprise development reflect a composite of influences including the imprimatur of the founder/president,the inherent commercial nature of the enterprise development process itself and the accumulated experience of the organization. It is preserved through rigorous screening of new employees and a formal and well organized structure of policy directives.

Although a strong value base is not unusual for a PVO, what is striking to an outsider in Technoserve's case is the clarity, and strength of broadly shared convictions regarding human nature, development, and the role of enterprise in development. Thus, most Technoserve staff would view the following principles as axiomatic:

. Humans are motivated by having a clear stake in their own activities;

. The enterprise is a mechanism for unlocking individual potential;

. Agricultural development often precedes industrial development.

. It is more effective to transfer skills than it is to transfer dollar resources;

. What is most frequently lacking in a small organization in a developing country is an understanding of basic, simple business practices;

. Those to be assisted need to demonstrate their commitment through a contribution of financial resources.

. Help should be given to organizations most likely to succeed. ("Pick the winners.")

Cutting across these shared views of development is a belief in the value of business discipline. Staff frequently refer to their own business-like

manner and orientation, their emphasis on cost accounting, their "nuts and bolts", no-nonsense attitude. Consistent with this vocabulary, they refer to Technoserve in conversation and in writing as "the company". Many of Technoserve's internal procedures and systems appear to be borrowed from the world of commerce and the President has remarked that he "uses the language of business because business is our business and because the language of business is most important for describing what we do."

Technoserve staff are conscious and proud of their "company's" strong corporate culture and shared values and beliefs. As the Orientation Manual for new staff emphasizes:

> "Technoserve is an organization with a distinct corporate culture. We take a practical and businesslike approach to our work in development, yet that approach is deeply motivated by a humanistic vision of the value of each person on earth and of our obligation to assist low income people in gaining greater control over their lives. It is because we take that obligation seriously that we owe those we are trying to help a solid, clearly thought-out and focused program of assistance. Therefore we highly value organizational and personal integrity, professionalism and competence, in combination with compassion and concern."

The common language and shared values (in the President's words, the "glue which holds the organization together") appears to be the basis for several important institutional attributes:

- **A marked absence of overt internal conflict.** While there are strong differences of opinion with regard to the future direction of the organization and a desire for greater autonomy from some of the country programs, the degree of difference appears manageable and resolvable and the nature of the debate appears to be healthy.

- **An unusual degree of programmatic focus and consistency.** Technoserve has demonstrated an exceptional (and almost rigid) inclination to do what it knows how to do and "stick to its knitting."

- **A capacity to collect and organize a body of knowledge about enterprise development.** Consistency of focus has provided Technoserve with an opportunity to increasingly act as a research laboratory for enterprise development.

- **A sense of being special and a pride in being distinctively different from other PVOs.** Technoserve staff place considerable emphasis on setting themselves apart from other PVOs not only with respect to what they do but how they do it.("Our projects work and work well....We are at the 'cutting edge' of international development know-how. ...Our nuts and bolts implementation skills are not based on some wooly-headed concept of development.")

A strong sense of identity, shared values and program focus are institutional attributes that are normally of significant benefit to an organization and in the case of Technoserve are characteristics that set it apart from most other PVOs. At the same time, these strengths have some potential negative side effects including difficulty in identifying new

opportunities and adjusting to change ("The ability to focus becomes confused with what we focus on.") and a tendency to centralize decision making in order to protect established doctrine from invasion.

Organization and Management
Staffing
Headquarters/Field Relations

A- Organization and Management

Technoserve employs a traditional, hierarchical organizational structure and centralized decision making process. Country programs (managed by a Country Program Director) report to one of two regional Vice President stationed in Norwalk who in turn reports to the President. In addition to the two regional Vice Presidents, the Vice President for Marketing and the Vice President for R&D also report directly to the President as do the Controller and Director of Personnel. (There is currently no Deputy or Executive Vice President.)

Major program, policy and management issues are handled by a Management Committee composed of the two regional Vice Presidents, the VP for Marketing, the VP for R&D and the President. (Controller and Director of Personnel are added if the subject matter so dictates.) Financial matters are handled by a Finance Committee composed of the President, the regional Vice Presidents and the Controller. The Board of Director's meets only twice a year and effective Board oversight responsibility resides in an Executive Committee of the Board

Technoserve employs a fairly standardized set of reporting, monitoring and program and project approval documents described elsewhere that have been carefully sculpted over time to meet management's needs. Levels and degrees of authority are clearly detailed in a Policy Manual.

The management style strikes an outsider as being professional, businesslike, tightly structured, slightly formal, hierarchical and moderately centralized. (Several staff members described Technoserve as "running like a clock.") **There is a consistency and complementarity between the substance of what Technoserve does and the way it does it.**

The President of Technoserve is clearly the "orchestra leader" in terms of both substance and style. He plays a major role in all significant policy decisions; personally guides the planning process; is heavily involved in key staffing choices and in all major program initiatives. His strong positive influence on the organization is palpable and it is due in considerable measure to his constancy of purpose that Technoserve has been so successful at weathering its early difficulties and in achieving its sharp and constant focus.

The study Team formed the following overall impressions of the management of the organization:

- On balance and despite some complaints of "micro management", the tight management structure and style is right for what Technoserve does

and supportive of the programmatic work of the organization.

. At the same time, as the country programs mature they will inevitably demand greater operating autonomy. Technoserve is taking steps to decentralize responsibility and delegate more authority. (For example, the accounting function is being gradually delegated to the field programs.) This is appropriate and should continue at an accelerated pace concomitant with an increase in the size and capability of field programs.

. The degree of direct oversight currently exercised by the President will gradually relax as the organization grows in size and complexity. The evolution in the role of the President from orchestra leader to composer is already evident in his increased involvement in long as opposed to short term policy matters and in a growing attention to external affairs.

. Depending on the nature of future growth, addition of a Deputy or Executive Vice President should be considered to allow the President to concentrate increasingly on such matters as external affairs, fund raising, and what the Study Team believes will take increasing time and effort, the long range planning and policy formulation process, discussed elsewhere in this Report. However, before taking this step the precise role and function of a "number two" position would need to be carefully worked out, particularly with respect to relations with the Vice Presidents. One model would involve distribution of operational and administrative matters to an EVP with policy and external affairs reserved to the President. An alternative would be the traditional alter ego approach although the imprecision of this model may pose disadvantages.

B- Staffing

Technoserve devotes considerable time and effort to key staffing decisions. Hiring practices are thorough, intense and occasionally exhausting. Staff refer to the process as "an agony", being "put through the wringer", having the interviewer "bore into my soul". The exhaustive process reflects a recognition of the importance of finding people who will "fit" the culture and style of the organization; an honest commitment to excellence and the fact that in the early years, Technoserve made its share of employment errors.

Within Technoserve, morale appears to be generally good. The working atmosphere is serious and professional, there is strong sense of loyalty to the organization, pride in its accomplishments, and commitment to its purposes and techniques. Salaries, benefits and overall working conditions appear to be quite good. While there may be disagreement with respect to ways that Technoserve could improve, there is virtual staff consensus that Technoserve is better at enterprise development than other PVOs.

The Study Team felt that the level of professional competence both in Norwalk and in the field is exceptionally high in terms of both experience and training. Of total professional staff, 34% have advanced degrees (10% in Norwalk and 24% in the field.) While comparative statistics are not available, the Study Team believes that staff turnover is below average for

a comparable organization. Of the professional staff: 12% have been with Technoserve for 10 years or more; 30% for five years or more.

Although some personnel functions appear to be unduly centralized, Technoserve has devoted considerable time and effort to developing an impressive assortment of personnel guidelines and procedures including staff orientation material, an organization wide training policy and a policy manual for staff.

C- Headquarters/field relations

While it is hazardous to draw conclusions on the basis of visits to three of the nine country programs, the following impressions emerged:

. The level of tension between headquarters and field is within the range of normality. As would be expected, older, more mature (and more nationalistic) country programs desire a greater degree of operating autonomy than new start-up efforts.[Note: in the case of the Belize affiliate program there is considerable tension and a strong desire for accelerated autonomy.]

. Few if any complaints were made regarding the level and quality of technical backstopping and support from Norwalk, although field staff would like more frequent visits from President and Vice Presidents and would also like an increase in staffing levels.

. Decision making tends to be centralized in Norwalk, but to a degree which is generally acceptable to field staff. The decision to decentralize the accounting function was probably wise and probably overdue. In the future, increased delegation to the more mature country programs will be warranted particularly if Technoserve is to take seriously its policy of encouraging its field programs to seek and obtain autonomy.

. Field staff appear content with current reporting requirements.

. Policy guidance disseminates efficiently down through the organization and appears to effectively influence program design. As stressed elsewhere, Technoserve is characterized by policy cohesiveness. Language and approach are similar from country to country and, with minor differences, from region to region.

. However, with regard to planning and policy formulation, field staff indicated some concern that they were inadequately involved in the central process, expressing the occasional view that these directives were "passed down from on high." In response to these concerns, the Norwalk headquarters has made efforts to bring field staff in for periodic consultation and for the annual senior staff retreat.

. Aside from annual budgets, country programs have not in the past prepared strategic multi year plans linked thematically to the organizations's central strategic plan. As will be noted elsewhere, the Study Team feels that **planning at the country level for field program needs should be strengthened and expanded.** This is particularly true

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with respect to the development of a fund raising plan and a more precise definition for each country program of what constitutes a "critical mass" of competence in the field at different stages of development.

Policy formulation and Planning

Policy formulation and Planning constitute the guidance or "gyroscope" function within an organization. As organizations grow in size and complexity and relations become more impersonal and bureaucratic, the ability to hold or deliberately alter a desired course becomes increasingly difficult and the policy and planning functions grow in importance. The Study Team believes this will be particularly true with Technoserve because policy guidance has up until now been centralized and come largely (and ably) from the Office of the President.

Policy and planning must deal with three interlocking sets of concerns:

. **Institutional strategy.** (Where are we going; what is our comparative advantage vis a vis our competitors; what are our strengths, and weaknesses and the opportunities and threats that face us?)

. **Program content.** (What are we doing well, not well. What should we change about the program?)

. **Implementation.** (How do we translate policy goals into practice through e.g. the budget process or the project selection process.)

These policy/planning concerns can be consolidated centrally within an organization or they can be located separately. **What is important is that the policy/planning function be treated as a discreet and critically important package of responsibilities and that its various elements be consciously placed in appropriate locations within the organization.**

Technoserve has various mechanisms for formulating and reformulating policy including:

. Internal Policy manuals;

. A Three Year Plan cycle and a long range Strategic Planning Meeting held every five years;

. Annual Senior Staff meetings;

. Periodic policy guidance memos from the President;

. The annual budget process;

. Various procedural guidelines;

. Ad hoc studies and efforts such as the Cost Effectiveness analysis and study.

In addition, much of the work of the R&D Department involving preparation and presentation of case studies and evaluations is directly related to the process of formulating policy.

In the course of this study, the evaluation team developed the following impressions with respect to the content and conduct of the Policy/Planning function:

. Planning and policy formulation takes place within the strong value set of the organization. **This is good because it improves prospects for unanimity; bad because it tends to wall off "unacceptable" alternatives.**

. Planning and policy making are becoming increasingly important and will consume an increasing amount of time because the organization is larger and more complex, because there are several critical institutional choices that will soon have to be faced and because Technoserve's enterprise development "model" will need to be constantly adjusted and updated.

. There is a strong central commitment to long range institutional planning and to the creation of a mechanism for thrashing out policy issues.

. However, this commitment is **not felt equally throughout all parts of the organization.** Policy formulation and planning tends to be handled at the center (particularly in the President's office) and passed down to the field programs. This top down approach has worked because Technoserve is small enough to allow a two way flow of communication and because the country programs are still in a formative stage. As country programs mature and become more sophisticated (as is currently the case with El Salvador) and as the size and complexity of the organization increases, the policy making and planning processes will need to be decentralized.

. Decentralization will mean two things. First it will mean that country programs will need to **participate** more fully in the policy making process and secondly it will mean that the constituent units within Technoserve will have to formulate their own strategic plans in conformance with the themes and strategies contained in the parent document.

. The creation of the R&D Department was a particularly constructive step toward improving the capacity of the organization to conduct the type of applied research and evaluation that will guide and inform the policy making process.

. Whether the responsibility of R&D or some other entity, it will be increasingly important for Technoserve to grapple with some of the large institutional dilemmas mandate issues that it will have to face in the future and that are discussed toward the end of Part III of this Report e.g. a stages of growth model for Technoserve; the meaning and role of "policy dialogue"; the rate and nature of spin-off and graduation of country programs.

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. Organizationally, **Technoserve lacks an institutional mechanism for translating plans and policies into the programs and budgets of its field programs.** At current size and given the close relations between President and Vice Presidents, this is not a problem. At a larger size, it will be.

. Finally and as mentioned elsewhere in this Report, there is a growing need for increased policy analysis in three areas:

- The development of **replications models** (clearly an R&D function.)

- Clearer guidance and methodology with regard to the large, uncharted area of **policy dialogue;**

- The formulation of a "**stages of growth**" model for Technoserve itself that would set forth characteristics and conditions associated with the growth, maturity and ultimate autonomy of individual country programs.

The Programming System

(Budgeting, Project Review and Approval, Project Monitoring.)

A- Budgeting

Technoserve has developed a straightforward budgeting process similar in many respects to the process used by consulting firms. Each field office prepares an Annual Plan and budget which is reviewed by the appropriate Vice President in the fall of each year. The budget plan allocates staff costs on a project by project basis and included a capital budget and fund raising plan. Simultaneously the Marketing Department with the President and Executive Committee prepares an income estimate for the year. The President and Vice Presidents balance the income and expense estimates into a consolidated budget which is approved by the Board in November. The balancing process involves, as one staff put it, a "considerable amount of weeping and gnashing of teeth." Cost estimates for budget and monitoring purposes are built up on a project by project basis based on an estimated level of field staff time. All direct and indirect costs, including a share of the Norwalk overhead, are allocated to the individual projects so that the full "loaded" cost of each and every technical assistance intervention is known. Performance against budget is monitored on a monthly basis through a Source/Use matrix that displays the source and use of funds for Norwalk and the field offices and that shows the relationship between restricted and unrestricted funding.

B- Project Review and Approval.

Technoserve has a structured and centralized project approval system that ensures that major projects will be consistent with organization policy and funding criteria. The review and approval process is set forth in Technoserve's Policy Manual with additional detail and modification elaborated in Procedural Guidelines that have been prepared for Africa and

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Latin America.

. Field programs have authority and responsibility for handling early and preliminary project identification.

. Business Advisory Services can be provided at the discretion of the Country Program Director provided they are consistent with the Annual Plan and with established funding guidelines.

. All ongoing projects involving 12 or more person months of staff time must be approved by the Management Committee.

. Approval is based on a project proposal which is contained in a five page Project Concept Summary, which follows a standard outline.

. All subsequent contractual agreements for the provision of technical assistance involving more than six months of staff time must be approved in Norwalk.

. Copies of contracts and memoranda of understanding are filed with Norwalk.

C. Project and Program Monitoring.

Technoserve has carefully developed and sequenced reporting and monitoring system composed of the following documents:

. A Monthly Management Memo, to the Vice president summarizing the events of the past month in narrative form.

. Monthly Project Field Report providing data on individual project performance.

. A Quarterly Project Operating Report prepared in Norwalk, summarizing quarterly performance for each project from the monthly reports. The "QPOR" includes standard business measures of progress such as production figures, profit and loss statements. It is prepared to coincide with the quarterly meetings of the Executive Committee.

. Semi-annual Field Report examines program performance against the Annual Plan.

. Monthly Financial Report dealing with accounting matters such as receipts, disbursements and payroll.

The study team formed the following impressions of the programming system:

. The process is simple, straightforward and easily understood. There appears to be adequate flexibility to accommodate the slightly different approaches used by Africa and Latin America. Within Technoserve, none of those that were interviewed seriously questioned the effectiveness of the system.

. The process is centralized and hierarchical i.e. it is designed to direct information and important decision making to the center of the

organization so that programmatic control and organizational direction can be sustained. This is entirely appropriate where relations between subsidiary and headquarters is to be preserved at the status quo. It is less satisfactory in instances where a subsidiary is being prepared for ultimate autonomy.

. As noted elsewhere, the style and substance of the way Technoserve goes about its business is a reflection of the type of business Technoserve is in. As such the forms, procedures, criteria and schedule of the programming process reinforce and help to establish boundaries around the program, keeping it focused, consistent and on track. Given the centrifugal tendencies of most organizations, this is by and large healthy and desirable. At the same time, an excessively structured programming process can wall out innovation and experiment.

. Preparation of Annual Plans and budgets from the field offices appear to be only loosely linked to the goals and policies enunciated in the Three Year Plan. At its current size, this is not a significant problem since policies and priorities can diffuse through the organization in an informal and personal manner. But as Technoserve grows it will be important to encourage preparation of complementary planning documents at the field level.

The Management of Financial Affairs

An exhaustive review of financial management system and procedures is beyond the scope of this study. In broad terms, the Study Team was impressed with the care and professionalism devoted to financial affairs:

. The Source/Use matrix appears to be an effective mechanism for juggling program needs against multiple, often restricted income sources.

. The Office of the Controller has demonstrated an appreciation of the use of financial data for purposes of strategic management through periodic production of a list of key financial indicators dealing with such concerns as: dependency on AID; staff productivity (cost per person); liquidity; return on marketing expenditures, etc.

. Although annual budgets are based to some degree on anticipated receipts that will occur during the year, Technoserve has been careful to avoid budgeting on the basis of a "wish list".

. The Controllers Office has drafted an Accounting Manual and Technoserve has adopted a clear set of policies and procedures and a system of accountability with regard to the commitment of funds and authorization of expenditures.

Dependency on AID funding

The Three Year Plan that was drafted in 1986 projected a drop in reliance on AID funding from 65% to 55% of total income by 1990. It does not appear that this target will be reached. For 1988 Technoserve estimates that it

will receive 64% of its income from direct AID grants 14% from the Partnership Grant and 50% from mission funded grants and it is unlikely that this ratio will change appreciably by 1990. If AID funds from intermediary entities such as PACT are included in the calculation, the level of financial "dependence" increases to 69%. In two countries, Technoserve is wholly dependent on AID Mission funding.

The implications of this degree of financial dependency are addressed under Issues for Discussion at the end of this Part.

The Role and Function of the Replication and Dissemination Department

The R&D Department was established in 1984 to pursue so called "Track II" purposes. These, as opposed to "Track I" field operating programs were to:

- Document, evaluate and organize Technoserve's past activities:

- Disseminate and share Technoserve's experience and the Technoserve model;

- Increase the visibility and credibility of Technoserve's approach to community based enterprise development.

The creation of the R&D department was in part motivated by a desire to increase public recognition of what Technoserve was accomplishing. It also reflected a conviction that the organization had formulated an effective approach to enterprise development that could be used by others and that the "Track II" program was another way for Technoserve to "leverage" its impact. The initial principal focus of R&D was therefore on **external relations**: potential donors, other public and private development agencies; the academic community. While R&D had some explicit internal responsibilities such as synthesizing the results of evaluations, the external function was paramount.

By mid 1987 the role of R&D had shifted. In addition to extending Technoserve's reach and "promulgating Technoserve's enterprise development methodology" R&D took on an **internal** function which was to "critically examine Technoserve's work against the sounding board of development theory and practice" and play an "integrating role with respect to the operational divisions." While the precise shape and direction of this more operational role has yet to be defined, the Department has become increasingly involved in such matters as the long range planning process, the study of cost effectiveness and the formulation of "spin off" models along the lines of the Belize experiment. These efforts have important programmatic implications for the organization.

There is universal agreement within Technoserve that R&D has filled an important need and is performing a valuable function. Home office staff in particular pointed to the fact that R&D serves as an internal "lubricant" so that Technoserve can continue to function as a learning and adapting organization, "testing and adjusting doctrine without destroying it", as

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one staffer noted. Field staff were highly supportive of the R&D initiative, and felt that its research program was in tune with their needs and that "they really seem to be sensitive to and understand our perspective, our needs."

As stressed in previous sections of this report, the Study Team believes that the amount of attention devoted to policy analysis and application within Technoserve will increase considerably as the organization grows and matures. Whether and to what extent the R&D Department assumes certain explicit responsibilities in the policy area is a difficult issue. The revised mandate of the Department calls for a greater internal role but precise operational functions are left unclear. **The question is whether R&D can continue to perform its research and external responsibilities and at the same time be directly involved in policy formulation.** In this regard, there are three alternative policy related roles that the Department could assume, each involving increasingly greater involvement in operational matters and each being in addition to the replication and dissemination functions:

. **Ombudsman and observer.** R&D would act as the "conscience" of the organization, pointing out policy inconsistencies, analyzing alternative strategies, raising difficult policy issues and trade-offs. Others would be responsible for the formulation and application of policy.

. **Architect of policy.** In addition to policy analysis, the staff job of formulating program and institutional policy would be housed in R&D. The Department would, for example, be explicitly responsible for establishing procedures and criteria for project review and approval, exploring new initiatives and defining acceptable limits to deviation from orthodoxy.

. **Builder and implementor of policy.** This approach would add certain specific operational responsibilities analogous to those performed by a program office in a large AID Mission or other development agency. These could include: management of the annual budget process to ensure conformity between resource decisions, policy guidelines and longer term strategic objectives; oversight of the project review process.

An analysis of the pros and cons of these alternative roles is beyond the scope of this assessment. However, the point that needs emphasis is that as Technoserve grows, all of these policy functions need to be explicitly located within the organization. While there is some tension between a research and outreach function on the one hand and an active policy formulation role on the other, on balance the Study Team believes these functions can be combined.

In addition to the role of R&D in relation to the policy function, the Study Team developed the following impressions with respect to the functions and work of the Department:

. Research, analysis and the publication program of the R&D Department should be solidly grounded in Technoserve experience. There is inevitable and understandable temptation for R&D to take on issues and subjects of importance that are outside the Technoserve domain with

the consequent danger that the credibility of analysis may be diminished.

. As previously noted, considerable additional work needs to be done on the subject of replication and policy dialogue. With regard to replication, it would be particularly useful for the R&D department to do a series of linked studies on alternative replication models and to assess the pros and cons of these models and where they should be employed. In addition to preparation of the case studies, there may be considerable benefit to the hosting of regional workshops where R&D staff could apply conceptual replication models to the real life experiences of field staff.

. Similarly, it would be useful for R&D to explore a "stages of growth" model based on the growth and evolution of Technoserve's own overseas country programs. As suggested elsewhere, one long term strategy for Technoserve involves a deliberate practice of establishing, nurturing and spinning off ultimately autonomous entities. Analysis based on the degree of maturity of different country programs could be beneficial in furthering Technoserve's understanding of this process.

. R&D is currently working on a case study of the Belize experience that should identify the advantages and pitfalls of this approach to institutional replication. Because of the growing importance of working with indigenous organizations and the difficulties inherent in these relations, there may be considerable benefit to expanding this study by collaborating with other PVOs who have had similar experiences.

. Regardless of where Technoserve and R&D come out on the role of R&D on the policy continuum, the Study Team felt that unless a separate policy/planning unit is established, R&D has an important growing role in guiding the planning process, particularly in bridging between the central institutional plan and the various country plans. While the regional vice presidents should be concerned with the content of the country plans, it is an appropriate role for R&D to be concerned with the process and with overall consistency between the regions and the center.

Issues for Discussion

The Study Team believes there are several related, strategic institutional issues that Technoserve will need to deal with in the coming years. For discussion purposes these are grouped under:

. The nature of growth.

. The implications of growth.

. Relations with maturing country programs.

. Dependency on AID funding.

The Nature of Growth

By any measure Technoserve is a successful organization, growing at an impressive rate while maintaining focus and concentration. For Technoserve the most important question is not whether growth will continue, but what shape it will take. There are six areas where Technoserve can allocate incremental resources in order to increase its level of activity and effort:

- A **quantitative increase in the number of field programs** either through expansion in Latin America and Africa or through the addition of programs in Asia.

- A **qualitative increase in the size of current country programs,** presumably through added staff.

- **Expansion of Technoserve's "laboratory" functions.** (Research and case studies.)

- **Adoption of new approaches and techniques** that would supplement traditional community based, agricultural related enterprise development. (E.G. Working with individual entrepreneurs.)

- **Aggressive use of the "affiliate" model** suggested by the Belize experiment.

- Increased emphasis on designing and spinning off mature "graduated" country programs.

While it is not the responsibility of the Study Team to prescribe a growth path for the organization, our findings suggest the following:

. Technoserve's growth strategy must take into account the increasing importance of working with and through indigenous organizations: the desire of local organizations to play the leading role in their country's development and their increasing competence to perform this role.

. While not a completely comfortable or easy relationship for either party, the Belize experiment gives Technoserve a significant experience base upon which to fashion similar relationships.

. An approach that would balance new country starts with mature country spin offs appears to offer an attractive balance between the operational and experimental functions of Technoserve.

. Accordingly, the Study Team feels that Technoserve should attempt to maintain an appropriate mix of young and growing country programs, mature country programs, affiliated programs and graduated programs. Looking at the current country mix, this implies considerable emphasis and attention on mechanisms for speeding up the process of "graduation" and ultimate autonomy.

. Developing this conceptual model, determining what is "appropriate",

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defining the attributes of each category and the dynamics of the evolutionary process will take considerable additional thought and study. Lead responsibility for this task should be housed in the R&D Department.

. As a caution, care must be taken to avoid "new starts" **before** maturing programs have reached adequate staffing levels. Precisely where incremental funding should go is a difficult judgement call but it was the impression of the Study Team that in the case of both Ghana and Costa Rica additional staff could be effectively absorbed, particularly if the objective is to develop a capacity to engage in policy related dialogue with the host government. Some new country starts are warranted, particularly in Africa, but for the short term, the Study Team felt that incremental funding should go toward strengthening existing programs, increasing the research or "laboratory" function, testing experimental approaches and, in particular, replicating the Belize experiment.

. There appears to be growing staff consensus that it would be unwise to expand to Asia in the near term in view of the logistical difficulties of operating on that Continent and the existing needs in Africa and Latin America. The Study Team concurs with that assessment.

. Finally, the Study Team feels that **Technoserve has reached sufficient institutional maturity to allow it to experiment with new approaches to enterprise development in additional sectors and with different target groups without fear that these activities will divert it from its comparative advantage.**

Implications of Growth

Growth will involve several structural and functional changes some of which have been previously discussed. These include:

. **Gradual decentralization of decision making and increased delegation to the field,** particularly to those country programs which have reached an advanced stage of sophistication and maturity and particularly in those instance where ultimate autonomy appears desirable. (Decentralization need not take place comprehensively or across the board. One of the characteristics of growth is that dissimilarities will emerge reflecting different levels of maturity and stages of experience. It will be important for Technoserve to develop different mechanisms and styles to deal with different situations.)

. **A strengthened capacity to do policy research, formulate policy guidance and impose and monitor policy compliance.** This capacity will need to be housed in some location, presumably either under R&D if that entity is to take on an enhanced policy role or within a new Policy Planning Office, reporting directly to the President.

. **A strengthened and institutionalized budgetary process** that more clearly relates policy objectives to funding decisions than is now the case.

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. A growing operational role for the R&D Department (regardless of its role in the policy area) in guiding the planning process and in training and problem solving based on research and case studies.

. A strengthened planning process involving preparation of long range strategic plans at the country level as well as for the organization as a whole with this function housed either in R&D or within a new Policy/Planning Office.

Relations With Maturing Country Programs

As previously suggested, the Study team believes there is considerable merit to a "spin off" strategy provided the relationship is carefully managed and the new autonomous entity is left with a reasonably strong prospect for financial viability. As a matter of policy, Technoserve has recognized the importance of working with its larger and better developed country programs to reach autonomy although it has been understandably difficult for the organization to sever relations with the very programs that are the most successful. However, there are steps that can be taken to smooth the separation process and ensure the long term financial and programmatic viability of the new entity. These include:

. A clear "up front" definition and mutual understanding of what constitutes the degree of institutional maturity that would warrant autonomy;

. Strengthening of the field program's fund raising capacity in anticipation of autonomy.

. Development of a strong field level planning capacity.

. Development of a time phased separation plan with clear goals and guideposts and full mutual understanding of the financial and technical assistance commitment of both parties prior and subsequent to independence.

. Accumulation of case study material that would provide a better understanding of how relationships evolve and the difficulties that they face. (The Belize study is a beginning in this regard)

. Assistance in developing program strategies and operating procedures for field programs keyed to local realities. (For example, Technoserve's high cost approach may in part be justified because of the presumed secondary benefits that flow from research and lessons learned. This argument may not hold up so effectively in a local setting, suggesting the possibility of altered staff structures.)

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Dependency on AID Funding

The question of what constitutes "dependence" and what constitutes "privacy" is complex and the relationship between "dependency" and "privacy" differs from case to case. Financial dependence is quite different from policy or psychological dependence and organizations that are heavily dependent in a financial sense may be quite independent in a programmatic sense. The best measure of an organization's programmatic autonomy (its "privacy") is the degree to which it can stick to the course that it has charted for itself and thereby buffer itself from the intrusions of well intentioned donors. **In this respect and as documented in this report, Technoserve deserves high marks.**

The fact remains that from the perspective of prudent financial management, Technoserve is heavily dependent on a single source of financing and vulnerable to swings in the fortunes and misfortunes of the foreign aid budget and the vagaries of foreign affairs. The Board and the management of Technoserve have recognized this concern and have adopted a ceiling on the proportion of funding that may come from AID.

While the study team was sensitive to the dilemma that Technoserve faces, it concluded that much **more could be done to develop a creative and effective long range funding and program strategy that would help diversify the funding base.** More positive and effective steps could, for example, include:

- Preparation of a detailed long range funding strategy that would set forth a gradually declining dependence on AID sources and that would be broadly disseminated through-out the organization and contain individual country level targets.

- Increased efforts to make overseas staff aware of the problem together with training in fund raising for Country Directors.

- Concomitant preparation of country level program funding plans with particular emphasis on strategies that would diversify the funding base.

- Re-examination of alternative income sources including: higher fee structures in middle income countries or a for-profit consulting arm.

- Increased marketing investment in pursuit of private sector dollars.

In suggesting that Technoserve could take constructive steps to diversify its funding base, the Study Team is **not** suggesting that the Partnership Grant is the problem since that Grant constitutes less than a quarter of the total amount of money received from the Agency.

Part III

TECHNOSERVE'S APPROACH TO ENTERPRISE DEVELOPMENT

Overall Approach

Technoserve's approach to enterprise development is directly and explicitly grounded in a guiding set of principles and a resulting set of conclusions with respect to the nature of the development process. These principles, conclusions and operating procedures have evolved gradually and are rooted in the values of the founder and his colleagues and shaped by the experience of the organization. They include:

- A belief in the inherent value of the enterprise as a mechanism for creating social value. ("The enterprise is the engine that spins off benefits; that converts latent resources into a permanent source of energy in the community.")

- A conviction that the principal bottleneck to development is absence of basic managerial skills rather than (for example) absence of credit or production technology. ("Money is important, management skills are even more important.")

- A strong emphasis on the value of program focus and concentration in order to build expertise, learn from experience, maximize cost effectiveness and enhance credibility. As a corollary, a strong resistance to deviation from accepted approach and practice.("We will continue this focused approach, resisting a multitude of opportunities to expand our scope of activity, in order to further sharpen our own skills in this one crucial area.")

- An almost exclusive focus on medium scale agricultural related enterprises. Agricultural because this sector is believed to be the key to the overall development process; medium scale because these endeavors are more likely to be successful, self sustaining, and have wider social impact.

- A rigorous professional approach to working with clients that employs the practical language of business and that emphasizes cost effectiveness.

- A belief in the importance of a fee for services ("stake") in order to gauge the commitment of the participant and to weed out projects that are not economically viable. (As a corollary, a disinclination to provide free resources or "gifts", although in Africa this policy is occasionally modified to permit an equity position when needed to get the activity off the ground.)

Project Selection Criteria

Over time, Technoserve has standardized a list of organization wide criteria against which it evaluates an enterprise development project. The most important of these include:

- Whether or not the activity is agriculturally based.

- The potential for long term economic viability and replication.

- The measurable degree to which the project improves the social and economic status of low income people.

- A broad ownership base with local leadership, local equity participation and use of local raw materials.

- Opportunity for demonstrating the effectiveness of enterprise development.

- Willingness of the enterprise to make a commitment of resources through counterpart personnel and/or through payment of fees for services provided.

In addition, Technoserve has increasingly emphasized the relationship of individual activities to larger in-country policy objectives.

Project Selection, Review and Approval

Within Technoserve's country programs, specific staff members are given responsibility for identifying projects for assistance, carrying out pre-feasibility and feasibility studies on these projects, providing the required assistance of a managerial, administrative and/ or technical sort, monitoring the effects of this assistance, and assessing the status, progress, and broader social effects of the project as a whole. The extent to which staff are functionally differentiated and titled according to these different tasks depends on the size of the program.

The project portfolio of each country program differs significantly from one another and there are systemic differences between the Latin America and Africa Divisions that mirror the different operating styles and climates of the two regions. The Latin America programs tend to be more tightly structured, their projects fit more naturally into the traditional Technoserve mould, presentations to prospective client groups rely more on audio visual devices and are more accomplished and relations between field and Norwalk are more formal and less personal. African programs appear more flexible, more innovative, less "manual driven" and at the same time less cost effective.

Technoserve has devoted considerable effort to developing a structured, systematic and standardized procedure for identifying, developing, approving and implementing projects. Both Divisions have prepared Procedural Manuals which are fundamentally similar and although staff emphasize the uniqueness of each project, they on occasion refer to the "production process" and a "cookbook" methodology.

Generally, the project sequence keeps to the following pattern:

Initial Exploration. Staff members seek out institutions and

projects that meet Technoserve's basic criteria, often working with other PVOs or indigenous national structures such as the Ministry of Agriculture or Ministry of Cooperatives. In Ghana, Technoserve is applying a sectoral approach whereby it develops in-house expertise in a particular area (in this case, palm oil) and cultivates activities within that boundary.

. **Cultivating a relationship.** Once a potential project is identified, Technoserve project officers make repeated visits to the group while at the same time beginning to make an initial assessment of the possible utility of Technoserve assistance. During these visits Technoserve representatives will inform group members of the kind of assistance Technoserve has to offer, and seek from them evidence of their commitment to work together including the level of attendance at meetings, the ability to elect group representatives, the willingness to work together economically and pool resources to buy inputs and their willingness to pay a fee in return for at least a small part of Technoserve's services.

. **Pre-Feasibility Study.** If the initial explorations prove positive, i.e., that the managerial, financial, and technical aspects of the proposed project all seem potentially viable, and the project adequately fits Technoserve's own selection criteria, Technoserve will undertake a more detailed collaborative **pre-feasibility study** of the proposed project/enterprise.

. **Feasibility Study.** If the pre-feasibility study is positive, Technoserve will assist the group in drawing up a detailed **feasibility** study and plan. At this stage a letter or memo of understanding between Technoserve and the enterprise will usually be signed, specifying mutual objectives and commitments and the kind of assistance Technoserve will provide, and covering an initial duration of perhaps 2-4 months.

. **Project Concept Paper** A brief Project Concept Paper is prepared for "major" projects in a standardized format. (Projects are categorized as major or minor. Major projects are those that involve more than 12 person months of staff effort. These activities must be approved at headquarters. Minor projects involving from 6 to 12 months of effort are normally approved by the Vice Presidents; all others are normally approved in the field.) The Project Concept paper includes a rating sheet for the project, containing a long list of separately grouped business, social, and corporate measures each weighted according to Technoserve's own valuing system.

. **Review and Approval.** A Project Review Committee composed of staff from each of the two geographic divisions reviews the proposal in Norwalk against project criteria set forth in Technoserve's corporate Policy Manual.

. **Implementation** If approval is obtained, a contractual relationship between the client group and Technoserve is likely to ensue. At the outset of the contract period, and in a sustained way thereafter, attention may be paid to ascertaining baseline conditions and carrying out subsequent monitoring to reach a Social Impact Evaluation.

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(However, this will not be done for all projects.) Throughout the period of the contract, the project's performance will be repeatedly assessed, frequent staff visits made and training sessions held, and financial data on the project will be assembled and transmitted to the home office. Major projects usually involve several contracts in succession.

. **Monitoring.** As the contractual agreement for direct assistance near their end, Technoserve generally seeks to establish a Monitoring Agreement whereby Technoserve will continue to receive monthly financial reports from the group, and will be in a position to spot developing problems before they become too advanced. It also provides the opportunity for Technoserve to continue to provide assistance, albeit in a less intensive, less formal manner than before, to the enterprise and its managers.

Issues for Discussion

The preceding overview suggests a number of issues that are likely to emerge in the course of Technoserve's work regarding the nature of Technoserve's mission, its policy and strategic objectives and its actual practice in the field. These issues may take the form of tensions between basic institutional aims and the demands of particular country situations, or may arise from the ambiguities in the Technoserve mission itself, or from problems inherent in country programs that have not yet reached a mature, self-sustaining stage.

Focus and Clarity of Mission.

As repeatedly stressed in this report, Technoserve prides itself on its "sharp focus" -- its clear idea of what it does, why it does it, and the careful and systematic working out of the operational and programmatic implications of that basic mission. However, a too sharp and undeviating focus also has certain disadvantages, primary among these being that too rigid a conception of mission may inhibit innovative thinking and may make an organization less able to adapt to changing circumstances and internal tensions.

The difficulty for any non-profit is to balance between focus and self discipline on the one hand and adaptation and flexibility on the other.

Although Technoserve has sustained the clarity of its mission, within the organization it is nevertheless struggling with a number of fundamental programmatic issues and trade-offs involving the constituent elements of its basic mission: helping low income people; helping agricultural related enterprise and assisting enterprises that are community based. The following questions are frequently posed by staff both in the home office and in the field:

. How should the term "low income people" be defined? How can Technoserve help build enterprise for low-income people when it is

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those very same people who have difficulty amassing sufficient capital for enterprise development and the most difficulty in paying Technoserve's fees? To what extent should Technoserve take equity positions and to what extent should it relax its fee structure?

. What does "agriculturally-related" mean? Why emphasize agriculture when in certain situations the greatest need for basic management assistance may be in the area of industrial production?

. How broad must ownership of the production unit be for it to qualify as community-based? What other forms of productive arrangements should be permitted?

. What does improving "well-being" mean? Whose well-being is referred to (project beneficiaries, their families, members of the wider community, the nation), and how should Technoserve decide in cases where benefits and costs are mixed and/ or unequally distributed throughout the affected population?

These questions reflect inherent, fundamental and continuing dilemmas that will not be resolved through issuance of a policy directive or adoption of a better procedure. The issue for Technoserve is not to provide definitive answers to these questions but to put in place a **process** for dealing with them on a regular and continual basis. As emphasized in Part II, Technoserve deserves considerable credit for its decision to establish a Replication and Dissemination Division and for its emphasis on planning, periodic staff retreats and policy discussion. However, the R&D Division has, to date, not had a strong operational role and planning and policy discussion and retreats are spaced too infrequently to provide the continuing mechanism required to deal with these basic program issues. On balance the **Study Team believes that Technoserve needs to put additional emphasis on the design and installation of a well structured mechanism for discussion and decision on mandate issues.**

Rate of Growth of New Country Programs.

Technoserve's approach to developing country programs is careful, and to an outside observer almost painstaking. In Technoserve parlance, this is referred to as "getting the model right." Such an approach may be necessary, particularly in the very early stages of a program's development.

What this means in practice is that for several years after the start of a new country program, the number of projects is likely to be very small, with expansion taking place in a very slow, gradual manner. As each project is assisted, lessons are learned, and these lessons are applied to subsequent projects. After 3-4 years of operation, the country program may be assisting no more than 10 projects, directly affecting perhaps 1000 beneficiaries.

On the one hand this cautious and deliberate approach reduces the risk of failure and increases the likelihood that the Technoserve methodology will be implanted in the style and operations of the new program. However,

Technoserve has already accumulated substantial knowledge, expertise, and hands-on experience concerning enterprise development and the Technoserve model is well proven and powerful. If impact is the ultimate concern, there are substantial advantages to a more rapid approach.

The Study Team would not suggest that the earliest start-up stage of a new country program be substantially speeded up -- that is, exploring the new country, assessing the feasibility of starting a program, hiring the new Country Director, hiring highly qualified local staff, solving a host of related logistical problems.

But the Study Team does believe that once a decision has been made to open a new country program, Technoserve should consider the advantages of a more significant level of entry than it now practices: more project advisors, more sector studies, more pilot projects, more regions covered. While the costs of this method are obviously greater, there are benefits of scale in recruitment and training of staff, in securing premises, in elaborating teaching and training manuals, in developing a clear team structure for the more rational allocation of tasks.

More significantly, an accelerated approach will:

- Lay a better and broader foundation for more reliable extrapolation of lessons learned thereby increasing the prospects for replication and strengthening Technoserve's larger function as a laboratory for development.

- Amplify Technoserve's "presence" thereby increasing access to local, regional and (occasionally) national decision makers who may be influential in achieving structural policy or procedural adjustments that will increase program impact.

- Accelerate the maturation process, thereby increasing prospects that the country program will ultimately "graduate" to independent status.

Participation vs. Top-Down Approach to Enterprise Development

Central to Technoserve's approach to enterprise development is a participative method whereby the active participation of beneficiaries is sought at the outset of a project, both in determining the needs of the group, setting the assistance schedule, contributing to costs and working out implementation responsibilities. The participatory method is essential to Technoserve's ultimate objectives of creating a viable, self sustaining enterprises based on the commitment and loyalty of its members.

The advantages of a participatory approach is that it engages the attention of the ultimate beneficiaries, provides a litmus test of their long term interest in the activity and increases the likelihood that design errors will be caught at the outset. The disadvantage is that excessive participation slows down the process and may constitute a very substantial cost in its own right. The dilemma is particularly acute at the outset of an enterprise development project where the beneficiary needs to understand

the prospective advantages of cooperation in order to make an informed judgement while at the same time the provider must be cautious in not making alluring or unrealistic promises of success.

On the basis of roughly 20 field project visits, the Study Team concluded that Technoserve by and large deals with this inherent dilemma with good sense and sound judgement. In only a few instances did the Study Team feel the balance was inappropriate and those involved occasions where it was felt that the Technoserve staff was taking too passive a role in their presentation to local groups, particularly at the introductory stage, when groups are being informed of the kind of assistance Technoserve is able to provide. While it would be inappropriate to promise returns that may not materialize, it may be useful to more fully illustrate the way Technoserve functions and the types of benefits that have accrued in comparable situations. It was the Study Team's impression, admittedly on the basis of a small number of site visits, that staff might be better trained in presentational skills and in the judicious use of promotional material, adapted, of course, to local situations.

The Balance Between Managerial and Other Forms of Technical Assistance.

An important issue facing Technoserve is what should be the balance of managerial assistance and training with complementary advice and training in the area of agricultural production (seed improvement, crop rotation, planting practice) and/ or marketing. Currently Technoserve makes a practice of including agriculturalists and marketing specialists on its staff roster, although the driving force behind the interventions that the Study Team observed was the intent of conveying basic managerial skills and improving basic managerial practices.

The disadvantage of adding further functional areas is that it may blur Technoserve's image, dilute impact and increase cost. On the other hand, absent this capability, significant opportunities for enhanced impact may be lost.

In mature country programs (such as in El Salvador) where the staff team structure is well developed and technical expertise is readily available, there is usually no difficulty in securing the necessary technical expertise from in-house staff. In young country programs that have not yet reached "critical mass" (Ghana, Costa Rica), such assistance is frequently not on hand, or may entail substantial costs to other parts of the program.

On balance, the Study Team concluded that Technoserve was correct in "sticking to its knitting." Technoserve has accumulated a comparative advantage in the field of management and accounting and a well deserved reputation for expertise in these fields. At the same time there are compelling situations which argue strongly for a broadened core of technical assistance on a case by case basis and Technoserve needs to design a systematic mechanism to allow these exceptional cases to emerge for review and consideration.

In the longer run and for the most mature country programs such as El

Salvador, it should be perfectly appropriate to add additional areas of expertise to complement the core program.

Evaluation and Social Impact Analysis

On the whole the Study Team was favorably impressed with Technoserve's internal evaluation system, the importance that the organization places on evaluation and the seriousness with which it reviews and internalizes evaluative findings. A particularly good example of innovative analysis and self learning involved an extensive effort to measure and compare the cost effectiveness of various projects and draw conclusions with regard to design characteristics that appeared to improve the cost benefit ratio. The study itself involved some path-breaking work on the definition of cost effectiveness and some important lessons on process and methodology which could be of considerable use to other non-profit organizations.

However, in one area the Study Team developed some reservations. In its operations, Technoserve places primary emphasis on the assistance it provides to enable enterprises to become financially viable. At the same time Technoserve pays deference to the goal of improving the social well-being of its beneficiaries. However, the relationship between the economic and social aspects of Technoserve's efforts is an area that many Technoserve staff admit is poorly worked out.

While there is no necessary or inevitable conflict between economic and social benefits, and there is often a direct relationship between them, the tie between the one and the other is problematic and cannot be taken for granted. On occasion, but not systematically, Technoserve performs social impact or social benefits studies on the effects of its projects, but this does not seem to be an area in which Technoserve specializes nor one to which it gives great importance. As one field staff member said, "Although we have the idea of helping the community -- job creation, nutritional impact, better health, I don't think we've really committed ourselves to this kind of evaluation. We need more baseline studies, more follow-up monitoring, more general data on village life."

The Study Team would not propose that Technoserve enter the field of social welfare, nor that Technoserve change its current emphasis on the economic viability of enterprises. On the other hand, if Technoserve continues to perform social impact studies, they should do them seriously and systematically.

Program Impact

Technoserve staff and leadership believe that they have reached a point of maturity in the evolution of the organization, their understanding of the enterprise development process and the application of technical assistance to promote that process. As a reflection of this conviction, they place considerable emphasis on finding different and better ways to increase program impact. Impact can be enhanced in several ways but each carries with it tradeoffs and potential problems. While not comprehensive, the following reflects several themes that emerged in discussion with

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Technoserve staff regarding ways of increasing impact:

.**Direct vs Indirect Assistance.** One option for Technoserve is to work through cooperating intermediary institutions which are themselves working in the same or related fields as opposed to providing direct assistance to enterprises. The advantage of continued direct involvement is that quality control is sustained, credibility is protected and new experience is gained that in turn can be used to upgrade and perfect the Technoserve approach. The advantage of working through intermediaries is that the Technoserve approach can be "wholesaled", reaching a larger group of beneficiaries. But the dangers involve dilution of focus, disappointing staff expectations and being unable to see or measure results. While Technoserve is moving toward greater emphasis on working through institutions, they are doing so gradually and cautiously.

On balance and based on a limited number of field visits, the Study Team would encourage Technoserve to accelerate the emphasis on intermediary institutions. As repeatedly pointed out in this Report, Technoserve has amassed sufficient understanding of enterprise development and a strong enough institutional capability and reputation to place it in a leadership position.

. **Reaching a "critical mass"** Technoserve staff frequently refer (as does the language of the Partnership Grant) to reaching an in-country "critical mass" meaning a staff, program, and mix of professional competence of sufficient size to be "self sustaining". What this concept means both operationally -- number of staff, kind of team structure, character of functionally differentiated staffing positions -- and programmatically -- number of sectors served, fund raising capability, capacity to analyze and impact on policy issues -- has not been clearly spelled out.

In a following section, the Study Team has expresses some caution with regard to the currently fashionable area of "policy dialogue". To the extent that the concept of "critical mass" implies the ability to carry on a policy dialogue at the national level it involves very significant increases in staffing levels that are probably beyond Technoserve's (and most PVOs) capability. Alternatively, "critical mass" may be used to mean those desirable institutional characteristics that a country program should have before it becomes independent such as expertise in fund raising. Used in this latter sense, the Study Team feels that it would be useful for Technoserve to further define the practical implications of the term.

.**Project Replicability.** To its credit, Technoserve's policy statements and internal guidelines devote considerable emphasis to the importance of designing activities that will be self multiplying or "replicate" much of of the work of the R&D department has focused in this area. In Ghana the sectoral approach may offer one approach that will increase the likelihood of replication and in Latin America the emphasis on picking "beacons of success" may have similar results. However, within Technoserve the discussion of replicability tends to be somewhat conceptual and the Study Team felt that in some instance the practical problems of replication were not given sufficient early attention in the project design stage. As a result, the Study Team felt there was a need for considerable additional practical understanding of different approaches to replicability, what

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types of replication models work best and how different models can be adapted to different situations. The responsibility for developing these case studies and for working with the country programs to test their application in "real life" situations would logically be under the jurisdiction of the R&D Department.

.**Collaborative third party relations.** Technoserve operates in an environment populated by many other organizations, and institutions with which it may or may not be useful to cooperate. These include government institutions, private for profit groups and private voluntary organizations. Some of these have aims which compete with those of Technoserve, some are complementary; some have great potential to increase the impact of Technoserve's work. The choice of a partner and the design of the relationship can be difficult and the consequences of error significant.

The tensions, difficulties and opportunities of collaborative relations are best illustrated in Belize where Technoserve has been working with an indigenous organization. In this instance, Technoserve entered into an initial relationship with the expectation that the local organization (BEST) would provide the institutional framework through which the Technoserve approach would be implemented. Predictably, BEST has resisted this "agency" relationship and the two organizations have worked out an alternative "affiliation" which will soon lead to full autonomy.

The Study Team was impressed with the vigor and imagination of the Belize program and with the constructive approach taken by both sides toward working out a relationship despite the tensions inherent in the operating context. The Belizean experiment is important because it is a case study in building the institutional strength of an indigenous organization. While the staff of Technoserve may understandably have reservations regarding expansion of the Belize approach, the Study Team felt that on balance Belize is a success and that similar third party relations should be sought out and developed.

Influencing the policy context.

Several of the larger and more sophisticated American PVOs have recently placed emphasis on the importance of policy dialogue and Technoserve's own literature alludes to the possibility of affecting policy change either to remove an obstacle to enterprise development or to create a more favorable climate within which enterprise development may flourish.

The subject of policy dialogue is difficult because it is new and because there is imprecision with respect to what constitutes a policy intervention. For example, interventions can be direct through the political process or more subtle through the collection and analysis of data and the distribution of that information to key decision makers. It can occur at the national level, the regional level or at the local level and it can take the form of a collaborative effort among a group or an independent intervention by a single organization. Few, if any, American PVOs are equipped to engage in policy dialogue through direct intervention in the political process at the national level.

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Some PVOs have reached a point in some countries where they possess adequate analytical capability and have accumulated a sufficient body of data to present a factually convincing case for a needed policy change particularly when working with and through other local organizations. This is the approach that Technoserve has used and it appears to have been effective in some instances, notably in El Salvador but less so in Ghana and Costa Rica where the capacity to monitor government activities, sustain official relationships and perform policy analysis is not fully developed.

PVOs that have had a positive impact on policy are understandably proud of that achievement and Technoserve is no exception. But Technoserve has been successful because it had the financial resources to develop the capacity to do policy analysis, the technical expertise that grounded its advice on a substantial body of experience and a cumulative and compelling body of data to back up the policy positions it was taking.

It is the overall impression of the Study Team, based on a limited and perhaps unrepresentative group of sample countries, that Technoserve should move very cautiously in this area. Some country contexts are much more favorable than other and not every country program should attempt to develop the sophisticated ability to directly impact on policy matters. Alternatively, where the work of a country program is policy sensitive or policy dependent (as is the case with Ghana) it is important to make a sufficient early investment in staff capability and government and private sector linkages. The R&D Division has done some important and useful analysis as to how PVOs can influence policy and what constitutes an effective policy intervention. The Study Team felt that this effort could form the initial basis for developing a clear set of internal guidelines that would indicate where a policy influencing capability was needed, what interventions are likely to be most effective and what institutional capabilities should be in place.

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APPENDIX A

THE COUNTRY PROGRAMS, THEORY AND PRACTICE

Four country programs which figure importantly in the Partnership Grant were chosen for examination: Ghana, Costa Rica, Panama, Belize. Due to an unstable country situation, Panama could not be visited by the evaluators, and El Salvador was visited instead. These four country programs show the Technoserve approach at various stages of a program's development: Ghana -start-up stage; Costa Rica - a young program; El Salvador - a mature program; Belize - an affiliate program.

The descriptions that follow are designed to present the country program in outline, and to highlight a number of issues discussed in the report. They are not intended to discuss the country programs in detail.

Ghana

Technoserve's program in Ghana is a re-start of a program that had lapsed during that country's economic difficulties and that was re-invigorated when the economic climate began to improve. A new country director (CD) has been appointed and a number of well-qualified local staff have been added.

In its 1987 plan, the Ghana program foresaw two strategies for keeping its program cost-effective: 1)drawing the lessons from its sector study of oil palm and 2)concentrating its efforts regionally. After the sector study concluded that oil palm processing plants would provide good profit-making potential and would fit in well with the marketing problems oil palm farmers were having, Technoserve decided to concentrate its efforts on this sector. Over the next year, Technoserve visited more than 35 groups in the oil palm sector suggested by the Department of Cooperatives. Approximately 25% of these failed to show sufficient commitment at the very first meetings; of the remaining 75% two were selected for sustained Technoserve involvement. The Ghana program was also involved in promoting CEPIS (Community Enterprise Promotion and Investment Services), providing expertise and assistance to a loosely-organized group of farmer entrepreneurs, and seeking to assist them in attaining and managing capital, either by advising them how to secure loans, or by establishing a charitable trust which would provide poor farmers with increased access to capital.

Among the themes that surfaced in the evaluators' discussions with Technoserve staff in Ghana were the following:

. Limited organizational capacity to initiate and sustain active policy discussions and to influence policy decisions that might impact on Technoserve's work. A sector strategy (in this case palm oil) implies the existence of considerable analytical capability coupled with government level and private sector contacts necessary to monitor pricing, trade, labor and other policies that may impact the sector. Although work in the palm oil sector is based on a sectoral analysis that was done two years ago, it was the view of the study team that the framework and staff resources for monitoring policy and for engaging in discussions that might influence those policies was insufficiently developed. (Indicatively, the

country staff lack a library and access to IMF and World Bank documents on Ghana.) To some degree this reflects the youthful character of the Ghana program but it also illustrates the difficulties that even a fairly large PVO faces when it assumes programmatic responsibilities that depend to some degree on the capacity to work at the policy level. As noted elsewhere in this Report, monitoring, analyzing and attempting to influence policy is an ambitious and demanding task that absorbs considerable resources.

.The dilemma of working with low-income people. A number of staff members felt that since Technoserve required a capital contribution from its potential beneficiaries, and that these low-income beneficiaries were precisely those people who were least able to come forward with such capital, that Technoserve should consider working with people who were slightly better off, and not with the poorest of the poor. (The rule of thumb cited by some members of the Ghana staff to determine whether or not potential beneficiaries were low-income people was: they must not be absentee landlords, they must not be retired civil servants, they must be full time family farmers.)

.Need for staff training. This was a need voiced by most of the local staff in Ghana who felt that although Technoserve did provide a substantial amount of on-the-job and in-house training, Technoserve policy with regard to training in technical matters, participation in external seminars, workshops, training courses, was unecessarily restrictive and rigid. (The evaluators understand that following the Technoserve retreat of March 1988, positive steps to increase the opportunity for staff training are being examined.)

. Problems with cooperatives. Because of the prior checkered history of the cooperative movement in Ghana, many such units are dead or sleeping, and the Technoserve project identification officers and project advisors face the difficult task of reviving them. The Ghana program appears to wish to maintain the flexible attitude of Technoserve activity that characterizes many of Technoserve's programs in Africa where, because of the lack of strong cooperative institutions and traditions, it is often difficult to find or encourage the formation of viable cooperative structures and where assistance has to operate in a more indirect way.

On the whole, the Study Team formed a positive impression of the individual capability of Technoserve staff in Ghana. Three of the local professional staff were highly qualified, with MBAs from U.S. universities, and seemed to be sincere and effective field officers; another staff member was obviously very competent and in charge of Social Impact studies. The CPD, while an expatriate, showed great sensitivity to the Ghanaian situation and appeared to have good working relationships with his staff.

However, the Ghana program is still in its early stages, and it is not clear that sufficient thinking is going on either in Ghana or at the head office in Norwalk of the longer term needs. This is one case where a deeper discussion of the stages of evolutionary growth of a country program might be particularly useful, as for example the requirements of local fund-raising. And it is also a case where Technoserve might consider expanding its program more rapidly.

El Salvador

The Technoserve program in El Salvador is an example of a mature country program that possesses the institutional characteristics required for ultimate independence and autonomy. With its office in El Salvador staffed by 40 full-time employees, including 29 professional staff, in size alone it is on a par with the home office in Norwalk. Possessing a clear team structure, functionally differentiated into well defined positions, and with special units performing tasks that facilitate an overall program perspective (such as the "support unit"), the El Salvador program testifies to Technoserve's success in establishing fully mature, self-sustaining programs.

The maturity of this program brings with it its own problems, perhaps most important being the nature of its integration into the Technoserve structure. Technoserve El Salvador staff members feel that much of what they have been doing over the last years has been innovative and productive and has advanced Technoserve's work substantially. At the same time, they feel the home office has been slow to appreciate these advances (studies of cost effectiveness initiated in the El Salvador program, the Support Unit's functioning as an R&D department, the emphasis given by the El Salvador program to staff training are three examples mentioned). This is voiced by the staff less as a complaint than as a dilemma, since they recognize that the solution might require increasing staff numbers at Norwalk and that there are substantial advantages for the organization in avoiding the cumbersome central staff that several PVOs are burdened with.

But the problem of how best to integrate the constructive aspects of a mature country programs into the organization as a whole, including its other field offices, remains a question to be resolved.

A further problem is that, despite the size of the Technoserve program in El Salvador, it is far below the size required if it is to satisfy the demand for its services -- informally, staff members estimated that the program only served 40 of approximately 400 cooperatives existing in El Salvador.

The evaluators were greatly impressed with the El Salvador program, with its current capacity to provide direct assistance to enterprises, with its growing effectiveness in institution-building and indirect assistance, and with its management structure (much of this reorganization took place following a Technoserve Latin America divisional meeting at which various alternatives were discussed and decisions taken). Most of all the evaluators were impressed with the El Salvador program's ability to plan for the future and to seek innovative ways to resolve current problems.

Costa Rica

Technoserve's Costa Rica program may be characterized as "young". With 7 professional and 4 support staff, it is able to provide substantial, but not a very broad or full range of managerial, administrative and technical assistance to eleven projects. As a "young" program, it evidences some of the corresponding tensions and strains.

It is clear from interviews with staff members that the professional staff is still too small for clear division of tasks to be effected, and for clear lines of responsibility to be established. There appears to be discontent with this situation and steps should be taken to remedy this, either through a limited expansion permitting a clear team structure, or an internal reorganization. It is perhaps not coincidental that this is the only Technoserve office the evaluators visited in which staff members stated that they felt overworked and under too much pressure.

In addition, several staff members suggested that the mix of assistance types that Technoserve offered could be improved. They felt that considerable additional impact was possible if Technoserve would loosen its policy and permit the addition of more technical assistance in agriculture production techniques and/or to industrial enterprises. It was unclear, however, whether this was a problem that Technoserve itself was in a position to remedy, since the causes appear complex: a reluctance on the part of farmers to seek such assistance from Technoserve, the availability of competent free advice from Ministry of Agriculture officials, as well as the lack of a highly specialized technical staff at the Technoserve office itself.

Costa Rica staff members echoed the concerns of other country program staff that each country program was somewhat isolated from the others, and that all communication seemed to pass through the Norwalk head office. They suggested that more visits by staff to other country programs, and more communication throughout the organization of the experiences, successes and failures of other country projects and programs would go a long way toward meeting these concerns.

Belize

In Belize, Technoserve has assisted in the establishment and maintenance of the Belize Enterprise for Sustained Technology, or BEST. BEST is an indigenous private, non-profit enterprise development organization, staffed entirely by Belizeans and modeled to a large extent on the Technoserve approach. It was established in 1985, has a staff of eight and is governed by a nine member Board comprised of seven Belizeans and a representative from Technoserve and the Katalysis Foundation of California. Roughly a third of BEST's funding comes from USAID grants, a third from the Katalysis Foundation and a third from lients, PACT and all other sources including Technoserve (15%).

The short history of BEST is an important example of the challenges, frustrations and substantial opportunities of working with indigenous organizations. In Belize, Technoserve is testing the application of its approach to enterprise development by an independent organization and, by implication, a replication model that could be employed on a broader scale. The success of the Belize approach will depend to a large degree on Technoserve's capacity to handle the complex relationship with a proud, independent and extremely capable organization. Many of the elements in the relationship between the two organizations appear to be characteristic of difficulties that arise in working with local Third World groups and as such the experience has provided Technoserve with an immensely valuable

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case study upon which to draw in the future.

BEST is the product of a unique collaboration between the Katalysis Foundation and Technoserve with the former providing the bulk of initial funding, the latter providing technical assistance and the basic approach and methodology. The impetus came from Robert E. Graham, a California agro-businessman and President of Katalysis who in 1984 sought Technoserve's assistance in establishing an enterprise development program. The opportunity was of considerable appeal to Technoserve because it provided an opportunity to "franchise" the Technoserve model at considerable reduction in cost. Technoserve recommended Belize and BEST was established in 1985 under the aggressive, energetic and very capable leadership of Carlos Santos who had previously held an agriculturally related policy level position in the government. BEST currently provides training and technical assistance to eight agricultural associations and cooperatives and, with some modification, employs the Technoserve approach and much of the Technoserve philosophy described elsewhere in this report.

A comprehensive description and evaluation of the BEST program is beyond the scope of this Assessment. On balance the Study Team was favorably impressed with what BEST was doing and the approach it was taking and an independent January, 1988 evaluation echoes that positive assessment.

The following comments focus on the dynamics of the relationship between Technoserve and BEST and on points of tension in this relationship that predictably revolve around issues of autonomy and independence. This emphasis is not intended as a criticism of either party but as an illustration of some of the inherent difficulties in a "sister" relationship.

Different perceptions regarding the nature of partnership.

When first established, BEST was viewed as an opportunity to "franchise" the Technoserve model with the implication that the local entity would be under the tight guidelines and quality control standards established in Norwalk. Predictably, programmatic and stylistic differences quickly surfaced and the fundamental validity of the relationship was called into question. Following a series of negotiations and compromise, the spirit and letter of the arrangements between Technoserve and BEST became one of "affiliation". Nevertheless, this tension remains a palpable part of the relationship and colors other programmatic and substantive aspects.

Different views on adherence to the Technoserve model.

As discussed in other parts of this Assessment, Technoserve possesses a corporate culture that provides a structure which ensures programmatic conformance with the values, policies and carefully developed approaches of the organization. This guidance mechanism exists to a much reduced degree in BEST. Understandably, at an early point the BEST staff began to question some of the basic "truths" imparted by their Technoserve colleagues including the importance of a fee for service, the emphasis on relatively larger and better off beneficiary groups and the disinclination to take an exposed, high risk equity position in an organization that it is assisting. These substantive disagreements amplified basic differences regarding the nature of the relationship.

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The problem of focus vs. scatteration

One of Technoserve's strongest institutional strengths (and the one that would be the most valuable to convey to an indigenous affiliate) is Technoserve's demonstrated capacity to maintain a disciplined focus within its area of expertise. Understandably, the value of concentration is a difficult one to teach and BEST clearly chafes under the continual admonition to sustain focus. (The Executive Director says that BEST is at the "storming" stage, argues strongly for more flexibility and that BEST has "bottled the issue of focus".) As a consequence, within BEST there is a strong inclination to experiment with new, sometimes radical approaches, such as investment of funds in a papaya producing venture, or a much more aggressive and direct intervention in policy matters at the national level than would be characteristic of Technoserve's prudent, deliberate and experientially based approach to shaping policy.

The long term issue is not whether deviation from the Technoserve model is good or bad per se but whether and how a congenial working relationship can be sustained so that Technoserve will be able to provide long term strategic institutional advice and guidance.

Looking to the future, the Executive Director of BEST anticipates a termination in the relationship with Technoserve with funding support to continue for one year and Board representation to continue for two. While it is not clear how fully this phase out has been thought through, it struck the Study Team that this particular time line was premature. While BEST has reached a point where they are perfectly capable of managing enterprise development projects, they still need considerable assistance in long range planning and the formulation of long term institutional strategy and, in particular, in development of a fund raising strategy and related diversification in funding support. In theory, Technoserve with its long history and experience is well positioned as a strategic mentor. Whether, the components of a long term relationship can be designed to mutual benefit and whether BEST will be able to take advantage of the opportunity is problematic.