

GRANTEE: OIC POLAND FOUNDATION, LUBLIN, POLAND  
AGREEMENT NUMBER: 181-0023-A-00-5218

## **ANNUAL REPORT**

FIRST YEAR OF ACTIVITY

PERIOD: **October 1995 - September 1996**

**Strategic Objective 1.3**  
**Intermediate Result 3.1**



**OIC Poland Foundation**  
20-086 Lublin, ul. Szewska 4  
tel/ fax (48 + 81) 25929, 26863

**FIRST YEAR ACTIVITIES**  
( October '95 - September '96 )

**COMPONENT 1: OIC POLAND ORGANIZATIONAL DEVELOPMENT**

**1A - OICP Staff Enhancement**

1A1 - Detailed OICP Staff Training plan developed ( attached).

1A2 - The following trainings have been completed:

BDC staff:	<ul style="list-style-type: none"><li>- Counselling- for SMBusiness</li><li>- Barriers for Entrepreneurship</li><li>- Training for Trainers</li><li>- Organizational Development</li></ul>
Secretary:	<ul style="list-style-type: none"><li>- Organizational Development</li><li>- Communication Skills</li><li>- Secretary - Manager's Assistant</li></ul>
Marketing Director:	<ul style="list-style-type: none"><li>- Marketing Tools and Strategies</li><li>- Sales</li><li>- Marketing and Planning</li><li>- ISO 9000 Standards</li><li>- Organizational Development</li></ul>
PR Specialist	<ul style="list-style-type: none"><li>- Workshop in PR</li><li>- Organizational Development</li><li>- Communication Skills</li></ul>
Information specialist:	<ul style="list-style-type: none"><li>- Communication Skills</li><li>- Organizational Development</li></ul>
Marketing Assistant:	<ul style="list-style-type: none"><li>- Organizational Development</li><li>- Marketing</li></ul>
Resource Mobilization Officer:	<ul style="list-style-type: none"><li>- Organizational Development</li><li>- Fund Raising</li><li>- New Labor Code</li><li>- Communication Skills</li><li>- Training for Trainers</li></ul>
NGO Trainer	<ul style="list-style-type: none"><li>- Career Development</li><li>- Organizational Development</li><li>- Training for NGO Trainers</li><li>- HR Management</li><li>- Communication Skills</li></ul>

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- |                                  |  |
|----------------------------------|--|
| Trainer -Adult Education:        | <ul style="list-style-type: none"> <li>- Organizational Development</li> <li>- New Labor Code</li> <li>- Training for Trainers</li> <li>- Communication Skills</li> </ul>  |
| Trainer - School Program:        | <ul style="list-style-type: none"> <li>- Training for Trainers</li> <li>- Organizational Development</li> <li>- Communication Skills</li> </ul>  |
| Dep. Director, HRD Trainer:      | <ul style="list-style-type: none"> <li>- HRD - Motivation and Rewarding</li> <li>- HRD - Staff Management</li> <li>- HRD - Collective Bargaining</li> <li>- HRD - Performance Appraisals</li> <li>- HRD Planning</li> <li>- HRD - Workshop</li> <li>- New Labor Code</li> <li>- Organizational Development</li> <li>- Training for Trainers</li> </ul> |
| HRD Program Assistant:           | <ul style="list-style-type: none"> <li>- Organizational Development</li> <li>- HRD- Motivation and Rewarding</li> <li>- HRD - Performance Appraisals</li> <li>- Training for Trainers</li> <li>- New Labor Code</li> </ul>   |
| Dep. Director, Special Programs: | <ul style="list-style-type: none"> <li>- Organizational Development</li> <li>- Marketing and Planning</li> <li>- ISO 9000 Standards</li> </ul>   |
| Computer Center Manager:         | <ul style="list-style-type: none"> <li>- Organizational Development</li> <li>- Training for Trainers</li> <li>- Marketing and Planning</li> <li>- Software presentations</li> </ul>  |
| Financial Department staff:      | <ul style="list-style-type: none"> <li>- Financial Reporting</li> <li>- Organizational Development</li> </ul>  |
| Executive Director:              | <ul style="list-style-type: none"> <li>- Organizational Development</li> <li>- MBA Program</li> <li>-HRD Planning</li> <li>- ISO 9000 Standards</li> <li>- Marketing Strategies</li> </ul>   |

1A3. Trainings for OICP Board Members - not attained; postponed

## **1B - Strategy and Marketing Plan**

1B1 -Business Plan including Strategy and Marketing plans developed. ( attached)

## **1C - Financial Sustainability**

1C1 - Plan for reaching financial sustainability prepared and accepted by OICP Board ( see: Memo )

1C2 - Financial Resources Generation Strategy prepared and accepted by OICP Board ( attached). Self-generated revenues expended on OICP program reached PLN 535 303 (\$ 218 490) which accounts for 36 % of program costs.

1C3 - Service Quality Control Mechanism prepared ( attached). OICP is able to compete successfully with other training providers in the region and the whole country. Evaluation results have been utilized to improve and adapt curricula of OICP trainings.

1C4 - Cost and Income methodology of Component 2 activities accepted by Director and Board.

1C5 - Resource Mobilization Plan prepared and accepted by Director ( attached). Non-USAID cash contributions to OICP program amount to PLN 16 554 (\$ 6 020 ) i.e. 1.1 % of OICP program revenues in the First Year.

1C6 - Non-USAID In-Kind Donations collected amount to PLN 198 477 (\$ 78 760) i.e. 13.3 % of OICP program revenues in the First Year.

Non-USAID revenues expended on OICP program	in Polish zloty	in \$ (approx.)	% of Program revenues
Self-generated revenues	535 303	218 490	36%
Non-USAID cash contributions	16 554	6 020	1.1%
Non-USAID in-kind donations	198 477	78 760	13.3%
<b>T o t a l Non-USAID :</b>	<b>PLN 750 334</b>	<b>\$ 303 270</b>	<b>50.4%</b>

**1D *Edycje* periodical** - 8 issues distributed among NGOs administrative agencies, and OICP sponsors.

## **COMPONENT 2: OIC POLAND MANAGEMENT TRAINING PROGRAM**

### **2A - Management Development Program**

( post-graduate studies developed in cooperation among OICP, University of Illinois and Lublin Technical University).

This fee-based project is aimed to cover all costs of the project and become a source of OICP self-generated income.

2A1 - MD curriculum developed in cooperation with University of Illinois and Lublin Technical University and signed.

2A2 - MD advertising / promotional campaign conducted.

2A3 - 98 students (66 students enrolled in Sept. '95 and 32 enrolled in Jan. '96) .

2A4 - 1 MD seminar on cooperation between Polish NGO sector and foreign or home universities conducted to the public.

### **2B - Human Resource Development Project**

The project encompasses short and long term trainings in human resource management, marketing, organization, planing, sale, ISO 9000 standards and trainings for NGOs. The clients include medium and large private and state-owned companies as well as individual clients.

2B1 - Trainings for NGO sector were sponsored by Phare Program Civic Dialogue

2B2 - 2 volunteer counselling seminars conducted.

2B3 - 9 trainings for NGOs

2B4 - 37 short-term trainings / seminars delivered for private, privatised or state-owned companies

2B5 - 786 people trained in marketing, controlling, HRD, ISO 9000

2B6 - 1 *Workforce 2000* Conference for 60 people was organized on 2-3 October '96 ( reported in Quart.1, Year II)

### **2C - Computer Center**

The Computer Center uses 2 training rooms; one is rented; the other is on OICP premises. CC Manager duties include internal trainings for OICP staff and care of OICP computer system.

2C1 - OICP computer training curriculum prepared and accepted.

2C2 - 35 courses in computer literacy , incl. computer accounting delivered for individual clients incl. unemployed, start-ups and youth.

2C3 - *Goslub* Internet Computer Business Information Center - task not attained for difficulties in finding sponsors to purchase a high-powered computer and the changes in the market demand in computer services. The *Goslub* project has been re-designed to operate within Internet using the server donated to BDC by the Ministry of Labor.

2C4 - OICP computer system restructuring to Windows NT completed

2C5 - 356 people trained in computer skills

### **2D - Business Development Center**

BDC has been set up with the financial assistance of the Ministry of Labor. It offers training in business for small and medium entrepreneurs and start-ups.

The trainings (including some computer trainings for business) are organized at OICP as well as at the client's premises. Cooperation has been developed with regional Labor Offices and the Know-How-Fund Lublin based NGO working in the private sector.

2D1 - business training curriculum prepared and accepted.

2D2 - financial resources from the Ministry of Labor received to purchase hardware, software and office equipment amount to 145 650 PLN (\$ 53 950)

2D3 - 26 trainings in business planning, computer small-business accounting, business ABC.

2D4 - 4 seminars for individual business people delivered

2D5 - Loan Fund for start-ups trained by OICP - task not attained due to the sponsor's (Ministry of Labor) temporal suspension of the project. Only one seminar on lending procedures was organized.

2D6 - 8 loan applications processed - task not attained (see 2D5)

2D7 - 21 firms have business, marketing or financial plans

2D8 - 401 business people and start-ups (incl. currently unemployed) trained in business skills and get business information

### **2E - Employment Preparation Services Training**

EPST is a special project meant to strengthen OICP institutionally and financially. The project is known in schools in nearly the whole country as well as in the Ministry of Education and provincial *kuratoria* of education. OICP publishes and sells the course student's books and teacher's books to generate income.

2E1 - over 3 971 secondary-school students completed the employment preparation training course at their schools in the middle of June.

2E2 - 391 teachers trained by 1 OICP staff to conduct EPST course.

2E3 - 856 teachers, school directors, *kuratoria* directors, MPs, students' parents lobbied to support the delivery of EPST courses at their local schools.

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# **ANNUAL PROGRESS REVIEW REPORT**

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## INTRODUCTION

The subject of the current Co-operative Agreement are Phase II activities of OIC Poland including the development of a non-profit, public, democratic organization with a stable organizational and financial situation. Phase II activities were designed in Spring 1995 when the local market situation, market demand, potential sponsors' participation and USAID objectives were a little different from what they are now in Fall 1996. With the suggested change of OIC Poland's Strategic Objective the Foundation had to re-arrange and re-design its activities in order to better match the required results. That consumed much of the staff's working time but also helped OICP create tools to control the development of the organization.

The results of the past First Year show that OIC Poland may become financially self-sustainable at the end of the Third Year but it would be unjustified to believe that some significant financial support would come from other-than-USAID sponsors and donors. It seems clear now that OICP will have to rely mainly on its own commercial activities to support the not-for-profit activities. Some of the latter e.g. NGO sector support could become part of other activities e.g. Human Resource Development project as both deal with upgrading personnel management skills. But most difficulties are connected with planning the finances of activities run at OICP. The present market situation and the considerable competition in training services require that OICP should be able to react to the changing market demand and adapt its activities accordingly. Thus it seems that a good strategy to reach the organizational and financial sustainability objective could be more helpful for OICP than well calculated business plans which would become out-dated after a few months.

Program title:       **Institutionalization and Self-sustainability**

Program goal:       OIC Poland becomes institutionally and financially self-sustainable by 9/98

Progress review:    OICP has developed a number of ways to measure and assess the programs it conducts:

- Service Quality Control Mechanism,
- Individual Working Plans,
- Strategy and Marketing Plans,
- OICP Staff Training Plan,
- Financial Resource Mobilization Plan.
- Business Plan

In-kind donation records are kept on a monthly basis. At the end of the First Year the non-USAID cash and in-kind donation amounts to \$ 86 001. An analysis of the donation records shows that an average quarterly collection is \$ 8 000 approximately. The First Year figure of \$ 86 001 has been reached mainly thanks to the substantial donations of the Polish Ministry of Labor and PHARE Civic Dialogue grants.

Extensive work in Public Relations has helped to maintain the good image of the Foundation. The press clip collection ( attached) shows that the public media are kept abreast of OICP's activities.

Accounting and book-keeping has been adapted to meet the current international and Polish standards. OICP has managed to secure an audit of FY 1996 although it took a few months to find an eligible partner.

All the programs run at OIC Poland are at least in part helping to reach financial self sustainability of the organization. The Management Development Program is fully market-oriented and not subsidized by any sponsor. It has become a significant income-generating program and it adds much to the development of OICP's institutionalization building process. All of the services offered by OIC Poland ( with the exception of the trainings for the NGO sector) are fee-based and bring income to the Foundation. Many of the Business Development Center and Computer Center trainings are paid for by a co-operating sponsor, which secures income for OICP and very small fees to be paid by the participants.

The Foundation's organization has been subjected to the income gathering goals. At the same time OICP continues its non-for-profit services in business and NGO sector support seeks sponsors to support OICP program ( list of applications for grants attached).

Problems encountered: OICP is active on a very competitive market. That has forced OICP to employ various techniques in marketing mix and to raise the quality of its services to maintain its position on the market. The steps taken have brought very positive results. OICP's recent market research shows that OICP has managed to strengthen its leading position on the local market and a strong position in the country.

Business plans prepared for Component 2 have to be updated and revised very often due to the changeable situation on the local market.

Finding sponsors to support OICP program has turned out difficult, especially with regard to cash donations. It seems that the amount of work devoted to securing additional funds for OICP exceeded the funds actually received.

Assessment (since previous semi-annual report): The market situation is changing constantly and rapidly, which creates significant threats. OICP has got sufficient resources, experience and the necessary tools to continue its development as a business training and service organization.

It seems that OICP's strength is its Strategic Plan to reach sustainability rather than the business plans for each of OICP's activities.

OICP's has to rely more on its own commercial activities to earn resources matching the USAID funds.

Program title:           **Management Development Program**

Program goal:           A management training institution using long-term courses and degree programs operating.  
By 9/96, 66 postgraduate studies (MDP) completers enter the local market either as business managers or qualified staff.

Program review:   The program started in September 1995 when an agreement among OICP's Polish-American Institute of Management, University of Illinois and Lublin Technical University to provide fee-based postgraduate degree trainings was signed.

OICP is the link between the other two partners; it is responsible for the organizational part of the program, contacts with University of Illinois and marketing. Fees and instalments are paid onto Lublin Technical University's account to which OICP's and Illinois services are charged.

The one-year-long postgraduate studies offer two programs: Marketing and Planning, and Human Resource Management. In the first year ( two rounds, three semesters) 98 people enrolled, which brought OICP over 109 270 zł (\$ 44 600) self-generated revenues.

Problems encountered:

Assessment:   MDP had a very good start in Fall 1995 and continues to be competitive in postgraduate trainings in management. Although the market is rather shallow in the region the number of enrolments is higher than at the beginning. It seems that MDP can remain a significant profit-bringing activity when more "transcripts" are available for students.

Program title:           **NGO Sector Support Program**

*( After the changes connected with allocating OICP in S.O. 1.3. the tasks of this Program have been attached to the MDP and HRD programs in the latest First Year Workplan). In the following years the program will join "Special Programs" realized on the basis of additional funds secured from non-USAID grants.*

Program title:       **Human Resource Development Program**

Program goal:       A management training institution using short-term courses operating.

By 9/96 600 people enter the private sector and compete on the job market.

Progress review:   OICP is the only local organization with a stable number of customers in HRD and Marketing trainings. Since 10/95 786 people have participated in short-term trainings which is more than planned.

In February 1996 first trainings in ISO 9000 Standards were organized. Those training may be an example of OICP's immediate answer to the emerging demand on the market. OICP began trainings outside Lublin, especially in popular resorts where clients ( executives and staff of large companies) find it more attractive to go. Within this program OICP organizes *Workforce 2000* conferences devoted to problems connected with organizational and personnel management. The 1996 conference was held on 2-3 October and will be commented upon in the next Quarterly Report.

Problems encountered: The market for short-term trainings in HRD and Marketing is shallow i e. only big companies can be customers for expensive fee-based tailor-made trainings. OICP has to try to create demand for such trainings on the market. Polish legal regulations on establishing universities force OICP to continue cooperation with its university partner in Lublin and limit the MDP project to the one-year long postgraduate studies.

Assessment (since previous semi-annual report):

OICP has got a stable position locally as a HRD and Marketing training organization. Since significant competition for OICP is in Warsaw OICP continues offering tailor-made trainings for companies in the broad southern part of Poland and with time in other parts as well.

Program title:       **Computer Center**  
Program goal:       By 9/96 346 have been trained to work with a computer;  
By 9/96 an Internet computer information service has been  
established.

Progress review:   The Computer Center has two training rooms at its disposal: one is rented and the other is situated on OICP's premises. In each of the rooms 13 participants can be trained at a time. The Center uses computers and other equipment donated by the Ministry of Labor for the Business Development Center at OICP.

The Computer Center offers various computer trainings for different clients: individual people and companies. Its services are well known locally as medium-priced high quality trainings. Although there are several competing firms on the local market OICP's trainings are popular especially with local firms.

At the beginning of the year a new offer for computer trainings was worked out and matched by new marketing procedures. The number of participants completing various computer trainings has reached 356 .

The *Goslub* project tasks have not been attained for two reasons: one is the fact that OICP did not manage to find a sponsor able to purchase a high-powered computer server for the project though three applications for assistance in this were submitted (e.g. Scientific Research Committee, DemNet Program). The other is the fact that the current market requires different kind of computer services from what was offered by *Goslub*. Eventually the *Goslub* project has been given up and a new kind of computer services for business started. These are *Internet Provider Services* and a due application for a concession to operate through the Internet has been sent to the Ministry of Communication. The services will be based on the server donated by the Ministry of Labor for the BDC.

Problems encountered: The Internet Provider services project is now dependent on the Ministry of Communication's concession for OICP.

Assessment (since previous semi-annual report):

With the new computer equipment OICP is able to place one of the most attractive offers in computer trainings on the local market and draw more participants. It seems that the development of the private sector and widespread use of computers even in small companies are going to create a large demand for computer training services. It appears that it will be critical for OICP to maintain the high value of the trainings.

The trainings have added significantly to OIC Poland's institutionalization process and the development of business trainings offered by OICP.

Program title: **Business Development Center**

Program goal: By 9/96 , 400 business people and potential entrepreneurs upgrade their skills in management, accounting, financial planning and marketing.

By 9/96 , 21 firms operating on the market have business plans, marketing plans, financial plans for their enterprises.

At least 4 business people have received loans by 9/96

Progress review: Business Development Center's resources are 2 staff and modern computer and other training and office equipment donated by the Ministry of Labor. Business trainings ( business ABC, taxation, accounting, customs, marketing, business plan making, financial planning) are offered to business and potential business people in the Lublin region. At least 21 enterprises have prepared their business plans and marketing plans after BDC trainings. OICP co-operates with a Know-How Fund Lublin based foundation, local Labor Office who cover most costs of the trainings including fees for OIC Poland. Most of the business trainings are in small provincial towns in the Lublin region. The training fees are very small.

Market-priced business trainings or business seminars ( VAT, income taxes) offered by OICP found little interest among local entrepreneurs. Trainings in small-firm accounting were in biggest demand and BDC was able to answer that demand successfully. Altogether 26 business trainings were completed with 401 participants.

A separate task within the BDC was the Loan Fund project. The Ministry of Labor - the potential sponsor of the project - has decided to suspend it for reasons pertaining to legal regulations on money lending and procedures. OICP sought to strengthen the organization with this project, though it was understood that the project would not be profit-bringing.

Problems encountered: A decrease in the number of small business people participating in business trainings has been noted, especially in the city of Lublin; business people with enterprises employing up to 5 people show little motivation and have problems finding time to upgrade their qualifications and skills. The reason seems to be the always-changing tax regulations and the growing number of paperwork required from businesses.

Assessment (since previous semi-annual report): OICP has an independent offer for business trainings. However, that will have to be monitored and carefully adapted to the emerging needs.

Program title:       **Employment Preparation Services Training at Secondary Schools**

Program goal:       By 9/96 at least 2 000 secondary school leavers have been trained in market economy, world of work, job finding, interpersonal skills.

Progress review:    OIC Poland has trained 6 program trainers who, in turn, have trained 391 teachers to conduct the program curriculum at 66 secondary schools in whole Poland. Additionally, OIC Poland has lobbied among 856 local community members, educators and politicians in particular, for the program to be financed locally.

OIC Poland has prepared a manual for the teachers conducting the program at schools and a set of three students books. The sale of those brings significant income for the Foundation. Over 3971 sets of the manual and students books have been sold since September 1995.

Problems encountered:   Although the Ministry of Education has a high opinion of the program they are unable to finance it at state schools. It has not yet been included in the regular school curricula. The funds needed include primarily teachers' remuneration as the books are purchased individually by students. Thus, whether the program will develop depends largely on the local interest in it and availability of local governments' financial resources.

Assessment (since previous semi-annual report):   The program is known well among educators in Poland. Its written materials ( TB, SB) are bought and used by teachers running related subjects at schools. The development of the program has been very fast in the last 3 years and now selected teachers in 46 voivodships are acquainted with it. However, the financial barriers hindering the development of the program may still persist and keep its development at a much slower pace. A reform of the educational system in Poland could help resolve the problem. Although the program is run in 66 schools the manuals and students books are sold to many other customers. The course materials were purchased by the Central Labor Office in Warsaw and distributed among all provincial Labor Offices throughout Poland. The sale of the manuals constitutes a significant income bringing activity for the Foundation.

## MEMORANDUM

RE: Component 1, 1C1 - Financial Sustainability Plan

The plan for reaching financial sustainability of OICP has not been prepared in the First Year of activity. It will be worked out in detail during the first half of the Second Year. Temporarily and only for 1996 OICP accepted the directions for reaching sustainability included in the Proposal. However, OICP board have rightly pointed out to the fact that a realistic plan must take into account actual results of each of the activities performed in the First Year.

Preliminary analyses of the First Year activities show that there appeared new facts and tendencies on the market during 1996 which rocked the assumptions made when the Phase II budget was being prepared. First of all, OICP was classed as S.O. 1.3 activity in the middle of the Year which resulted in limiting OICP's activities in S.O. 2.4. The change has had a significant impact on OICP's ability to win additional donations for its program to match USAID funds as most of extra funds received by OICP were devoted to strengthen the NGO sector. In addition, the Ministry of Labor, sponsor of OICP's Business Development Center, unexpectedly suspended two grant paths in TOR#10: the Loan Fund and the Incubator. In 1994 and 1995 OICP took great pains to ensure financial assistance of the Ministry of Education for OICP's Employment Preparation Services program. In 1996 the Ministry started limiting their expenses on the so-called extra discretionary hours at schools which teachers used to conduct OICP's employment preparation course. Locally, the Know-How-Fund funded foundation has received considerable resources to use in the Lublin region thus making it more difficult for OICP to win grants for work in the region.

As a result OICP had to rely more than originally planned on the income earned within its commercial activities. The amount of self-generated funds is nearly doubled when compared to the 1995 Proposal plans. The non-USAID in-kind and cash participation is only 13.3 %, i.e. over 6 per cent less than planned.

The First Year experience shows that the proportions of OICP's cost covering income sources is different from what was planned in 1995. It also seems advisable to re-define what sustainability of OICP means.