

YD-ARC-265

Date  
12/7/82

**ROUTING AND TRANSMITTAL SLIP**

TO: (Name, office symbol, room number, building, Agency/Post)	Initials	Date
1. Lida Allen, DS/DIU, Rm. #509 SA-14, AID/W		
2.		
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Action	File	Note and Return
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As Requested	For Correction	Prepare Reply
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Coordination	Justify	

REMARKS

DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

FROM: (Name, org. symbol, Agency/Post)	Room No. -- Bldg.
Rose M. Veith, Program Officer	USAID/DR
	Phone No.

5041-102

OPTIONAL FORM 41 (Rev. 7-76)  
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PROJECT EVALUATION SUMMARY (PES) - PART I

Report Symbol: 441

1. PROJECT TITLE  SMALL BUSINESS PROMOTION - OPG	2. PROJECT NUMBER 517-0154	3. MISSION AID/W OFFICE USAID/DR/UDD
	4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY)  <input checked="" type="checkbox"/> REGULAR EVALUATION <input type="checkbox"/> SPECIAL EVALUATION	

5. KEY PROJECT IMPLEMENTATION DATES	6. ESTIMATED PROJECT FUNDING	7. PERIOD COVERED BY EVALUATION
A. First PRO-AG or equivalent FY <u>81</u>	A. Total \$ <u>154,000</u>	From (month/yr.) <u>May, 1981</u>
B. Final Obligation Expected FY <u>82</u>	B. U.S. \$ <u>100,000</u>	To (month/yr.) <u>October, 1981</u>
C. Final Input Delivery FY _____		Date of Evaluation Review <u>December 9, 1981</u>

8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
Approve amendment to Project Grant Agreement to increase funding by \$250,000 for a new total of \$350,000 in AID funding and extend PACD to February 28, 1983.	Aaron Benjamin Chief, UDD Project Manager	December 1981

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS	10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT
<input type="checkbox"/> Project Paper <input checked="" type="checkbox"/> Financial Plan <input type="checkbox"/> Logical Framework <input checked="" type="checkbox"/> Project Agreement <input type="checkbox"/> Implementation Plan (e.g., CPI Network) <input type="checkbox"/> PIO/T <input type="checkbox"/> PIO/C <input type="checkbox"/> PIO/P <input type="checkbox"/> Other (Specify) _____ <input type="checkbox"/> Other (Specify) _____	A. <input checked="" type="checkbox"/> Continue Project Without Change B. <input type="checkbox"/> Change Project Objectives <input type="checkbox"/> Change Implementation Plan C. <input type="checkbox"/> Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Name and Title)	12. MISSION AID/W OFFICE
Aaron L. Benjamin, Urban Development Officer	USAID/DR/UDD

Summary of Activities for the First Six Months  
of Project Activities

It was anticipated that the first phase of the project (six months) would result in the granting of 43 loans, 24 to Grupos Solidarios and 19 to Micro-Businessmen. Actually, the results have far exceeded our expectations. During this period, 93 loans were made, 63 to Grupos Solidarios and 30 to Micro-Businessmen. Moreover, in addition to the AID grant of \$100,000, the DDF has already been able to secure \$411,600 in grant funding plus a line of credit for \$1,000,000.

The project now employs 4 Micro-Business Coordinators and 2 Solidarios Coordinators.

The total value of loans financed during the period was \$199,303. Of this amount, \$39,000 came from the AID grant and \$140,000 from other agencies, with \$20,303 coming from DDF funds. Following is a breakdown of the sources of financing:

	<u>Grupos Solidarios</u>	<u>Micro-Empresas</u>	<u>Total</u>
AID	\$ 23,000	\$16,000	\$ 39,000
Other	<u>85,000</u>	<u>55,000</u>	<u>140,000 *</u>
Sub-Total	\$108,000	\$71,000	\$179,000
DDF			<u>\$ 20,303</u>
GRAND TOTAL			\$199,303

\* Other sources of outside funding committed and partially disbursed are:

For Grupos Solidarios - Inter-American Foundation	\$184,600	Grant
Appropriate Technology International	60,000	"
For Micro-Empresarios - Inter-American Foundation	<u>167,000</u>	"
TOTAL	\$411,600	Grant

In addition to the grant funding, the Central Bank has approved a \$1,000,000 line of credit to be channeled through:

1. Financiera Empresarial, S.A.
2. Financiera Citicorp
3. Banco Metropolitano Dominicano
4. Banco Popular Dominicano

Of the grand total, AID funding resulted in 6 loans to Micro-Businesses and 11 loans to Grupos Solidarios, in the amounts of \$16,450 and \$23,700 respectively, for a total of \$40,150. The difference of \$1,150 between the AID input of \$39,000 and the total loan value of \$40,150 was absorbed by the DDF.

#### Financing for Solidarios

During the 6-month period, 63 loans to Solidarios were approved for a total value of \$125,775. This financing reinforced 413 precarious jobs, and indirectly benefitted 2,478 persons. The loans made with AID funds to the Solidarios directly benefitted 79 persons and indirectly 474 persons. In the case of the tricycles, loans were made at \$300 per capita, with \$275 directed toward the purchase of tricycles and \$25 for working capital.

#### Financing for Micro-Businesses

During the same period, 30 loans were made to Micro-Businesses for a total value of \$73,528. Some 155 new jobs have been created as a result, indirectly benefitting 1,272 persons. AID financing accounts for 16 of these loans. The areas in which loans were made include refrigeration, clothing manufacture, typewriter repair, and sandle manufacture.

#### Technical Assistance to Solidarios

Some 191 groups were provided technical assistance during the 6-month period. Each group has an average of 7 members (133 people), and 36 of the groups are made up of women. The technical assistance consists mainly of management of cash flow. Courses and interchanges were held with the objective of exchanging experiences. The Coordinator works with the groups to strengthen their knowledge in control of cash flow and helps them to prepare an application for a loan. He visits them on a regular basis, and along with the technical expert provides training in management and accounting.

#### Technical Assistance to Micro-Empresarios

The 4 Coordinators of the Micro-Business Program make weekly or bi-weekly visits to their clients. This has resulted in an average of 400 visits monthly. During the 6-month period, 189 micro-businessmen have received training in accounting, inventory, production, sales, profits, marketing, cost analysis, and cash flow. The Coordinator helps the businessman to prepare the necessary forms required by the program. He will help the businessman by checking on his accounting system, inventory, general balance, cost analysis, profit and loss, and cash flow. He will schedule loan disbursements and provide technical assistance to his client in the areas mentioned above.

Technical Assistance from AITEC

During the 6-month period, the activities of the technical expert included helping in the design and implementation of the program, providing training and guidance to the Coordinators, and facilitating contact with the Grupos Solidarios and individual Micro-Businessmen. The Technical Expert designed a work plan for the Coordinators, including the design of interview forms and a schedule of visits. Prior to the initiation of the program, the expert worked with Grupos Solidarios to prepare them for the program. He continues to serve as a source of information, training, and coordination, for both the Solidarios and Micro-Empresas programs. His firm also provides specialists on a short-term basis, as needed.

Project Financing for the Period May-October 1981 (First Phase)

The following table shows AID funds programmed, received, and used:

	<u>Programmed</u>	<u>Received</u>	<u>Used</u>	<u>Balance</u>
Operational Expenses	\$20,500	\$18,575	\$15,712.73	\$2,861.00
Administrative Expenses	32,590	17,376	16,736.38	639.62
Loan Financing	<u>26,000*</u>	<u>39,000</u>	<u>40,150.40</u>	<u>-1,150.40</u>
TOTAL	\$79,090	\$74,951	\$72,600.51	\$2,350.49

\* This amount does not include \$20,189 in technical assistance which is channeled directly to AITEC. This brings the total amount programmed to \$99,279.

Project Financing Proposed for the Period November 1981-April 1982 (Second Phase)

Operational Expenses	\$ 94,816
Administrative Expenses	32,940
Loan Financing	64,000
Technical Assistance	<u>58,108</u>
TOTAL	\$249,864

Changes Recommended for the Second Phase of the Project Based Upon Experience of the First Phase

Based on the experience during the first phase of the project, no substantive changes in procedures are recommended for the second phase. The only significant changes are with reference to additional personnel, salary increases, and increases for training. The most important of these are described as follows:

1. Rate in Salary of the Director of the Micro-Business Division

The original salary of \$400 per month for the Director was too low and the Director, starting in August, had to pay \$200 per month to secure

the services of an experienced financial specialist. Therefore, the DDF paid \$300 per month over the budgeted amount. The DDF received \$1,200 to pay for this position during the 6-month period, while the DDF actually spent \$2,100. In the second phase, it is proposed to pay a salary of \$800 per month for this job.

## 2. Financial Analyst

During the 6-month period, this work was provided by the Manager of the Division of Finance and Social Services. It has been decided to hire a Financial Analyst to provide these services, with a salary of \$325 per month.

## 3. Micro-Business Coordinators

The number of coordinators is being increased from 4 to 6.

## 4. Solidarios Coordinators

The number of coordinators for the Solidarios program is being increased from 2 to 5.

## 5. Personnel Training

The amount per year is being increased from 1,000 to 2,000.

## 6. Loans To Be Financed with AID Funding During Second Phase

For Micro-Empresas	-	\$44,000
For Solidarios	-	<u>20,000</u>

TOTAL		\$64,000
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## Amount of Program Budgeted for Loan Financing

The original amount programmed for loan financing during the first 6-months was \$26,000. This amount was increased to \$39,000 due to the use of an additional \$13,000 that was originally scheduled for purchase of a vehicle. The vehicle was purchased with other than AID funds and the \$13,000 was transferred to the loan category with the prior approval of AID. The second phase of the program provides for \$64,000 to be used for loans. Therefore, apart from the \$13,000 noted above, the original program level of \$90,000 for loans will be maintained for the 3-year life of the program.

## memorandum

December 9, 1981

Aaron Benjamin, Urban Development Officer

ANNEX A  
Transmittal MemorandumApplication for Funding for the Second Phase of the  
Small Business Promotion OPG Project No. 517-0154

Philip R. Schwab, Director

On December 4, 1981, we received a letter from the Dominican Development Foundation (DDF) transmitting the evaluation for the 6-month period May-October 1981, that was required by the Project Agreement which was executed on April 22, 1981. The Agreement required that "a preliminary assessment of the project will be made in September of 1981, to examine the cash flow statement, technological assistance needs, and to consider recommendations regarding further implementation of the project".

Also attached to the letter is a proposed budget for the second phase of the project, showing estimated needs of \$250,000 for activities to be carried out over a 16-month period, from November of 1981 through February of 1983.

Attached hereto is a summary of project activities for the 6-month period, from May 1981 through October 1981. Based upon the positive experience of this first phase, the only changes that are required are non-substantive and deal mainly with expanded personnel needs.

I have examined the evaluation that was submitted on December 4, 1981, and I believe that the material submitted satisfactorily meets the requirements set forth in the Project Agreement. I, therefore, recommend that funding for the second phase be approved.

Attachment: a/s

U. S. AID MISSION TO DOMINICAN REPUBLIC

AMERICAN EMBASSY, P. O. Box 867  
SANTO DOMINGO, DOMINICAN REPUBLIC

FOR U. S. CORRE  
U. S. AID MISSION  
APO MIAMI 31011

DEC 11 1981

Dr. Juan Gassó Pereyra, President  
Dominican Development Foundation  
Calle Mercedes #4  
Santo Domingo, D.N.

SUBJECT: Project No. 517-0154

Dear Dr. Gassó:

This letter, when signed by you to indicate your acceptance, will constitute an amendment to the subject Grant obligating an additional Two Hundred Fifty Thousand United States Dollars (US\$250,000) for a new total of Three Hundred Fifty Thousand United States Dollars (US\$350,000). These additional funds, as shown in the attached illustrative budget, are to be used for continuation of the activities as described in paragraph C. of Attachment "A" to the Grant and as more fully described in the project proposal.

This letter also amends the original Grant Agreement, as follows:

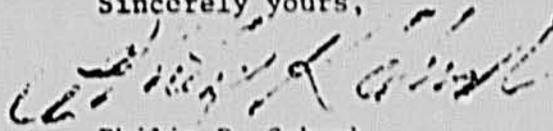
- a. Attachment "A", paragraph E., entitled "Special Provisions", is hereby changed to read "Provisions 5, 7.A., 7.B., and 7.C., 12.B., 12.C., 15, 16, and 17 of Attachment "B" do not apply to this Agreement and are hereby deleted."
- b. Attachment "A", paragraph F., entitled "OPG Budget for Grant Funds", is amended to read: "A.I.D. agrees to provide an additional \$250,000 for continuation of activities as described in paragraph C. and the attached illustrative budget. This total obligated amount of \$250,000 cannot be exceeded."
- c. Attachment "B" entitled "Index of Standard Provisions", is amended to add Provisions 28 and 29 which are included as Attachment Two to this amendment.



All other provisions of the original Grant Agreement remain unchanged.

This obligation is effective as of the date of this letter, and shall apply to commitments made by the Grantee in furtherance of program objectives during the period November 1981 through February 1983.

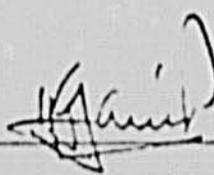
Sincerely yours,



Philip R. Schwab  
Director

Attachments: 1. Illustrative Budget  
2. Provisions 28 and 29 of Index of Standard  
Provisions, Non-U.S. Grantees and Non-U.S. Sub-Grantees

ACCEPTED:

BY:  \_\_\_\_\_

TITLE: President, DDF

DATE: 14-XII-81