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OPERATIONAL PROGRAM GRANT PROPOSAL

FOR A PROJECT TO SUPPORT THE ESTABLISHMENT

OF THE NATIONAL DEVELOPMENT FOUNDATION OF BELIZE

AND ITS PROGRAMS TO SUPPORT MICRO-ENTERPRISES

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(REVISED)

Proposal submitted to:

USAID/Belize
Belize City, Belize

By:

Pan American Development
Foundation
1889 F Street, N.W.
Washington, D.C. 20006

Tel: (202) 789-3969

Contact: Lewis Townsend
Vice President

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EXECUTIVE SUMMARY

Goal and Purpose

The goal of this project is to develop the small-scale private enterprise sub-sector of Belize and thus contribute to the improvement of living standards among the entrepreneurial poor.

PADF has taken the initiative in promoting the organization of an indigenous, voluntary, private sector development institution--the National Development Foundation of Belize (NDF/B)--as a means to assist small-scale Belizean entrepreneurs. The project will actively involve the local successful private sector in the development process--as organizers, overseers, and supporters of the NDF/B. By delivering credit and technical assistance, the foundation will strengthen the entrepreneurial skills and practices of existing and potential micro-entrepreneurs in Belize.

Background

PADF has helped organize National Development Foundations (NDFs) in 14 countries of the hemisphere over the past 20 years. NDFs provide credit to borrowers from among the poor members of their societies, and operate by engaging the local private sector in a development project that supplements local resources with financial and material resources from international donors.

NDFs provide direct assistance to a targeted group of beneficiaries, demonstrating that the private--as well as the public--sector can play a valuable role in development. The administration of the foundation and financial management of the revolving loan fund is conducted locally by a volunteer Board of Directors as well as by professional, salaried management, while PADF technicians provide external technical cooperation directly to the foundation staff and through them to the beneficiaries.

Key members of the private sector of Belize City have demonstrated interest in supporting this project and have legalized the organization.

Setting

Belize is located on the Caribbean coast of Central America, bordered by Mexico's Yucatan Peninsula on the North and Guatemala to the Southwest. Settled by the British in 1638, Belize was known as British Honduras until 1973. Belize was granted self-government in 1964, at which time currently existing political parties were formed. In 1972, the capital was moved from coastal Belize City to Belmopan, a newly built city in the interior. In November 1980, the United Nations called for independence for Belize, and in September 1981, Belize officially became an independent nation.

English is spoken by the entire population, though Spanish is the native tongue of about 40% of the people. Ethnically, Belize is 50% black, about 20% mestizo, and 30% white and other. The population count is currently 145,000 inhabitants, though an estimated 50,000 Belizeans are living in the United States. 60% of those remaining in Belize are under 15 years

of age. Unemployment rates are estimated at 12-25% of the economically active population.

The Problem

Small-scale entrepreneurs in Belize lack opportunities for initiating or expanding productive activities. Neither credit nor non-formal training is currently available to them, and thus they lack the working capital and knowledge of basic business skills necessary for starting or expanding a small-scale enterprise.

The Project

In response to the needs of existing and potential small-scale entrepreneurs in Belize, PADF will work with the local Board of Directors to establish the National Development Foundation of Belize (NDF/B)--an indigenous, private sector, non-profit development organization to provide credit and technical assistance to motivated small-scale producers.

The NDF/B will extend small loans to beneficiaries who meet eligibility criteria determined by the foundation. Along with all loans, beneficiaries will receive technical guidance and training in marketing strategies, financial management, accounting, and other business skills appropriate to small-scale productive activities.

The OPG Request

PADF requests a $530,000 Operational Program Grant that includes a $470,000 local currency component from USAID/Belize to support a three year, $1 million PADF project to establish the National Development Foundation of Belize and initiate its program of credit and technical assistance for micro-entrepreneurs. $80,000 OPG funds would partially cover PADF technical assistance and guidance to the NDF/B, including a 3 month survey (to be conducted by a consultant) of the small-scale business sub-sector of Belize; $194,000 would provide seed capital for the foundation's revolving loan fund; and $256,000 would contribute toward covering the NDF's operating costs.

Summary Financial Plan

	Disbursements				Sources	
	Year I	Yr II	Yr III	TOTAL	OPG	OTHER[1]
1. External T.A. & Trng.	37,100	37,300	23,600	98,000	80,000	18,000
2. NDF/B Operating Costs	145,000	105,000	112,000	362,000	256,000	106,000
3. Revolving Loan Fund	100,000	240,000	200,000	540,000	194,000	346,000
TOTAL	282,100	382,300	335,600	1,000,000	530,000	470,000

[1]Other sources may include PADF, NDF/B, the Gov't of Belize, IAF, and PACT.

1.0 Project Purpose and Description

The broad development goal of this project is the improved standard of living of low-income entrepreneurs in Belize, to be achieved by increasing private sector employment opportunities that can expand the income levels of individuals within this category.

1.1 Purpose The proposed three-year, $530,000 Operational Program Grant with a local currency component would support the promotion and establishment of a National Development Foundation in Belize, whose purpose would be to strengthen the business skills and practices of small-scale entrepreneurs in Belize through the provision of (a) credit, (b) business guidance, and (c) technical assistance to micro-businessmen and producers.

National Development Foundations, as conceived by PADF twenty years ago, have three currently valid characteristics. Although these characteristics may appear obvious or oversimplified, experience has shown that the mutually reinforcing relationship among them almost invariably results in a highly effective and successful development organization.

First, NDFs should be stimulated, created and supported by members of the private sector who are committed to and willing to participate in development activities that benefit the poor. While much development support typically comes from government, PVOs tend to stress welfare and social issues. Among private sector organizations, the NDF has the advantage of being nearly unique in its ability to draw upon the strengths, resources, and entrepreneurial skills of the local successful business sector.

Second, NDFs should have sound management systems with qualified, locally-recruited staff. PADF believes that in order for an NDF to continue growing and prospering long after PADF assistance has been phased out, NDF management and staff should be local from the start, with PADF occupying a background position, providing objective assistance and support as needed in order to assure a sound management system capable of smoothly and efficiently operating the NDF's programs. Long-term NDF viability depends upon substantial local direction, support, and management skills.

Third, the NDF should operate at least one program that provides business assistance and extends loans from a revolving loan or guarantee fund. Beneficiaries are individuals or groups who are ineligible for access to traditional sources of credit or assistance. In designing these programs, NDF leadership assesses the country's growth and needs and adapts NDF programs accordingly. The best possible use of external assistance has been one that helps expand and solidify the local support base and seeks collaboration with other indigenous development efforts.

1.2 General Description of the Project

The project is process oriented, basing programatic decisions on observed data, experimentation and available resources.

Following initial contacts in Belize in late 1981, the idea of forming a development foundation has matured. PADF staff have discussed

organizational steps with the Steering Committee members over the past year and have arrived at the following project plan:

The National Development Foundation of Belize, a not-for-profit, indigenous private voluntary organization guided by a Board of Directors elected from among the foundation's membership, has been organized within the first year of the project. In addition, management and staff will be selected and trained. (During the training period, salaries will be paid to insure trainee retention.)

After training is successfully completed, beneficiaries will be sought through public advertisement, word of mouth and promotional events. Concurrently, loan policies will be adopted and a survey conducted by the NDF/B with PADF assistance. This survey will gather baseline data for strategic planning purposes as well as for future verification of project accomplishments.

Once the operations program has been put in place, the foundation will begin disbursing loans from its revolving loan fund, as early as within 6 months, and no later than 12 months from the commencement of operations.

Equipment and vehicles, as well as other commodities required by the project, will be procured so that they will be available when needed, in accordance with the implementation plan proposed herein. PADF will assist the NDF/B to purchase and import equipment through duty-free channels.

Occasional travel for staff training and observation of other NDF projects is included in the project. These training activities will be coordinated by PADF and scheduled to coincide with operational plans.

The project will require intensive organizing work at the onset, so that a stable, reliable institution can grow from a strong base. External consultants and the Board will focus on an appropriate structure for the NDF/B; staff selection and training; salary and incentive systems; and measurement of programatic achievement of stated objectives.

Periodic evaluations will be conducted throughout the life of the project (see Section 5.0 for details of project evaluation). Data thus obtained will assist management in directing the credit and institutional operations as the NDF/B grows toward maturity.

The final outcome of the project as described above will consist of reaching as many small-scale enterprises (beneficiaries) as possible with prompt response to their loan requests, supplemented by appropriate, common-sense business guidance. The proposed Operational Program Grant would fund PADF technical assistance to the NDF/B and some NDF/B operating costs, and would partially capitalize the foundation's revolving loan fund.

1.3 Beneficiaries and their Participation in Project Design and Implementation

The establishment and strengthening of the National Development Foundation of Belize over the three years of proposed Operational Program Grant support will reach two levels of beneficiaries:

(1) The first group will be those representatives of the private sector (businessmen, bankers, professionals, civic leaders) who have expressed a desire to learn of the NDF concept and NDF experience in order to promote such an institution in Belize. During this initial phase of promotion, and until NDF organizers have identified precise objectives and selected its management, PADF's assistance will be directed toward this group.

The participation of these representatives of the private sector is important not only in launching the effort, but also in assuring the NDF's success as an operating institution. In order for the NDF to be self-sustaining, these private sector leaders must provide continued support to the NDF by enlisting an active and involved membership from diverse backgrounds and by seeking the leadership skills, management know-how, and contacts that they as individuals can bring to bear on the operations of the foundation. An effective Board of Directors, composed of individuals from among the original organizers, will help establish the NDF/B's policies and procedures and will oversee and guide foundation management. Members also provide financial support to supplement interest spread of the revolving loan fund so that the costs of operation and of delivering services to target groups can be fully covered.

Taking into consideration the experiences, programs, and activities of other NDFs, as well as the specific needs of their countries and the interests and desires of prospective donors, Belize NDF organizers/leaders will decide what types of programs to undertake as well as the target group of beneficiaries to which NDF programs will be directed.

(2) The second group of beneficiaries will be individuals or groups selected by the NDF as borrowers. This group will be composed of men and women who earn low incomes and demonstrate ability as entrepreneurs--i.e. who are characterized by their willingness and prospective ability to assume the risk of managing or expanding a small-scale, rural or urban business or productive activity.

A "small-scale business" or "micro-enterprise" is defined as a business in which one person makes decisions and which employs no more than ten people in the production of goods or services. Its individual employees' incomes are below the poverty level of their country. Small-scale enterprises generally operate in the "informal" sector of the economy.

While the new NDF/B's board and management will decide how to initiate the program focus, the NDF beneficiaries will become involved in the design of specific program activities at a later date. The NDF's approach of assisting its clients and making loans available will closely reflect the beneficiaries' needs.

NDF field extension officers are the key link between the operations of the NDF and its beneficiaries. Typically, these extensionists, along with management, conduct a series of surveys over time to determine more specifically the kinds of problems and issues facing the development of small enterprises in various settings. The surveys gather datarelating to income levels, marketing of goods and services, and legal as well as other imediments. NDF staff analyzes this information and uses it in formulating

strategies for overcoming structural and environmental obstacles impeding the growth of small-scale enterprises. These data also help determine the content of the training program for field extensionists. In making programatic decisions, the NDF/B consults with PADF staff on the formulation of credit policies with respect to wether individual or group approaches should be followed.

1.4 Conditions Expected at the End of the Project (March 31, 1986)
Objectively Verifiable Indicators

At the end of the three-year project, the following specific items will have been satisfactorily completed:

- membership policies and procedures established
- membership and Board in place and functioning
- local resource development system in place
- Executive Director hired, in NDF, and trained
- staff selected, on board, and trained
- program priorities determined
- field surveys and studies of potential target groups completed
- programs defined, established, and operational
- technical assistance and credit policies developed and in place
- management and operating procedures defined and operational
- assistance provided and loans being made to target beneficiaries
- annual meetings being held
- annual narrative and financial reports and audited financial statements produced
- external evaluation completed and report produced

If efforts proceed as planned, the NDF should already have begun expansion of programs and resources, or should be ready and able to do so by the end of three yeasrs of OPG-supported PADF assistance. Such expansion will require preparation of reports, development of a case statement, expansion of public relations and publicity, definition of new and expanded program activities, and drafting and submitting proposals for additional financing (after having researched potential donors and made initial contacts).

The NDF should be ready for membership in or association with other local, regional, or international organizations.

The NDF will have reached a level of operations that is sustainable by local resource contributions, income generated internally by the NDF, and grant and/or loan funds secured on an international level.

The NDF/B will be a viable, indigenous credit institution capable of sustainable financial and organizational self-sufficiency. It should be able to secure funds for its programs and operations over the long term, and its staff members should be capable of carrying out responsibilities with minimal external assistance. The loan and technical assistance program should be reaching targeted beneficiaries, and the loan repayment record should be good.

Because of the NDF/B credit and technical assistance program, the number of successful micro-enterprises in Belize should have increased by the end of the project. NDF-assisted small-scale enterprises will be considered successful when they have: repaid NDF loans; expanded production; increased business income; hired more employees; increased salaries; or a combination thereof.

Recognition by donors, beneficiaries, and the local government of the valuable role that micro-enterprises play in national development is one desired project result. Such recognition will be indicated by: (1) increased local and international contributions to the NDF; (2) increased NDF membership; and (3) public praise or support for the NDF/B by the government and/or the media.

2.0 Project Background

2.1 History of Proposal Development

Since late 1980, a number of people and organizations--notably the Belize Partners of the Americas and Hershey Foods-- have approached PADF to raise the possibility of promoting an NDF in the newly independent nation of Belize.

In 1981 there was a considerable exchange of correspondence between PADF and a wide range of public and private sector representatives in Belize, as well as with the U.S. Charge d'Affaires and the Commercial Officer. After an initial exchange of information and ideas by letter, PADF staff began a series of visits to generate local business contacts and support for an NDF.

In January of 1982, PADF's Executive Vice President, Edward Marasciulo, visited Belize and briefly discussed the idea of a Belize National Development Foundation with a variety of prominent local leaders. In March, two of the individuals whom he had met attended PADF's first regional NDF training seminar: "National Development Foundations: Concepts and Structure". Since this seminar was held in Kingston, Jamaica, where the year-old National Development Foundation of Jamaica is based, the two Belizeans had the opportunity to visit and observe an established NDF and learn first hand of NDF experiences, problems, and successes.

In May, Lewis Townsend and Fernando Cruz of PADF's Development Foundations Program visited Belize, funded by Invitational Travel issued by the USAID Regional Development Office for the Caribbean in Barbados. During the visit, they conducted a preliminary assessment of the need for NDF programs and met with interested persons not only on an individual basis, but also twice in large groups. Later in the month, two of these interested individuals attended PADF's second regional training seminar: "Fundraising for a National Development Foundation", held in Washington, D.C. in conjunction with SOLIDARIOS (the Council of American Development Foundations) and the United Way.

An NDF steering committee was formed soon afterward, originally consisting of over a dozen persons from the private sector, representing a broad cross-section of Belizean business, political, and civic interests. The group divided itself into sub-committees, one of which was assigned the task of preparing by-laws and a Charter of Incorporation. The Foundation held its Statutory Meeting within the period prescribed by law.

Articles of Association were prepared and approved by the Steering Committee (see Attachment A), and the NDF/B was legalized on January 5, 1983. Tax exempt status for NDF/B membership contributions is also expected to be approved by the Prime Minister, as well as a duty-free entry permit for commodities purchased with AID funds.

Since the formal establishment of the steering committee, PADF's Fernando Cruz has made two follow-up visits to Belize to work specifically with the group and guide them in the process of NDF organization.

The NDF organizers in Belize are exceptionally enthusiastic and motivated. Widespread and immediate interest resulted from PADF's presentation of the NDF concept during the visit to Belize in early 1982, and members of the NDF/B organizing committee have had the opportunity to visit and observe established NDFs to learn first hand of other NDF experiences, problems and successes.

2.2 Pan American Development Foundation Experience

The Pan American Development Foundation (PADF) was established in 1962 by leading citizens of the United States and Latin America with the aim of encouraging and expanding cooperation between private financial sources and development institutions in Latin America and the Caribbean. It is a U.S. tax-exempt, non-profit, private voluntary organization (PVO), and the only PVO formally associated with the Organization of American States, which provides a small portion of PADF's administrative support and some complementary programming.

PADF's goals are to generate employment and increase incomes among the poorest of the poor in Latin America and the Caribbean, and to improve the quality and availability of health care and vocational training in the area. In order to carry out these goals, PADF solicits contributions of financial, material, and technical assistance resources which it channels into locally identified projects designed to advance economic and social self-help development among marginal groups.

PADF operates by means of three main programs--the Development Foundations Program, the Tools For Training Program, and the Health Services Program--and one country-specific agroforestry project in Haiti.

2.21 The Development Foundation Concept

The means through which PADF involves the private sector in Latin American and Caribbean development projects is the National Development Foundation (NDF). The NDF, a non-profit local development organization, engages local business leaders as organizers, members, and trustees. The NDFs select and operate programs which aim to improve social and economic conditions of lower income entrepreneurial groups.

PADF's experience indicates that the private sector is willing support activities which:

- enhance business operations such as the extension of credit, and that produce goods and services;
- strengthen the private enterprise economic system;
- provide public recognition of supporters and their contributions to recipients in the emerging business community; and
- seek capital or in-kind donations from other sources to leverage the impact of local contributions.

A recent AID evaluation of PADF and its programs stated that "the NDF concept is as valid today as when developed by PADF in the sixties" (Pinzino, 1982). Since 1965, PADF and cooperative efforts have established

18 autonomous NDFs which deliver small loans and basic business training to micro-producers and groups in this hemisphere. Sixteen foundations have benefitted from their own regional council, SOLIDARIOS, created in 1972 to serve as their central bank, passing on substantial assistance funds and providing some technical assistance and training.

In establishing an NDF, PADF provides approximately 3-4 years of intensive assistance and training in promotion, organization, structure and administration, small loans management, and extension of basic business skills. It draws on the experience of staff, leaders of successful NDFs, PADF trustees, and linkages with other PVOs to help NDF leaders critically examine alternative NDF models, pitfalls, priorities, and needs for more training, staff changes, or trouble-shooting.

Thereafter, most NDFs develop a momentum involving wider and wider sectors of the local business community and links with other agencies. They establish independent programs, develop the ability to become self-supporting, and may join SOLIDARIOS. At this point PADF no longer has a prime role to play as a regular, objective outside consultant.

The resulting NDF activity is a credit mechanism tailor-made for the local private sector and benefitting the poor and marginally poor through a grassroots approach to development. Starting the first year to provide technical assistance and credit to some 20 to 40 small producers or groups, with loans to individuals ranging from $200 to $5,000, an NDF will increase the number of beneficiaries each year who can expand production, improve family incomes and create new jobs.

The more successful NDFs are those which devise their own programs and guidelines to suit needs of their respective countries and are able to effectively carry out their responsibilities, make their own decisions, and recruit and train capable staffs. More than a dozen NDFs of South and Central America and the Caribbean have large loan portfolios and engage in diverse development activities. With the aim of helping microproducers expand employment, increase incomes, and develop the necessary know-how and track record to gain access to bank credit (releasing NDF funds to help new clients), NDFs apply their own guidelines for providing technical assistance to help groups or individual small businessmen (including farmers) design and implement sound loan projects.

Mature NDFs, notably those in the Dominican Republic, Guatemala, Nicaragua, Mexico, and Haiti directly obtain additional financing for their assistance programs from a variety of international sources. Private sector contributions to NDFs have been numerous, including PADF's own grants of over $290,000 and $1 million in loans matched by local contributions.

In a few countries, NDFs have fallen on hard times following management conflicts, political or economic problems, or donor neglect. Nevertheless, an NDF, although a small element in a nation's development strategy, can be an important component of a comprehensive effort to further development objectives through more significant involvement of local private sector leaders.

2.22 Development Foundations in Various Countries

PADF's program of establishing and assisting National Development Foundations began in the mid-1960s when, in response to the need for a local mechanism to support community and productive activities, NDFs were launched in the Dominican Republic and Guatemala as more efficient, less costly vehicles for responding to development problems than funding local projects on an individual basis. Furthermore, NDFs brought to bear on development activities the leadership, management skills, and resources of each country's private sector.

An initial group of NDFs was promoted in the mid-1960s, and another group by 1970, with some loan and grant support from AID. In 1972, 14 of the foundations established with PADF assistance created their own council of foundations, SOLIDARIOS, to serve as an information clearing house and mutual assistance organization.

During the 1970s, PADF turned its attention to other development activities, but entered a second phase of NDF activity in 1977 when it began assisting the Costa Rican foundaton and promoting of a foundation in Haiti. The Haitian Development Foundation was legalized in 1979.

Both PADF and its Development Foundations Program came under new management in 1980 with the arrival of Edward Marasciulo as Executive Vice President and Lewis Townsend as Vice President and head of the NDF program. Since then, staff capabilities of the Development Foundations Program have steadily strengthened.

During 1980 and 1981, PADF's NDF promotional efforts were extended to several additional Caribbean countries, and in November 1981, new foundations were legally established in Jamaica, Dominica, and the Bahamas.

In 1982, PADF turned to promotion of a new group of NDFs. While continuing intensive technical assistance and training in Haiti, Jamaica, Dominica, and the Bahamas, PADF initiated and continued promotional efforts in Belize, Panama, Barbados, and Turks and Caicos. In mid-1982, the National Development Foundation of Panama achieved legalization, and as in Belize, a formal NDF organizing committee was established in Barbados.

In late 1981, PADF received a $75,000 grant from the William J. Dorr Foundation designed to enhance PADF's ability to extend the NDF concept to the various small, English-speaking countries of the Caribbean. This grant has enabled PADF to organize and begin conducting a three-year training program to bring together representatives of these nations in a variety of seminars programmed to increase participants' understanding of the NDF concept and of the various essential activities involved in organizing, operating, and structuring a successful foundation. The program also includes follow-up technical assistance visits by PADF staff to each country.

To date three seminars have been conducted. The first, "National Development Foundations: Concepts and Structure", explained why and how an NDF can function successfully as a vehicle for channeling private sector resources into the development of a country's marginal sector, and the institutional structure necessary for sound and efficient operations.

The second, "Fundraising for a National Development Foundation", was sponsored jointly by PADF and SOLIDARIOS and benefitted from instruction designed and contributed by United Way International. This seminar detailed the basic and specific skills, planning, and organization involved in fundraising for an NDF.

"NDF Board/Membership: Role and Functions", the third seminar, studied the role, activities, adn interrelations of the Board of Directors, membership, and management of an NDF. A fourth seminar, scheduled for Spring of 1983, will deal with NDF program content and options.

2.3 The Belizean Socio-Economic Environment

Appraisal by PADF of the present economic, social and political climate in Belize suggests the following:

Independence in September 1981 was preceeded by general uncertainty about the ability of the public sector to manage the economy. Price controls, a glut of goods on domestic market and an epidemic of smut disease in the sugar cane crop caused a slow-down in economic expansion. Real GDP grew only 1% in 1981, according to World Bank data.

Agriculture production has been the recommended path to take toward long-term economic recovery. Significant investment will need to be made now if self-sufficient food production can be reasonably expected by the year 2000. Fishing, tourism, light industry and specialized services are some of the key sectors that might be concurrently developed

In anticipation of worker shortages, liberal immigration policies have been implemented to attract farm workers from neighboring countries. A noted shortage of managers, skilled and semi-skilled workers further restricts the capability for economic growth in Belize. There are no training facilitres to meet these skills training needs. Particularly affected are the young workers whose chances for improved career options are limited; yet willingness to learn new trades or business management has been manifest during PADF field interviews.

The structure of the labor force in Belize can be briefly explained as follows: Human capital deficiency causes poverty and low productivity among small-scale enterprises. Since a person's skills and abilities determine his or her productivity, this project intends to undertake a technology transfer of skills and business guidance to small-scale entrepreneurs in order to improve overall productivity among workers in this sub-sector.

Many Belizean business leaders recognize that the prvivate sector can play an important role in long-term development strategy, and indeed, the private sector of Belize is officially encouraged by the government to participate in development activities. Thus far, however, the role of government has been more as a regulator than as a promoter of private sector initiatives. Nevertheless, PADF has received assurances in interviews that the government will support the channeling of private sector resources for development purposes, which, as described above, is an essential element of the NDF/B establisment project.

3.0 Project Analysis

By the end of the proposed three-year, OPG-supported project, a reliable, growing, financially and managerially sound, indigenous National Development Foundation--supported by the local private sector--will be operating in Belize, providing credit and technical assistance to small-scale entrepreneurs. The broad development objectives which this project hopes to achieve, as well as the problems which it will address, are detailed below, followed by an examination of relevant studies and of the current availability of and demand for the type of services which the NDF will offer, and by a description of the anticipated economic and socio-cultural impact of the project.

3.1 Broad Development Objectives

PADF's development strategy has focused on assistance to micro-enterprises as a means of promoting both economic growth and a more equitable distribution of available development resources (wealth). It is expected that the programatic impact of this project in Belize can be only modest at the onset. Nevertheless, by increasing job opportunities and making self-employment a plausible source of household income for urban and rural beneficiaries, the NDF/B credit and technical assistance program will address the equity issues that concern practicioners and donors alike.

It is hoped that this project will demonstrate that significant development progress can be accomplished at the small-scale enterprise level--one that is generally considered very high-risk.

Other development objectives sought through this project include the transfer of managerial skills to micro-entrepreneurs. Over the long term, it is conceivable that the NDF/B will produce a ready corps of skilled managers and supervisors who will be greatly needed as Belize moves into modernization.

3.2 Problems Addressed

On appraisal missions in Belize, PADF staff observed that the expansion of Balizean small-scale enterprises is restricted by a lack of working capital and non-formal training, as well as by ineffective marketing strategies and the production of poor quality goods. The proposed project would attempt to remedy these problems.[1]

Micro-enterprises in Belize can be hampered by limited local markets for their products or services, as well as by insufficient production and marketing technology. Furthermore, the limited availability and high cost

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[1]Lack of access to credit and technology has been a well-known development constraint since the early years of development assistance. Albert Hirschman, in Development Projects Observed (Brookings Institute, 1967), and Charles Kindleberger in Economic Development (1958) have elegantly described the role of human and capital formation as an indispensable ingredient of development efforts.

of some raw materials can be a disadvantage to those small-scale enterprises whose products may compete against inexpensive imported goods. Operating in a dualistic economy, where traditional and modern means of production interact, the small-scale enterprise is faced with these and other potential constraints.

A micro-producer may lack working capital even to pay rent, which results in detrimental impermanance of a business' location. When substantial small business migration away from a location occurs, a deterioraion of neighborhood land use patterns can occur. In Haiti, an inner city block was stabilized when several small-scale enterpreneurs received loans from the Haitian Development Foundation to sustain their businesses and were able to remain in the same locale.

This project will attempt to address the problems manifested by lack of credit and technical training. Technical assistance will be directed toward solving marketing problems and raw materials source development, as well as financial management techniques.

3.3 Studies on Problems Facing Small-Scale Enterprises

Cross-country studies on the problems faced by the small-scale enterprise subsector have been published since the early '70s. PADF's own experience spans the last twenty years, though it has deferred field research necessary to its projects to academic institutions. AID has financed the "Pisces Studies" (1981), which look at assistance programs for the small-scale economic activities of the urban poor. The World Bank (October 1982) has also financed research on the associated issue of "scale-up", which constitutes the expansion of beneficiaries in programs of micro-enterprise development. Appropriate Technology International (ATI), the non-profit corporation created by Congress in 1977 to "promote the development and dissemination of technologies appropriate for developing countries", published case studies on the phenomena of micro-enterprise development in the urban informal sector (1982). Many of the conclusions drawn from these empirical findings are considered in this Belize project.

One of the most practical studies used in the preparation of the theoretical framework for this proposal was conducted in Jamaica by the University of the West Indes' Institute of Social and Economic Research, in collaboration with the Department of Agricultural Economics of Michigan State University (Working Papers #s 8, 15, and 16--1981), which examines from survey data the socio-economic characteristics of small-scale manufacturing enterprises in Jamaica.

PADF has planned a study of the behaviour of small-scale enterprises, to be partially funded by a matching grant from AID. one goal of this activity is to gather information enabling the formulation of policies and strategies to accelerate an increase in the number of NDF borrowers, including those in Belize.

There is very little applicable literature or recent research available for use in preparation of this project. The World Bank Economic Memorandum (1981) provides up-dated socio-economic data on the performance of the Belizean economy, and socio-cultural research has been conducted by

Belizeans, but no studies exist on the phenomenon of the micro-enterprise. Statistical surveys of small businesses do not analyze the problems that this project will address. Statistics in general are not available in Belize.

The survey of Belizean micro-enterprises to be conducted during this project will contribute updated information which can be applied to other kinds of development programs. Baseline data on production possibilities, savings among small-scale entrepreneurs, consumption patterns and development problems of Belizean small-scale businesses will be collected and analyzed. (See Implementation Plan.)

The data available, however, does not contradict assumptions regarding the needs of beneficiaries for credit and technical training. PADF has observed that the economy of Belize is facing the currently widespread effects of "stagflation" as interest rates go up and available capital for internal investment is reduced. The likelihood of capital being available from local public sector sources for lending to small-scale entrepreneurs is, at this time, quite poor. Nevertheless, the time when small-scale enterprise capital needs are the greatest is during a time of rising prices and increased unemployment. The private sector can act faster than public entities in responding to the needs of small-scale entrepreneurs. It is both politically and economically wise to support a self-sufficient subsector, to help it survive during times of economic stress, particularly when major infrastructure development is consuming the scarce financial resources of the government.

3.4 Analysis of Present Supply of Credit and Technical Assistance for Small Business

During the May 1982 visit, PADF staff conducted a brief analysis of credit and technical assistance currently available to small businesses in Belize, during which the following information was collected:

- There are 25 active credit unions in Belize, with a total of 30,000 members. Their combined savings amount to $7,000,000, all of which is lent to members. There are no outside funds in the credit union system. Most of the unions are experiencing management and staff problems. However, the largest of the credit unions, situated in Belize City, is well-managed and profitable. At the time of the PADF visit, it had 17,000 members (more than half the country total), $4,884,000 in savings (70% of the savings of all Belize credit unions), and $5,716,000 in loans. Most of its loans, nonetheless, were for consumer purposes; of the 1,831 loans made in 1980, totaling $1,682,000, the following were for productive purposes:

Business	116	$227,831
Agriculture	70	78,522
Fishing	48	46,283
TOTAL	234	352,636

The business loans average approximately $2,000.

- The public sector Development Finance Corporation (DFC) mainly borrows from the Caribbean Development Bank. Its portfolio of $25 million includes $2,250,000 in an industry category, with a loan minimum of $1,500 but average loans of $12,500 to $15,000. This industry category is managed by a staff of four; like most of the credit unions, the DFC suffers from management and staff difficulties.

- The four Belizean commercial banks have varying policies but have loan minimums similar to that of the Development Finance Corporation. They all charge higher interest rates than the DFC and require substantial guarantees, generally in the form of co-signers or mortgages.

- Interest rates and collection policies vary among institutions, causing distortions in savings and credit flow. While commercial banks pay 11-15% on savings, credit unions pay 6% or less. The DFC charges 11% on industry loans, and credit unions 12% (except the largest credit union, which gives a 5% rebate on total interest paid), while commercial banks charge 19-21%. As a result, savings tend to flow toward commercial banks, while credit demand flows to the DFC and credit unions.

- The largest credit union maintains 91% of its portfolio current, while it is reported that the DFC in recent years has maintained only between 50 and 75% of its portfolio current.

- In general, it seems that the loan collection policy of the lender plays a more important role in the credit system than does the borrower's ability or desire to pay.

3.5 Small Business Credit Demand

The effective demand for credit in Belize can only be estimated, due to a lack of reliable data. However, close to 1,000 businesses were issued licences in Belize City during FY '82, of which 688 are classified as small-scale operations, based on a licensing fee of less than BZ$300 per year. We do not yet have information on the amount of their gross receipts, number of employees, or the type of business activity being conducted, though it appears that most fall under the heading of retail or non-manufacturing trades and are neither cottage industry nor individual craftsmen.

Based on a series of interviews conductd by PADF staff, it is apparent that there is an unmet demand for additional sources of credit--particularly on more accessible terms. Lending organizations indicated the existence of a demand for credit which they are unable to satisfy due to shortage of funds, lack of guarantees, or the small sizes of credit desired.

A micro/small business survey and study of credit needs is planned so that additional necessary data can be collected.

3.6 Economic Impact on Beneficiaries

The economic analysis of this project attempts to determine how the end result of credit extension will contribute to the development of small-scale enterprises, and by inference, affect the economy as a whole.

By way of rough comparison, the cost of this project is a scant .016% of Gross domestic investment for 1981. As can be appreciated, the macro-economic impact is negligible when considered in this manner.

The number of micro-enterprises to be assisted by the project is estimated at 400. The economic effects on intended beneficiaries can be projected to include new jobs, more lucrative old jobs, and the expansion of services and goods produced by small-scale businesses.

Assuming that the number of small-scale enterprises affected by this project is 400 over the three-year period, this figure would represent 60% of small business licenses and 37% of all types of business licences issued in Belize City during 1981.

The economic impact would be spread to periferal urban areas so as to benefit enterprises in neighboring communities where employment opportunities are fewer. One small spin-off benefit might be revenue generated as a result of taxes or fees that will accrue to municipalities from the increased production of these enterprises, however small these revenue boosts may be.

The task of assessing the economic impact of the NDF/B project is complicated by the difficulty of factoring out the value of output by micro-enterprises. In Belize, the value of output of a product produced in the home is not counted as part of aggregate output under national income accounting practices. Yet, in a society with low levels of specialization, households are nearly self-sufficient. Accordingly, a large proportion of unrecognized economic activity is performed by micro-enterprises in the informal sector of the national economy, making economic impact difficult to verify.

Employment opportunities for the micro-enterprise sub-sector in Belize will be enhanced once this project is under way and fully funded. New jobs will result from increases in production of small-scale businesses, as purchases for raw materials are increased and finished goods are placed in the marketplace. The aggregate impact of more than 400 new efforts will be felt among their respective households. PADF's experience in other countries points to a noted increase in the number of associated economic activities spurred by the injection of working capital in one small activity.

Added to this effect is the relatively low cost of production which characterizes small-scale enterprise. In Jamaica, for example, a battery reconditioning business recycles lead and battery casings and has added two employees to the production process. Much innovation and creativity contributes to the expansion of income among micro-enterprises, which, though it is not reflected in quantifiable data, nevertheless enhances employment opportunities.

3.7 Socio-Cultural Factors

Belizean tradition and values place great emphasis on personal leadership and success. For this reason, it is fortunate and appropriate that the local leadership of the NDF/B is composed of highly respected

community leaders. The support and commitment of these individuals to the NDF/B project will lend both credibility and respect to the foundation, which will prove essential both in the foundation's local fundraising efforts and in its relationships with its beneficiaries.

The major expected impact of this project on Belizean socio-cultural traditions and values relates to this same phenomenon of respect for personal success and leadership: As NDF/B beneficiaries succeed in their productive endeavors, it is anticipated that their peers will begin to view productivity as both valuable and possible--particularly given the availability of NDF/B technical training and credit.

Another social value relevant to the project is the tendency of borrowers to regard loans from public sources as political payment for support of the party in power, which makes such loans difficult to collect and explains why the Development Finance Corporation, a public agency, is facing hard times. Nevertheless, it is expected that the NDF/B, a private sector, non-profit agency, will have fewer difficulties with loan collection. Furthermore, the loan elegibility criteria designed by the NDF will ensure careful screening of potential borrowers, based on their reputations for integrity, reliability, and honesty within their communities, among other factors.

The NDF/B, through programs of providing credit and technical training to small-scale enterprises, is a vehicle for strengthening the Belizean capability to provide services which help the poor improve their purchasing power, expand employment opportunities, and increase production.

PADF staff have discussed the NDF/B and its projected progams with leading bankers and credit union officials in Belize and are satisfied with their understanding that the purposes of the NDF/B are not in opposition with the interests of either group, as there will be no competition for either clients or financial resources. Support from high level government officials has been assured. The Ministers of Health and Finance, as well as Permanent Secretaries, and the Prime Minister himself have been approached regarding NDF/B establishment by both PADF senior staff and NDF/B organizers. No opposition has been voiced. On the contrary, the NDF/B project has been applauded as a needed and desired institution.

3.8 Project Relationship to PVO Funding Guidelines

The OPG-supported project targets assistance to approximately 400 low-income entrepreneurs having inadequate access to credit and technical assistance and who do not benefit from Belizian commerical banking services.

Domestic resources play an important role in the implementation of this project and contribute to the wide-scale application of experiences by Belizeans.

The spread effects of this project will be small initially, since increased beneficiary income and employment generation may not be immediately forthcoming. Nevertheless, private sector support of the proposed project will enable it to operate unencumbered by politics.

influence and therefore permit its spread to larger numbers of people over the long term; over time, as loans are repaid and funds are reloaned to new borrowers, an increasingly large number of Belizeans will benefit from the project. (Although the NDF/B's credit program will involve taking risks which could incur capital losses, such risks should be minimized by the use of appropriate loan eligibility criteria to be developed by the NDF/B with PADF assistance.)

Lessons learned from the implementation of this project will be shared with other AID-supported projects, such as the private investment project being conducted by Coopers and Lybrand.

Since this project may represent the very first of this nature funded in Belize by a USAID OPG, there is no point of comparison or built-in relationships with other similar projects.

4.0 Project Design and Implementation

This project is designed to establish a National Development Foundation in Belize--a non-profit organization supported by the local private sector and capable of generating and funding its own projects.

To achieve this objective, the implementation of the project will initially involve collaboration among six principal groups: the Pan American Development Foundation, USAID/Belize, the NDF/B Board of Directors, the NDF/B Executive Director (management team), the Field Extension officers of the NDF, and the Government of Belize,insofar as it may provide local currency funding as well as approval for obtaining bilateral development assistance from USAID. (A bi-lateral agreement between the U.S. Government and the Belizian Government was signed in December of 1982, making USAID funding possible.)

Over the three years of OPG-supported project implementation, PADF's activities will be gradually phased out, and the NDF/B will assume a larger and larger share of responsibility for training, organization, management of operations, initiation of programs, expansion of programs, and fundraising.

4.1 Assignment of Responsibilities

The two parties currently involved in implementing the establishment of the NDF/B are the NDF/B Board and the Pan American Development Foundation. The PADF and the NDF Board will prepare and sign a formal Agreement elaborating the specific responsibilities of each party.

This Agreement will cover the following areas of responsibility:

- PADF technical assistance plan for provision of advice, guidance, and training on: financial, management, and staffing requirements; development of lending policies, procedures, and loan eligibility criteria; fundraising and membership drives; and accounting practices.

- NDF organizational responsibilities including establishment of Board working committees and recruitment and engagement of staff.

- Preparation of annual budgets, monthly financial and loan reports, narrative quarterly reports; Annual Reports; and other special reports as requested by AID and other donors.

- Provision for independent, third-party evaluation.

- PADF receipt of U.S. OPG funds and joint administration with NDF of the local currency as well as requirements for regular disbursement to the NDF for operating expenses.

The Washington-based PADF Projects Officer responsible for the NDF/B project is Fernando Cruz-Villalba. He and other appropriate PADF staff members will work with NDF staff in Belize, maintaining continual contact and providing guidance and technical assistance through correspondence, phone conversations and regular visits to Belize. Other PADF staff will also be available for unscheduled visits to Belize when necessary.

4.2 On-site Training & Consultation

PADF's staff approach to NDF projects in Latin America and the Caribbean is different from that of many organizations, in that no staff members are permanently stationed overseas. Since the long-term success of an NDF depends upon local action, initiative, and participation, PADF believes it essential that NDF leaders--not PADF--occupy the forefront position. Therefore, PADF sends its technicians on short-term visits to advise and train, leaving local NDF management ample opportunity to "run with the ball".

Fernando Cruz, assisted by other PADF staff and consultants, will conduct on-site training for the NDF's field extension officers, based on a plan which will be prepared in consultation with both the Board and the Executive Director of the NDF/B. The training, which will be composed of four segments within a year, will commence when funding is made available and candidates identified, and will cover, among other topics:

- project management
- identification of small-scale enterprises
- marketing products manufactured by small-scale entrepreneurs
- accounting procedures fo small businesses
- group training techniques
- women and the micro-enterprise
- small-scale business management
- time management
- financial management

A combination of workshops, theory presentations and excercises prepared by qualified trainers, and field practice, the training program will be tailored to the participants' specific needs and emphasize experiential learning. Examinations will be given to measure what the participants have learned and obtain feedback on the content of the program.

More participants than the actual number of field extensionists to be hired will be trained, in order to form a pool of potential field extension officers (in the event of dropouts).

The Financial Officer of the NDF/B will receive specialized, short-term training in financial management, and will be instructed in the accounting system required for membership in SOLIDARIOS (the Council of American Development Foundations).

4.3 Regional Training

In addition to providing on-site training, PADF will continue to invite the Executive Director and other appropriate members of the Board of Directors and staff to participate in its regional NDF training semianrs.

PADF's regional training program was developed in 1981 to permit efficient assistance to new NDFs in the smaller nations of the Caribbean Basin. Funded in part by a substantial contribution from the Donner Foundation, the program's workshops are designed to:

- bring together organizers, leaders and staffs from emerging and existing NDFs to study various organizational, financial, and technical aspects of NDF operations;

- involve leaders of established NDFs in teaching by sharing lessons and problems faced in their own experience; and

- develop important contacts among the new foundations as well as with the experienced NDFs, enhancing the spirit of mutual support and common purpose, and creating a useful network of foundations.

The main objective of the training program is to help representatives of newly formed and emerging foundations gain insights and understanding and develop appropriate skills to better organize and administer their foundations and programs for the benefit of low-income groups in their countries.

The three seminars conducted to date have examined (1) NDF concepts and structure; (2) fundraising for National Development Foundations; and (3) the role and functions of NDF Boards of Directors, membership, and management. Representatives of the Belize NDF organizing group have attended all three seminars.

Training sessions are followed up by in-country reinforcement training by PADF staff and consultants as needed to address specific problems.

4.4 Steps Involved in NDF Development

The transition from a steering committee into an operating foundation is a major component of this project. NDF/B organizers and promoters are aware that institution-building is not a short-term effort; it is a gradual pocess requiring a combination of leadership qualities, sensitivity to the environment, technical skills, imagination, and collaboration with top level people in business and government.

The activities involved in this process can be grouped into five phases:

A. Exploration and Promotion
B. Organization and Legalization
C. Management and Operations
D. Initial Programs
E. Expansion of Programs and Resources

The five phases are generally accomplished by performing a specific series of tasks. While the same tasks may be performed in the establishment of NDFs in several different countries, the activities undertaken in each country are independent of each other, and in the case of Belize, the NDF Board will set its own pace of development.

In general, the step-by-step activities as detailed below are accomplished through short-term PADF program staff visits to each country to motivate, support, and guide NDF leaders and managers; through regional,

multi-country training programs on specific aspects of the National Development Foundations; and through specific training within a country.

From the time of initial contact until the period of evaluation and expansion of an NDF's on-going program, PADF participates in the following steps, deferring to host country representatives those activities that they select and are able to address directly or independently. These are:

A. Exploration and Promotion

- Initial contacts by phone and letter, visits by organizers to Washington and PADF visits to the country
- Identification of community and business leaders, invitation to participate in NDF organization
- Research and analysis of the needs and level of development of the country, as well as of low-income producers' access to and need for credit
- Study of local activities/projects supported by donor agencies
- Study of local development activities of government and non-government organizations, including small loans programs
- Study of existing local PVOs, their programs, effectiveness, and relation to the basic characteristics of an NDF
- Analysis of the need for an additional development organization
- Examination of possibilities of collaborating with or assisting an existing organization

B. Organization and Legalization

- Establishment of an NDF organizing committee; selection of chairman
- Establishment of a plan of action; naming of sub-committees
- Definition of sub-committees' tasks; provision of materials to committee members
- Provision of materials on existing foundations; coordination of visits for key individuals to established NDFs
- Explanation of the NDF concept and its proposed programs to the country's chief executive; attainment of government approval or non-intervention
- Regular organizing committee meetings, with periodic PADF visits to answer questions, suggest options and guide the establishment process
- Arrangements for participation in PADF regional training programs
- Establishment of the NDF's legal framework and plan for local fundraising and membership development
- Exploration of initial NDF program possibilities
- Expansion of initial organizing group (preferably maintaining a group of 10 to 20 people), adding and replacing as required
- Legalization and attainment of tax-exempt status
- Publicity for the effort, possibly including participation in one-shot activities with high visibility such as securing and providing vocational training or health equipment to local organizations
- Securing of minimal local contributions, matched from outside, to cover start-up and initial operation costs
- Further definition of programs
- Formal launching of NDF

C. Management and Operations

- Definition of qualifications and responsibilities of Executive Director
- Selection and hiring of Executive Director
- Conversion of the organizing committee into a formal Board of Directors
- Establishment of Board Committees (Finance and Budgeting, Membership and Fundraising, Credit and Loan Policy)
- Establishment of offices
- Launching of formal membership and fundraising drive
- Analysis of financial situation and development of a plan for fundraising from international sources
- Establishment of contact with SOLIDARIOS
- Establishment of accounting system
- Definition of requirements for staff, staff selection and training
- Selection of an external auditor
- Arrangements of additional tours to other NDFs
- Commencement of selection and training of staff
- Arrangements for participation in additional PADF regional training programs
- Regular Board meetings
- Preparation of quarterly progress, narrative, and financial reports

D. Initiation of Programs

- Field surveys of potential target groups
- Final definition of programs
- Definition of field extension approach
- Identification of target groups
- Development of loan policies and procedures
- Preparation of quarterly reports
- Selection and hiring of field staff
- Training of field officers

E. Expansion of Programs and Resources

- Evaluation of previous program efforts and assessment of lessons learned from them
- Perparation of reports
- Development of a case statement
- Expansion of public relations/publicity
- Definition of new, expanded program activities
- Drafting and distribution of proposals for additional financing
- Researching of potential donors
- Contacting donors
- Preparation of proposals
- Achievement of membership in SOLIDARIOS or other international organizations

A more specific, time-phased schedule of activities to take place in the 3 years of OPG support for the NDF/B project is provided as Table 1.

Implementation of project activities will be monitored through periodic visits to Belize by the PADF Project Manager, as well as through a reporting and control system to be prepared at the onset of operations. This system will consist of monthly and quarterly financial reports, quarterly narrative progress evaluations, and annual independent audits. Also, telex and phone communication will be maintained with the Executive Committee of the Board of Directors and the Managing Director.

4.5 Availability of PADF Management and Resources

The Pan American Development Foundation is a well-established Private Voluntary Organization (PVO), with systems and procedures in place and experience in financial and managerial guidance and control of projects supported by Operational Program Grants from USAID.

PADF has significant experience in complying with the reporting requirements of donor organizations, and prepares financial reports on a quarterly basis.

PADF has a Federal Reserve Letter of Credit (FRLC), through which it receives funds from other AID grants, and from which it transfers and expends NDF program funds as required.

If an OPG is approved for this project, PADF will, as it has with past OPGs, maintain fiscal control of expenditures for technical assistance, training, and commodity purchases (which would be made by PADF and the NDF/B), and extend local currency disbursements to the NDF/B for its operational costs on a regular basis. Matters of cosigning loans and disbursements of local currency will be difined in the PADF-NDF/B agreement.

TABLE I: SCHEDULE OF PROJECT ACTIVITIES

ACTIVITY	RESPON-SIBILITY*	DURATION	Year I 1	2	3	4	Year II 1	2	3	4	Year III 1	2	3	4
NDF/B Promotion	1	Pre-OPG												
Prepare Final report to USAID	1,2													
Organize Steering Committee	1,2	Pre-OPG												
Prepare Articles of Association	2	Pre-OPG												
Approve Articles of Association	6	Pre-OPG												
Formally Launch NDF/B	2,1,5,6	Pre-OPG												
Approve OPG	5													
NDF/B Establishment and Operations	1,2,3													
Convert Steering Committee to Board of Directors	1,2	2 weeks	X											
Define operational objectives, procedures, budget	1,2,3	3 weeks	X											
Adopt six month plan	1,2,5,6	2 weeks	X	X	X		X		X		X		X	
Select and hire Exec. Director	2	1 month	X											
Organize offices	2,1,3	1 month	X											
Procure Office Equipment	1,2,3	2 months	X											
Identify & Hire Field Extension Officers	1,2,3	2 months	X											
Set up management & accounting system and evaluation plan	1,2,3	1 month		X										
Semi-annual membership drives	2,3,1	3 wks/qtr			X		X		X		X		X	
Raise local funds	2,3	2 wks/qtr		X		X		X		X		X		
Evaluate project progress	1,2,3	1 week		X		X		X		X		X		X
Annual Board meeting	2,3	1 day/yr				X				X				X
Prepare/submit final Report to USAID	1,2													X
NDF/B Programs														
Establish loan committees	2,3	1 month	X											
Prepare/adopt loan policies & procedures	2,3,1	2 months		X										
Train Field Officers[1]	1,3	6 wks/qtr		X		X		X		X		X		X
Procure Vehicles	1,3	3 months		X										
Design business survey	1,3,4,2	2 months		X	X									
Conduct business survey	3,1[2],	3 months			X	X	X							
Loans disbursement	2,3,4	on-going			X	X	X	X	X	X	X	X	X	X
Provide technical advice	1	1 wk/mth	X	X	X	X	X	X	X	X	X	X	X	X
Submit quarterly reports	1,3	on-going		X	X	X	X	X	X	X	X	X	X	X
Review Field Officers' performance	1,3,4	1 wk/qtr			X	X	X	X	X	X	X	X	X	X
Collect loans	3,4	on-going					X	X	X	X	X	X	X	X

[1] PADF is currently preparing curriculum for Field Extension Officers.

[2] A consultant will be hired to conduct the survey.

* Responsibility Code:

1 PADF	4 Field Officers
2 NDF/B Board	5 USAID/Belize
3 Exec. Director	6 Gov't of Belize

5.0 Project Evaluation

5.1 Evaluation Capability

PADF has the in-house capability to evaluate its own programs and its field projects. As it has done in the past, PADF will also contract outside evaluators to conduct independent, third-party analyses.

Both the Development Foundations Program Director and the Projects Officer have considerable experience in project design, implementation, and evaluation methodology, and fully understand AID's policies and requirements for evaluations. The Program Director has also conducted evaluations as an outside evaluator for other organizations.

As part of its Development Foundations Program's on-going projects, PADF has a system for regularly producing financial and statistical data which serve as the basis of evaluation. National Development Foundations assisted by PADF have precise financial information such as budgets, monthly or quarterly actual-to-budget comparisons, and financial reports. All NDFs undergo annual audits.

Financial statements constitute the verifiable indicators of managerial performance, attesting to success or failure of loan programs or signalling difficulties.

Written policies and procedures exist or will be prepared for credit, loan solicitation, review, disbursement and monitoring, and definition of client small business advisory services. A standardized accounting system used by all NDFs will be suggested. Monthly loan portfolios provide information on repayment status. Comparative financial analyses are conducted on sources and use of loan funds, operating expenses, debt ratio, and qualitative performance reports.

Once an NDF is operational, one of PADF's monitoring responsibilities is to check and track the above-mentioned variables on a regular, sixty- or ninety-day basis for the purposes of ascertaining progress and identifying problems at an early stage.

5.2 Evaluation Plan for this Project

Periodic self-evaluations of the NDF/B will be performed at the end of the first and second years, to be conducted by PADF personnel responsible for implementing the project. The evaluation process will include input from leaders and managers of the NDF, representatives of USAID or other donors, supporters and project beneficiaries. These evaluations will use management, financial, and economic information that is routinely collected and readily available to assess progress against the planned targets of the NDF/B.

External progress and impact evaluations will be undertaken approximately 18-24 months after the NDF is formally launched, or approximately 12 months after its initial field program activity has begun. The purpose will be to clearly establish the progress of the NDF and the effectiveness

and impact of its programs. The lessons learned will be incorporated into designing and planning program expansion and proposals for funding.

Annual audits will be carried out (once the NDF is operational) by an independent public accountant acceptable to the NDF and PADF. Audits will examine the financial transactions in compliance with normally accepted standards and procedures, as well as the efficiency and effectiveness of the operations and the integrity and performance of management.

6.0 Financial Plan

PADF requests a $530,000 Operational Program Grant from USAID/Belize to support a project whose focus is the establishment of the National Development Foundation of Belize (NDF/B) and its program of credit, technical assistance and training for Belizian small-scale enterpreneurs.

The requested OPG will be composed of $142,000 in US dollars and the equivalent of US$388,000 in local currency. While the US portion would be granted to PADF, an agreement regarding disbursement and use of local currency could, at USAID/Belize's opition, be worked out directly with the NDF/B. PADF's provision of technical assistance and training, financial arrangements, reporting requirements, and a detailed description of the various rights and responsibilities of PADF and the NDF/B will be further elaborated in an agreement (subordinate to the grant agreement with USAID) between the two.

Total budgeted expenditures and major sources of funds for the proposed three-year project to establish the National Development Foundation of Belize are detailed in Table II, which is divided into three major categories: PADF technical assistance and training (including overhead); NDF/B operations (including staff salaries and benefits, commodities, and operating costs); and the NDF/B revolving loan fund.

Table III provides a breakdown of the distribution of project funds and Table IV show the funding schedule by year and by sources of funds.

TABLE II - SUMMARY FINANCIAL PLAN

	DISBURSEMENTS				SOURCES	
	Year I	Year II	Year III	TOTAL	OPG	Other*
1. Technical Assistance & Training	37,100	37,300	23,600	98,000	80,000	18,000
2. NDF/B Operating Costs (including international travel)	145,000	105,000	112,000	362,000	256,000	106,000
3. Revolving Loan Fund	100,000	240,000	200,000	540,000	194,000	346,000
TOTAL	282,100	382,300	335,600	1,000,000	530,000	470,000

*To include NDF/B, PADF, IAF, PACT, etc.

TABLE III - BREAKDOWN/DISTRIBUTION (NDF/B OPERATIONS)

	DISBURSEMENTS				SOURCES	
	Year I	Year II	Year III	TOTAL	OPG	Other*
1. Tech. Assistance & Training	37,100	37,300	23,600	98,000	80,000	18,000
NDF/B Operations						
Salaries	71,000	80,000	90,000	241,000	151,000	90,000
Operating Expenses	24,000	18,000	17,000	59,000	40,000	13,000
Vehicles (3)	33,000	---	---	33,000	33,000	---
Commodities	13,000	3,000	3,000	19,000	19,000	---
International Travel	4,000	4,000	2,000	10,000	10,000	---
3. Revolving Loan Fund	100,000	240,000	200,000	540,000	191,000	349,000
TOTAL	282,100	382,300	335,600	1,000,000	530,000	470,000

TABLE III - FUNDING SCHEDULE

	Year I	Year II	Year III	TOTAL
USAID/OPG	282,100	247,900	---	530,000
PADF	---	21,000	---	21,000
NDF/B	---	75,000	---	75,000
Other (IAF, PACT, etc.)	---	40,000	334,000	374,000
TOTAL	282,100	383,900	334,000	1,000,000

TABLE II. PLANNED EXPENDITURES AND FUNDING SOURCES: NATIONAL DEVELOPMENT FOUNDATION OF BELIZE
(All amounts expressed in US$ or equivalency)

	PLANNED EXPENDITURES				FUNDING SOURCES			
	Year I	Year II	Year III	TOTAL	AID OPG	PADF	NDF/B	OTHER
I. External T.A. & Training	37,100	37,300	23,600	98,000	80,000	14,200	---	3,800
PADF Senior Staff (3 mos/yr)	12,500	12,500	8,000	33,000				
Field Officers Training	3,000	3,000	---	6,000				
Small Business Survey	4,000	---	---	4,000				
Consultant-3rd Party Evaluation	---	2,500	2,500	5,000				
Internat'l Travel & perdiem	5,000	5,700	5,700	16,400				
Participation at Regional Sem.s	4,000	5,000	2,000	11,000				
Subtotal	28,500	28,700	18,200	75,400				
Overhead (30% of Direct Costs)	8,550	8,610	5,460	22,620				
II. NDF/B Operations	145,000	105,000	112,000	362,000	329,000	---	---	33,000
A. Staff Salaries & Benefits	71,000	80,000	90,000	241,000				
Executive Director	(18,000)	(21,000)	(24,000)	(63,000)				
Project Manager	(12,000)	(14,400)	(16,000)	(42,400)				
Accountant	(12,000)	(14,400)	(16,000)	(42,400)				
3 Field Extension Officers	(18,000)	(18,000)	(18,000)	(54,000)				
1 Typist/Secretary	(3,600)	(4,800)	(4,800)	(13,200)				
1 Typist	(---)	(---)	(3,600)	(3,600)				
1 Accounts Clerk	(4,800)	(4,800)	(4,800)	(14,400)				
1 Asst. Clerk	(2,600)	(2,600)	(2,800)	(8,000)				
B. Commodities	46,000	3,000	3,000	52,000				
Office equipment	(13,000)	(3,000)	(3,000)	(19,000)				
3 vehicles	(33,000)	---	---	(33,000)				
C. Operating Costs (Rent, util.s, insurance, office & vehicle maintenance & operation, local travel	24,000	18,000	17,000	59,000				
D. International Travel	4,000	4,000	2,000	10,000				
III. Revolving Loan Fund	100,000	240,000	200,000	540,000	121,000	---	75,000	344,000
TOTAL PROJECT EXPENDITURES	282,100	382,300	335,600	1,000,000	530,000	14,200	75,000	380,800

* PADF version

TABLE III: PLANNED USAID OPG DISBURSEMENTS
(All expenditures expressed in US$ or equivalent)

	YEAR I		YEAR II		YEAR III		TOTAL	
	US$	Local	US$	Local	US$	Local	US$	Local
I. External T.A. & Training	33,000	---	30,000	---	17,000	---	80,000	---
II. NDF/B Operations	50,000	95,000	7,000	83,000	5,000	89,000	62,000	267,000
III. Revolving Loan Fund	---	40,000	---	40,000	---	41,000	---	121,000
TOTALS	83,000	135,000	37,000	123,000	22,000	130,000	142,000	388,000
YEAR TOTALS	218,000		160,000		152,000		530,000	

TABLE IV: PLANNED DISBURSEMENTS FROM OTHER SOURCES
(All expenditures expressed in US$ or equivalent)

	YEAR I		YEAR II		YEAR III		TOTAL	
	US$	Local	US$	Local	US$	Local	US$	Local
I. External T.A. & Training	4,100	---	7,300	---	6,600	---	18,000	---
PADF	(4,100)	---	(5,300)	---	(4,800)	---	(14,200)	---
Other	---	---	(2,000)	---	(1,800)	---	(3,800)	---
II. NDF/B Operations	---	---	---	15,000	---	18,000	---	33,000
Other	---	---	---	(15,000)	---	(18,000)	---	(33,000)
III. Revolving Loan Fund	---	60,000	---	200,000	---	159,000	---	419,000
NDF/B	---	(20,000)	---	(25,000)	---	(30,000)	---	(75,000)
Other	---	(40,000)	---	(175,000)	---	(129,000)	---	(344,000)
TOTALS	4,100	60,000	7,300	215,000	6,600	177,000	18,000	452,000
YEAR TOTALS	64,100		222,300		183,600		470,000	