PD AAT-065

CLASSIFICATION

PROJECT EVALUATION SUMMARY (PES) — PART I

Report Symbol U-447

1. PROJECT TITLE	2. PROJECT NUMBER	3. MISSION/AID/W OFFICE
Dominica Small Enterprise Development	538-0079	RDO/C

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) 538-85-08

[X] REGULAR EVALUATION [ ] SPECIAL EVALUATION

5. KEY PROJECT IMPLEMENTATION DATES			6. ESTIMATED PROJECT FUNDING	7. PERIOD COVERED BY EVALUATION
A. First PRO-AG or Equivalent FY 82	B. Final Obligation Expected FY 85	C. Final Input Delivery FY 86	A. Total $ 775,000 B. U.S. $ 417,000	From (month/yr.) 1/84 To (month/yr.) 7/85 Date of Evaluation Review 10/85

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
1. A Loans Operations Manager should be appointed by NDF allowing the Executive Director to concentrate on general administration.	Ex. Director N.D.F.D.	01/31/86
2. The role of the commercial banks needs to be re-defined to reflect tasks that they can comfortably perform.	" "	04/30/86
3. The Foundation should intensify its efforts to collaborate with other organizations involved in project development to promote novel or non-traditional activities among the unemployed.	" "	completed 10/31/85
4. The Foundation should accelerate implementation of its strategy for reducing arrears to a more acceptable level.	" "	completed 10/31/85
5. The viability of the NDF should be re-examined after current efforts to reduce cost and increase income have had a chance to impact.	" "	12/31/86
6. In view of new initiatives being undertaken by RDO/C in the area of small enterprise assistance, a decision on extension of the PACD should be taken.	RDO/C Peter Medford	12/31/85

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS

- [ ] Project Paper
- [X] Financial Plan
- [ ] Logical Framework
- [X] Project Agreement
- [ ] Implementation Plan e.g., CPI Network
- [ ] PIO/T
- [ ] PIO/C
- [ ] PIO/P
- [ ] Other (Specify) _____
- [ ] Other (Specify) _____

10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT

- A. [X] Continue Project Without Change
- B. [ ] Change Project Design and/or [ ] Change Implementation Plan
- C. [ ] Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)

GPS:PRMedford
PSO:CConnolly
SPS/EO:DClarke
A/DIR:TBrown
E/DIP:NDFD:ABully (Draft)
A/PRM:BJensen

12. Mission/AID/W Office Director Approval

Signature

Typed Name: James S. Holtaway, DIR

Date

AID 1330-13 (3-78)

13. Summary

All project objectives have been met; some to a greater degree than others. Firstly, a Revolving Loan Fund has been established with the commercial banks providing capital to potentially viable small productive businesses which are on the margin of economic activity and which have limited or no access to assistance from traditional credit sources.

Secondly, local personnel have been trained to provide advisory services and assist entrepreneurs in marketing, book-keeping and small business management. These services have been favorably regarded by the recipients even though they have not consistently applied lessons learnt.

Thirdly, there has been stimulation of the small business sector with a concomitant positive impact on employment. Some 329 loans totalling $364,416 have been made affecting 716 jobs. However, the sustaining of business ventures is a matter to which the foundation will have to devote its attention in the immediate future.

Fourthly, the linkages between the established businesses and the micro-businesses have been strengthened. The established enterprises not only serve as outlets for the product of micro-businesses, but also provide technical assistance and marketing promotion.

Finally, the foundation as an institution has established adequate procedures and systems in place for carrying out its mandate. With the growth of business, however, there is a need for more field officers and a separation of the loan administration function from general administrative duties.

14. Evaluation Methodology

The evaluation was principally concerned with the impact of NDFD services on the target group. Also the institutions procedures and systems were examined for appropriateness and its effectiveness as a development institution.

Information gathering was done through interviews with the executive director, field officers and other staff of the NDF as well as through a sample survey of NDF clients using a questionnaire.

15. External Factors

Not pertinent at this time.

16. Inputs

Not pertinent at this time.

17.-19. See Summary (Item 13)

20. Beneficiaries

The beneficiaries are primarily individuals at the lower end of the economic spectrum who are striving to keep themselves employed and

possibly provide employment for others. These aspiring businesspeople have been introduced to the basic skills (such as book-keeping, marketing, small business management.) required for operation of a business.

21. Unplanned Effects

Not pertinent at this time.

22. Lessons Learned

(a) In small economies the impact of the NDF program should be measured by its accomplishment in increasing the business skills of indigenous entrepreneurs in addition to employment generation.

(b) For small businesses, because of constant attention required, it is desirable to have a client field officer ratio of about 25:1. This allows for necessary attention to be given at the commencement of a business venture and would allow for early corrective action if necessary.

(c) The basis of participation of established private sector entities should be clearly defined and complied with to maximise positive results, particularly where conventional relationships do not exist with nascent small/micro business sector.

(d) As the loan portfolio increases, the loans management function should be separated from the overall management of the institution and handled by a separate person. This will allow closer attention to be given to the appraisal process as well as the monitoring and control of outstanding loans thereby ensuring maximum impact of the NDFs' assistance. However, the staff cost associated with the hiring of such a management person will have a negative impact on the NDF's viability efforts.

(e) While the attainment of viability of NDFs is not incompatible with the realisation of development objectives, in limited market economies the attainment of self-sufficiency is a remote goal which may never be accomplished.

23. Special Comments

In assessing the appropriateness of the NDF model, a clear distinction has to be made between its development potential and the viability issue. In the small economics of this region limited markets can only support a finite number of micro/small enterprises. The challenge of the NDFs is to facilitate the establishment of viable operations on a sound footing by providing credit but more importantly the business skills necessary to survive in a competitive business environment.

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XD-AAT-065-1+

AN EVALUATION OF

THE NATIONAL DEVELOPMENT FOUNDATION OF DOMINICA

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NATIONAL DEVELOPMENT FOUNDATION OF DOMINICA
EVALUATION

I. SUMMARY

The project which was initiated in 1982 provided grant funds to the NDFD to promote the development of small/micro businesses throughout Dominica as a means of stimulating income and employment generation and broadening the entrepreneurial base in Dominica. The specific objectives of the project are:

1. To establish a system of credit for potentially viable small productive businesses which have limited or no access to assistance from traditional credit sources.

2. To create a more productive and vibrant small business sector in Dominica.

3. To improve the managerial and technical business skills of small entrepreneurial groups and individuals.

4. To increase individual earnings and employment for marginal entrepreneurial groups.

5. To encourage and facilitate greater collaboration between the more established businesses and micro businesses for expansion of the private sector.

All project objectives have been met and are noted with some qualifications.

Through the project, a Revolving Loan Fund has been established within the commercial banks to provide capital for potentially viable small productive businesses which have limited or no access to assistance from traditional credit sources. Some 329 loans have been made totalling $364,416.

Local personnel have been trained to provide advisory services and assist entrepreneurs in marketing, book-keeping and small business management. These services have been favorably regarded by the recipients even though they have not consistently applied lessons learnt.

There has been stimulation of the small business sector with a concomitant positive impact on employment. However, the sustaining of business ventures is a matter to which the foundation will have to devote its attention in the immediate future.

The linkages between the established businesses and the micro-businesses have been strengthened. The established enterprises not only serve as outlets for the product of micro-businesses, but also provide technical assistance and marketing promotion.

The other major findings are:

1. The NDFD has an executive director and staff who are generally technically and functionally competent in the performance of their assignments. The major weakness is in the area of loan appraisal.

2. There is no uniform system used by the banks for accounting for interest on loans made from the Revolving Loan Funds.

3. Due to difficulties in reconciling accounts with the bankers, the foundation established its own loan records and has assumed the primary loan administration role.

4. Several of the NDF clients are either no longer in business or are engaged in different income earning activities to that for which the money was borrowed. Some of these failures were due to factors beyond the control of the individuals and sickness.

5. The foundation has initiated a workshop program covering business operations and other identified special needs of its clients. The program serves to compliment the one-in-one technical assistance provided by the field officers.

6. Even though the NDF clients acknowledge that the knowledge acquired and assistance provided by the field officers has been valuable, they have not conistently applied the lessons learnt or maintained business records.

7. Arrears among NDFD clients run as high as 25% to 60% of outstanding loans at some banks. This is partly a reflection of too rigid repayment schedules. However, bankers felt very few would actually prove to be bad.

8. The NDF utilizes the media extensively to announce its programs and communicate with existing and potential clients.

9. The rapid expansion of the foundations portfolio seems to be at an end. In the first six months of 1985 only 37 loans were disbursed. The executive director said that more loans were approved but were not drawn by the clients probably due to the preoccupation of the populace with politics during the second quarter.

Recommendations

1. The work responsibilities of the executive director should be divided allowing her to concentrate on general administration. In view of the weakness in the area of loan appraisal, it would seem prudent to segment the loan operations as a specific job and hire an experienced individual to supervise those tasks while strengthening the skills of the field officers.

2. There should be a redifining of the banks' role limiting their responsibility to installment collection and loan portfolio reporting, safekeeping of security documents and conduct of credit checks.

3. While it is generally accepted that the failure rate among small business is high, the NDFD should continue actions initiated to reduce the arrears situation and improve the quality of the portfolio.

4. The foundation must maintain its efforts to motivate clients to be more businesslike. This is not an easy task but the effort should not be relinquished. The matter can be addressed during the workshop sessions. In the area of record keeping the foundation should advise all customers that if they do not voluntarily keep records then the foundation will charge them a fee for its field officers to so do.

5. The foundation should tailor repayment terms to match the business cycles of the particular activity. Particularly for agro-based businesses repayment schedules could require monthly interest payments with semi-annual payments of principal.

6. The foundation must use its information base to develop profiles of successful businesses. These would serve as reference material when doing project appraisals. In addition, the foundation should collaborate with other organizations involved in project development and promote novel or non-traditional activities among the unemployed.

7. Even though the NDFD published a three year plan at the beginning of 1985 setting out its plans to 1987 there is a need to review its goals in the light of a changing economic and operational environment. There are proposals by AID to launch a comprehensive small business program and the foundation should gear itself to participate to the fullest in that program. This may require a modification of its policies to respond to the demands of a wider grouping.

8. The NDF should continue to use field officers in their current role but should take measures to make them more effective. Continuing staff upgrading should be emphasized including on the job guidance.

II. METHODOLOGY

The purpose of the evaluation was to examine the efficiency of NDFD procedures and the impact of the services being provided by the institution. Interview's were held with the executive director and the field officers as well as the bankers whose institutions are involved in the processing and monitoring of NDFD clients. Conclusions were also drawn from the comments of some clients who made up the survey sample. The sample was drawn principally from the same group which was used in the earlier evaluation. There were some omissions due to deaths, departure from the island and inability to meet others within the time allotted for the evaluation. Other clients were interviewed randomly in an attempt to maintain the same size sample. The final number was 30 representing a smaller percentage than previously. The sample size may be considered small but it contained individuals from the various activity areas that the NDFD assisted. The questionnaire was designed to get the respondents views on the NDFD services as well as comments on their own attitudes and responsiveness to the assistance.

III. OPERATIONAL STRATEGY

The composition of the NDFD membership including bankers and representatives of established private and public sector institutions inhered an operational strategy namely the involvement of the banks and the more established private sector in the development of the small business sub-sector.

The banks agreed among other things to:

1. Establish NDFD Revolving Loan Fund and Administrative Accounts in the name of respective donors.

2. Provide further scrutiny of NDFD approved applications appraising them in accordance with normal banking practise and notifying NDFD of the result.

3. Assist NDFD with formalizing the security documentation for approved loans and to retain such documentation in safekeeping on NDFD's behalf.

4. To use its normal credit collection facilities to ensure that loan repayments, including interest are made and inform NDFD on a monthly basis of the status of loans outstanding.

The participation of the banks in this way it was felt would serve to provide a systems approach to the processing of applications from the beginning of the project as well as create a psychological discipline and commitment to repay among the NDFD clientele.

This approach has not realized its full benefits due primarily to the fact that most banks have not lived up to their agreements over the life of the project. With the growth of the NDF loan portfolio the banks have not been scrutinizing NDFD applications thus surrendering the opportunity to favorably influence the quality of the portfolio. Furthermore the banks have not systematically pursued the collection of delinquent repayments with the result that the foundation has had to undertake that role and the reverence power of the banks is lost. While there is justification for continued involvement of the banks on the basis of cost, it is evident that a redefinition of the banks functions should be agreed upon. It seems prudent, in view of the allocation of responsibilities that has evolved, for the banks role to be limited to collection and reporting, safekeeping of security documents and conduct of credit checks. The NDFD would handle loan appraisal and approval, monitoring of payments and arrears collection. The foundation should take steps to hire a Loan Operations Manager in the near future and examine computerization of its loan portfolio.

Notwithstanding the implementation problems of bank involvement, many persons who, under normal circumstances would not have been known by

the banking community were given access to the commercial banking sector. Unfortunately, the bankers say they do not regard the NDF clients as a source of potential business but consider their involvment in the program to be merely the fulfilling of a social responsibility. The bankers view small loans as unprofitable, requiring high levels of supervision and thus as a percentage of their portfolio is kept small. In spite of this, some banks have provided credit to former clients of NDFD whose requirements exceeded the foundation's limits and experience with these clients to date has been favorable. (Appendix 3).

It is my view that even though the banks currently may not regard NDFD clients as prospective customers, as the small businessperson's asset base increases with the assistance from NDFD, the bank's outlook will change.

The established private sector has provided outlets for the products of the small businesses as well as expertise in packaging and production, assistance with machinery maintenance and repair, trade credit and regional marketing. Some NDFD clients have also entered into contracts for the supply of garments. These relationships were initiated in some cases and deepened through the efforts of NDFD. The foundation is always seeking to foster relationships between the two segments of the private sector (established and developing). The Executive Director as a board member of several organizations and having contacts with the establishment has been at the forefront of this effort.

IV. OPERATIONAL PROCEDURES

A. CLIENT PROCESSING PROCEDURES

Through a constant review of procedures the Foundation has in place systems which are adequate for providing the services which it has set itself to provide to its target group. The procedures are comprehensive but not excessive. Since the target group of the NDFD includes persons whose experience in business ranges from nil to several years the procedures must accommodate that diversity. The existing procedures and associated documents meet that need. The onus is on the NDF staff to determine how rigidly they should be applied in each case.

The flow diagram (Appendix la) setting out the client processing procedures details the steps taken from the initial contact between the Foundation and a potential client up to loan repayment. There exist documentation for completion at each stage which serves as a basis for action at the next stage.

On the initial visit to the Foundation's office, the individual is seen and interviewed by anyone of the field officers or front office staff at which time the walk-in questionnaire (Appendix lb) is completed if the proposal is thought to have potential. The questionnaires are then allocated to specific field officers whose schedules allow a visit within thirty days to meet the person at their place of business or proposed business site. This enables the officer to assess the suitability of the place for the proposed activity. The Client's Progress Report Form (Appendix lc) is used to record the inital assessment and subsequently serves as a monitoring document of the persons responsiveness to continuing counselling and technical assistance. For an individual going into business for the first time, the field officer can spend between 6-10 hours over a 2 month period nurturing the business approach while the individuals use their own resources. If progress is evident after this period, the formal application is completed and an appraisal report prepared for submission to the Loans Committee through the Executive Director. The appraisal report has been standardized as shown in Appendix le.

After an application is approved by the Credit Committee, the file is sent to one of the cooperating banks and the applicant advised accordingly. The cooperating bank completes its own application form and carries out credit checks. The banks do not generally decline NDFD applicants or alter the terms agreed by the Foundation and their clients, but if there are any negative findings the individual is referred to NDFD for notification of a decision on the application. Occasionally, the banks may recommend a variation in the loan term to reflect what they consider an affordable paymet or to coincide with the projected useful life of a fixed asset being purchased.

For approved loans, part 2 of the NDF recommendation form (Appendix lf) is completed by the Bank and returned to NDFD along with

the file. The client is subsequently issued with a check by NDFD drawn on the Revolving Loan Fund Account at the respective banks and when the check is deposited the loan is established in the banks' records.

The time taken from initial screening to disbursement of loan funds can range from two weeks to an indeterminate period. Individuals already in business and who have been keeping records are candidates for a quick disbursement while persons venturing into business for the first time will be offered counselling and assistance with record keeping before even an application is taken. Thus factors influencing the speed of disbursement are the willingness of individuals to accept counselling and secondly their responsiveness to the assistance. Other factors affecting elapsed time are the quality of the NDF loan appraisals and the time taken by the banks to complete credit checks.

As a development institution the pre-application assistance given by NDFD is very important. It is during this time that the potential applicant becomes aware of what is involved in running a business and if the person begins to demonstrate a business attitude then there is initial justification for supporting him/her.

The procedures allow for two interviews after the application is submitted one of which, the bank interview, is mandatory. The Bankers report there has been no unfavorable reaction to this and it should be used as a vital check of the information provided to the NDF particularly in the area of projected income and expenditure. A review of some of the client applications suggest that the anticipated income was very optimistic and consequently payment difficulties have resulted. It is essential to foster among the NDF clientele a sense of what is attainable in the world of business and this can only be accomplished through the application of NDF's and general banking experience in assessing the realism of projections. This has not been happening consistently across the banks or by the individual banks.

The procedures and associated policies are constantly subject to review through weekly staff meetings when feed back from the field and field officers observations are considered. It is through this process along with analysis of the loan portfolio that several policy decisions have been taken, e.g.

- The Foundation will not finance the construction of copra ovens as financing is available through a Government program for that purpose.

- Applications by Hucksters must be endorsed by the Hucksters Association.

- Utilization of Field Officers as procurement agents to ensure finance used for purposes requested.

- Introduction of Clients Progress Report Form to serve as a guide for delivery of technical assistance.

The foundation is considering expanding its eligibility criteria to allow the financing of land purchase by farmers who are currently involved in farming.

B. Accounting for Loan Interest

The NDFD is not maximizing interest income due to the non-application of a common system by all the banks. All the banks besides Royal Bank of Canada (RBC) charge interest on a compound basis while Royal Bank of Canada charges simple interest. This situation should be rectified since the standard banking practise is to compound interest and this is the method which is illustrated to the NDFD clients at the workshops.

The NDFD Executive Director said that much discussion has taken place with all the banks on this subject but unfortunately there still exist the diversity. It appears that rather than determining from the beginning a common system for use each Bank established its own making the determination of interest received a more onerous task than it needs to be.

It is this diversity and the apparent problems which the banks were having in reconciling the accounts at the end of each month that forced the NDFD to establish its own loan ledgers. These are posted weekly from duplicate bank deposit slips. At the end of each quarter (the agreed time for settlement of bank's service fees) Barclays and Royal Bank submit returns to the foundation, but NDFD prepares interst received schedules for Banque Francaise and National Commercial Bank and sends them to the respective banks for confirmation.

V. IMPACTS

A. A Credit Institution

1. Portfolio Development

The NDFD has employed both the Guarantee Fund and the direct Revolving Loan Fund approaches as means of making credit available to small/micro businesses. The existence of this dual approach is due to the conditions attached to AID funding. At the beginning of 1982, AID provided a Grant of US$25,000 to the NDFD specifically to set up a Guarantee Fund and in September of the same year provided another grant with initial funding of $100,000 to establish a Revolving Loan Fund.

The NDFD has established itself within the community as an institution having the necessary financial resources and a willingness to respond to the needs of the small businessperson. In its three and a half years of operation it has approved 329 loans either directly or as guarantor totalling US$354,416 (Refer Table 1). This was accomplished through NDFD's promotional efforts using the media and by the individual effort of staff and members of the foundation. In extending its program to the rural areas NDFD involved the Village councils which serve both as promotional vehicles and initial evaluation points for prospective applicants.

When one considers the target group of the NDFD this is a significant achievement and a testimony to their willingness to extend credit to the financially riskier segments of society. Over the first three years the NDF portfolio expanded very rapidly but indications are that a peak may have been reached. The NDFD must therefore continue to support growth potential clients on their development path.

TABLE 1

	1982	1983	1984	JAN-JUN 1985	TOTAL
No. of loans Granted	49	123	120	37	329
Value of Loans	68,236	131,519	125,673	38,988	364,416
Number of jobs effected	155	276	233	52	716

2. Portfolio Management

In the agreement covering the administration of the revolving loans the commercial banks undertook to handle collections taking all measures necessary to collect amounts in arrears and advise NDFD on a monthly basis of the status of loans outstanding. While this occurred in the early stages of the program over time the NDFD has assumed the major responsibility for monitoring, supervision and record-keeping. NDFD is in fact currently providing its own management

having established memo loan ledgers. These allow the Foundation to monitor its accounts using payment vouchers received from the banks on a weekly basis. The responsibility for management rest with the executive director. She has benefitted from on-going management training in several areas including financial and small business management and has performed as well as can be expected given the numerous other responsibilities such as personnel management and overall administration. In the interest of improved loan portfolio management, loans operations should be separated from the Executive Oficer's (EO) responsibilities. The field officers function as monitors and collecting agents when necessary and have contributed to the arrears situation not being worse. One banker commented that the activities of the field offficers makes for a more effective monitoring system than her bank can provide.

Arrearages range from 25% to 60% of loans outstanding at the various banks. The bank officers while acknowledging that they are high took solice in the fact that the debts were being serviced. They felt most loans would eventually be repaid.

Delinquencies of two months or more are followed-up by the foundation through letters or visits from the field officers. It appears that if the banks were more active in this recovery effort then the arrears would be much lower. The one bank, Banque Francaise, which lends to high risk clients reported a favorable experience to date with arrears estimated at 25%. The loans officer in commenting on the difference between the banks arrears position and NDF's said that the bank monitors its own loans very closely making personal visits if necessary.

She opined that some NDF projects were not net income earners even though the projections suggested so. She further said that repavments were unrealistic. Unfortunately this bank does not perform an evaluation of NDFD applications on receipt and report their findings. Thus the benefit of their experience is lost (see section on Operational Strategy).

One of the major tasks confronting the NDFD is to reduce the arrears and keep them at an acceptable level. The foundation has initiated actions to this end. An analysis of loans in the various activity areas is being done with a view to identifying causes for 'souring' of loans. This exercise has already been completed for retail shops, huckstering and baking. One of the recommendations made which has general application was that written action plans aimed at problem solving should be prepared for any loan approaching six months in arrears. If the plan fails then realization of security, if any, should occur.

The foundation is also using its volunteers to conduct case study reviews with the field officers drawing examples from among the delinquent customers. This should sharpen the field officers

analytical skills with a resulting improvement in the quality of the portfolio. This skill enhancement is being buttressed by a more thorough appraisal process involving the preparation of cash flow, income and balance sheet projections.

The foundation has reacted to the high arrears situation with meaningful measures. However, it must avoid adopting a too rigid posture which will blunt its development objective and also can result in cost inefficiencies.

B. A Technical Assistance Agency

The NDFD has been providing business advisory services as one of its primary functions. These services along with other technical assistance needs of small businesspeople are regarded by the Foundation as so important that it has been providing these as a prerequisite to making credit available.

The delivery of technical assistance is done principally by the Foundation's field officers who with the exception of one , each have responsibility for more than 50 clients. As a consequence, their assistance is limited to what can be provided through periodic visits. The field officers stated that City clients are visited twice a month and rural clients once a month with the average time per visit being 30-45 minutes. An analysis conducted by the Peace Corps volunteer indicated that among clients receiving loans since January 1984 for baking, huckstering and shopkeeping the average frequency of contact was once every three months. The Executive Director feels that this finding is partially due to inaccurate record keeping by the field officers e.g. failure to log a visit when the person is not met at their place of business. Nevertheless it does raise the question of whether the field officers are being spread too thinly (Appendix 4). A priority action in addressing this matter is the hiring of more field officers.

The nature of assistance provided by them has been primarily in pre start-up counselling, book-keeping, marketing and simple financial management. They are technically well equipped to provide assistance in those areas having received training locally and overseas. The clients surveyed spoke favorably about the assistance provided by the field officers indicating that it has given them confidence as businesspeople. The NDF should continue to use the field officiers in their current role but take measures to make them more effective.

The NDF should seek funding to increase its field officers. However, in the current circumstances greater attention must be given to time scheduling and utilization. Currently the Foundation prepares a monthly visiting schedule for each field officer. This provides the framework within which a more effective service can be provided. Rather than routinely visiting each client in a given area once a month, the field officers should increase the frequency of vistis to less experienced clients particularly during the period immediately

after disbursement of the loan. In addition they should apply a discerning approach when visiting rather than viewing themselves as going to perform a particular task and that only. There are a number of valuable recommendations that can be made just from observations e.g. the presentation of goods, the layout of the workplace, location of a sign etc.

As a means of engendering this awareness the foundation is now using its volunteers to accompany the field officers on some of their visits. This arranagement can be very beneficial and should become part of all field officers training.

The diversity of business activities supported by NDFD created a need for specialized technical assistance which demand has been met in part by US and Canadian volunteers. The technical assistance provided by these can be described as part-time attachments in that they spend a number of hours twice or more a week with individual clients. The recipients of this type of assistance say it is invaluable and has contributed to the growth of their operations. They also state that the assistance rendered by the NDFD over time has given them individually confidence as businesspeople.

By their own admission the NDF clients are better equipped to carry on business as a result of the technical assistance provided by NDFD. However, they have not always acted in accord with what they have learnt and the Foundation will have to keep up its efforts to motivate its clients. The workshops provide a fine opportunity for so doing.

In the past six months the Foundation started a series of workshops dealing with the Management of Small Business as well as specialized workshops for certain activity groups. The Management workshops are conducted by districts for existing and potential clients and includes role playing in which they participate. The field officers and Peace Corps Volunteers present these workshops while experienced local practitioners are coopted as resource personnel for the specialized workshops. These workshops have provided the opportunity for the field officers to develop their skills as trainers becoming more aware of the psychology of clients and the need to devise approaches which will improve the delivery of services. The assessment of the workshops both by the participants and the presenters has been positive. The Foundation uses the workshops to highlight matters which from their experience the clients don't really get the sense of (e.g. interest charges).

C <u>A Development Institution</u>

The NDFD through the services already discussed have been directly addressing development at the micro-business level. In addition it has also functioned as a facilitator of government concessions to complement the direct assistance. The dialogue between the NDFD and Government, even though conducted on a case-by-case basis, has been quite

frequent and served to highlight the hurdles which small businesspersons are faced with. The opinion of the NDF Executive Director is that Government has been very cooperative. The principal areas in which co-operation has been sought and obtained are:

(1) Exemption of duty on equipment
(2) The granting of fiscal incentives
(3) Imposition of tariff barriers to extra-regional trade.

These concessions (Appendix 2) have enabled the small businesspeople to keep their initial outlays to a minimum and also develop their products using the local market as their testing ground. The NDFD has collaborated with other institutions both public and private serving the small business sector. Through quarterly meetings an attempt is being made to coordinate the efforts of the various organizations and programs. Continuing efforts should be made by NDFD to deepen the working relationship with the credit union movement. The referral system is being used quite extensively. NDFD refers hucksters applicants who require very small loans to the huckster's association. Also young persons and individuals whose request do not fit the eligibility criteria are referred to governments special programs such as youth Assistance and Copra Revitalization. The NDF serves as a technical assistance referral point for other organizations.

There is definitely an awareness among most Dominicans of NDFD's role and given the high rate of unemployment in the island, individuals are endeavoring to gainfully employ themselves with assistance from NDFD. Some 716 jobs have been effected over the life of the program todate. The Foundation has provided continuing assistance to promising clients. Unfortunately, the market size can only support a certain number of tradespeople or artisans in each activity area and when this is reached, further proliferation of small ventures is counter productive. Therefore, the Foundation needs to develop an information base which would assist the field officers when conducting market analyses and also allow it to focus more on potentially viable clients.

The NDFD clientele expanded very rapidly over the first 3 years and among these are a number of businesses which have progressed steadily and are serving as evidence of what is attainable. Nevertheless, the challenge facing the NDFD is to try and increase this number. Among the surveyed clients were several not in business or not in the same business as a year ago. This situation was particularly evident among the hucksters who claim that the fall in the value of the french franc made it impractical to continue trading with Martinique and Guadaloupe. While they received loans for huckstering it was only a part-time operation and thus likely to be subject to early cessation. The NDFD has since modified its policy on lending to hucksters in the light of experience. Similarly, in other activity areas businesses have not been sustained e.g. woodworkers and loggers.

The competition in woodworking is very intense. One client of NDF who has been involved in woodwork for 10 years and now leads a very enterprising woodworking co-op estimates that for every 10 homes in Roseau there is a backyard woodworker. Some loggers, because of poor maintenance of thier equipment as well as misuse have ceased to operate.

Despite the attrition which has occurred, the business skills imparted by NDFD have a potential for impacting on micro-business development in a way that can effect employment significantly. The beginnings of this type of impact is seen in the movement of NDFD clients from sole proprietorships to become leaders of cooperatives. The Home Industries Co-op with a membership of 16 is now managed by an NDFD client and another client from the Carib Reserve has recently converted his business into a cooperative with a membership of ten.

VI. FINANCIAL PERFORMANCE

A. Analysis of Audited Statements

The NDF revenue over the three year period for which audited accounts are available has fluctuated as shown in Table 2. Revenue grants have been declining while income from interest on loans and other sources has been increasing. The contribution to revenue made by loan interest rose from 13% in 1983 to 32% in 1984. This has resulted from a 1% increase annually over the past three years in the lending rate occasioned by a similar movement in the Banks' prime rate; the NDF's policy being to lend at 1% above prime. However the expenses have also been increasing in such a manner that the income cover has fallen from 157% to 62% over the period.

Expenditures have increased annually primarily due to an increase in salaries. (Refer Table 2). Also significant were The two non-cash items "Provision for loan losses" and "Depreciation" which represented 18% and 19% respectively of charges against income in 1983 and 1984. If the non-cash items are eliminated from the expenditure computation then the income cover improves to 89% and 74% in 1983 and 1984 respectively.

It is evident that the Foundation will be dependent on revenue grants for some time yet.

Table 2
(In E.C $)

	1982	1983	1984
Income			
Total	136,667	174,325	148,891
Loan Interest	-	22,955	46,901
Revenue Grant	129,375	127,661	74,769
Expenditure			
Total	87,162	227,873	239,025
Staff costs	15,661	141,848	122,334
Bank charges & fees	1,728	6,163	12,079

B. Viability of the NDF

The NDF, recognizing that external assistance is not unlimited examined this issue and actually formulated a plan which projected viability by 1987. The basic proposal is for NDF to assume control of loan administration independent of the banks thereby retaining the 3% administration fee which is currently being paid to the banks. This is not recommended as the cost of independently administering the portfolio

would greatly exceed the service fees paid to the banks. The NDF also proposed to annually increase the lending rates by 1% to a maximum of 13 1/2% and institute a fee for providing technical assistance to non-borrowing clients.

Even with this approach, viability is still not likely since there is a certain minimum portfolio size that is required. Mr. Moreau in the earlier evaluation attempted to derive the necessary size for break even. His exercise should be seen as illustrative of the magnitude required rather than an attempt to arrive at a precise figure. A practical approach to self-financing is to limit costs while expanding income generation. The foundation has accepted this position and is striving foremost to cover its general overhead costs exclusive of training and technical assistance. It is hoped that donor assistance can be attracted to cover technical assistance and training.

There is scope for increasing the Foudations' income by having Revolving Loan Funds fully loaned and charging fees for specific services rendered to clients. The majority of clients interviewed said they would be willing to pay for NDF services if the charges are not too great and if they could afford them. The Foundation may thus want to relate the charge to the expected gain/saving by taking a percentage of the benefit resulting from the service provided.

While the NDF should strive to maintain a fully loaned position, prudence will have to be exercised in approving loans. It is already apparent from the high incidence of arrears that the market equilibrium point has been reached in several of the activity areas for which the foundation is lending and it looks like a peak has been reached (even if temporarily) for the number of loans which the foundation can make under its existing eligibility criteria. It seems therefore that the foundation will have to rely considerably on repeat business to keep its portfolio at the present level. This is already in evidence as there were 17 repeat loans and extensions granted in the first six months of 1985 to 20 new loans.

The actions taken by the foundation in response to the current state of the portfolio, while appropriate, will further reduce the number of loans outstanding with a resulting decline in revenue. Compensatory action which the foundation might consider is expanding the loan limit to EC$25,000 or even EC$30,000. The Foundation reports it has had request for assistance in that range which from a cursory review seemed bankable and were referreed to the banks.

VII. GENERAL CONSIDERATIONS

A. Interest Rates and Demand for Loans

Without a variable rate structure it is difficult to make a dogmatic statement on the impact of interest rate variations on the demand for loans. The NDF uses a uniform rate for all its loans and the Banks are not in competition with NDFD. Based on the comments of some clients and commercial bankers a conclusion has been drawn.

There is a bias on the part of commercial bankers to keep the rates to small business around the level currently charged (12 1/2%) by NDFD as further increases are likely to produce failures. The bankers report that there has been no complaint by NDF clients to the rate charged, yet in field interviews some persons made the comment that interest is high. It appears that some clients being overly anxious to get the money don't think about interest until after payments commence and they find that their indebtedness has not reduced by the amount which they paid in.

In spite of these comments it appears that the rate charged does not have an adverse effect on the demand for loans. Over the past two years, 1983 and 1984 the number of loans granted were approximatey the same even though the number of applications in 1984 were almost half that of 1983. The variation in the number of applications is due to the fact that the NDF has set up procedures to eliminate the submission of unsupportable applications. The increasing incidence of repeat loans would suggest that demand has not been affected by the rise in the interest rate.

B. Revolving Loan Fund vs Guarantee Fund

As stated earlier the use of these two approaches for delivering financial assistance is not the result of a decision taken by NDFD but rather a direct result of AID funding terms. While the circumstances existing at the time of granting the monies may have dictated a desirability for a particular approach, it limits ones assessment of the effectiveness to quantitative measurement. A more appropriate analysis of this issue would include a look at the demand for the alternate approaches.

The Dominica experience does not provide any conclusive answers on effectiveness but indicates that there are other factors beyond the theoretical rationale which do influence the use of either one or other of the mechanisms. Most significant in Dominica has been the attitudes of the banks and legal constraints. There is no preference expressed by the bankers as to use of a guarantee fund or a revolving loan fund. However, the reality is that all the commercial banks with the exception of Barclays Bank participate in the Revolving Fund Program only. Barclays Bank has three NDFD guaranteed loan on its books.

The AID Bank which is the principal user of the Guarantee Fund having about 13 loans outstanding on its books is only such because its charter precludes it from paying interest. Hence it cannot participate in the Revolving Loan Program as it is presently structured.

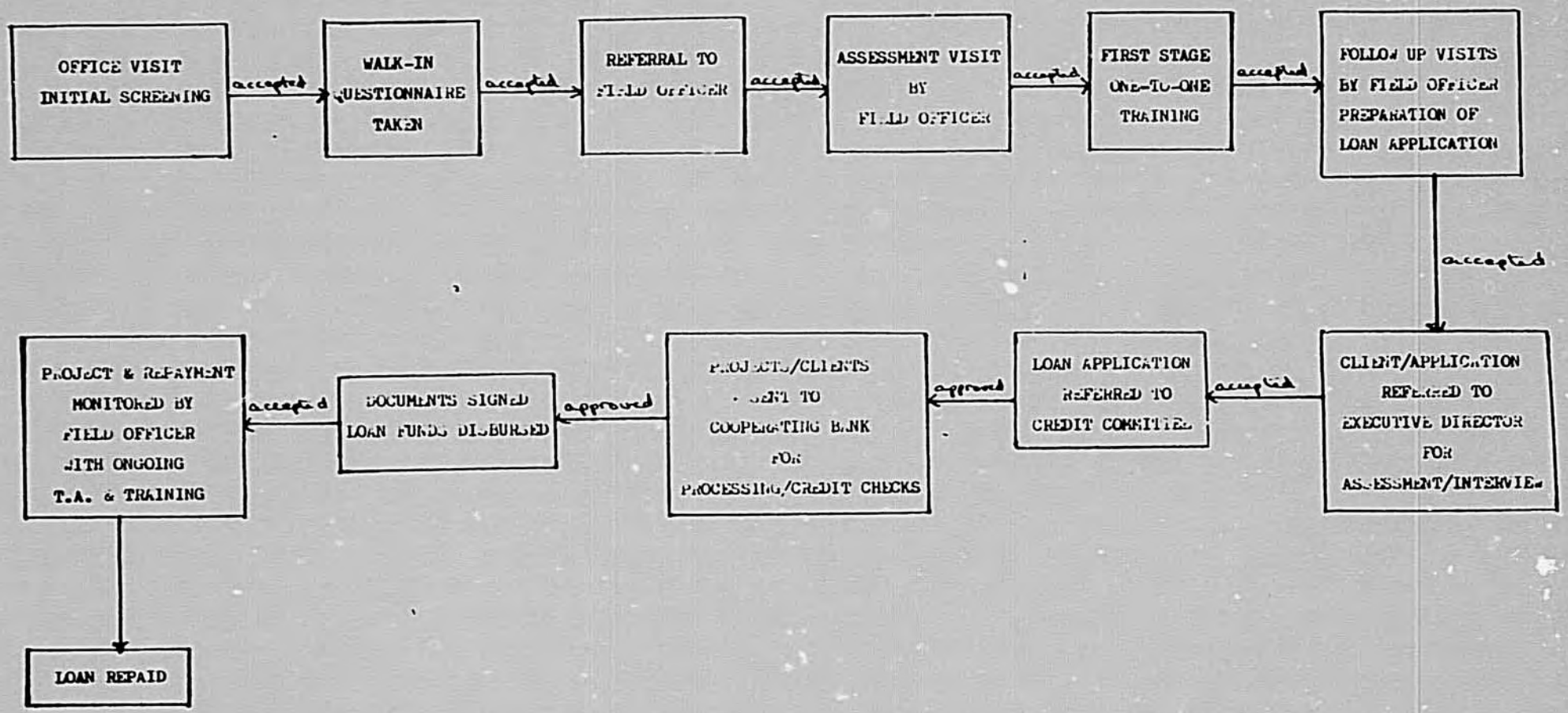
The current situation is that the NDFD lends its own monies through the commercial banks and guarantees loans through the AID bank. This is expected to remain so unitl the guarantee fund comes to an end in 1986. Viability considerations for NDFD also affects the relative use of the alternate approaches. The NDF currently gets 6-6 1/2 % on its deposits with the National Commercial Bank. Thus the difference in spread between the guarantee approach and the revolving fund is 3%.

In purely quantitative terms the Revolving Loan Fund would have to be considered as a more effective delivery system than the Guarantee Fund.

The conclusion which falls out of the Dominica experience is that rather than earmark resources by Fund, the funds should be made available to the institution allowing it to employ which-ever approach is more expedient given the prevailing circumstances.

NATIONAL DEVELOPMENT FOUNDATION OF DOMINICA LIMITED

CLIENT PROCESSING PROCEDURES



APPENDIX 1a

NATIONAL DEVELOPMENT FOUNDATION OF DOMINICA

WALK-IN CLIENT QUESTIONNAIRE

NAME OF CLIENT: _____ MARITAL STATUS: _____ AGE _____

ADDRESS (HOME): _____ NO. OF DEPENDENTS: _____

NAME OF BUSINESS: _____

BUSINESS ADDRESS: _____

TYPE OF BUSINESS: _____ NUMBER OF EMPLOYEES: _____

DATE OF BUSINESS START-UP: _____

HOW WAS BUSINESS INITIALLY FINANCED: _____

SAVINGS _____ FAMILY FUNDS _____ LOAN _____ OTHER _____

IF LOAN, WHAT WAS THE SOURCE: _____

HOW MUCH EXPERIENCE DO YOU HAVE IN THIS FIELD OF WORK? _____ YRS. _____ MONTHS

HAVE YOU PREVIOUSLY OPERATED ANOTHER BUSINESS? _____ YES: _____ NO

IS YES, WHAT KIND? _____ WHERE? _____

WHAT ARE YOUR PLANS FOR THE BUSINESS? (IMPROVEMENT, EXPANSION, NEW PRODUCT, ETC.)

_____

WHAT IS HE PURPOSE OF LOAN? _____

_____

AMOUNT OF LOAN NEEDED: _____

HOW DID YOU FIND OUT ABOUT THE NATIONAL DEVELOPMENT FOUNDATION? _____

_____

WHEN IS IT CONVENIENT FOR OUR FIELD OFFICER(S) TO MEET WITH YOU INITIALLY?

_____ A.M. _____ P.M.

ARE THERE SPECIAL DIRECTIONS NEEDED TO LOCATE YOUR HOUSE? _____

_____

_____

APPENDIX 1c

Client: _____ Promoter: _____ Date of Initial Visit: _____

Type of Business: _____ Business's Name _____ Location: _____

KEY: A = Already Satisfactory R = Action Required
N = No Progress Being Made RL = Relapsing P = Progress Satisfactory C = Competent

Initial Assessment		Subsequent Evaluations (Date of Evaluation)									
Area	Eval.										
Cleanliness											
Customer Service											
Location of Business											
Security of Premises											
Cash Records											
Expense Records											
Sales Records											
Debtor Control											
Supplier Control											
Supplier Credit Control											
Bank Account											
Bank Credit											
Stock Control											
Stock Mix											
Stock Layout											
Product Quality											
Product Pricing											
Product Costings											
Posted Prices											
Product Demand/Need											
Advertising											
Proper Tools/Equipt.											
Equipt. Maintenance											
Entreprenurialism											
Drawings Control											
Profit Control/Mgmt.											
Cash Flow Management											
Future Bus. Plans											

Based on the above initial assessment, what do you see are the four main problems of this business: Rank of Priority:

1. _____ _____

2. _____ _____

3. _____ _____

4. _____ _____

PROBLEM ANALYSIS REPORT

I. RECOMMENDATIONS/ACTION PLAN FOR SOLVING PROBLEM(S)

PROBLEM: _____

TASKS	Responsible Person	Target Date
1.		
2.		
3.		
4.		
5.		

FOLLOW-UP AND EVALUATION REPORT

ACTION POINTS	Not Done	Partially Done	Fully Done	RESULTS	COMMENTS
1.					
2.					
3.					
4.					
5.					

PROBLEM ANALYSIS REPORT

II. RECOMMENDATIONS/ACTION PLAN FOR SOLVING PROBLEM(S)

PROBLEM: _____

TASKS	Responsible Person	Target Date
1.		
2.		
3.		
4.		
5.		

FOLLOW-UP AND EVALUATION REPORT

ACTION POINTS	Not Done	Partially Done	Fully Done	RESULTS	COMMENTS
1.					
2.					
3.					
4.					
5.					

PROBLEM ANALYSIS REPORT

III. RECOMMENDATIONS/ACTION PLAN FOR SOLVING PROBLEM(S)

PROBLEM: _____

TASKS	Responsible Person	Target Date
1.		
2.		
3.		
4.		
5.		

FOLLOW-UP AND EVALUATION REPORT

ACTION POINTS	Not Done	Partially Done	Fully Done	RESULTS	COMMENTS
1.					
2.					
3.					
4.					
5.					

PROBLEM ANALYSIS REPORT

IV. RECOMMENDATIONS/ACTION PLAN FOR SOLVING PROBLEM(S)

PROBLEM: _____

TASKS	Responsible Person	Target Date
1.		
2.		
3.		
4.		
5.		

FOLLOW-UP AND EVALUATION REPORT

ACTION POINTS	Not Done	Partially Done	Fully Done	RESULTS	COMMENTS
1.					
2.					
3.					
4.					
5					

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NATIONAL DEVELOPMENT FOUNDATION OF DOMINICA APPENDIX d

APPLICATION FOR LOAN

Date _____

Interviewer _____

All information given in this form will be held in the strictest confidence.

PERSONAL INFORMATION

Name (Mr. ~~Mrs.~~ Miss) _____ _____ _____ Age _____

Nationality _____ Resident Status _____

Address - Home _____

- Business _____

Telephone: Home _____ Business _____ Closest Contact _____

Marital Status:

Married _____ Single _____ Divorced _____ Separated _____

Name of Spouse _____

No. of Children _____ Other Dependant: _____

Closest Relative _____ Relationship _____

Address _____

Do you own any property (Security)? _____ Value _____

Occupation/Profession/Skill _____

How long have you been in this profession? _____

Where did you get your training? College _____ Primary School _____

Apprenticeship _____ Other _____

Education: Last School _____ Last Grade _____

Present Employment _____

Name of Present Employer _____

Jobs in past 3 years

Description	Employer

Sources of Income:

Main Employment _____

Other _____

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INFORMATION ON BUSINESS FOR WHICH THE LOAN IS REQUIRED

Village _____

Name of Business _____

Type of Business: Sole Proprietorship _____ Partnership _____

Company _____ Co-operative _____

New _____ On-Going _____

Date of Establishment/Incorporation _____

Location of Business _____

Names of Other Owners _____

Brief description of Business:

_____

_____

_____

Product/Services:

_____

_____

_____

Market Information:

Names of Main Customers	Address
_____	_____
_____	_____
_____	_____
_____	_____

Will you manage this project yourself? _____

Amount requesting from N.D.F.D. $ _____

Purpose of Loan _____

_____

_____

Period of Repayment _____

To be Repaid By _____ Monthly Installments of $ _____

Commencing _____ 19 _____

Co-operating Bank _____

Source of Other Funds For Business: _____

_____

Do you employ any other persons in business? Yes/No

How many employees did you have at start? Male _____ Female _____

How many employees do you have now? Male _____ Female _____

How many additional persons do you expect to employ with loan? _____

Male _____ Female _____

NATIONAL DEVELOPMENT FOUNDATION OF DOMINICA

TO HELP SMALL BUSINESS DEVELOP AND MAKE MORE MONEY WE NEED TO KNOW SOMETHING ABOUT THE BUSINESS SO THAT WE CAN ADVISE THEM ACCORDINGLY.

What is the most important thing that prevents your business from being more successful than it already is?

Not enough customers ( ) Cannot afford the necessary machines ( ) Skilled labour scarce ( )
Material problems (Specify) ( ) Poor buildings ( ) Need for electricity ( ) Slow payers ( )
Other difficulties (Specify) ( )

FINANCIAL INFORMATION

	Present Value	Expected Value with Loan
Do you own the building? (Yes/No) If so, how much is it worth?		
What is the value of all furniture & equipment?		
Do you own a vehicle? _____ Value		
What small tools do you have? _____		
What machinery do you have? List below		
_____		
_____		
_____		
What is the value of all goods in stock today?		
What value of unsold finished products do you have?		

Product	Qty	Unit Cost	Total value

What value of work in progress do you have?

Product	Qty	Unit Cost	Total value

What stocks of raw materials do you have?

Material	Qty	Unit Cost	Total value

Do you give credit? If so, how much is owed to you today by all your customers?		
Does the business have a Bank Account? Banker: _____ How much is in it?		
How much cash do you have on hand belonging to the business?		
Total value of things in your business today is therefore.		

Do you get credit from suppliers? (Yes/No) If so how much do you owe them altogether today? _____ _____

Do your customers ever pay in advance? (Yes/No) If so how much have you got from them now, for goods not yet collected? _____ _____

Do you have any loans outstanding? If so how much do you owe now? _____ _____

How much money did you or your partners put into the business at the beginning? _____ _____

How much have you put since then? _____ _____

Total amount put into the business or lent to it is therefore _____ _____

Total value of the business is therefore _____ _____

Monthly Production

What is the total value of your sales in an average month? _____ _____

What is the total cost of these goods sold? _____ _____

What do you take out of business for yourself in an average month in wages, salary, value of goods taken and not paid for etc.? _____ _____

What do you pay in salaries and wages to employees per month? _____ _____

What do you spend on gas, water, electricity, telephone etc. per month? _____ _____

What rent do you pay per month? _____ _____

What do you spend on transport each month? _____ _____

What is the Monthly cost of your licences? _____ _____

What do you spend on loan interest & repayments per month? _____ _____

Other expenses, consumable tools etc. (specify) _____ _____

Total monthly expenses is therefore _____ _____

How much drawings do you take each month? _____ _____

Monthly profit/loss is therefore _____ _____

FOR THE MANUFACTURER

How many hours of direct labour of manufacturing do you average each month? _____ _____

What are the total wages paid for manufacturing labour only? _____ _____

Total wages divided by the total hours of direct labour is your average cost per hour _____ _____

Total of all manufacturing overhead expenses, that is all monthly costs except the materials purchased & the direct manufacturing labour is _____ _____

Total manufacturing overhead expenses, divided by the total hours of direct labour, that is, the manufacturing overhead expenses per hour is _____ _____

COSTING OF INDIVIDUAL ITEMS FOR EXAMPLE YOUR BEST SELLING ITEM.

How much material is used in this item?

Material	Qty	Unit Cost	Total value		

What is the cost of labour that goes into the item?

Worker	Wages/Hr	Time Taken	Total cost of direct labour		

Overhead expenses for each item is cost of overhead expenses per hour times the number of hours to produce each item _____ _____

Total cost of production per unit is _____ _____

Selling price per unit is _____ _____

Profit or loss per unit is therefore _____ _____

I hereby certify that all the information given in this document is TRUE and CORRECT and that I have not held back any information which would negatively affect the N.D.F.D.'s decision to make the Loan.

I further confirm that I will personally manage the project for which this loan is requested and I accept as a condition of approval of the loan that N.D.F.D. officers will be allowed to inspect my operations to obtain relevant information affecting the proper use of the loan funds and that I will willingly accept technical advise from them for the development of the project.

Signed this _____ day of _____ 19____

_____
Signature of Applicant

_____
Signature of Promoter

Report by Promoter _____ on application

submitted by _____

of _____

for a loan of $ _____

to be used for _____

_____

for the following project _____

at _____

I visited the above named applicant and discussed his project with him/her making the necessary inquiries needed to form an opinion on the applicant and on his/her project.

APPLICANT	V.GOOD	GOOD	FAIR	POOR
Credit worthiness				
Reputation				
Financial Prudence				
Leadership qualities				
Employment Record				
Skill in this business				

BUSINESS				
Comparison of product/ Service with competition				
Quality				
Price				

Can the business produce the quantities projected YES..... NO.....

Can the business sell the quantities projected YES ..... NO .....

State reasons for assuming that the quantities projected can be successfully marketed _____

_____

_____

After careful assessment of the applican and his project I feel that the applicant

_____ (1) needs additional technical assistance before the loan can be made.

_____ (2) should not be given a loan

_____ (3) should be considered by the Loans Committee for the loan.

SIGNED _____

DATE _____

Interview by Executive Director held on _____

From the above report and from the opinion formed during the interview I I recommend the following. _____

_____

_____

SIGNED _____

NATIONAL DEVELOPMENT FOUNDATION OF DOMINICA

APPENDIX 1f

RECOMMENDATION FORM

TO _____

APPLICANT _____

PURPOSE OF LOAN _____

_____

This is to inform you that the National Development Foundation of Dominica (NDFD) has agreed to provide a loan/guarantee to the above-named applicant covering an amount of $_____ for the purpose described above.

The NDFD recommends the applicant to you, and requests that you commence processing of the request in accordance with the procedures agreed upon between ourselves.

_____

Date: _____

NATIONAL DEVELOPMENT FOUNDATION OF DOMINICA

TO: NATIONAL DEVELOPMENT FOUNDATION OF DOMINICA

FROM: _____

This is to inform you that the loan request made by NDFD on behalf of

_____ has been approved*/not been approved*.

Rate of interest _____

Repayment by _____ly installments of $_____ commencing on _____ 19____.

(*Delete that which is not applicable) Amount approved _____

_____

Date: _____

APPENDIX 2

BENEFICIARIES	GOVERNMENT CONCESSIONS
1. Candle Makers Co-op Society	a. 10 year duty free importation of materials and equipment b. Unofficial ban on importation of candles
2. Moreau's Enterprises	Duty free importation of equipment and raw materials
3. Richard Charles	Duty free importation of equipment and raw materials
4. August John	Duty free importation of machinery
5. Paul Joseph & Co. Ltd.	a. Waiver of consumption tax for one year-Aug. 82 b. Duty free importation of equipment, venicles and materials c. Income tax exemptions d. Consumption tax exemption for 2 years - Feb. 85 e. Supplies control order - Aug. 1985
6. Hyram Labad	Duty free importation of equipment
7. Cyril Roger	Duty free importation of equipment

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APPEXDIX 3

GRADUATES	BANKERS
1. Candle Industries Co.op	AID Bank
2. Paul Joseph & Co. Ltd.	AID Bank
3. Merril Wallace	AID Bank
4. Moreau Enterprises	AID Bank

APPENDIX 4

ILLUSTRATIVE OPTIMUM FIELD WORKER/CLIENT RATIO

Assumption 1: 21 work days a month

Bumber of hours available for counselling and/or other technical assistance are:

Total number of hours	168
- Lunch breaks	21
- Transit time	20
- Interviewing and project development	56
Net hours available	71

Assumption 2: Average counselling/TA visit last 1 hours

Total visits which can be made during the month are 71

Ideally new clients should be visited four times a month and others twice. Assuming four new clients, an optimum number of clients/field officer is about 32.

SCOPE OF WORK FOR
NATIONAL DEVELOPMENT FOUNDATION OF DOMINICA EVALUATION

OBJECTIVE

The evaluation should examine the effectiveness of NDFD as an instrument for stimulating and facilitating micro-business development through the provision of credit, counselling services, and technical assistance.

TASKS

The contractor will be required to:

1. Assess the extent to which the operational procedures of NDFD are functional, timely and efficient.

2. Assess the effectiveness of the operational strategy employed by NDFD in welding the private sector together (large and small) and in creating a responsiveness among the traditional intermediaries to the needs of micro-business.

3. Determine the impact which the technical assistance provided by NDFD has had upon small businesses.

4. Determine the extent to which the NDFD operations has fostered business development at the micro-business level.

5. Assess the effectiveness of NDFD as a vehicle for channelling credit to micro-business. In this regard the contractor is expected to review the operation of the "Guarantee Fund" and the Loan Fund" and comment on the effectiveness of the Fund for delivering credit to micro-businesses.

6. Examine the financial performance of the NDFD with a view to recommending approaches to viability. The contractor is expected to note the impact of interest rate variations on the demand for credit and make recommendations to cope with any negative impacts.

7. Make recommendations for improving the general effectiveness and success of NDFD.