

**Matching Grant Progress Report  
FY 2000**

*Program Activities and Results related to OIC MG Programs in  
Ghana – Guinea – Tanzania*

***OIC International  
November 2000***

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# **Matching Grant Progress Report FY 2000**

Program Activities and Results related to OIC Programs in  
Ghana – Guinea – Tanzania

## **I. Summary Background**

This five-year Matching Grant (MG), from FY 1999 through FY 2003, is to strengthen the capacity of OICI and its partner affiliates in Tanzania, Ghana and Guinea to develop and replicate sustainable service delivery models in microenterprise and microfinance. The longer-term goal is to increase income and employment opportunities for the poor in sub-Saharan Africa.

The grant provides \$1.7 million over the five-year period with cost sharing by OICI and its partners projected at \$3.4 million. The grant is mainly for capacity development through technical assistance. Among other assistance, it provides for some limited staff time at OICI headquarters without supporting fully any staff position. It does not provide for local program operating expenses.

## **II. First Year (FY 1999) Highlights**

The first year (FY 1999) MG program focused on the development of groundwork necessary for proper project implementation in the following four years. Program activities included planning with local partners, introduction to high performance / sustainability program model, basic training in microenterprise sector support, introduction of tools for curriculum development, and networking with local non-OIC partners.

## **III. Second Year (FY 2000) Program Focus**

The second year (FY 2000) MG program aimed at the specific development needs of local OIC partners each MG country:

### **A. Ghana:**

- Advance and implement further the sustainability model introduced in FY 1999.
- Continue the introduction of business training and the formation of trainers.
- Direct in-country technical assistance by OICI staff.
- Finalize the baseline update study conducted in late FY 1999.

### **B. Guinea:**

- Continue technical assistance by Freedom From Hunger (FFH) as part of the Credit With Education (CWE) project design.
- Finalize baseline study, also as part of the CWE project design.
- Continue upgrading the OIC Guinea business training component in Conakry.
- Direct in-country technical assistance by OICI staff.

### **C. Tanzania:**

- Organize new Board of Directors.

- Recruit and orient new Executive Director.
- Initiate strategic and business planning
- Local networking for institutional and financial support.
- Direct in-country technical assistance by OICI staff
- Finalize the baseline update study conducted in late FY 1999.

D. OICI Headquarters:

- The MG implementation team.
- Continued capacity development.

#### IV. Second Year (FY 2000) Program Activities and Results in Detail.

##### A. Ghana:

1. Advance and implement further the sustainability model introduced in FY 1999.

As a result of the sustainability concept introduced in FY 1999, particularly through the workshop in August 1999 by Lassen and Associates<sup>1</sup>, the Board of Directors and Program Management of OIC Ghana (OICG) initiated a comprehensive program of transforming OICG into a more sustainable organization.

Annexes I.A and I.B describe in full details the new directions taken by the OICG board and program management. These directions emphasize mainly cost recovery, scaling up program operations through expanded clientele, and fuller use of program facilities. OICG managers shared their ideas with OIC affiliate programs from several other countries during the Food Security Conference of OICI in Lome, Togo, June 2000.

In September 2000, with the assistance of the same workshop leaders in 1999, the Board and management staff of OICG reviewed their one-year effort and results during a three-day workshop in Accra, followed by review at the board level. Annex II, a report by Dr. Cheryl Lassen, highlighted the progress in FY 2000 and the tasks recommended in order moving OICG further toward sustainability.

2. Continue the introduction of business training and the formation of trainers.

Three major developments took place during FY 2000 with respect to business development training at OICG. First, the local non-OIC MG partner in Ghana – African Center for Human Resource Development (ACHD) – advanced one significant step by selecting and providing training-of-trainers (TOT) services to 23 OICG instructors of the three local OIC centers in Accra, Kumasi and Sekondi-Takoradi, respectively<sup>2</sup>. Second, ACHD also provided support in entrepreneurship and basic business management training to OICG trainees. Third, OICG staff at the center in Takoradi began to integrate business training materials from two sources in the training they offered as will be explained later.

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<sup>1</sup> Conducted by Dr. Cheryl Lassen, a specialist in sustainability and microenterprise development, and OICI's Quy D. Nguyen in Aburi, near Accra, Ghana.

<sup>2</sup> A fourth center, the OIC Tamale, began full-scale operations this year but focuses mainly on agricultural development.

The TOT program of ACHD took place on top of a more general orientation on business training for the entire staff of OICG at the same three centers during FY 1999. These training services equipped OICG staff with business training capacity for the first time since the inception of OICG three decades ago. ACHD's training-of-trainers services included the production of a TOT manual. The latter contains adult learning principles, communication and facilitation skills development, training methodologies, material production and adaptation skills.

The entrepreneurship capacity building for trainees took place later during the year. It will extend beyond the September 30 year-end date due to OICG's training cycle. The trainees served will graduate in January 2001. Annexes III.A and III.B present the details of the TOT program and the entrepreneurship capacity development curriculum for trainees.

With respect to the integration of training materials, one of the two sources mentioned above consists of syllabus and support materials from the Making Cents business training group based in Washington D.C. The other was ACHD that provided OICG staff with the TOT manual and basic business training materials developed earlier for an UNDP-funded project. The integration of these materials permitted the creation of different training modules for different levels of trainee capacity and interest. Its application is still in the experimentation stage and may be replicated at other OICG centers.

Finally, Dr. Cheryl Lassen who conducted sustainability workshops for OICG in both FY 1999 and FY 2000 also reviewed OICG's business training materials and methodology in September 2000. This review included a workshop with selected OICG training and management staff to discuss recommendations for strengthening OICG's business training approach. Dr. Lassen and Quy Nguyen also visited some OICG graduates who currently operate businesses of their own. These visits were to provide lessons learned that might help in improving the business training curriculum and methodology of OIC Ghana.

### 3. Direct in-country technical assistance by OICI staff.

In addition to technical assistance from ACHD and Dr Cheryl Lassen, OICI staff from Strategic Objective Team 3 also provided in-country technical assistance through temporary duty (TDY) visits:

- (a) Quy D. Nguyen, Vice-President for Entrepreneurship and Business Development (EBD):
- May 15-21, 2000. The TDY staff reviewed the progress of local program activities and assisted OIC Tamale in start-up strategy for its microenterprise development program.
  - September 24 – October 8, 2000. The TDY staff conducted a sustainability workshop with Dr. Cheryl Lassen, reviewed the business training adaptation process, and assisted OICG board and management in planning future directions.<sup>3</sup>
- (b) Agatha Johnson, Associate Director for Entrepreneurship and Business Development (EBD):
- June 15 – 30, 2000. The TDY staff inspected program operations at all four local centers, assessed the development and integration of business training curriculum in the vocational

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<sup>3</sup> Quy Nguyen was also in Ghana prior to this TDY for a joint mission with USDA and the U.S. Federation of Southern Cooperatives, September 14-19, 2000. The team prepared the groundwork for the implementation of a joint USDA-OICI-FSC one-year pilot project under the Africa Trade and Investment Program (ATRIP) of the U.S. Government.

technical program, and advised OIC Ghana at various locations on how to strengthen their business training services. The TDY staff also met and consulted with non-OIC local partners on collaborative efforts with OIC International and OIC Ghana.

4. Finalize the baseline update study in FY 1999.

During the first quarter of FY 2000, OICI's Regional Technical Advisor for East Africa, Anthony Getambu, finalized an update baseline study that he conducted for OIC Ghana in September 1999. OICI will integrate the findings with earlier baseline data to help in improving the programming of MG activities and the measurement of results. The conclusions and recommendations from this baseline study in Ghana are in Annex IV.

**B. Guinea:**

1. Continue technical assistance by Freedom From Hunger (FFH) as part of the Credit With Education (CWE) project design.

Freedom from Hunger, the mentor organization of OICI for the Credit With Education project in Guinea continued its role of technical assistance to both OIC Guinea and OICI staff. As stated in the initial MG proposal document, FFH is OICI's key partner in introducing the CWE model into Guinea. During FY 2000, FFH performed the following services in relation to the CWE project:

- Financial MIS development & first loan cycle assessment follow-up, September/October 1999.
- Education in-service part III (health related), September/October 1999.
- Education in-service part IV (family planning; business development), February 2000.
- Project performance assessment, August 2000.
- Education in-service part V (overall review), September 2000.
- Pre-service orientation and training for new CWE field agents, September 2000.

As of July 31, 2000, the CWE project has created 49 Credit Associations comprising 1,151 members. In its recent performance assessment, FFH indicated some key issues related to outreach and lending operations that OICI and CWE management of OIC Guinea should address. As of year end, a major reorganization took place within the project with FFH providing the necessary technical support, particularly in training a new group of extension agents.

2. Finalize baseline study for CWE project.

Freedom from Hunger finalized and released the baseline study it conducted for the CWE project during the last quarter of FY 1999. This study updated an earlier one completed during the project design phase. The latest baseline report is extensive and an excerpt is available in Annex V.

3. Continue upgrading the OIC Guinea business training component in Conakry.

The business training component of OIC Guinea in Conakry continued its limited activities due to inadequate funding and staff. Based on technical support provided during FY 1999 and FY 2000, this component increased its marketing effort and succeeded in obtaining some training contracts. During FY 2000 it conducted four (4) major contractual workshops for a total of 169 persons, earning about GNF14,350,000 or approximately US\$8,000.00.

OICI has been assisting this component in identifying possible donor support for its expansion that aimed first at hiring additional staff. A proposal to UNICEF Guinea nearly reached the approval stage in August 2000 when internal peace-and-order situation in the country prevented conclusion to the funding negotiation process. This proposal requested UNICEF funding for a pilot business development and literacy training for Sierra Leonean women refugees in Guinea.

The plan for FY 2001 is to initiate a more aggressive marketing program to scale up the business training services by OIC Guinea Conakry staff, in spite of the financial and staffing limitations. Complementing this effort will be an increase in the search for donor support and increase in business training contracts.

#### 4. Direct in-country technical assistance by OICI staff.

Two OICI staff members provided in-country temporary duty (TDY) support on Matching Grant funding during FY 2000. These visits were in addition to TDY assistance by other OICI staff under different funding arrangements.

##### (a) Quy D. Nguyen, Vice-President for Entrepreneurship and Business Development (EBD):

- May 6-14, 2000. The TDY staff reviewed the progress of local program activities, assisted the Conakry business training staff in business and marketing planning, assisted the CWE staff in reviewing interest charging plan, and provided technical guidance to PAVE staff in sustainability planning. He also reviewed program operations with the local non-OIC partner organization, the Agence Autonome d'Assistance Integree Aux Entreprises.

##### (b) Agatha Johnson, Associate Director for Entrepreneurship and Business Development (EBD):

- July 1 – 16, 2000. The TDY staff reviewed the operations of all OIC Guinea components, conducted a detailed study of the CWE organization and operational plan, visited CWE clients and partners, networked with selected donors present in Guinea, and offered recommendations to OIC Guinea management on how to move forward on various fronts. The TDY staff also met with the OIC Guinea Board of Directors together with some potential new board members to discuss future plan and directions of the Board in its services to OIC Guinea.

### **C. Tanzania:**

During FY 2000 Tanzania OIC remained on a stand-by mode in waiting for its Phase II funding from the National Income Generation Programme (NIGP). Phase I began in 1996, also with NIGP funding, and ended in 1998. Although the NIGP Board of Directors already approved the Phase II project design and final budget following lengthy negotiations with OICI and OIC Tanzania, actual fund obligation was delayed by organizational factors at both the donor end (Belgium Government) and the intermediary institution (NIGP). Pending fund release by the Belgium Government, the NIGP management reassured OICI several times of its interest in

resuming support to the OIC Tanzania program. However, as NIGP reorganized itself in January/February 2000, it postponed its final decision with respect to funding for OIC Tanzania Phase II to July 2000. Since a formal reply did not arrive, OICI and OIC Tanzania assumed that NIGP would not be able to honor its initial funding commitment. As a result, both OICI and OIC Tanzania further accelerated their efforts to find alternative funding sources. Earlier, even in waiting for the Phase II funding by NIGP, OIC Tanzania already undertook revenue generation contracts and initiated proposal development with OICI collaboration and technical support.

### 1. Organize new Board of Directors.

The most critical task as FY 2000 began was to organize a new board of directors. The preceding board completed its term since about a year and its chairman also indicated the intention to yield the post. OIC International took an active role in facilitating the nomination of potential new board members with the collaboration of the outgoing chairman. In December 1999, with the in-country technical assistance of Quy D. Nguyen, OICI Vice-President for Entrepreneurship and Business Development, the new board of directors was formed, a new chairperson elected, and the transition of board responsibilities began.

Quy Nguyen provided orientation to the new board upon its establishment. He also worked closely with its members since December 1999 through most of FY 2000 to assist the board in its functions. A list of the new board members is in Annex VI. The number of board members was a few less than it was in the preceding board. However, the decision was that additional nomination would take place after a certain period of stabilization among present members of new board.

### 2. Recruit and orient new Executive Director

The second major task in the early part of FY 2000 was the recruitment and hiring of a new Executive Director. The former Executive Director of OICT resigned in early calendar year 1999. As in the case of the board of directors, OIC International also took an active role in the recruitment and selection of the new Executive Director. After almost six months of recruitment effort, OICT finally selected and hired its new Executive Director, Ms. Christine Mwanukuzi-Kwayu, who was formerly Director of the SwissContact NGO in Tanzania.

Quy Nguyen of OICI began providing pre-service orientation to the new Executive Director in April 2000. She also attended the Food Security Conference of OICI in Lome, Togo, June 2000, as part of her orientation on the OIC philosophy and methodology.

### 3. Initiate strategic and business planning

Immediately following the hiring of the new OICT Executive Director, OICI provided technical support for the review and update of OICT's strategic and business plan. This process began in April 2000 and continued through September 2000 with in-country temporary duty visits (TDY) of OICI staff as will be detailed later. As OICT needs to expand its clientele beyond the circle of NIGP's traditional clients, its new business strategy placed a greater emphasis on marketing, the development of new services, scaling up operations, and the importance of cost recovery.

#### 4. Local networking for institutional and financial support.

From mid-year OICI intensified its technical support to OICT in increasing its networking in Tanzania, particularly with the national government and potential donor supporters other than NIGP.

In May 2000 the Executive Vice-President of OICI, Mr. Ronald W. Howard, conducted a brief but productive visit to OICT. He consulted with and obtained strong assurance of support from the Government's Vice-President Office.

In June 2000, Mr. Kevin Elkins, a member of OICI's Entrepreneurship and Business Development team, obtained a UNDP approval for OICT to retain for its use equipment and commodities funded by UNDP through NIGP during the program's Phase I (see UNDP letter in Annex VII). Mr. Kevin also initiated contact with the NORAD (Norwegian Aid) office in Dar es Salaam.

In September 2000, Ms. Agatha Johnson, another member of OICI's Entrepreneurship and Business Development team, assisted OICT in networking with and obtaining some preliminary assurance of possible collaboration from several agencies. These included ILO, UNIDO, UNICEF, UNDP, Joint UN Interventions (Road Map for Informal Sector and Jobs for Africa projects), Tanzania Chamber of Commerce, Tanzania Women Miners Association, and Ministry of Energy and Minerals.

An important development in September 2000, as a result of OICI/Ms. Johnson's networking assistance, was an agreement with Africa Online to set up an E-Touch Center at OICT. This program will provide Internet access and needed training to the public – particularly users with limited computer literacy. It also represents the first collaboration of OICT with a high-tech company and an additional source of income to OICT. A copy of the agreement letter with Africa Online is in Annex VIII.

Finally, from January through October 2000, OICI's Entrepreneurship and Business Development team provided extensive technical support to OICT, including in-country proposal writing assistance, in its application for a grant from the CARE Imara project, a component of CARE Canada. This effort included OICI's meetings with CARE Imara in Dar es Salaam for consultation in collaboration with OICT management. In October 2000, OICT received confirmation of project design and funding approval from CARE Imara. The funding total will amount to about \$125,000 for a two-year period. The project will focus on business training with a health and nutrition training component. A copy of the email announcement of funding approval is in Annex IX.

#### 5. Direct in-country technical assistance by OICI staff

As in other Matching Grant program countries (Ghana and Guinea), the staff of OICI's Entrepreneurship and Business Development Team also provided technical support in Tanzania through temporary duty visits (TDY) on the basis of local program needs.

(a) Quy D. Nguyen, Vice-President for Entrepreneurship and Business Development (EBD):

- December 10 – 21, 1999. The TDY staff assisted OICT in the establishment of a new board of directors and election of a new board chairperson. He also provided orientation to the board on their functions and responsibilities, the directions and objectives of OICI's

Entrepreneurship and Business Development initiatives, and the perspectives of OIC Tanzania's program as a social enterprise.

- April 26 – May 5, 2000. The TDY staff continued orientation services to the new board of directors. He also provided pre-service training to the new Executive Director and assisted OICT management in adopting a market-oriented approach to business development. Lastly, he and the OICI Regional Technical Advisor (Mr. Anthony Getambu) assisted OICT in addressing the first series of questions and concerns from CARE Imara on OICT's first version of its proposal to CARE Imara. These efforts included rewriting of the Logical Framework Matrix and a new project description and budget.
- (b) Kevin Elkins, Associate Director for Entrepreneurship and Business Development (EBD).
- June 15 – 25, 2000. The TDY staff observed local program operations and initiated contact with USAID, NORAD and CARE. He also spent considerable time with the board and staff of OICT in discussing alternative strategies to future program development.
- (c) Agatha Johnson, Associate Director for Entrepreneurship and Business Development (EBD).
- September 23 – October 13, 2000. The TDY staff reviewed local program operations, assisted OICT in defining its future directions in a market-oriented approach, networked with potential partners and donors, set the groundwork for several funding request concept papers, and concluded a business agreement with an Africa-based Internet service provider (Africa Online).

6. Finalize the baseline update study in FY 1999.

During the first quarter of FY 2000, OICI's Regional Technical Advisor for East Africa, Anthony Getambu, finalized an update baseline study that he conducted for Tanzania in late FY 1999. OICI will integrate the findings with earlier baseline data to help in improving the programming of MG activities and the measurement of MG results in Tanzania. The conclusions and recommendations from this baseline study in Tanzania are in Annex X.

**D. OICI Headquarters:**

1. The MG Implementation Team

OICI's MG implementation team is Strategic Objective Team 3 (SO3) – as it is known within the organization. This team focuses on program development, support and service delivery related to the entrepreneurship and business development (EBD) training sector. During FY 2000 it consisted of:

- A vice-president (4 months supported by MG funds)
- Two associate directors (each with 3 months supported by MG funds).

MG funds also provided for 4 months of services from a finance staff member.

The above team collaborates with other Strategic Objective Teams of OICI to provide support wherever services are needed in the EBD sector. Guided by the MG directions, the team's main technical services cover:

- Program and financial sustainability, and
- Microenterprise and microcredit models and service delivery.

From June 5 to 10, 2000, the above team attended the Food Security Conference of OICI's Strategic Objective Team 2 in Lome, Togo. The team's members served as resource persons on the sustainability issue and conducted a one-day workshop on the same topic for participants from several OIC affiliate program countries. During this conference the team also met with participants from MG program countries to review the overall MG objectives, program strategy and expected MG results.

## 2. Continued capacity development

In addition to servicing field programs in Ghana, Guinea and Tanzania as described earlier, the MG implementation team continued its research and learning on best practices, mainly through its association with Freedom From Hunger's (FFH) mentoring work in Guinea, and its participation in the SEEP network's activities. It also accessed the extensive resources available on the Internet such as the database of the Microenterprise Best Practice project. On the sustainability issue, the team anchored its learning on the vast experience of Lassen and Associates and various materials accumulated earlier by USAID's Sustainability Development Services project. The team worked closely with Lassen and Associates since year I of the MG program to assist OIC Ghana in developing and implementing a proper sustainability strategy. It expects to share related experience and lessons learned with other affiliate OICs as it already did with Cameroon OIC and Liberia OIC.

A current major effort of the MG implementation team is to develop its own service products in addition to learning best practices already in existence. One possible unique service product is the integration of business training and microcredit access in non-formal vocational technical training program as is taking place at OIC Ghana. Another product might be the development of export capacity of local micro-entrepreneurs in some of the African program countries where such capacity is still limited and does not yet have the technical support necessary for it to take place.

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OIC International, Inc.

Pipeline Analysis/Matching Requirements

Matching Grant

Grant No. FAO-A-00-98-00068-00

From Grant Inception through September 30, 2000

Revenue Sources	Central Office			Ghana			Guinea			Tanzania			Matching Grant Total		
	1	2	(1-2)	1	2	(1-2)	1	2	(1-2)	1	2	(1-2)	1	2	(1-2)
	Total	Cummulative	Balance												
	Match 10/01/98 9/30/00	Revenues 10/01/98 9/30/00	as of 9/30/00												
Fees/Consultancies/Inkind		15,000	(15,000)	35,000	0	35,000	3,550	0	3,550	39,000	7,500	31,500	77,550	22,500	55,050
Interest		0	0		0		57,730		57,730			0	57,730	0	57,730
Business Ventures/Infra				12,200		12,200	3,250	2,000	1,250	5,200	4,087	1,113	20,650	6,087	14,563
Government Grants			0	266,500	298,337	(31,837)		694,626	(694,626)	800,000		800,000	1,066,500	992,963	73,537
Unrestricted Funds	0	205,000	(205,000)	100,000	60,000	40,000			0	100,000		100,000	200,000	265,000	(65,000)
<b>Totals</b>	<b>0</b>	<b>220,000</b>	<b>(220,000)</b>	<b>413,700</b>	<b>358,337</b>	<b>55,363</b>	<b>64,530</b>	<b>696,626</b>	<b>(632,096)</b>	<b>944,200</b>	<b>11,587</b>	<b>932,613</b>	<b>1,422,430</b>	<b>1,288,550</b>	<b>135,880</b>
In Kind		37,000	(37,000)	150,000	120,452	29,548	773,995	133,315	640,680	52,500	45,152	7,348	976,495	335,919	640,576

OIC International, Inc.

Pipeline Analysis/Matching Requirements

Matching Grant

Grant No. FAO-A-00-98-00068-00

From Grant Inception through September 30, 1999

Revenue Sources	Central Office			Ghana			Guinea			Tanzania			Matching Grant Total		
	1	2	(1-2)	1	2	(1-2)	1	2	(1-2)	1	2	(1-2)	1	2	(1-2)
	Total Match 10/01/98 9/30/99	Cummulative Revenues 10/01/98 9/30/99	Balance as of 9/30/99	Total Match 10/01/98 9/30/99	Cummulative Revenues 10/01/98 9/30/99	Balance as of 9/30/99	Total Match 10/01/98 9/30/99	Cummulative Revenues 10/01/98 9/30/99	Balance as of 9/30/99	Total Match 10/01/98 9/30/99	Cummulative Revenues 10/01/98 9/30/99	Balance as of 9/30/99	Total Match 10/01/98 9/30/99	Cummulative Revenues 10/01/98 9/30/99	Balance as of 9/30/99
Fees/Consultancies		15,000	(15,000)	16,250	0	16,250	300	0	300	16,500	7,500	9,000	33,050	22,500	10,550
Interest			0	7,810		7,810			0			0	7,810	0	7,810
Business Ventures			0	5,700		5,700	1,500	2,000	(500)	1,000	4,087	(3,087)	8,200	6,087	2,113
Government Grants			0	130,000	222,410	(92,410)		589,132	(589,132)	400,000		400,000	530,000	811,542	(281,542)
Unrestricted Funds	0	65,000	(65,000)	100,000		100,000			0	50,000		50,000	150,000	65,000	85,000
<b>Totals</b>	<b>0</b>	<b>80,000</b>	<b>(80,000)</b>	<b>259,760</b>	<b>222,410</b>	<b>37,350</b>	<b>1,800</b>	<b>591,132</b>	<b>(589,332)</b>	<b>467,500</b>	<b>11,587</b>	<b>455,913</b>	<b>729,060</b>	<b>905,129</b>	<b>(176,069)</b>
In Kind		37,000	(37,000)	125,000	28,392	96,608	334,066	40,560	293,506	25,000	10,000	15,000	484,066	115,952	368,114

**ORGANIZATIONAL TRANSFORMATION FOR SUSTAINABILITY**

*Presentation by  
K. A. Keelson  
National Executive Director, OIC Ghana*

1

The Aburi Workshop (August, 1999) was a watershed in the institutional evolution of the OIC Ghana Programme.

*Workshop held as part of USAID Matching Grant to develop microenterprise & sustainability capacities.*

2

**Major Issues**

- **Obsolescence and unsustainability of the OIC Ghana fee-free vocational-technical training model.**
- **OIC Ghana's "life-blood" could no longer be sustained on its old philosophy and charity alone.**

3

**Focus of Aburi Workshop Retreat**

TO ANALYSE OICG'S SUSTAINABILITY PROBLEMS AND RECOMMEND REMEDIES TO

- *LOW AND EVER DECREASING EARNINGS*
- *EXCESSIVE DEPENDENCY ON GOVERNMENT FUNDING*
- *DECLINED PROGRAMME PERFORMANCE AT ALL BRANCHES*

4

**Additional Diagnosis**

- **UNIT COST TOO HIGH**
- **FIXED COSTS TOO HIGH**
- **LOW OUTPUT PER EXPENSE RATIO, ESPECIALLY AT HEAD OFFICE**
- **OUTDATED FINANCIAL MANAGEMENT**
- **WEAK ACCOUNTING / FINANCIAL INFORMATION BASE**

5

**CRITICAL IDEAS DEVELOPED IN ABURI**

***A. Productivity and Facilities Utilization Could Be Improved***

- INCREASE INTAKE AT ALL OICG CENTRE LOCATIONS
- SECOND TRAINING SHIFT
- CONDUCT TRAINING FOR FEES 3 00 - 6 00 P M
- RENT FACILITIES TO OUTSIDERS
- SET UP PRODUCTION UNITS WITHIN TRAINING DEPARTMENTS

6

**CRITICAL IDEAS DEVELOPED IN ABURI**

**B. Possible Increase in Efficiency**

- DEVELOP STAFF THROUGH REFRESHER COURSES
- TRAIN BOARD AND STAFF IN COMPUTER UTILIZATION
- REVIEW COURSE OUTLINE TO ADD BUSINESS DIMENSION
- ADD ENTREPRENEURSHIP TRAINING TO VOCATIONAL COURSES
- GET EACH PROGRAMME LOCATION TO PREPARE ACCURATE ANALYTICAL FINANCIAL REPORTS

7

**CRITICAL IDEAS DEVELOPED IN ABURI**

**C. Possible Cost Reductions**

- RECYCLE TRAINING MATERIALS
- REDUCE OICG TRAINING BY TWO MONTHS
- INTEGRATE FEEDER INTO VOCATIONAL TRAINING
- OUT SOURCE JOB PLACEMENT SERVICES
- USE LOW-COST MATERIALS FOR TRAINING
- DEVELOP CLEAR GUIDELINES FOR MORE EFFECTIVE USE OF
  - PERSONNEL
  - TIME
  - VEHICLES
  - MATERIALS, TELEPHONE, ETC

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**CRITICAL IDEAS DEVELOPED IN ABURI**

**D. Possible Cost Recovery**

- TRAINEES TO BUY CONSUMABLE MATERIALS FOR TRAINING
- TRAINEES TO PROVIDE LABOUR TO HELP IN COST RECOVERY
- PROGRAMME TO CHARGE CHARGE USER FEES
- SELL PRODUCTS MADE BY TRAINEES
- INTRODUCE UPGRADING COURSES FOR A FEE
- CONDUCT BUSINESS TRAINING FOR ARTISANS FOR A FEE

9

**Board-Initiated Actions**

- DEVELOP A ONE-YEAR (PILOT) PLAN FOR:
  - IMPROVING INCOME
  - INCREASING THE NUMBER OF TRAINEES
  - RATIONALIZING AND SAVING COSTS
  - ALLOCATING BUDGET MORE FOR DIRECT COSTS AND LESS FOR ADMINISTRATIVE OVERHEAD FUNCTIONS
- REVIEW THE OICG PROGRAMME MODEL
- ALLOW EACH OICG LOCATION TO DEVELOP OWN IDEAS FOR RECOVERY COSTS AND EARNING

10

**Board-Initiated Actions (continued)**

- DEVELOP A VISION, STRATEGY AND PLAN FOR ACHIEVING THE ABOVE
- DEVELOP A MARKETING PLAN FOR SELLING THE OVER-ALL OICG FINANCIAL PLAN
- REVIEW BOARD MEMBERSHIP & INJECT "NEW BLOOD" BY RECRUITING NEW MEMBERS
- INCLUDE MORE BUSINESSMEN, BANKERS, ENTREPRENEURS AS BOARD MEMBERS

11

**Actions Initiated by Head Office**

- ASSISTED ALL BRANCHES IN INTEGRATING ABURI LESSONS IN LOCAL PLANS
- DEVELOPED A COMPREHENSIVE ONE-YEAR FINANCIAL & MARKETING PLAN WITH BRANCHES' INPUT
- HELD ADDITIONAL WORKSHOPS WITH LOCAL BRANCHES
- UPDATED MONITORING/EVALUATION TOOLS OF LOCAL BRANCHES
- ON-GOING AND BACK-STOPPING TECHNICAL ASSISTANCE TO LOCAL BRANCHES

12

### **Actions of Local OIC Branches**

- DRAFTED THEIR OWN PLANS WITH LOCAL PROGRAMME COMMITTEES' INPUTS
- REFINED DRAFT PLANS
- SUBMITTED THEIR PLANS TO HEAD OFFICE FOR REVIEW AND INTEGRATION
- CURRENTLY IMPLEMENTING THE APPROVED PLANS

13

**RESULTS EXPECTED BY OICG BOARD & MANAGEMENT TWO YEARS FROM  
NOW**

<b>Vision</b>	<b>Operational Areas</b>	<b>Measurable indicators</b>	<b>Basic Strategies</b>
a. OICG to serve much greater numbers of disadvantaged population currently estimated at 4,000 per yr.	Training completions	Annual training output increased from 350 in FY 1999 to 2700 by FY 2001  1500 at Accra Centre 600 at Kumasi “ 600 at Sek/Tak. “ <u>2700</u>	<ul style="list-style-type: none"> <li>▪ Course offerings to be further diversified</li> <li>▪ Afternoon shifts have now been added to the morning shift</li> </ul>
b. OICG hopes to provide to all our graduates marketable skills for self-employment	Business skills development	Everyone of the 2700 OICG trainee target will have received vocational/ technical and business skills training by end of FY 2001	Training facilities to be expanded. Each trainee will receive at least 100 hours of business skills training and on-the-job training in addition to vocational skill training

<b>Vision</b>	<b>Operational Areas</b>	<b>Measurable indicators</b>	<b>Basic Strategies</b>
c. OICG hopes to build and increase staff capacity	Vocational and Business Training / Management Support services	Levels of trainee failure and non-completions reduced by 50%	<ul style="list-style-type: none"> <li>▪ Provide industrial study attachments to vocational instructors</li> <li>▪ Provide retraining courses and workshops to all categories of staff</li> </ul>
d. OICG hopes to develop our personnel into a contented and highly motivated staff	Service conditions and reward systems	<ul style="list-style-type: none"> <li>▪ Incentive pay linked directly to productivity</li> <li>▪ Present non-competitive OICG salary levels raised by 50% by FY 2001.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Staff who exceed their targets are to be paid incentive allowance</li> <li>▪ A 50% honorarium to be added to staff salary levels in FY 2000 in order to attract high quality personnel into OICG</li> </ul>

<p>e. OICG Management hopes to turn OICG from a currently dependent programme in to a financially sustainable one in five years</p>	<p>Income generation and income diversification</p>	<p>Over-all OICG annual income increased by 100% over FY 2000 figures</p>	<ul style="list-style-type: none"> <li>▪ Progressively increase trainee cost-sharing and contribution</li> <li>▪ Rationalise / reduce costs</li> <li>▪ Increase earnings from in-house production ventures, contracts, sponsorship, economic utilization of facilities and others.</li> </ul>
<p>f. OICG hopes to build Board capacity and increase Board involvement and oversight</p>	<ul style="list-style-type: none"> <li>▪ Board membership</li> <li>▪ Board training and development</li> </ul>	<ul style="list-style-type: none"> <li>▪ 30% “new blood” infused into the Board in FY 2000</li> <li>▪ Board committees strengthened by end of FY 2000.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Search for and bring new members on board.</li> <li>▪ Provide seminars/ workshops for board development</li> </ul>

## **Action Planning for Sustainability: Ghana OIC 2000 Results and Outlook for the Future**

### **1. Introduction**

In August, 1999 a financial sustainability workshop was conducted for management and board members of Ghana OIC to analyze how it could transform itself into a modern, 21st Century NGO based on a business approach to development. The mission of the organization to provide vocational training to disadvantaged youth remained unchanged. But it was resolved to find ways to provide a greater scale of benefits, to recover costs, to create program earnings, and to build a sufficient and more diversified revenue base. Statistics showed that GOIC had graduated only 334 trainees from three training centers in 1998, resulting in a high unit cost per trainee. No costs were recovered from trainees, despite many having means to pay and other Ghanaian institutions charging fees. The facilities and productive assets of GOIC were underused, and generated insignificant program income. The organization's budget was inadequate, which resulted in low salaries and cashflow problems. GOIC was too dependent on a single source of income: 84% of its revenues came from the Government of Ghana Labor Ministry. This indicated a need for fundraising and donor diversification in addition to increased cost recovery and local earning. The GOIC National Office was under pressure to bring in more revenues, lower its costs (24% of the total budget), provide more relevant services to the training centers, and modernize its accounting and financial management systems and thinking.

Although the list of problems to take on in 1999 was formidable, the staff desired very much to make improvements, and they were highly supported by the GOIC board chairman. The executive director was also enthusiastic. In addition, they were using a more powerful approach that analyzed things from a financial and business perspective rather than a social one. This financial perspective on sustainability was more empowering because it enabled them to take on questions of efficiency, cost-rationalization, cost-recovery, and program enterprise. People were hopeful because they not only had made an honest, comprehensive modernizing agenda, but they also believed they could direct change and in doing so be a model for themselves and others.

In September, 2000 a three-day second workshop was held to review the first year's progress<sup>1</sup>, identify where GOIC was on the road to sustainability, and diagnose for a second time what must

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<sup>1</sup> This workshop was organized by Quy Nguyen of OIC International with Cheryl Lassen participating as a sustainability specialist. GOIC participants included training center managers from Accra, Kumasi, Sekondi-Takoradi, selected officers and instructors from these centers, and National / Head Office staff. Lassen and Nguyen later met with the GOIC Executive Director who was on sick leave at the time of the workshop. They briefed the Executive Director on the workshop contents and conclusions. They also met with the Executive Committee of the GOIC National Board and selected members of various local program management committees to discuss their findings, conclusions and recommendations.

be done to move ahead. This document reports on sustainability progress, challenges and needed change.

## **2. GOIC's Sustainability Accomplishments**

- A significant increase in enrollment, from 338 in 1998 to 1709 in 2000, which is a 500% increase
- A significant decrease in unit cost per trainee, from 938,000 Cedis in 1998 to 606,000 Cedis in 2000, which is a 36% decline
- A cost rationalization and reduction in the length of vocational training courses from 18 to 12 months. This was done by redesigning the curriculum.
- A 200% increase in utilization of facilities by moving to double shifts of instruction
- Imposing the first ever fees on trainees. While not 100% cost recovery, the fees are significant and recover materials and utilities costs.
- Launching of social enterprises by each training center. Each vocational training section within the training centers is thinking about how to make earnings.
- Expanding the introduction of new, more modern types of vocational training in the area of computers and modern office skills.
- Revenue planning. Each of the GOIC cost centers is considering not only how to allocate the budget of longstanding sources of support such as the GOG contribution, but also how to supplement this with fees, fundraising and earnings which constitute as much as 30% of the budget. This contrasts with nil cost recovery and earnings in 1998.

Several of the social enterprises include a logo business (silk screening of T shirts and other materials); manufacture of coffins and wooden and metal furniture, desktop publishing to produce greeting cards and social announcements, catering services, block molding and service contracts for masonry working and home construction. Staff is enthusiastic about these enterprises, probably because they provide a way to earn incentive pay. The changes in the past year have unleashed much greater effort, autonomy and creativity, especially at the level of the training centers. Although there are still many things to address, staffs are more hopeful because they see change happening instead of problems persisting. Overall, there is a sense of greater dynamism and empowerment.

## **3. RED FLAGS (Warning Signs)! Problems Arising as a Result of Modernizing Change**

Problems are arising in five (5) areas. The most serious is the National Office, which has made scant progress on 1999 problems. If anything, the National Office has become even more of a

cost burden on the organization, without bringing in new revenues<sup>2</sup> or providing sufficient, valued, technical services to the Training Centers. Because small changes made while proceeding on the wrong course don't yield results, it appears the only real way to fix the National Office is to reengineer it significantly, including leadership change. Without this, the National Office will continue to be both a cost burden and a brake on sustainability progress.

A second red flag are the mistakes and ignorance that occur as NGO staffs begin to operate businesses. GOIC has had social enterprises in the past and they have failed, so there is a need not to fall into the same pitfalls.

A third red flag is the need to push further with cost recovery and modernizing change of the training model, which is the first and most important GOIC social enterprise. There would be a need for further cost recovery under the best of circumstances, but inflation has increased seriously in the past year, making it even more imperative for revenues to keep up with costs.

A fourth red flag is the lack of a modern financial management information system, which, as a consequence, leaves the executive director and the board in the dark about the organization's finances and how they are being managed.

Finally, there is a need for an overall vision and business plan for GOIC sustainability, not *ad hoc* ideas and initiatives bubbling up from the training centers. To take aim on solving the most difficult GOIC financial challenges such as improving the very low salaries or paying the fixed costs of the national office, there needs to be an overall vision and plan, including financial projections for the total as well as the parts. With this, the various pieces and players will know better how to fit together, and the targets for cost recovery, cost saving, income generation, and distribution of GOG and PL 480 revenues will be more realistic.

### **3a. Reengineering the National Office**

As identified at the 1999 Aburi workshop on financial sustainability, the challenges posed by the National Office (Head Office) were:

- Too little revenue brought in from government and donors
- Over dependence on one source of income---84% of revenue from the GOG Ministry of Labor
- Too much of a cost burden—24% of total budget for simple administration
- Services of insufficient value to the training centers which don't transfer needed skills or new and lucrative products and services
- An antiquated manual bookkeeping system which employs too many accounting clerks and does not provide financial information for global financial planning, management and reporting and cost analysis
- Lack of vision and strategic thinking to lead the organization in important new directions such as financial sustainability

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<sup>2</sup> Except a grant of some US\$60,000 from the European Union during the year for an initiative in Sekondi-Takoradi. A local organization contracted by the E.U. administered this grant.



In terms of progress on these problems, the National Office has additional income this year, but it received it from a revenue source it did not develop (PL 480). In 1998, the National Office consumed 24% of total resources (considered excessive), but by 2000, this has climbed to 40%.

Although the degree of dependence on GOG funding as a percentage of total funding has declined, the critical dependence on a single source within the government remains unchanged. The National Office has not informed the Ministry of Labor about how much of the cost of training a vocational student is paid by its contribution, thus paving the way for GOIC to garner fees and income from other sources (including GOG sources).

The National Office has not brought in adequate other major income from donors or government sources to resolve the on-going shortage of funds at its training centers in Accra, Kumasi and Sekondi-Takoradi.<sup>3</sup> It has not restructured itself to realize cost savings and has increased its cost burden on total organizational resources. In the past year, the training centers have appreciated the services of a computer instructor who helped to train staff, set up hardware and software, and establish courses in this new area. But training centers complain that the other mid-level technicians of the National Office have not offered enough services, or services of enough quality and value to them.<sup>4</sup> The manual bookkeeping system remains unchanged. A new computer and accounting software were purchased with PL 480 funds. But the head of the accounting department is not computer literate, and even if some of the staff were to learn automated accounting and bill paying, higher level business and financial planning and analysis skills are lacking.

Like the training centers, National Office staff have become interested in social enterprise as a way to generate revenue for their cost center. They began a block molding enterprise. To do this, they use the machines, electricity, water, labor and other costs of the OIC Accra Training Center. But when sales are made, the National Office keeps all income for itself without paying the related costs. This is not the right way to do business: it is extractive and creates a disincentive for training center managers and student labor to work with it. It is the Accra training center that supplies the production management, the labor, the work site, the equipment, the utilities, etc. to the business. The National Office has also restricted the Accra Training Center from installing and utilizing a set of power machine tools that were granted to the Accra Center several years ago in a similar dispute over who shall receive the income from a program enterprise using these tools. Indeed, the National Office has no advantage to produce products and services for the local market. Its real advantage is with institutional marketing and fundraising with the government and with national and international donors and businesses. That is the role it should focus on.

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<sup>3</sup> The newly established agricultural training and extension service center in Tamale is fully supported by PL-480 funds from USAID and is under the direct oversight and guidance of OIC International.

<sup>4</sup> Indeed, while the executive director made 14 visits to training centers outside Accra in the first six months of 2000 (requiring per diem), the technical managers for vocational training, monitoring and evaluation, and resource mobilization together made only seven visits to Kumasi, Takoradi and Tamale. The Accra Training Center (located next to the National Office) received only two visits, each was made by the Executive Director and these other technical resource people. In contrast, the computer technician made 51 visits to the training centers, including 17 to the Accra Center. His level of activity indicates that the training centers will make frequent use of services that are useful and truly support them.

Taken together, the set of decisions, actions and inactions of the National Office indicate it is managing more to preserve itself than accomplish sustainability change for GOIC as an organization. Because so little progress has been made with its challenges, the burdens the National Office causes will only increase if its leadership and present roles are left unchanged. Change to restructure it must come soon and be significant.

### **3b. GOIC Revenue Generation and Social Enterprises**

As mentioned, GOIC has failed social enterprises in its past---a petrol station, an auto mechanics shop, an ice cream store. These died because the personnel who ran them were inexperienced in financial management and did not use proper accounting and financial management information systems. When it comes to commercial enterprise, NGO personnel continually make the same errors (See Appendix A). They do not consider their total costs. They don't plan their business for the volume of sales needed to cover total costs and make a profit. Any sales made and income generated is "profit" to them. This is what is happening with the current GOIC micro social enterprises being done by the training centers. The important cost being left out of their calculus is labor---both the cost of the workers (OIC trainees) and management (OIC instructors). They have not considered how much surplus (profit) they want from a particular enterprise to make it worth their while to do it. While they are knowledgeable about production processes, they don't know how much market they should build and what scale of business is necessary to cover their costs and meet their goals. Their thinking is, "I know how to make this and I have the materials, machines and student labor at the training center, so let's do it!" Of course, everyone is just starting and credit should be given for beginning to generate income. But there needs to be a more professional process for business planning and for evaluating the emerging ideas and initiatives for OIC program enterprises.

### **3c. Further Cost Recovery and Modernization of the GOIC Training Model**

Although quick and dirty estimates of unit costs were made in order to have some information and compare it with the cost of other programs, there needs to be a more studied cost analysis. That will answer a very important question as to how much the cost of training a vocational student is paid by the contribution of the GOG, how much is recovered from student fees, and how much needs to be earned or paid by other sources.

One must also take into account the affordability of fees to students. Some students can afford to pay real costs and others cannot. At present, GOIC has no policies or methods to distinguish between who needs subsidy and scholarship and who does not. Even for poor students who need subsidy, the common practice in training institutions worldwide is "work-study" where labor can be exchanged for tuition. GOIC trainees understand they have to help out, but the process should be made more formal and transparent so that as each student starts his or her program, they know how much labor they must contribute and how much will be paid.

It is surprising that as GOIC expanded its training benefits, it did so with the 12 month vocational students. Currently these represent the most expensive category of clients and least contributive to cost recovery. As a result, the facilities are operating only at 70%-85% of the capacity (in terms of class size, use of space, hours of operation). Also, the amount of cost

recovery from 12-month trainees will always be partial, in part because of what they can afford and in part from historical precedent. A way to expand numbers trained and earnings is to change the mix of training so that further increases come from trainings that are shorter, less costly, and easier to charge 100% of costs plus a margin to develop the program and facilities. These new kinds of training products that GOIC Training Centers can provide include “upgrading” training to GOIC graduates, courses for tradesmen about to take certification tests, short computer courses, and even one day trainings for expose students to a computer or to software. Up to now, none of the training centers have developed these other kinds of courses, because they think in terms of how they have traditionally done vocational education. But future enrollment increases should come from a more cost-recoverable mix of training and each of the centers should be challenged to develop at least one new training product yearly. Like the program enterprises, development of new training products and diversifying the training mix has to be planned and also considered in light of attracting donor support.

### **3d. Need for a Modern Financial Management Information System and Use of Financial Information for Decision-Making by the Executive Director and Board**

Achieving financial sustainability is not just pinching pennies here and there, nor is it selling a few million Cedis (equivalent to a few hundred U.S. dollars) of products made by trainees. It requires the decision-makers of the organization---the training center managers, the national executive director and the board---to plan revenues and expenses, and to consider how the budget is allocated from existing institutional sources to support the goals and annual objectives of the organization. In addition to planning and allocating resources, the decision-makers of the organization should have in mind the priority financial issues of GOIC and examine periodic data about what progress is or is not being made on these issues. For example, some “priority financial issues” for GOIC are the following:

- ◆ How much of a cost burden the National Office is (the share it consumes of total organizational resources in comparison to the shares consumed by training centers)
- ◆ How much revenues the National Office is mobilizing, especially new revenues brought in specifically because of its recent efforts
- ◆ How and for what the sources of institutional support are being allocated
- ◆ How much revenue of what type is coming in, raised or earned by each cost center
- ◆ Whether the payment of salaries and operating costs allows for the smooth functioning of the organization, and where there are over- and under-expenditures
- ◆ Whether there is progress on critical problems, such as low staff salaries
- ◆ The extent to which the costs recovered from student fees cover costs
- ◆ The performance of program enterprises (sales volume, profit/loss, amounts of salaries paid to trainees and staff, etc.)

It is the responsibility of the executive director and the finance office of the National Office to provide the board with relevant and timely financial information, and in a form that is easily understood by board members (tables, graphs, charts etc). In the case of GOIC, this information is not being provided to the board or even the executive director. In part, this is because they do not recognize the importance of demanding it and in part it is because the GOIC finance office is a simple bookkeeping and payroll operation without the inclination, staff and systems to do

financial analysis. The danger of not having financial management information systems that present proper monthly reports, and personnel capable of and disposed to use this information to make management decisions, is like driving in the dark of night with no head lights.

**3e. Need for a Comprehensive GOIC Vision and Plan for Sustainability, Not Just Attaching Together Plans and Budgets of Individual Cost Centers**

As Ghana OIC started on the road to financial sustainability in 1999, each cost center concentrated on increased enrollment and use of facilities, and more earning from fees and sales. The National Office stapled the plans of the training centers together with its own budget and called it an annual plan. It is good to start taking action on obvious problems. But to go further there needs to be analysis of what to sustain financially and a plan with targets for doing so.

GOIC has two major costs that it has not been able to convince donors to cover completely. One is salaries. The GOG pays GOIC salaries, but its contribution falls far short of adequate compensation. To illustrate this, listed below are the actual salaries of several positions in contrast to the fair market value at which they should be compensated.

GOIC Salaries vs. Fair Market Value (in 000s of Cedis per month)		
<u>Position</u>	<u>Salary</u>	<u>Market Value</u>
Center Manager	450	1,500 – 2,000
Supervisor	440	800 -- 1,300
Voc. Instructor	300	500 -- 700
Finance Officer	350	800 -- 1,500
Secretary	220	300 – 500

From this we can see that the staff are being compensated at only 50-60% of what they should be paid. This problem has persisted for years and management has yet to come up with a solution for what to do about it. The problem has become all the more difficult in the last year when inflation exploded and the value of the Cedi fell from 4500 per US\$1 to 6200 per US\$1, a loss of 37% of its value. One reason staff are enthusiastic about program enterprises is the possibility to earn incentive pay of 10% of gross margin (sales – materials and student labor costs). But this causes hard feelings among administrative personnel who are not eligible for incentive pay. Creation of a more adequate salary structure for all staff is one thing GOIC should aim to sustain and set financial plans and targets for. For example, in planning for the social enterprises, GOIC should analyze what it takes to build program enterprises with a margin of profit equal to a 5% pay raise for the staff.

A second challenge is the cost of the National Office. This has to be redesigned including the hiring of qualified staff who can perform competently the needed functions. Vision and planning—both institutional and financial—is needed for such a task. There also needs to be a vision and revenue planning for how the fixed costs of the National Office will be apportioned between donors and earnings, and what services the training centers will receive in exchange for the

portion of fixed costs they are assigned to pay. The National Office now requires each training center to pay a substantial part of trainee fees to support its fixed costs, whereas the training centers do not believe they receive enough value, either in terms of funds raised or technical services, to justify this payment. The problem is not the National Office's claim to some of the earned income of the training centers, but the lack of accountability for how the National Office performs, its net financial burden on the organization, and what services it returns in exchange for these earnings.

#### **4. Recommendations to Proceed Further with Financial Sustainability**

As GOIC made sustainability changes in the past year, it had some problems that occurred or were made worse by these modernizations and also new opportunities to pursue. To the extent that the organization, particularly the board, can solve problems, GOIC can go further with becoming financially self-sustainable. There are four priority areas for problem-solving

##### **4a. Renovate GOIC Leadership and the National Office**

Even if the National Office were modernizing its systems, providing needed planning and analysis, and marketing the organization well, GOIC cannot afford to consume 40% of its resources on this fixed cost alone. The fact that none of these functions are being performed well makes the need for change urgent.

It may take time to hire a new national executive director with the right combination of proper vision, attitude, skills and energy to market successfully GOIC and lead it into the 21<sup>st</sup> Century. However, it is best to make the change sooner rather than later, particularly the change away from the traditional administrator mode. The GOIC board of directors must make this decision, since no one else in the organization has the authority to decide to take a new direction with the National Office by changing the executive director. An interim manager from within the organization can serve temporarily for the time necessary to identify and recruit a new executive director. The interim director can analyze and discuss with the board how to streamline and modernize administration. He or she can discuss with training center managers and instructors what kinds of support services would be useful and how they can be provided on a cost-effective basis. Several options for GOIC to consider include:

- 1) Technical service contracts between the National Office and the training centers where part of their earnings would be paid only if the contract was fulfilled. This would replace the present situation of no accountability for services with a sharp accountability.
- 2) Reducing the present head office to a "micro" National Office with a laser focus on 2-3 areas such as institutional marketing, consolidated financial information, planning and reporting. When a specialist is hired, these areas will also include planning and development of GOIC's social enterprises (programs). Arrangements could be made with the training centers to do the academic functions done by the present National Office staff. With this redesigned National Office their new role will be not administrative control of the other parts of the organization, but bringing in resources and planning and directing the organization's finances.

**4b. Continue to Modernize and Recover Costs from Training**

Recommended changes include:

- 1) Determine the cost of training one student, and what part of that unit cost is contributed by the GOG and by trainee fees.<sup>5</sup> Calculate how much cost per trainee remains to be recovered, either by additional fees or work-study. Inform the trainees and their families of the value of a GOIC training program and of the fees for being in this program. Where possible, increase fees to cover costs not supported by other sources.
- 2) Establish a work-study program so that students who are too poor to afford tuition may pay for it with labor. Do not continue to extract labor informally from students. Inform them of how many hours they must work and what the compensation will be for working a larger number of hours.
- 3) Vary the GOIC training mix. Move away from 12-month training programs and organize to set up trainings that are much shorter and fee-based. Some suggestions include “upgrade” trainings for OIC graduates; workshops for those wishing to take the national trades qualification tests; new areas of vocational training (e.g., child and elder-care) which do not require 12 month training; short-term computer training which can be given at night and on weekends; one day computer workshops. These new trainings should all be fee-based and should recover 100% of their costs. Instructors who wish to teach them can be given extra “incentive” pay, or, part-time instructors can be hired specifically for these courses. Varying the mix of training is a good way to increase the number of benefits, lower unit costs, use assets more fully and generate more income. Over time, the training centers may even want to decrease the number of 12-month trainees to concentrate on these types of shorter training or program enterprises that are more affordable for trainees and will facilitate full cost recovery.

**4c. Plan and Manage Program Enterprises in a More Business-Like Way**

Recommended changes include:

- 1) Have each training center prepare an annual business plan for the program enterprises (social enterprises) it proposes to manage. The plan should include a discussion of the business idea (product(s)/service(s) to sell, customers, competition, and the commercial advantage GOIC has to do this); how production, sales and accounts will be managed; projected profit/loss and cashflow; and any special risks or problems the businesses may be subject to.<sup>6</sup>
- 2) A committee of GOIC managers and board should sit together and analyze the various business ideas and performances of the program enterprises. Not every idea for a business will be a good one or will succeed. This committee should have criteria it uses to accept some business ideas and reject others. (See Appendix B)

<sup>5</sup> The FY 2001 cost of training a student should include whatever projected increase in staff salaries the board decides on. It should also include reasonable costs for depreciation.

<sup>6</sup> With financial projections, costs including labor and management should be included, as well as a figure for National Office overhead. Although these will increase the expenses of the enterprise, they will indicate the realistic volume of sales each enterprise must attain to cover its true costs.

- 3) Require each program enterprise to keep accounts of its sales and expenses and to prepare monthly income statements and balance sheets.
- 4) Monitor projected performance (production, sales, costs, wages paid, profits) against actual performance.

Even if GOIC does not implement these recommendations for every program enterprise, it should require them for the main enterprises of each training center. Although the instructors are enthusiastic about the possibility to earn income and receive incentive pay, one needs to determine which of these businesses can actually be profitable paying their full costs plus a margin of profit.

#### **4d. GOIC Board: Settle Policy Issues, Become More Financially Informed, and Renovate Membership**

Sustainability changes of the past year have raised several issues that need to be settled by board policy and should not be left dangling. These include:

- 1) Incentive pay for managing social enterprises. Training centers and National Office's staff currently hold conflicting views. At the level of the training centers, the view is that those instructors who work extra to manage the production of program enterprises and who bring in contracts for sales should be rewarded with incentive pay from the gross margin (sales minus variable costs) of the enterprise. The view of National Office staff is that all of the "profit" from the social enterprises should be put in one big pot and shared by all employees. The board needs to formulate a clear policy on how the managers of the program enterprises will be compensated, and at what level, and when and how they will be paid. If there is no extra pay for them to manage these enterprises and find customers, then there is no incentive for them to make these enterprises work and to exert extra effort above and beyond their teaching loads. This issue needs to be settled immediately. It is a folly to think that social enterprises can be run successfully on managerial effort that is completely confiscated from the instructor staff.

In addition to wage incentives, the board should consider awarding a few merit incentives. These may involve, for example, nothing more than a nice certificate and 200,000 Cedis (the price of dinner at a restaurant). Creating several categories of performance and acknowledging staff who work hard while generating good impact and results would be a wonderful builder of morale.

- 2) Salaries The board is as responsible as the executive director for these, and this problem really cries out for some executive thinking and action. Do a survey to determine on some objective basis whether and how far GOIC salaries lag behind fair market value. Calculate the price if salaries were raised 5%, 7%, 10% etc. Then engage in revenue planning with the management staff (institutional marketing, marketing to the government, fundraising, fees, program earnings) to see what level of raise can be afforded. The reason staff feel frustrated is that management has not done anything other than accept the GOG Ministry of Labor

contribution as defining salaries. GOIC needs to make a policy and take action to prove that it sets salaries, not the GOG.

- 3) Social Enterprises The board needs to be the final arbitrator on whether or not the National Office should manage social enterprises and whether it can confiscate labor, utilities, etc. from training centers without paying for them. The board should continue to look at and query training centers and National Office management as to the extent to which facilities and productive assets are being utilized. An example would be woodworking machinery which has sat idle for five years, benefiting neither trainees or creating income for the program. Why has this valuable machinery not been put to use by one of the training centers? The board should find out and settle this.

A related issue with the social enterprises is not taking into account complete costs and then calculating at what volume a program enterprise must produce and sell to cover all its costs. What is not being considered now are labor and management costs, overhead costs (National Office), and reasonable margins of profit to further develop the enterprise.

- 4) Policies and Targets for Greater Cost Recovery of Training Services Last year a price of 200,000 Cedis was set for materials fees of trainees. The board and staff need to analyze whether this covered the cost of training consumables, and increase the fee if it does not. They need to continue looking at further fees for vocational students, and to encourage expansion in other types of trainings (e.g., computer) that can charge tuition outright. Salaries will not improve if GOIC cannot reduce the losses from training.
- 5) National Office Change No one at a staff level can do this. The board must decide whether progress toward sustainability can be made with the direction in which the National Office is presently headed, or whether a fundamental change in direction is necessary to make further substantial gains.
- 6) Require Financial Information and Use It to Monitor Key Sustainability Indicators The board must require the executive director and the finance director of the National Office to provide the board with relevant and timely financial information and analysis about revenue acquisition, expenses, and the distribution and uses of funds among cost centers.
- 7) Renovation of the GOIC Board The board must also look at itself and ask whether it has members who know about modern administrative systems, financial planning, business development analysis, marketing and media, etc. Just as the National Office must modernize, so too must the board to acquire the skills and connections to push forward financial sustainability.

Both Quy Nguyen of OICI and the author of this report would like to thank Mr. John E. K. Moses, GOIC National Chairperson, for his support, encouragement and advice during the time of this workshop. He met several times with us and spent several hours discussing the key issues presented in this report. Mr Moses was also instrumental in several changes within GOIC since

the organization began its new path toward sustainability, beginning with the first sustainability workshop in August 1999.

Finally, we would like to thank all the staff of National Office and the various local training centers for their active and constructive participation in the workshop. We also owe additional thanks to them for the logistic support they provided and their assistance in our visits to some of the former OIC trainees.

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## Appendix A

### **NGO Business Illiteracies (Mistakes Made in Developing NGO Enterprises)**

- 1. Confusion about what is profit. (“Sales - materials costs = Profit”)**
  - 2. Inaccurate calculation of labor costs.**
  - 3. Inaccurate costing (don’t include all costs).**
  - 4. No projection of profit/loss.**
  - 5. Don’t know the breakeven point---what volume of sales and cost efficiency is necessary to recover costs.**
  - 6. Cannot distinguish whether a business idea is profitable or not. (Sales income does not mean something is profitable.)**
  - 7. No criteria to judge good/bad NGO business ideas.**
  - 8. Insufficient compensation/incentives to staff to make the social enterprise a commercial success.**
  - 9. Belief that grants must pay all the costs of going into business.**
  - 10. Don’t know how to build a market. Lack of promotional strategy, materials, sales agents.**
  - 11. No business plans. (NGOs make budgets, program plans.)**
  - 12. No targets for cost recovery, profits, sustainability.**
  - 13. No accounting system to keep score in a business sense (P/L).**
-

## Appendix B

### **Ideal Characteristics for Social Enterprise (Criteria against which to Evaluate Ideas for Program Business)**

- 1. Has a good local market—customers identified**
  - 2. Business idea is “original” (not a lot of strong competition, has creative aspects no one else is doing)**
  - 3. Business adds social good**
    - ◆ Benefits the poor with affordable goods, services
    - ◆ Benefits trainees with learning, employment
    - ◆ Benefits to consumers with goods, services not available elsewhere
  - 4. There is available capacity, competence, labor, raw materials to do business**
  - 5. Capital required is low.**
  - 6. Profits/profitability is high.**
  - 7. There is a good return on investment in the short run. (Business does not take long to be profitable.)**
  - 8. Business does not damage or reduce the public image of GOIC and is in keeping with its social mission.**
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**ACHD/OICI ENTREPRENEURSHIP TRAINING PROGRAMME FOR OIC GHANA**  
**WORK-PLAN FOR TRAINING ACTIVITIES**

**YEAR 2000 PROGRAMME**

**TRAINING OF TRAINERS**

EXPECTED OUTPUTS	ACTIVITIES	A	B	C	D	E	F	Person Hours	REMARKS
1. Planning meetings held between the Executive Director (OIC-G)	<ul style="list-style-type: none"> <li>• Approach to the provision of entrepreneurship training to staff and trainees of OIC-G discussed.</li> <li>• A senior staff assigned to liaise with ACHD in the planning and implementation of TOT for staff and other training for trainees.</li> <li>• Two other members of OIC-G to be appointed to join the staff assigned above to work with ACHD to review all ACHD entrepreneurship training manuals and to determine scope and content of training necessary for the OIC-G.</li> </ul>		x x					2	<p>Two meetings held at OIC-G Head office. 3 members of staff of OIC-G selected to work with the Principal consultant of the ACHD.</p> <p>Procedures and Times established for meeting to undertake assignment.</p>
2. ACHD entrepreneurship training manuals reviewed and adapted to suit OIC-G staff and trainees requirements	<ul style="list-style-type: none"> <li>* Copies of ACHD manuals distributed to selected OIC-G Staff for pre-meeting study</li> <li>* Minimum of 3 manuals review meetings held</li> </ul>		xxx	xxx				5	ACHD Team reviews its manuals in house
				xxx				8	Tentative dates established for the execution of TOT in three OIC-G centers - Accra, Kumasi & Takoradi 12-15 September preferred by OIC-G

3. Schedule of TOT established	◇ Group 1 -Takoradi: (6)* ◇ Group 2a - Accra: (11) ◇ Group 2b - Accra: (11) ◇ Group 3 - Kumasi (6) Training to spread over 3 days/center at least, except Accra which could be longer.			xxx				36	Supplementary Field Tour of a Large/Medium/Small enterprise undertaken for participants to listen to enterprise practitioners. 12 Hours.
4. TOT post execution report written	ACHD Trainers meet to collate training reports from various centers and develop a composite report.				xx			6	Reports submitted to OIC-G and OIC-I
	◇ <b>TOTAL PERSON HOURS (TOT)</b>							57	Activities entail : <ul style="list-style-type: none"> <li>• review of ACHD training manuals to fit OIC-G programme</li> <li>• Production of 1<sup>st</sup> and 2<sup>nd</sup> Drafts for discussion with OIC-G</li> <li>• Production of final copy.</li> </ul>

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\* Number of OIC-G Trainers likely to participate in TOT

**ACHD/OICI ENTREPRENEURSHIP TRAINING PROGRAMME FOR OIC GHANA**  
**WORK-PLAN FOR TRAINING ACTIVITIES**

**YEAR 2000 PROGRAMME**

**ENTREPRENEURSHIP CAPACITY BUILDING FOR TRAINEES**

EXPECTED OUTPUTS	ACTIVITIES	A	C	D	E	F	G	Person Hours	REMARKS
1. Capacities of present trainees reinforced as a follow up of 1999 programme	⇒ Training needs of participants assessed/reviewed. ⇒ ACHD offers entrepreneurship training to all OIC-G trainees to prepare them for self employment at the end of technical skills training ⇒ Training using Audio-visuals , group discussions, simulated problem solving exercises, questions and answers in a participatory mode involving the Trainer and the participants. ⇒ Field Tour of a successful Micro/Small scale enterprise not exceeding half a day undertaken to make participants listen to and see the practical processes of enterprise development.			x	xx	xx	xx	160	Needs Assessment/review of trainers undertaken during period of TOT  2 hrs./session x 2 days/group (or class) not more than 20 persons.  Approximately 5 days (8 hrs/day) spent in Kumasi & Takoradi and 10 days of 8 hours/day in Accra center.  3 hours of Field Tour for groups of not more than 40 persons at a time.
2. Training materials prepared and given out at training sessions	◆ prepare and re-produce training hand outs for all training sessions (including TOT)			xxxx	xxxx			18	2 Consultants of ACHD work for 3 hours/day for 3 days to produce training materials and hand outs.
3. Success indicators established for assessing participants after 6 -8 weeks of post training application of new knowledge	* Specific technical skills training and related indicators identified and participants tasked to adopt entrepreneurship approaches to them as part of their skills training.(e.g. Keeping of records of major weekly technical skills activities or consumable material used.)			xxxx	xxxx	xxxx	xxxx		<b><u>Trainers tasked to ensure Trainees make use of entrepreneurship approach to their technical work.</u></b>
4. Post training follow-up visits undertaken to assess	● Principal Consultant of ACHD undertakes 2 day post training follow up visit to each					xx	xx	169	2 Monitoring visits paid to each center to verify application of Micro

how participants are making use of acquired ideas.	OIC-G center to assess how staff and trainees are utilizing entrepreneurship ideas acquired through training.								enterprise ideas and knowledge (½ day travel time + 1 day work)
									<ul style="list-style-type: none"> <li>• Kumasi &amp; Takoradi = 2 visits x 3 days x 24 hours/day = 144 hrs.</li> <li>• Accra = 5 visits x 1 day x 5 hrs/day = 25 hrs.</li> </ul>
<b>TOTAL PERSON HOURS</b>								<b>347</b>	<b>Training time for Trainees</b>

**ACHD STAFF TIME AND COST**

1. Person Hours for all training (TOT and Re-fresher training for Trainees) = 404 person hours x \$30/hr. = \$12,120.00

**ACHD TRANSPORT**

1. 3 No. Toyota Hilux pickups @ ₺200,000/day = ₺10,200,000.00

2. Fuel: average 5 gallons/day/vehicle: Kumasi (av. 5 days) = 25 gals x ₺5000 = ₺ 125,000.00  
 Takoradi (av. 5 days) = 25 gals x ₺5,000 = ₺ 125,000.00  
 Accra (av. 7 days) = 25 gals x ₺5000 = ₺ 125,000.00

Sub Total Fuel ₺ 375,000.00

3. Lubricants and Servicing ₺ 75,000.00

**SUB TRANSPORT & ALLIED COST** ₺10,640,000.00

4. Stationery (As reimbursable) estimated for reproduction of manuals, training consumables, handouts etc.

₺2,000,000.00  
**SUB TOTAL (Transport & Others)** ₺12,650,000.00 (\$3,163)\*\*

**GRAND TOTAL OF ENTREPRENEURSHIP TRAINING PROJECT** \$15,283.00

NOTE: Transport for field tour to be arranged by OIC-G

\*\* Exchange Rate: ₺4,000 = \$1

**Excerpt from Baseline Update Study  
For OIC Ghana, September 1999**

By Anthony Getambu  
Regional Technical Advisor, OICI  
November 1999

### **3.0 CONCLUSIONS AND RECOMMENDATIONS**

#### **3.1 OICG Governance**

##### *3.1.1. Conclusion*

The OIC Ghana Board of Directors consists of 20 members comprising 17 men and 3 women. The board provides policy guidelines to management through its quarterly and annual meetings.

Up until now, there was no need for the board to set aside resources to support entrepreneurship and business development (EBD) programs. After the EBD curriculum is introduced in January 1999, the OICG Board of Directors will be expected to play its leadership role in guiding EBD programs.

##### *3.1.2 Recommendations.*

With the planned introduction of EBD programs in January, it is recommended that the board undertake various measures to ensure success of the program. Among the measures recommended are:

- i) Increase the number of women board members to reflect the percentage of women trainees in the institution. Board members with relevant private sector experience are recommended.
- ii) Appoint a board subcommittee to initiate and provide policy guidance to EBD related programs.
- iii) Allocate adequate human and financial resources to EBD programs.
- iv) Develop an income sharing policy for all income generating activities originating from various departments. Without such a policy, there is a real danger of conflicts between the board and management.
- v) Enhance collaboration with ACHD and other EBD organizations.

#### **3.2. Program Content**

##### *3.2.1. Conclusions*

The development of content for OICG EBD program has started. The African Centre for Human Development (ACHD) which was contracted to undertake this activity has the relevant expertise and experience, but the time and financial resources allocated for this

activity were inadequate to come up with a comprehensive and appropriate EDB curriculum for OICG.

Taking place at the same time was the Making Cents Inc. EBD training of trainers program based on the “BEST GAME” methodology. The “BEST GAME” is a powerful experiential learning tool normally used as a business simulation exercise - a methodology to reinforce some, but not all EBD curriculum concepts. This game was developed by I.L.O. under the name, “BUSINESS GAME” and adopted by Making Cents Inc., although this fact has not been acknowledged by Making Cents Inc.

### *3.2.2. Recommendations*

Curriculum development is a long process starting with training needs assessment, content (topics) identification, training materials development, training of trainers, curriculum implementation and finally curriculum monitoring and evaluation. For OICG EBD curriculum to move through this process successfully, one or more of the following steps are recommended:

- i) Allocate more time and financial resources to ACHD to research and come up with a comprehensive EBD curriculum.
- ii) Purchase and modify as appropriate the existing “Know About Business” curriculum materials which were developed by I.L.O. specifically for EDB programs in vocational and technical training institutions. (These materials were edited by Dr. George Manu, a Ghanaian who is currently the Executive Director of Empretec in Accra)
- iii) Purchase the same but cheaper I.L.O. “Business Game” (USD 150), with no risk of being accused of using pirated materials.
- iv) Involve OICG trainers in curriculum and materials development. Such a strategy will ensure that the trainers understand the EBD concepts while at the same time taking ownership of the curriculum.

## **3.3. Service Delivery**

### *3.3.1 Conclusions*

Since the EBD curriculum had not been introduced as at the time of this study, it was not possible to assess the effectiveness of OICG service delivery. Instead a sample of OICG trainees and staff were interviewed to assess their level of interest and motivation to participate in EBD program.

The assessment items were: i) the situation of OICG trainees one year after graduation, ii) the relevance of entrepreneurship to OICG trainees, iii) OICG trainers willingness to become EBD trainers and, iv) small business ownership.

The situation of OICG trainees after one year showed that the majority (62%) were able to acquire jobs within one year of graduation while the rest either started their own businesses, remained unemployed or went for further studies.

Although the present employment situation of OICG graduates is not bad, the staff interviewed agreed that the introduction of EBD curriculum would be very relevant because it was becoming increasingly difficult for OICG graduates to get wage employment. In future, majority of the graduates will have to create their own employment as an alternative to unemployment. Luckily, more than half of the trainers who were interviewed admitted to owning and running their own small business, which among other reasons, provides them with motivation to become EBD trainers.

### *3.3.2. Recommendations*

This study established that there was high expectations regarding the introduction of EBD programs as part of OICG training curriculum. Trainers were very motivated and are looking forward to being trained so that they can start implementing the EBD curriculum. Students on their part are ready to take on the extra load in anticipation of gaining the necessary EBD skills for self-employment. Based on the positive mood of all the stakeholders, it is recommended that:

- i) Training of trainers be conducted as soon as the curriculum is completed. Majority of participants to this TOT should be drawn from actual instructors (Annex 4) rather than management as was the case with Making Cents Inc. TOT program.
- ii) The high level of motivation and expectations should be maintained by providing high quality EBD programs.
- iii) Training to focus on attitude change through participatory learning techniques, e.g. field visits, business simulation games, presentations of success stories, case studies, discussions, etc.

## **3.4. Monitoring and Evaluation**

### *3.4.1. Conclusions*

As mentioned earlier, OICG has not yet started implementing the EBD curriculum. Consequently, no monitoring and evaluation activities have been conducted. However, there was evidence that OICG has a monitoring and evaluation system in place for other training programs.

### *3.4.2. Recommendations*

Course evaluations and tracer studies are recommended for the EBD curriculum. The monitoring and evaluation methods should be part of the curriculum development. It is also recommended that:

- i) There should be no failures for the EBD program to avoid errors whereby people with entrepreneurial potential are discouraged by negative evaluation results.

- ii) Evaluations should be project based rather than knowledge based.
- iii) Regular monitoring of EBD program participants should be conducted to assess level of motivation and attitude change towards entrepreneurship.
- iv) A tracer study should be conducted immediately to determine the number of past graduates who are in self-employment. This information will be used as the baseline to measure the impact of the EBD program in future.

### **3.5 OICG Program and Financial Sustainability**

#### *3.5.1. Conclusions*

At present, the government of Ghana and OICI PL 480 are the major sources of funds for OICG activities. The OICI PL 480 funds are for five years while government support is declining. At the same time OICG continues providing fee-free training which translates into very high demand for OICG skills training courses in 11 departments, all of which have potential to engage in income generating activities, but are currently generating very little.

OICI conducted a sustainability workshop for OICG board, management and staff at the end of August 1999, out of which a sustainability strategy is expected to be developed by December 1999.

#### *3.5.2. Recommendations*

After the sustainability workshop, OICG board, management and staff realized that they have to shift into a business mode to survive. Towards this end, the following recommendations are proposed:

- i) Develop a sustainability strategy as soon as possible bearing in mind that the government and donor support are both temporary and the long-term survival of OICG will ultimately depend on internally generated resources. The sustainability strategy should be based on the lessons learnt during the sustainability workshop.
- ii) OICG should start charging fee for all courses. Initially, the amount charged may be low, to be increased gradually towards full cost recovery. To do this OICG may wish to focus on courses whose potential to pay fees is high without negatively affecting demand for the courses.
- iii) The existing potential for departments to engage in income generating activities should be encouraged. Such activities may range from running a canteen by the catering department to auto repair garage for the motor vehicle department.
- iv) OICG should change its attitude from a charitable NGO to a social enterprise. Such a change will call for a businesslike approach for all OICG activities. The

starting point towards becoming a social enterprise is to develop OICG  
“BUSINESS PLAN”.

**Excerpt from Baseline Study  
By Freedom From Hunger, August 1999  
For CWE Project, Guinea**

**Attachment 1: Logframe for OIC/Guinea Credit with Education Program (revised August 1999)**

INDICATORS	BASELINE MEASURE <sup>1</sup>	FINAL IMPACT TARGET	MEANS OF VERIFICATION
<b>GOAL</b> Poor rural households have better year-round access to greater quantity and quality of food and have better health and nutrition.			
<i>FINAL IMPACT INDICATORS</i>			
1. Decrease by 50% <sup>2</sup> the percentage of client households experiencing a time in the last 12 months when they were only able to eat one meal per day.	39%	19%	Baseline survey with new clients in training and in the first loan cycle, including clients having a child under 24 months.
2. Increase by 20% the number of clients reporting that their household's diet had "improved" (had more of the same foods, greater diversity of food or greater intake of foods of higher nutrient quality) in the previous 12 months.	67%	81%	
3. A 33% improvement in mean height-for-age z-score for participant children under two years of age.*	-.6	-.4	Final impact survey with clients of two years, including clients having a child less than 24 months.
4. A 30% decrease in percentage of children with height-for-age z-score less than -2.*	14%	10%	

<sup>1</sup> Baseline measure taken from survey done June-July 1999 in program area with 166 clients, 80 of whom had at least one child under two years of age.

<sup>2</sup> Indicators represent percentage change relative to the estimated baseline value(s)—(final measure minus baseline measure, multiplied by 100 and divided by baseline measure).

\* FY99 Title II Performance Indicators.

<b>OUTPUT INDICATORS</b>			
<p>Baseline and impact surveys of clients indicate that the relatively poorest households in the country are being reached by the program and remain the target population as indicated by</p>			
<ul style="list-style-type: none"> <li>• percentage of clients who did not complete primary school;</li> </ul>	92%	92%	<p><b>Baseline survey</b> with new clients in training and in the first loan cycle, including clients having a child under 24 months.</p> <p><b>Final impact survey</b> with clients of two years, including clients having a child less than 24 months.</p>
<ul style="list-style-type: none"> <li>• percentage of clients whose homes do not have electricity;</li> </ul>	80%	80%	
<ul style="list-style-type: none"> <li>• percentage of clients who do not have access to potable water;</li> </ul>	46%	46%	
<ul style="list-style-type: none"> <li>• percentage of clients whose principal cooking fuel is wood/charcoal; and</li> </ul>	93%	93%	
<ul style="list-style-type: none"> <li>• percentage of clients living in rural communities (not a peri-urban town or district headquarters)</li> </ul>	80%	80%	

INDICATORS	BASELINE MEASURE	FINAL IMPACT TARGET	MEANS OF VERIFICATION
<b>PURPOSE</b> Provide large numbers of poor households with sustainable access to resources necessary to address the underlying causes of hunger and malnutrition, e.g., inappropriate health/nutrition information and practices, poverty and disempowerment. <sup>3</sup>			
<b>Purpose Objective 1: Improve mother and infant/child feeding and health practices essential to better nutritional status.</b>			
<b>Intermediate Impacts</b>			
<b>A. Improved Diarrhea Management and Prevention</b>			
Of children (less than 24 months)—when they last had diarrhea:			
1. Increase by 17% number of infants/children less than 24 months given continued foods and breastmilk during diarrheal episodes.*	81%	95%	<b>Baseline survey</b> with new clients in training but who having a child under 24 months.
2. Increase threefold (300%) number of infants/children under 24 months of age given more liquids, including breastmilk, during episodes of diarrhea.†	12%	48%	
3. Increase by 200% number of infants/children less than 24 months given extra foods (one extra meal/day) and breastmilk for two weeks following a diarrheal episode.*	9%	27%	<b>Final impact survey</b> with clients of two years having a child less than 24 months.
4. Increase by 100% the number of mothers mentioning hand washing after defecation or before food preparation/consumption as steps they can take to prevent diarrhea.*	33%	66%	
	58%	70%	

<sup>3</sup> Other health issues (malaria, HIV/AIDS, etc.) may emerge as priority topics for the area and will be added.

\* FY99 Title II Performance Indicators.

† Indicators added at the suggestion of the Health Office USAID Mission/Guinea.

INDICATORS	BASELINE MEASURE	FINAL IMPACT TARGET	MEANS OF VERIFICATION
<p><b>B. Improved Breastfeeding Practices</b></p> <p>1. Increase by 20% number of children (&lt;24 months) breastfed within the first 8 hours after birth.*</p> <p>2. Increase by 50% the number of children (&lt;24 months) breastfed within first hour of birth.†</p> <p>3. Increase threefold (300%) the prevalence of infants given only breastmilk (exclusively breastfed) until they are 180 days.*</p> <p>4. No increase in the number of children (&lt;24 months) fed with a feeding bottle in last 24 hours.</p> <p>5. Increase by tenfold the prevalence of mothers who know increased suckling is associated with milk production.</p>	<p>30%</p> <p>6%</p> <p>2%</p> <p>2%</p>	<p>45%</p> <p>25%</p> <p>2%</p> <p>22%</p>	
<p><b>C. Improved Infant/Child Feeding Practices</b></p> <p>1. Increase by 18% number of children (&lt;24 months) given foods promoted by program in addition to breastmilk when children were 6 to 10 months of age</p> <p>2. Increase by 35% number of children (12 to 24 months) fed at least four meals/snacks per day in addition to breastmilk.</p>	<p>76%</p> <p>37%</p>	<p>90%</p> <p>50%</p>	<p><b>Baseline survey</b> with new clients in training and in the first loan cycle, including clients having a child under 24 months.</p> <p><b>Final impact survey</b> with clients of two years, including clients having a child less than 24 months.</p>
<p><b>D. Improved Family Planning</b></p> <p>1. Increase twofold number of women who know</p>	<p>11%</p>	<p>33%</p>	

\* FY99 Title II Performance Indicators.

† Indicators add at the suggestion of the Health Office USAID Mission/Guinea.

INDICATORS	BASELINE MEASURE	FINAL IMPACT TARGET	MEANS OF VERIFICATION
<p>(spontaneously) three or more modern family planning method.</p> <p>2. Increase by 50% the use of modern contraceptive methods by women of reproductive age who indicated a demand for family planning (those wanting no additional children or no children for two or more years).</p> <p><i>E. Increased Immunization Coverage</i></p> <p>1. Increase by 40% number of children (12 to 23 months) who received DPT3 documented by health card.</p> <p>2. Increase by 40% number of children (12 to 23 months) who received measles vaccine documented by health card.*</p> <p>3. Increase by 47% number of children (12 to 23 months) who completed immunization series documented by health card.+</p> <p>4. Increase by 30% number of mothers who received two doses of tetanus toxoid vaccine before or during pregnancy.</p>	<p>21%</p> <p>48%</p> <p>34%</p> <p>34%</p> <p>77%</p>	<p>32%</p> <p>72%</p> <p>68%</p> <p>50%</p> <p>90%</p>	<p><b>Baseline survey</b> with new clients in training and who have a child under 24 months.</p> <p><b>Final impact survey</b> with clients of two years having a child less than 24 months</p>
<b>Purpose Objective 2: Poor rural women and their families have increased economic resources and greater economic security.</b>			
<b><u>Intermediate Impacts</u></b>			
<b>A. Increased Personal Income and Savings</b>			
<p>1. Increase by 12% number of clients reporting that their personal income “increased” or “considerably increased” in the last 12 months.</p> <p>2. Increase by 50% the mean monthly microenterprise net</p>	<p>80%</p> <p>\$27</p>	<p>90%</p> <p>\$41</p>	<p><b>Baseline survey</b> with new clients in training and in the first loan cycle, including clients having a child under 24 months.</p>

INDICATORS	BASELINE MEASURE	FINAL IMPACT TARGET	MEANS OF VERIFICATION
income. 3. Increase by 35% number of clients reporting their cash savings has increased in the last 12 months.	70%	95%	Final impact survey with clients of two years, including clients having a child less than 24 months.
<b>B. Improved Microenterprise Activities</b>	81%	91%	
1. Increase by 12% number of clients reporting that their microenterprise activity has expanded in the last 12 months.	55%	70%	
2. Increase by 27% number of clients who developed a new activity/business or added new products in the last 12 months.	53%	70%	
3. Increase by 32% number of clients reporting increased profit due to buying inputs in bulk or with cash in the last 12 months.	86%	96%	
4. Increase by 12% number of women reporting they invested in at least one business asset in the last 12 months.	60%	90%	
5. Increase by 50% the number of women mentioning market demand or product profitability as factors they consider when selecting an activity in the last 12 months.			
<b>C. Greater Household Economic Security</b>	35%	53%	
1. Increase by 50% number of client households making housing improvements or additions in last two years.	88%	95%	
2. Increase by 8% number of client households acquiring an asset or animal (indicative of socioeconomic status) in the last two years.	55%	66%	
3. Increase by 20% in number of school-aged children (7 to 17 years) living in client households who are enrolled in school.			

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INDICATORS	BASELINE MEASURE	FINAL IMPACT TARGET	MEANS OF VERIFICATION
<b>Purpose Objective 3: Empower women within the household, within the community and at a personal level to take effective action.</b>			
<b>Intermediate Impacts</b>			
<b>A. Increased Women's Empowerment</b>			
1. Increase by 26% the number of women reporting they had given someone advice about good health/nutrition practices in the last six months.	73%	92%	<b>Baseline survey</b> with new clients in training and in the first loan cycle, including clients having a child under 24 months.  <b>Final impact survey</b> with clients of two years, including clients having a child less than 24 months.
2. Increase by 30% number of women rating themselves as "confident" or "very confident" that they could prevent their child from getting diseases like diarrhea.	54%	70%	

	Year 1.5	Year 2.5	Year 3.5
<b>RESULTS OBJECTIVES: The OIC/Guinea Credit with Education program(s) will have high performance organizational characteristics including:</b>			
<b>Results Objective 1: Achieve significant scale of Credit and Education program</b>			
<b>Output Indictors</b>			
<b>A. Increased Scale</b>			
1. Number of Credit Associations	65	197	251
2. Number of direct clients	1,625	4,925	6,275
3. Estimated number of family members	8,125	24,625	31,375
4. Amount of outstanding loans (in dollars)	\$58,973	\$209,732	\$364,000
5. Amount of savings on deposit (in dollars)	\$5,897	\$20,973	\$36,400

	Year 1.5	Year 2.5	Year 3.5
<b>Results Objective 2: Cost-effectiveness of the <i>Credit and Education</i> program without compromising the quality of the credit and education services.</b>			
<b>Output Indicators</b>			
<b>A. Increased Cost-Effectiveness</b>			
1. <i>Credit with Education</i> services are delivered at not more than \$0.16 per dollar lent. 2. The <u>same</u> field agent(s) extend the credit and education services to increasing numbers of Credit Associations and clients. 3. Field agents demonstrate mastery of technical information and facilitation skills through <ul style="list-style-type: none"> <li>• annual written test pertaining to education and credit services (continued employment contingent on a score of not less than 80%); and</li> <li>• quarterly assessments of field agents' credit and education services delivery skills observed by a supervisor during a regular Credit Association meeting (continued employment contingent on a score of not less than 35 points of a possible 50).</li> </ul>	\$1.20  4 CAs per field agent  all field agents (16)	\$0.35  12 CAs per field agent  all field agents (16)	\$0.16  16 CAs per field agent  all field agents (16)
<b>Results Objective 3: Increasing financial sustainability of <i>Credit with Education</i> program</b>			
<b>Output Indicators</b>			
<b>A. Increasing Financial Sustainability</b>			
1. Loan repayment rate over the grant period is 98% 2. Portfolio at risk never exceeds the 1% loan-loss reserve 3. Operational self-sufficiency (program generated revenue/program operating costs)	98% 1% 4%	98% 1% 18%	98% 1% 47%
<b>Results Objective 4: Well-managed local institutions implementing <i>Credit with Education</i></b>			
<b>Output Indicators</b>			
<b>A. Well-Managed Local Institutions</b>			
By end of grant period, implementing organization has the following:			
1. A business plan articulating a clear vision of its medium-term future.			X

	Year 1.5	Year 2.5	Year 3.5
2. Locally adapted learning session series in Health/Nutrition and Microenterprise Development.			X
3. Written policies and procedures for <ul style="list-style-type: none"> <li>• credit terms and policies;</li> <li>• education services and policies;</li> <li>• personnel policies;</li> <li>• system of annual budgeting and planning;</li> <li>• internal controls; and</li> <li>• periodic audits.</li> </ul>			X
4. System for the collection, analysis and use of monitoring information clearly established.			X
5. Staff adequately trained to perform service delivery tasks or to fulfill their roles and responsibilities: <ul style="list-style-type: none"> <li>• Performance appraisal system.</li> <li>• Written position descriptions.</li> <li>• Training and in-service plan.</li> </ul>			X
6. Agreements and arrangements with in-country financial institutions and health service providers.			X

**OIC Tanzania**  
New Board of Directors  
Effective December 17, 1999

1. Chairperson: **Mrs. Bernadetta N. Ndunguru\***  
Director of Vocational Education and Training  
Vocational Education and Training Authority (VETA)  
P.O. Box 2849, Dar es Salaam  
Tel: (255) 51 863407 / 09 (Off)  
667294 (Res)  
Fax: 863408  
Cell: 0811-351 540, 0812-761 463  
E-mail: [vet@africaonline.co.tz](mailto:vet@africaonline.co.tz)
  
2. Member: **Dott. Arch. Mawalla Dudley\***  
Principal Architect  
MD Achitects / Consultancy  
YMCA Building; Ali Hassan Mwinyi Road  
P.O. Box 7895, Dar es Salaam  
Tel: (255) 51 119034  
Fax: 118525  
Cell: 0811-331515  
E-mail: [mawallad@twiga.com](mailto:mawallad@twiga.com)
  
3. Member: **Mr. Isaac Dallushi**  
Chairman  
Tanzania Chamber of Commerce, Industry and Agriculture  
(Dar es Salaam region)  
P.O. Box 14409, Dar es Salaam  
Tel: (255) 51 123373  
Fax: 123372  
Cell: 0811-615434  
E-mail: [tccia.dsm@cats-net.com](mailto:tccia.dsm@cats-net.com)
  
4. Member: **Mrs. Margaret Kasembe**  
Project Director  
Training Fund for Tanzania Women (CIDA-sponsored)  
Ministry of Community Development, Women Affairs and Children  
P.O. Box 3448  
Kivukoni Front Street, Dar es Salaam  
Tel: (255) 51 132647; 138525  
Fax: 138527

Cell: 0811-332014  
E-mail: [tftw@cats-net.com](mailto:tftw@cats-net.com)

5. Member: **Ms. Grace J. T. Ngallo**  
Planning Commission  
P.O. Box 9242, Dar es Salaam  
Tel: (255) 51 112681-4 / 131520 / 130302  
Fax: 115519  
E-mail: [acengal@hotmail.com](mailto:acengal@hotmail.com)

6. Member: **Mr. M. Mwanda\***  
Director of State House Services  
President's Office - State House  
P.O. Box 9120, Dar es Salaam  
Tel: (255) 51 116909  
Fax: 113425  
Res: 600005

7. Member: **Mr. Abdallah Mwinyi\***  
Chairman, OIC Zanzibar  
Commission for Tourism, Zanzibar  
P.O. Box 945, Zanzibar  
Tel: 0747- 410066  
Fax: 054 - 233448  
054 - 232705 (Personal)  
E-mail: c/o NGO Resource Center, Zanzibar (Mrs. Fatima Aloo)  
[ngorc@twiga.com](mailto:ngorc@twiga.com)

\*Members remaining from preceding Board



URT/94/003

02 June 2000

Dear Laiser,

**UNDP ASSETS USED BY OIC TANZANIA**

Please refer to the above-mentioned subject.

We would like to inform you that we have received a request from Mr. Kevin Elkins, Associate Director, Entrepreneurship and Business Development Opportunities Industrialization Center International (OICI), Philadelphia, USA requesting that Assets being used by the OICT for the Income Generating Skills Development Project (IGSD) be left with them to further their project goals.

We wish to confirm our support to this request, and advise you to leave the assets in the custody of OIC Tanzania to facilitate smooth running of the project activities.

We thank you for your usual cooperation and understanding.

Yours Sincerely,

Janet Z. Mbene  
Head PEU & GAD  
For Resident Representative

**Mr. M. Laiser**  
Acting Executive Director  
NIGP  
**DAR ES SALAAM**

cc: Mr. Kevin Elkins  
Associate Director - OICI  
240 West Tulpehocken Street  
Philadelphia, PA 19144-3295, USA

**Ms. B. Ndunguru**  
GTZ/VETA  
**DAR ES SALAAM**

THIS AGREEMENT is made this .....day of .....1999

Between

AFRICA ON LINE (T) LIMITED  
of 4<sup>th</sup> Floor 50 Mirambo Street (ANC Building),  
Mirambo Street, Dar es Salaam  
(hereinafter called "AFOL") of one part



AND

CHRISTINE MIDANUKUZI-KUWAYU of OPPORTUNITIES INDUSTRIALISATION  
CENTRES OF TANZANIA, Dar es Salaam  
(hereinafter called "the Subscriber")

THE PARTIES AGREE AS FOLLOWS:

1. AFOL shall install the Software and/or provides the Services(s) to Subscriber as are listed and described in the schedules attached to this Agreement ("The Subscriber).
2. The installation of the Software and/or provision of the Services to Subscribers shall be construed in accordance with the terms and conditions of contract set out in the Annex to this Agreement.

SIGNED AT  
AS WITNESS:

ON THIS DAY OF

1. Emmanuel Nyeki

E. Nyeki 12<sup>th</sup> Oct 2000  
for and on behalf of AFOL  
duly authorised

SIGNED AT OICT'S Office

ON THIS 12<sup>th</sup> DAY OF October, 2000

AS WITNESS: AGATHA C. JOHNSON

A.C. Johnson Assoc. Director  
for and on behalf of SUBSCRIBER EBDS OICI  
duly authorised Philadelphia, PAUSA

NAME OF COMMUNICATION CENTER

OICT

ADDRESS

BOX 12474 DSM

TELEPHONE NUMBER

2152991

FAX NUMBER

2152990

----- Original Message -----

From: Joyce Ishengoma <jishengoma@care.or.tz>  
To: OICT (E-mail) <oict@raha.com>  
Cc: Jackie Wood <jwood@care.or.tz>  
Sent: Wednesday, November 08, 2000 3:44 PM  
Subject: Steps towards MOU

November 8, 2000

To Christine Mwanukuzi  
Executive Director  
Opportunities Industrialization Centers of Tanzania  
P.O Box 12474  
Dar Es Salaam

Dear Christine

Greetings from the Imara project. We are pleased to be able to move an additional and important step forward to the signing of a Memorandum of Understanding between CARE Tanzania and yourselves.

Please find enclosed a document copy of a Memorandum of Understanding that would be signed between your agency and CARE Tanzania. We are sending this to you so as to assure you are sufficiently familiar and in agreement with its contents and clauses. This document would form the basis of our contractual relationship.

The MOU would include five separate annexes, as follows:

Annex One: Logical Framework  
Annex Two: Output Activity Matrix  
Annex Three: Output Activity Budget Matrix  
Annex Four: Reporting and Disbursement Schedule ( ! will send this tomorrow)  
Annex Five: Guidelines for payment of per diem and allowance (attached)

The process would be as follows:

1. Imara would forward three copies of the MOU, each with the five attached annexes to CARE Tanzania for its final review and approval.
2. The Country Director of CARE Tanzania shall sign and date the MOU and initial each of the accompanying pages, including those forming the five annexes.
3. All three sets of documents would, in turn, be sent to the IA principal place of business' for signing (or another location if the IA deems preferable) by the IA designate on behalf of the agency.
4. The IA designate, on behalf of the IA, shall sign and date the MOU and initial each of the

accompanying pages, including those forming the five annexes.

5. The IA shall send to the Imara project office of CARE Tanzania two complete signed sets of documents.

One complete set of documents will be maintained in the offices of CARE Tanzania, one in the Imara project office and one with the IA.

We are establishing an implementation period of November 15, 2000 to October 14, 2002.

Re the MOU itself, we are requesting you to do the following:

1. Assure you are sufficiently familiar and in agreement with its contents and clauses of the Memorandum of Understanding, Annex Four (Reporting and Disbursement Schedule) and Annex Five (Guidelines for payment of per diem and allowance)

2. MOU clause 1.1: please complete the second half of the clause, and the four blanks provided, beginning with "The. to. situated in (area)"

3. MOU clause 3: please provide one paragraph that describes the project, its expected results and expected reach (numbers of participants, direct and indirect). Please also provide one paragraph on expected in-kind contributions from the IA and the communities themselves.

4. MOU clause 4.1.2: please provide the full banking details to which funds should be sent. Please also note the bank signatory names and positions

Although the Memorandum of Understanding has yet to be signed, we are sending this letter to you, as an expression of our intent to enter into collaboration with you. Accordingly, we encourage you to give thought to staffing considerations (as per your plan and budget) and baseline requirements: the dates of the baseline, the process, tools to be used (PRA, focus groups, interviews, questionnaires).

We will be sending you shortly further resources on developing a baseline and possible indicators and tools. However, we can encourage you even now to think about two essential objectives of the baseline: one, an exercise that reinforces the importance of community understanding and ownership of the project and two, an exercise that seeks to develop benchmark data for the indicators you have (or will refine) at your three result levels (output, outcome, impact). We do not require or encourage you to carry out a broader socio-economic community survey / situation analysis or to look more broadly at a wide range of indicators but, rather, establish benchmark data for your indicators that can in turn be monitored over the course of the two years of your project.

These resources on baseline development are meant to complement your own understanding of baselines and experience in conducting them. These will be sent to you along with information on financial and performance reporting formats, manner of contracting for services, and the expected contents of a Project Implementation Plan. This latter document would need to be

completed and approved within the first quarter and will essentially draw on the information provided in Annexes 1-4 as well the results of your baseline.

Please respond to / provide the needed information noted above in italics and, as soon as it is possible, so that we can arrange to finalize the MOU and signing formalities. After completion please send us the also the soft copies of your LFA and Output Activity Matrix

Thanking you,

Joyce Ishengoma  
Project fficer  
Imara  
CARE Tanzania

**Excerpt from Baseline Update Study  
For OIC Tanzania, September 1999**

By Anthony Getambu  
Regional Technical Advisor, OICI  
October 1999

**4.0 CONCLUSIONS AND RECOMMENDATIONS**

**4.1 Conclusions:**

**OICT's Current Point towards Becoming A Social Enterprise**

From '0' (Lowest) to '5' (Highest)

<b>A</b>	<b>Governance</b>	<b>OIC Tanzania</b>
A1	A board committee on entrepreneurship and business Development EBD exists and provides guidance.	0.5
A2	The board spends minimum 15% of their time on EBD Related issues to help develop this program sector.	2.0
A3	A formal organizational policy and strategy exist to direct the organization on EBD services planning and delivery.	1.0
A4	Linkages for collaboration are established with other Organizations in EBD program sector.	3.0
A5	Tools such as DOSA are adopted to assist in organizational development process and benefit the EBD program sector among others	0.0
A6	Adequate human and financial resources are available and allocated for the EBD program sector of the organization	1.0

**Program content and service delivery**

B1	Core program content and objectives	
	a) clearly defined	3.0
	b) adequately documented and maintained	2.5
	c) on-going improvement in systematic and sustained manner	0.5
	d) clients identified and their profiles maintained for	

	needs assessment purposes	2.5
	e) program efficiency regularly assessed	1.5
<b>B2</b>	<b>Service delivery methodology</b>	
	a) clearly defined	2.5
	b) adequately documented and maintained	2.5
	c) on-going improvement in systematic and sustained manner	0.5
	d) appropriate to clients needs and background	3.0
	e) adequate and appropriate training tools	2.5
<b>B3</b>	<b>Monitoring and evaluation system</b>	
	a) clearly defined	1.0
	b) adequately documented and maintained	1.0
	c) on-going improvement in systematic and sustained manner	0.5
	d) appropriate to program objectives	1.5
	e) follow-up with implementation of recommendations and resulting outcome	0.5
<b>C</b>	<b>Sustainability</b>	
<b>C1</b>	<b>A formal and document policy exists on sustainability for the organization.</b>	<b>2.0</b>
<b>C2</b>	<b>Sustainability is set as an institutional goal and Relentlessly pursued to meet a specific timetable</b>	<b>1.5</b>
<b>C3</b>	<b>Detailed sustainability strategy</b>	
	a) adequately developed for both institutional and financial sustainability	1.5
	b) clear and consistent guidelines for operations	0.5
	c) on-going monitoring and assessment of progress	1.0
	d) products and services are properly priced for cost recovery purposes	0.0
	e) clear and consistent marketing strategy and	

	guidelines	0.5
C4	Diversity of revenue base (sources)	0.5
C5	Constituencies developed, substantial and supportive of organization's goals and its work	<u>1.5</u>
	<b>Total</b>	<b>40.0</b>
	Maximum possible score, 30x5 = 150	150.0
	<b>Index of current capacity toward sustainability</b>	<b>26.6%</b>

Conclusions made in this study are summarized in Annex 7 (Starting Point Towards Becoming A Social Enterprise)

## 4.2 Recommendations:

### 4.2.1 Governance:

#### i) *Board Membership:*

The current board has been in office for more than three years. A new board should be put in place as soon as possible. Out of the nine board members, at least four should be women. The new board members should be people with ability to play both the governing as well as the supportive role of OICT. They should be people who are committed towards turning OICT into a social enterprise. It is recommended that a formal recruitment process be used to identify the right members to be invited to join the new board.

#### ii) *Board Sub-committees*

To ensure smooth governance and supportive roles of the board, it is recommended that specialized sub-committees be established as soon as the new board is installed. The sub-committees may include:

- a) Executive Committee -To provide on-going policy support to management including personnel matters.
- b) Finance Committee -To be in charge of contracts, budgeting and to provide on-going financial oversight.
- c) Program Committee -To provide guidance and support EBD in program Activities.

#### iii) *Board and Management Conflicts*

During this study, it was evident that there were conflicts between board and management. It is recommended that board training on roles and responsibilities of the board should be conducted immediately the new board is recruited. The training could benefit from the

lessons learnt from the outgoing board. The new executive director and other senior staff should participate during the board training. The board training could cover topics such as:

- The leadership role of the board
- Practical ways to strengthen Governance
- Assessing board and organizational effectiveness – (introduce DOSA capacity assessment tool)
- Responsibilities of the board chairperson
- Etc.

iv) *Board Policies*

Except for the income generating policy, there were no other explicit policies as at the time of this study. It is recommended that policies to cover areas such as; personnel, finance, program, equipment, etc, be put in place as soon as possible to the smooth running of OICT operations.

4.2.2 OICT Program Content and Service Delivery

i) *OICT Training Curriculum.*

OICT curriculum on business initiation, business improvement, technical skills upgrading and training of trainers (TOT) have been in place for the last three years. It is recommended that a thorough review of the curriculum be undertaken immediately to reflect the changing environment. All training materials need to be revised and re-packaged in a more professional manner.

Course emphasis should be placed on Business improvement and technical skills which attract more clients and high returns. Although the business initiation course is popular, less resources should be put in it because it has least return.

Courses such as credit management, NGO capacity building, etc, have been conducted by OICT. Such courses are categorized as Training of Trainers courses even though they are not training of trainers courses. To reflect the true nature of these types of courses, it recommended that the training of trainers course be renamed, “Institutional Capacity Building” to cover both TOT courses and others.

Evidence gathered during this study indicates that the institutional capacity building courses have the highest rate of return. More resources should therefore be committed towards the improvement of these courses to make them more attractive to institutional clients.

ii) *OICT Service Delivery*

The results of a sample of 20 clients who were interviewed to assess the impact of training provided by OICT indicated that all the courses except business initiation and technical skills improvement were rated as good or very good.

Service delivery needs to be improved in all areas to the level of very good, but more so for technical skills upgrading which helps to improve product quality and hence attracting more customers. A summary of the course ratings as per the findings is shown below:

Course	Average Client rating
1. Business initiation	2.7
2. Business improvement	3.3
3. Technical skills upgrading	2.9
4. Training of Trainers	4.0

Key: 1=Very poor, 2=Poor, 3=Good, 4=Very Good, 5=Excellent.

### iii) *Specific Service Delivery Methodology*

Besides delivery methodologies such as questions and answers, group discussions, case studies, roles plays, and demonstrations which are currently being used, it is recommended that additional methodologies which are unique to OICT should be introduced. For example, the business development courses could include a combination of two or more of the following:

- Field visits to selected businesses
- Business simulation games
- Presentations of success stories
- Video and audio presentations
- Action learning
- Etc.

#### i) *Training materials*

OICT lacks well-packaged, easy to read training materials. It is recommended that existing materials be reviewed and repackaged in a more attractive manner. Additional materials should be developed areas such as legal requirements for small businesses, practical business planning, basic business records and bookkeeping, etc.

#### ii) *Training Equipment*

OICT has all the necessary training equipment. It is recommended that more use of video and audio equipment be made. OICT could develop own video and audio presentations for specific topics such, customer satisfaction, good customer relations, product improvement, etc. Such presentations could be sold to clients after training.

### 4.2.3 OICT's Monitoring and Evaluation System

OICT's monitoring and evaluation systems include training needs assessment, course evaluations and tracer studies. These systems are clearly defined and documented but they have not been improved on for the last three years. It is therefore recommended that they be reviewed and up-dated to reflect the changes that have taken place in that period. The areas that could be improved on relate to:

*i) The Training Needs Assessment (TNA).*

Initially, the TNA was meant to enable OICT to develop relevant training materials for their clients prior to conducting training. After three years of training, OICT now fully understands the training needs of the small and micro-enterprise sector. As such, there is not much need to continue carrying out the same TNA prior to every training activity. Instead, it is recommended that more attention be directed at client baseline information. The baseline information, would be more useful in determining the future impact of OICT training interventions.

*ii) Tracer Studies*

Only the April 1998, tracer has been conducted for the three years of the life of OICT. Another tracer study is due and should be conducted as soon as possible. It is also recommended that the tracer studies should not only assess the impact of the training activities but should also provide feedback to help update the training curriculum.

*iii) Course Evaluations*

Assessment of course content and training delivery methodologies is done through the end-of-course evaluations. A review of the questionnaire used during course evaluations indicated that majority of the items of assessment relates to content and materials used. Very little emphasis is placed on the trainers themselves. It is recommended that trainers be evaluated alongside course content and delivery methodologies. Results of course evaluations should thereafter be discussed at a formal meeting and areas of improvement noted for action before the next course.

4.2.4 The Extent to Which OICT is Moving Towards Program and Financial Sustainability.

*i) Program and Institutional Sustainability.*

OICT sustainability strategy document identifies the key sustainability elements of leadership, management and administration, marketing, organization and human resource development and management information systems (MIS). It is recommended that this sustainability strategy document be translated into a strategic plan as soon as possible.

Among the program and institutional sustainability issues requiring action are:

1) Leadership

A system of board appointment and succession is recommended through a revision of the existing constitution to ensure democratic leadership and a systematic way of appointing and retiring board members. At the same time, it is recommended that the role of OICI on OICT leadership be revisited to allow for arbitration in case of leadership problems.

## 2) Management and Administration

The OICT executive director handles the day to day management and administration of the organization. At present, there are no standard operating procedures (SOPs) to provide clear guidance to the executive director on issues relating to the day to day management of the organization. It is recommended that these procedures be developed and documented as an urgent step towards institutional sustainability. The procedures should cover such areas as human resource development, management information systems, etc.

## 3) Program Marketing

Program Marketing is key to long-term sustainability of OICT. This calls for a philosophical shift from NGO mentality to a social enterprise mentality, i.e. to operate as a business rather than a traditional NGO providing free services. A starting point towards operating as a social enterprise is to develop a marketing plan. The plan should start with a clear understanding of OICT mission, clients needs and how best to satisfy them at a profit. Other key elements of this plan should include:

- A clear description of OICT clients (target beneficiaries).
- A detailed description of demand driven OICT services.
- Personnel requirements for the identified services.
- Pricing strategies of the services to ensure cost recovery.
- Promotional strategies to attract clients.
- Financial plan indicating the amount of money expected.

## 4) Management Information Systems (MIS)

Decision-making based on correct information is key to organizational sustainability. A good MIS ensures proper documentation, storage and retrieval of information which management uses to make critical decisions that affect the organization. Most of OICT information requirements have been computerized. It is recommended that the MIS be expanded to include:

- An up-to-date data base of OICT client profiles
- Baseline, course evaluations and tracer studies
- OICT products and services
- Fully computerized financial recording and tracking systems
- Etc.

## ii) *Financial Sustainability*

Three months after NIGP funding was suspended in September 1998, OICT's level of activities dropped to about 50 percent. This was because for the first time, OICT was forced to take drastic changes in its earlier mode of operations to remain in business. Among the steps taken were charging full fees for services, laying of staff, reducing other operational costs and implementing more stringent financial control measures.

As at the time of this study, the level of activities and the financial situation had improved towards a financially sustainable level. Besides continuing to enhance the financial sustainability measures already instituted it is recommended that further efforts be made in the following areas to ensure long term financial sustainability of OICT:

- Full cost recovery fee for services
- Cost reduction and control
- Diversification of revenue base
- Scaling up of operations
- Etc.

#### **6.0 Summary of Recommendations**

1. Start a formal board recruitment process and identify the right members to be invited to join the new board.
2. Establish board sub-committees as soon as a new board is put in place.
3. Train new board on the roles and responsibilities of a volunteer board.
4. The new board should develop policies to guide the operations of OICT.
5. Revise OICT curriculum to make it unique and relevant to client needs.
6. Improve content and service delivery methodologies to increase client satisfaction.
7. Develop more competitive, well-packaged and easy to read training materials.
8. Increase utilization of audio and video equipment.
9. Ensure monitoring and evaluation is relevant to all aspects of training and corrective action is taken based on evaluation results.
10. Ensure OICT operates as social enterprise towards the achievement of program and financial sustainability.