

## A Word from the Chairman

John Torell III has enjoyed a long and distinguished career in the worlds of banking and finance. He is Chairman of Indecomm Global Services, a worldwide outsourcing company devoted to business services processing, eLearning and IT product development. He has been Chairman of IESC's Board of Directors since 2002.



**Update:** How has the IESC mission evolved over the last decade?

**Torell:** The goal remains unchanged. But the way we address the world around us has evolved to meet changing circumstances. Our key objective is to stimulate private enterprise by helping to create the key economic building blocks in a developing society. Today, the projects we undertake are larger in size and more complex in nature. This has led us to create partnerships with other organizations in order to mobilize the best possible resources and skills and to deliver them in the most timely and efficient manner. A case in point was our contracts to help build small- and medium-sized business and financial infrastructure in the Republic of Georgia. We included Georgia's local bankers association as an integral part of the program.

We have established affiliations with for-profit and not-for-profit organizations alike, and we have engaged with domestic and foreign entities as well. Our partner in Kenya was a major US-based consulting firm, and our engagement in Sri Lanka included our parallel not-for-profit organization in Australia. In some cases, IESC has taken the lead, and in others we have provided the support role. All these com-

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## A Message from the President

Welcome to 2010 with IESC!

We've just completed a good year, and the new year promises to be even better. Why do we say that? First of all, US foreign policy for the developing world (and our smaller nonprofit NGO segment) has become more energized recently within several government agencies. Second, USAID itself has finally



confirmed a new Administrator, Dr. Rajiv Shah. Third, the US administration's initiatives are promoting increased worldwide volunteer use under the theme, "Global Exchange."

We continue to expand, with diversified new donors, strategic partners and enhanced staff capabilities. We've moved forward with implementing the strategic plan created by our Board of Directors Committee for Strategic Planning. Just as important, we can point to examples of new funding, including:

- Middle East Partnership Initiative (MEPI). Renewed full funding.
- VEGA mechanism — Ethiopia. Renewed full funding.

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## Georgia Getaway, Anyone?

Abastumani may not make any top ten lists for U.S. travelers, but this strikingly picturesque area on the southern slope of Georgia's Lesser Caucasus Mountains may be a contender one day. It's already becoming popular with in-the-know Europeans looking for unusual travel experiences.

### A History of Neglect

A few years ago, Georgia's tourism authorities placed two semi-autonomous regions on their development priority list — Abastumani in the south and Svaneti in the North. Both have long histories of local renown as mountain retreats for hikers and — in Svaneti's case — for spa patients. But sadly, the infrastructure surrounding these distinctive, little-known corners of Eastern Europe has suffered from decades of neglect. In Svaneti's case, that suffering has been compounded by damage caused by nearby air strikes during the recent Georgia/Russian Federation conflict.

In response to Georgia's needs, USAID crafted an SME-focused grants-centered program that concentrated on revitalizing tourism in the two regions. It began in 2007 and came to a close in November 2009.

According to Dan Berkshire, IESC's Chief of Party for the program, "For a variety of reasons, both areas were largely ignored until recently, despite their great natural beauty and rich history." Our work there included sparking the financial support for tourism infrastructure, training local small business owners, creating business incubators and providing technical assistance in construction and marketing. "It's had a strong, positive impact on the communities. You could see the impact almost immediately. Everything we touched seemed to create success."

### Creating New Futures

Berkshire also points to a change in the collective psychology of many local citizens due to efforts like these. "People have begun to feel energized and optimistic instead of abandoned. I remember one young woman from a nearby town who had been injured in the recent fighting," he commented. "Her mother and father had both been killed. Through our pro-

gram's business incubator, she was able to receive training as a hairdresser and now works in a salon that caters to both locals and tourists. She has a future she simply didn't have before."



An inside look at the Abustamani Astronomical Observatory and Museum.

Among other initiatives, the program made matching grants available to encourage the finishing off of two abandoned hotels in Svanetia, create local tourism facilities and infrastructure and refurbish the Abustumani Astronomical Observatory and Museum. A subject of local pride, the observatory now has a new lease on life as an education center and as an international "astro-tourism" attraction.



Hotel KAPA in Abastumani.

Another beneficiary of the program has been the Hotel KAPA in Abastumani, a guest house owned by Nato and Gocha Kapanadze. The couple received a grant to renovate, upgrade and decorate the facilities. One upgrade was a heat-

ing system, which allowed them to extend their season into the cooler months of late summer and early fall. It was a major factor in boosting bookings from 130 guests in 2008 to 185 this past year. And among other things, it meant hiring three new employees and increasing the Kapanadzes' orders for meat, dairy products, vegetables and nuts from local farmers — indirect beneficiaries of this highly successful program. “We couldn't have done it without that loan from the program,” Nato commented. ■

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## Window Between Worlds

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Ask a typical Westerner what comes to mind when he hears the name “Bahrain,” and he's likely to mumble something about the Middle East and oil. True enough, but the reality is much more nuanced and significant. The fact is, Bahrain is one of the most balanced, developed, stable and progressive states in the Persian Gulf.

And it's literally “in” the Persian Gulf — an island nation of nearly a million people surrounded by water as well as by countries like Saudi Arabia, Qatar, Abu Dhabi and other Arab Emirates. Bahrain also possesses one of the freest, most aggressive and growing economies in the world. Decades ago, it began a strong and well-planned effort to diversify its petroleum-based economy.

A few years ago, we were awarded a key role in MEPI, the

U.S. Department of State's Middle East Partnership Initiative. It was sparked by the Free Trade Agreement movement created by the U.S. to open our markets and to build bridges with other parts of the world based on mutual economic interests. Our success with the MEPI program was noted by Bahrain's Ministry of Industry and Commerce, which recently awarded us a new engagement to help enhance their small- and medium-sized business (SME) segment.

Rudy Vogel, our Senior Technical Advisor for MEPI and his associates will be conducting a series of workshops on marketing and export promotion for six important components of the Bahrain economy — Tourism; Gems, Jewelry and Perfume; Information and Communication Technology, Manufacturing; Food Processing and Financial Services. This new initiative also includes follow-up consulting to improve Bahrain business practice within each of those segments and to help those businesses open doors to the U.S. market.

As Vogel puts it, “We've created real value at the ground level. It's great to see people with different perspectives and histories work together to bridge interests and build for the future.” ■

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## Creating a Crop of Cooperation

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At first glance, the worlds of farming and banking may seem far apart. But they're beginning to blend as both parties recognize the significant economic benefits of working together.

Since early last year, we've served as the lead implementer of Ghana's Agricultural Credit Program (ACP). Created by Ghana's Millennium Development Authority in collaboration with the Millennium Challenge Corporation, the program's goal is to deliver credit and innovative financial services to Ghana's agricultural sector. Until recently, the gulf dividing farming and banking has been wide and deep. In developing countries like Ghana, most farmers know little about banking or the credit process. Bankers tend to be more familiar and more comfortable with the financial needs of industries like real estate, construction and manufacturing. The idea of lending money to a small entrepreneur like an individual farmer is often on the edge of the typical banker's interests and experience.

As IESC expert Malcolm Hatley puts it, “We're building bridges and helping both sides. We're working with bankers



Our Chief of Party, Rudy Vogel (at far right), takes a moment to assemble the team from Bahrain at a recent communications technology conference in Las Vegas.

## IESC Adds New Executive



Conconi holds forth on maintaining communication during a recent IESC retreat.

Charles E. Conconi has joined IESC as a Vice President. Conconi is a management consultant who has successfully developed and implemented multi-million dollar projects in Asia, the United States, Europe and the Middle East. He brings a background of experience in strategic growth, value chains, change management, private sector development, and economic reform.

As a key executive at Nathan Associates, Inc., he demonstrated dynamic management expertise, successfully leading competitiveness initiatives in Croatia and Sri Lanka. As an independent consultant, he enhanced the competitiveness of the Turkish-Cypriot business communities and improved the general business environment in that region. He holds an advanced degree in International Affairs & Business from Georgetown University and was awarded the Graduate School of Foreign Service Academic Scholarship as well as a National Aeronautics and Space Administration (NASA) Fellowship. ■

to create products and services that are appealing and realistic to farmers. And we're helping farmers understand the processes used by bankers."

Our local partner in Ghana, Pentax Management Consulting, has been working with us to establish the infrastructure for making the loans and helping to conduct training sessions for both groups. After one such session, a representative of one of the participating financial organizations commented, "I got insight into the peculiar problems faced by entrepreneurs. I also got to know first-hand some misconceptions about bankers." In another session, this comment from a farmer neatly summarizes the knowledge gained — "It was very helpful to learn how to access a loan and how to prepare a company financial statement for a banker's acceptance. The presenter was splendid."

Program teams in Ghana do more than spend time in conference rooms. For lending professionals to evaluate a loan application, a first-hand knowledge of modern agricultural challenges and processes is invaluable. The ACP curriculum includes on-site visits to farms by bankers as well as visits to banks by farmers. ■



ACP southern manager Harry Ivan-Kabe (green cap at left) conducting an eligibility audit to monitor proper use of program credits.

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## Re-energizing an Economy

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Buffeted by natural disaster as well as human conflict, Sri Lanka has taken important steps toward full stabilization. Recently, we launched a new program in Sri Lanka's Eastern Province. No longer dominated by unrest, the province is returning to what one tourist website calls an area "of long, white beaches, great surf and mangrove lagoons."



IESC's Chief of Party, T.I. Jamaldeen, discusses the program with local government officials.

USAID awarded the program to VEGA, the volunteer consortium we helped establish a few years ago, and we are the lead implementer. As the title, "Facilitating Economic Growth in Sri Lanka" implies, the program's goals include economic revitalization, direct targeted assistance and job creation. Our three partners are ACDI/VOCA (Agricultural Development International/Volunteers in Overseas Cooperative Associations) and ICMA (International City/County Management Association) and Land O' Lakes.

Although similar in many ways to Sri Lanka programs led by IESC in the past, this new initiative includes distinctive characteristics. Along with support and direct technical assistance to SMEs (Small- and Medium-sized Enterprises) as well as capacity building for local government and the private sector, special attention will be paid to "indirect beneficiaries." That is, the program will place emphasis on activities that ripple through and benefit surrounding communities. One of our key roles in the early stages of the program is to help USAID screen participating organizations in terms of the indirect beneficiary criterion.

The Eastern Province's tourism and agricultural sectors will stand at the center of program activities, although the approach we and our partners will take will be demand-based. This means that program philosophy, framework and priorities are likely to prove more stable than the predicted specifics of implementation.

As IESC's Chief of Party, T.I. Jamaldeen puts it, "The goal is to be as flexible as is reasonable within the contract we and USAID have worked out. In an area like this, which has been hit with military action as well as powerful forces of nature, recovery can't be expected to proceed at a linear pace. We need to hold to our stated objectives and targeted outcomes, but with resourcefulness and flexibility." ■

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binations are new to IESC and are essential to maintaining competitiveness in our field.

**Update:** How has IESC changed as an organization?

**Torell:** Diversification of IESC revenue sources has been a strategic imperative. Spencer King, our President and CEO, has become the first call among much of the volunteer community and is Chairman of VEGA (Volunteers for Economic Growth); this has given us an addition window of opportunity and expanded our relationships. Meanwhile, Javed Hamid, our Senior Managing Director for Financial Services, has contracted for a supporting loan origination program through which client countries can deliver development finance. Going forward, I think there will be a greater effort to institutionalize some of the lessons we have learned and some of the opportunities we have created.

**I am confident the United States will actually expand its commitment to define some of the needed solutions. The volunteer community will have an important leadership role to play.**

**Update:** John, how do you see the general state of the world economy as we enter 2010?

**Torell:** The entire global financial system has suffered a major series of shocks, and the recovery will be lengthy and uneven. Generally, governments have shown considerable leadership and creativity in addressing the myriad problems. I am confident the United States will actually expand its commitment to define some of the needed solutions. The volunteer community will have an important leadership role to play. ■



Jose Maria Figueres, former President of Costa Rica, emphasized the impact of climate change on government policies and development work in his recent visit to IESC headquarters.

- Millennium Challenge Corporation (MCC): Funding for 2010.
- Bahrain government. Direct contract with government; first-ever for IESC.

What does “diversification” mean to us? Well, about five years ago, we were 90+% sole-source funded by USAID. For

2010, we expect to receive approximately 55% of our funding from USAID. Over the next few years, we anticipate approximately 35% from USAID, with our total business still growing. We will emphasize “prime” contract positions, with restraints on subcontract work. At the same time, we will vastly broaden program activities.

On the staffing side, Charles Conconi has joined our management team to emphasize strategic program development. (See page 3 ) He is superbly qualified.

The initiative to transform IESC into a truly competitive and sustainable entity is proceeding as an exercise in continuous improvement. Organization morale is high, and in 2010, we’re confident we’ll see the results of our efforts. We welcome the challenges of this new decade.

Sincerely,

Spencer King  
President and Chief Executive Officer



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