

V-1 - A.I.D. EVALUATION SUMMARY PART I

(BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS)

FD-100-272  
6/16/90

IDENTIFICATION DATA

<b>A. REPORTING A.I.D. UNIT:</b> USAID/Ecuador (Mission or AID/W Office) (ES) GP-002/90 )		<b>B. WAS EVALUATION SCHEDULED IN CURRENT FY ANNUAL EVALUATION PLAN?</b> yes <input checked="" type="checkbox"/> skipped <input type="checkbox"/> ad hoc <input type="checkbox"/> Eval. Plan Submission Date: FY <u>9001</u>		<b>C. EVALUATION TIMING</b> interim <input checked="" type="checkbox"/> final <input type="checkbox"/> ex post <input type="checkbox"/> other <input type="checkbox"/>	
<b>D. ACTIVITY OR ACTIVITIES EVALUATED</b> (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report)					
Project	Project/Program Title (or title & date of evaluation report)	First PROAG or equivalent (FY)	Most recent PACO (mo/yr)	Planned LOP Cost ('000)	Amount Obligated to Date ('000)
518-005	Small Enterprise Development	12/89	12/90	4.281	4.281

ACTIONS

<b>E. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR</b>		
Action(s) Required  Mission was pleased with the evaluation but doubts as to the technical capability of external consultant to act as professional communicator. In workshops led to the decision that the interim evaluation report should be provided to CARE and INSOTEC. These institutions should then present the Mission with their plans to overcome deficiencies detected by external consultant.  Moreover, Mission developed a strategy to ensure that project activities would be sustainable in the future. In order to reduce the cost per hour of technical assistance, Mission requested that a reduction of costs and an increase in revenues be reflected in the next work plans. In addition, the Mission encouraged implementing agencies to provide specialized training in strategic planning, budgeting, financial analysis, marketing, personnel management, and field supervision.  At this moment, CARE and INSOTEC have reduced operating costs and increased their self-sufficiency level. Both have been provided special training courses for their personnel to encourage an institutional strengthening.	Name of officer responsible for Action  Maruska Burbano    Maruska Burbano	Date Action to be Completed  Dic./89    Dic./89
(Attach extra sheet if necessary)		

APPROVALS

F. DATE OF MISSION OR AID/W OFFICE REVIEW OF EVALUATION: mo \_\_\_ day \_\_\_ yr \_\_\_

G. APPROVALS OF EVALUATION SUMMARY AND ACTION DECISIONS:

Project/Program Officer Signature: Typed Name: Maruska Burbano Date: 1/24/90	Representative of Borrower/Grantee CARE: Louis Alexander INSOTEC: José Lanusse Date: _____	Evaluation Officer Signature: Date: _____	Mission or AID/W Office Director Signature: Date: _____ CHARLES E. COSTELLO
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a

**H. EVALUATION ABSTRACT (do not exceed the space provided)**

The project purpose is to increase employment and income in the small scale enterprise sector through the increase and improvement of the supply of technical assistance, training and credit. The project has three major components: (1) Training (CARE/Fundación Carvajal/ACCION - AITEC), (2) Technical Assistance Services (INSOTEC), and, (3) Project Coordination and Evaluation.

The objectives the interim evaluation were to: (1) Analyze the characteristics and modus operandi of each component and recommend the global and component-specific measurable indicators that can assure the evaluation of the progress and impact of activities, (2) Analyze the self-sufficiency, (3) identify the management and financial problems facing the implementing organizations, (4) Carry out an administrative assessment of each organization, the results of which would be used as baseline data for the evaluation of the institutional development component of the project.

**RESULTS AND FINDINGS**

**Results:** Consultants designed a revised logical framework with specific impact indicators in coordination with representatives of the technical assistance agencies and USAID officials.

**Findings:** Organizations face management problems that threaten their continued operation after the termination of USAID funding in 1990. These problems can be grouped into three major categories: strategic planning, management, and program management.

**Strategic Planning Problems:** The organizations: 1) Have not analyzed their competition, 2) Are unclear of their missions and consequently proposed strategies are not consistent, 3) None of the implementing agencies/offices have developed their own annual plan or budget. These documents has been developed at the central office level, 4) Have a lack of clarity between the organization and the project, 5) Most implementing agencies face a problem of lack of demand for both training and technical services.

**Management problems:** 1) Lack of basic management skills needed to run these organizations after the termination of external technical assistance, 2) In some cases, technical assistance has not been aimed at the development of the organization but at the program, 3) In some organizations, accounting systems do not include General Ledger, making classification of income and expense difficult, 4) Personnel decisions reflect a lack of administrative procedures, 5) Many organizations lacked job descriptions for all staff and did not have periodic employee performance evaluation systems.

**Program problems:** On credit delivery: 1) Line of credit does not work with positive interest rates, therefore, there is a deterioration of the loan portfolio; 2) Program managers demonstrate a social rather than business or financial approach to the credit program, 3) Liberal policy in the determination of loans terms has resulted in a) rapid utilization of available funds, b) a restricted beneficiary population; 4) Demand for credit is higher than supply; 5) Graduation of borrowers to commercial loans apparently has not been addressed. For the technical assistance component: 1) Provision of technical assistance is either inefficient or organizations are not charging for all hours of assistance provided; 2) Poor supervision and support of field staff in some organizations; 3) Lack of productivity may also reflect a lack of demand for services. For the training component: Lack of demand for services or lack of adequate communication through other less expensive channels of communication than a door to door promotion strategy.

**RECOMMENDATIONS:** To implement a coordinated training and technical assistance strategy at national level through workshops and technical assistance activities to ensure that organizations will develop strategic plans, accounting manuals and administrative manuals.

ABSTRACT

**L. EVALUATION COSTS**

1. Evaluation Team Name	Affiliation	Contract Number OR TOY Person Days	Contract Cost OR TOY Cost (US\$)	Source of Funds
Tonia Papke	Contract with	DAN/1090/C/00/5124/00	16,709	LDDA-88-25518-JG-13
Margarita Berger	Robert Nathan Associates.	Buy-in	70,000	72-1181021

2. Mission/Office Professional Staff Person-Days (estimate) 20 days

3. Borrower/Grantee Professional Staff Person-Days (estimate) 20 days

COSTS

b

# A.I.D. EVALUATION SUMMARY PART II

## I. SUMMARY OF EVALUATION FINDINGS, CONCLUSIONS AND RECOMMENDATIONS (Try not to exceed the 3 pages provided)

Address the following items:

- |  |                           |
|--|---------------------------|
| • Purpose of activity(ies) evaluated             | Principal recommendations |
| • Purpose of evaluation and Methodology used     | Lessons learned           |
| • Findings and conclusions (relate to questions) |                           |

Mission or Office: General Development Dev.

Date this summary prepared: July, 1990

Title and Date of Full Evaluation Report: \_\_\_\_\_

### Purpose of activities evaluated

The project purpose is to increase employment and income in the small scale enterprise sector through the increase and improvement of the supply of technical assistance, training and credit.

The project has three major components: (1) Training (CARE/Fundación Carvajal/ACCION - AITEC); (2) Technical Assistance Services (INSOTEC); and, (3) Project Coordination and Evaluation.

1. Training and Credit Delivery Mechanisms Component is implemented by CARE, Fundación Carvajal and ACCION/AITEC and provides an integrated package of technical assistance to support the development of credit and training programs for micro-enterprises in selected areas of Ecuador. Through this component at least five micro-enterprise training and credit programs are to be established in selected secondary cities. Two existing micro-credit programs in Quito and Guayaquil (Fundación Ecuatoriana de Desarrollo and Fundación Eugenio Espejo) are to receive technical assistance to improve performance and increase lending operations. With the establishment of the AID-funded CFN-INSOTEC Credit Line, to support small-scale enterprise activities, the Mission has included the participation of Fundación Austral, a NGO that provides training, medical assistance and legal advice to microentrepreneurs from Cuenca, Loja and Morona Santiago.

2. Technical Assistance Services Component is implemented by INSOTEC and seeks to expand the supply and quality of technical assistance to the small scale enterprise sector in at least five secondary cities through the development of private consultant resources and through the provision of technical assistance. Technical assistance is provided through practical courses, workshops/seminars and clinics, as well as individual technical assistance.

To facilitate the provision of TA to microentrepreneurs, INSOTEC's beneficiaries have access to the AID-funded CFN-INSOTEC Credit Line.

3. The Coordination and Evaluation Component is to provide expert guidance in project implementation and to establish an evaluation system which will permit periodic assessments of project achievements at the output and goal level.

### Purpose of evaluation and methodology used

The evaluation consultants provided through a buy-in to the ARIES Project worked closely with the project coordinator and GDO during the two stages of development of this component

Stage 1: During May meetings were held with USAID officials as well as representatives of the technical assistance agencies to revise the project's logical framework and develop project impact and implementation indicators. After agreement was reached, the consultants and the project coordinator met separately with each agency to discuss the implementation of the evaluation and monitoring system in their specific institutional context. Subsequently, each implementing agency presented its goals under the new impact and implementation indicators to the Mission. Other indicators which the agencies considered valid for their specific areas of competence were also presented. The Mission then shared this information with the ARIES team.

Stage 2: In the months of July and August a second ARIES visit accomplished the following:

1. Consultants delivered the revised logical framework with specific impact indicators.
2. Intensive field visits to each local implementing agency in the secondary cities, Quito and Guayaquil, were carried out in order to: a) Identify the problems facing these organizations, b) Determine the training and technical assistance required so that organizations can achieve self-sufficiency, c) Carry out an administrative and financial assessment. The results of the visits are being used to improve the overall efficiency of the programs.
3. A two day workshop was held on August 14-15 with the implementing agencies and field offices to train their staff in the use of the instruments to monitor project impact and self-sustainability.
4. A half day workshop was held on August 16 with the CFN and intermediary banks to discuss the terms of the credit line and to share the objectives of the project.

### Findings and Conclusions

During the two weeks spent with the eleven implementing agencies/zonal offices, a number of general problems were identified. Generally, while organizations have adopted sound technical procedures, they face management problems that threaten their continued operation after the termination of USAID funding in 1990. These problems can be grouped into three major categories: strategies planning, management, and program management.

SUMMARY

### A. Strategic Planning

1. The organizations have not analyzed their competition.
2. Organizations are unclear as to their missions and consequently proposed strategies are not consistent with that.
3. None of the implementing agencies/offices have developed their own annual plan or budget. In most cases, an annual plan and budget has been developed at the central office level for all foundations and zonal offices. Until this semester, the zonal offices of INSOTEC did not have a budget.
4. There is a lack of clarity between the organization and the project. To a certain degree, in some organizations more than others, the project is the organization. For some organizations, there is no organizational identity of purpose outside that of the USAID funded project.
5. Most implementing agencies face a problem of lack of demand for both training and technical assistance services. The reason for this have not been evaluated.

### B. Management

1. There is a general lack of basic management skills needed to run these organizations after the termination of external technical assistance in 1990.
2. In some cases, technical assistance has not been aimed at the development of the organization but at the program. For example, in one organization, while the records of the credit program are in the process of being computerized, the organization has an inadequate accounting system and lacks basic management information system.
3. In some organizations, accounting system do not include a General Ledger, making classification of income and expenses difficult. In addition there is no distinction between program and administrative expenses.
4. Personnel decision reflect a lack of administrative procedures.
5. Many organizations lacked job descriptions for all staff and did have periodic employee performance evaluation systems.

### C. Programs

#### 1. Credit

- a. The first line of credit, with an interest rate of 40%, has resulted in a deterioration of the loan portfolio. With the second line of credit, the interest rate has been raised as high as possible, given the relevant laws. However, at 51%, the interest rate remains below inflation rate, resulting in a continued deterioration of the portfolio. Given the fact that the beneficiaries will pay additional fees for post-credit technical assistance the impact of inflation has been minimized as much as possible.
- b. In most cases, even for working capital, loans have been made for long periods of time. This liberal policy has resulted in: 1) the rapid utilization of available funds, and 2) a restricted beneficiary population.
- c. Demand for credit is higher than supply. In spite of this, organizations have retained their position that interest rates are too high and that they should be subsidized for small business owners. Program managers demonstrate a social rather than business or financial approach to the credit program.
- d. We met beneficiaries of one organization who had up to 15 loans. Because of the excellence of the program (simple and streamlined loan application process and good service provided to clients), it appears that without a push these individuals will not voluntarily graduate to the commercial sector. Although graduation to the commercial loan sector is an objective of the program, this issue does not appear to have been addressed.

#### 2. Technical Assistance

- a. While we were not able to determine the exact cause, it seems that provision of technical assistance is either inefficient or organizations are not charging for all hours of assistance provided. For example, in one organization, time sheets indicate that technical assistance provided to clients accounts for only 30% of their time. The remaining hours are either spent in marketing of services, management, non-objective-related activities, or in provision of services that are not invoiced.
- b. There appears to be poor supervision and support of field staff in some organizations. In one organization, field staff was unclear as to their roles and did not appear to have the necessary skills to provide technical assistance to their clients.
- c. The lack of productivity as listed in 2.a may also reflect a lack of demand for services. In both foundations and zonal offices, field staff spent considerable time marketing services.

#### 3. Training

- a. Field staff spend up to 25% of their time promoting the program in order to identify course participants. This heavy need for door to door promotion indicates a lack of demand for services or a lack of adequate communication through other, less expensive, channels of communication. The implementing agencies have not appeared to have analyzed this within the context of whether their program is indeed meeting the needs of their proposed target group.

### Principal Recommendations

Based on the results of the field visits, a coordinated training and technical assistance strategy was presented. The institutional development strategy should be coordinated on a national level rather than separated between CARE and INSOTEC-assisted organizations/zonal offices. While training and technical assistance needs vary somewhat, they are generally the same for both groups of implementing organizations. This was reiterated by evaluation workshop participants who stated that they had learned a great deal from sharing experience and ideas. This coordinated training can also assist in easing the inter-agency friction and problem encountered during the field trip.

#### A. Training

A number of initial training needs were identified. They are outlined in order of priority below:

1. Board Development: In order to create strong, autonomous organizations, it is critical that each have a strong, educated board of directors. In those foundations with strong boards, the programs are more directed and the chances for success are higher. This one day workshop held individually with the four foundations and INSOTEC/Quito would be directed at present board members, senior staff, and other stakeholders. The overall purposed would be to assist each organization in recruiting and training appropriate individuals. The one day workshop would discuss:
  - Functions of the board; functions of specific individuals; e.g., President, Vice President, Treasurer, etc.; mission of the organization; requirements and qualifications of board members.
2. Strategic Planning: In the light of the fact that USAID funding will terminate in 1990, the most critical need for training is in strategic planning. A five day course for the Program Managers (Coordinators and Zonal Consultants) and Board Presidents (as appropriate) would provide participants with the exposure to the strategic planning process. This workshop would cover: mission; objectives of the organization; analysis of external environment and internal strengths and weaknesses (SWOT); development of self-sufficiency strategies; development of workplans; budgeting.
3. Budgeting, Costing, and Financial Analysis: A three day workshop for Program Managers would discuss in greater detail:
  - development of budgets for program and administrative costs; development of variable and fixed costs; analysis of financial information; cash flow planning; break even point analysis; budget monitoring.
4. Marketing: A three day workshop in marketing for Program Managers and Board Presidents would assist organizations in the following areas: pricing of services; market studies, promotion strategies; advertising, public relations, etc.
5. Elementary Accounting and Bookkeeping: Each local office has an accountant who keeps the cash books and sends the information to either Fundación Carvajal or INSOTEC/Quito. This three day workshop would instruct these individuals how to manage general ledgers and other financial records required in order to provide information for management decisions. Cost accounting would also be discussed.
5. Personnel Management: This five day workshop for Program Managers would address the issues involved in the efficient management of their staff and would include: motivation; recruitment and selection; training; supervision; performance evaluation.
7. Field Supervision: A three day workshop for Program Managers in the supervision of field staff would discuss such issues as: control of time; planning of activities; analysis of efficiency of work.
8. Board Training: After recruitment of board members, a two day workshop will be held with board members of individual organization. The same topics will be addressed as in Workshop 1 above; however, the training will be more practical and hands on, with an emphasis on skills acquisition.

#### B. Technical Assistance

A number of areas of technical assistance are required by the implementing organizations. They are listed below in order of priority.

1. Development of Strategic Plans: After the completion of the strategic planning workshop, a local consultant will work with each institution, using a participative methodology in order to develop a strategy for each institution. Approximately 5-10 days will be necessary for each institution, depending on the capability of the organization. A local individual with extensive experience in strategic planning of non-profit organizations will be identified.
2. Development of Accounting Manuals: Written accounting manuals need to be developed for each local office. This manual should include the following items: use of a General Ledger; separation of program and administrative costs (cost accounting).
3. Installation of Appropriate Bookkeeping Systems to Reflect Need for Program-related Income and Expenses. After development of generic accounting procedures, a local consultant can be used to install these systems in the organizations. Three to ten days per organization is estimated for modifications and training of the appropriate individual.
4. Development of Administrative Manuals: It is critical that written administrative procedures be developed for each implementing agency including such areas as: personnel policies; control of vehicles; USAID regulations.
5. Installation of Administrative Manuals: After development of generic policies, a local consultant can be used to apply these policies in the organizations. Two to three days per organization is estimated for modifications and training of the appropriate individual.

SUMMARY (continued)

K. ATTACHMENTS (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier)

ATTACHMENT

Report: Technical Assistance to the Small Enterprise Development Project (518-0056)  
Ecuador  
By Tonia Papke, under Robert Nathan Associates.  
November, 1989

L. COMMENTS BY MISSION, AID/W OFFICE AND BORROWER/GRAANTEE

USAID/Ecuador: We are in complete agreement with findings and results of the Evaluation. The Mission will take immediate action in order to comply with the recommendations of the evaluation.

MISSION COMMENTS ON FULL R. AT

X D - A B E - 7 4 2 - 1

NOV 1989

TECHNICAL ASSISTANCE TO THE  
SMALL ENTERPRISE DEVELOPMENT PROJECT (516-0056)  
ECUADOR

by

Tonia Papke

November 17, 1989

Developed under contract between  
Robert Nathan Associates and Tonia Papke.

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## APPENDICES

A	Persons Contacted
B	Activities Realized
C	Schedule for Evaluation Seminar

## CHAPTER 1

### EXECUTIVE SUMMARY

#### Introduction

During the period July 24-August 19, 1989, Tonia Papke spent four weeks in Ecuador visiting the eleven implementing institutions and meeting with the four technical assistance organizations of the Small Enterprise Development Project. This report presents the findings of that trip. Chapter Two presents overall conclusions and recommendations. Chapter Three presents an analysis of the eleven implementing organizations with regard to their ability to become self-sustainable upon termination of USAID funding in 1990. Chapter Four presents a training and technical assistance strategy for the sector that will develop the institutional capability of these eleven organizations required to ensure their ability to effectively manage their programs after termination of USAID funding.

#### Scope of Work

The purpose of this consultancy was to:

1. Analyze the self-sufficiency of the eleven implementing agencies/offices.
2. Apply the diagnostic tool in three implementing agencies/offices and train staff of the technical assistance organizations in application of the tool in the remaining institutions/offices.
3. Identify the management and financial problems facing these organizations.
4. Carry out an administrative assessment of each organization, the results of which will be used as baseline data for the evaluation of the institutional development component of the project.
5. Determine the training and technical assistance required in order for these organizations to achieve self-sufficiency after termination of USAID funding in 1990.
6. Plan and carry out a seminar on evaluation techniques and methods for staff of implementing agencies/offices. The seminar addressed such topics as:
  - a. the role of program evaluation in management,
  - b. the focus of the Small Enterprise Development Project

- Evaluation System,
- c. definition and operationalization of evaluation indicators,
  - d. data collection and reporting, and
  - e. data analysis.

The schedule for this seminar has been included as Appendix C.

- 7. Participate in a seminar for bank officials on the evaluation methodology and the bank's participation in that process.

Appendix A indicates the persons contacted during the trip and Appendix B outlines the activities undertaken.

## CHAPTER 2

### SUMMARY OF FINDINGS

During the two weeks spent with the eleven implementing agencies/zonal offices, a number of general problems were identified. The specific problems facing these organizations are discussed in greater detail in Chapter 3.

Generally, while organizations have adopted sound technical procedures, they face management problems that threaten their continued operation after the termination of USAID funding in 1990. These problems can be grouped into three major categories: strategic planning, management, and program management.

#### A. Strategic Planning

1. The organizations have not analyzed their competition.
2. Organizations are unclear as to their missions and consequently propose strategies that are not consistent with that.
3. None of the implementing agencies/offices have developed their own annual plan or budget. In most cases, an annual plan and budget has been developed at the central office level for all foundations and zonal offices. Until this semester, the zonal offices of INSOTEC did not have a budget.
4. There is a lack of clarity between the organization and the project. To a certain degree, in some organizations more than others, the project is the organization. For some organizations, there is no organizational identity or purpose outside that of the USAID-funded project.
5. Most implementing agencies face a problem of lack of demand for both training and technical assistance services. The reasons for this have not been evaluated.

#### B. Management

1. There is a general lack of basic management skills needed to run these organizations after the termination of external technical assistance in 1990.

2. In some cases, technical assistance has not been aimed at the development of the organization but at the program. For example, in one organization, while the records of the credit program are in the process of being computerized, the organization has an inadequate accounting system and lacks basic management information systems.
3. In some organizations, accounting systems do not include a General Ledger, making classification of income and expenses difficult. In addition, there is no distinction between program and administrative expenses.
4. Personnel decisions reflect a lack of administrative procedures.
5. Many organizations lacked job descriptions for all staff and did not have periodic employee performance evaluation systems.

### C. Programs

#### 1. Credit

- a. The first line of credit, with an interest rate of 40%, has resulted in a deterioration of the loan portfolio. With the second line of credit, the interest rate has been raised as high as possible, given the relevant laws. However, at 51%, the interest rate remains below inflation rate, resulting in a continued deterioration of the portfolio. Given the fact that the beneficiaries will pay additional fees for post-credit technical assistance, the impact of inflation has been minimized as much as possible.
- b. In most cases, even for working capital, loans have been made for long periods of time. This liberal policy has resulted in
  - 1) the rapid utilization of available funds, and
  - 2) a restricted beneficiary population.
- c. Demand for credit is higher than the supply. In spite of this, organizations have retained their position that interest rates are too high and that they should be subsidized for small business owners. Program managers demonstrate a social rather than business or financial approach to the credit program.
- d. We met beneficiaries of one organization who had up to 15 loans. Because of the excellence of the program (simple and streamlined loan application process and good service provided to clients), it appears that without a push these individuals will not voluntarily graduate to the commercial sector.

Although graduation to the commercial loan sector is an objective of the program, this issue does not appear to have been addressed.

## 2. Technical Assistance

- a. While we were not able to determine the exact cause, it seems that provision of technical assistance is either inefficient or organizations are not charging for all hours of assistance provided. For example, in one organization, time sheets indicate that technical assistance provided to clients accounts for only 30% of their time. The remaining hours are either spent in marketing of services, management, non-objective-related activities, or in provision of services that are not invoiced.
- b. There appears to be poor supervision and support of field staff in some organizations. In one organization, field staff was unclear as to their roles and did not appear to have the necessary skills to provide technical assistance to their clients.
- c. The lack of productivity as listed in 2.a may also reflect a lack of demand for services. In both foundations and zonal offices, field staff spent considerable time marketing services.

## 3. Training

- a. Field staff spend up to 25% of their time promoting the program in order to identify course participants. This heavy need for door to door promotion indicates a lack of demand for services or a lack of adequate communication through other, less expensive, channels of communication. The implementing agencies have not appeared to have analyzed this within the context of whether their program is indeed meeting the needs of their proposed target group.

## CHAPTER 3

### INSTITUTIONAL ASSESSMENTS

#### I. INSOTEC

The small enterprise development program is managed by PRODEPEM (Proyecto de Desarrollo de la Pequena Empresa Manufacturera) through zonal offices operating relatively autonomously in four provinces. Support to the offices is provided through technical visits by PRODEPEM staff and staff training both on-site and in Quito. All zonal offices carry out only the activities funded under this USAID grant although, in some cases, strategic plans include the expansion into other INSOTEC programs.

#### Introduction

##### Clients

In each of the four zones, PRODEPEM works with four sectors: wood, metal-working, food processing, and clothing manufacture. Depending on the province, these sectors have relative importance and therefore receive more or less emphasis.

**Recommendation:** In the face of scarce resources, it may be more efficient to concentrate in less than four sectors, especially in those provinces where one or two sectors dominate over the others. This will allow for greater specialization on the part of the technical consultants, who at present must sometimes spend up to a week learning a new technical area in preparation for a workshop.

#### Quality and Description of Management

##### Strategic Planning

All zonal offices have developed strategic plans that also include self-sufficiency objectives. In some cases, these documents appear to be more policy statements than actual plans that can be translated into annual operational plans. However, in all cases, they represent an excellent point of departure and reflect hard work and analytical analysis.

**Recommendation:** In some cases, zonal offices have indicated their interest in working in the provision of technical assis-

tance and training in business management areas such as marketing, accounting, etc. PRODEPEM should clarify the overall goal of its program; these activities fall outside their present mandate.

#### Budgeting

Until recently, the zonal offices did not have their own budgets. Beginning with the last half of 1989, a budget has been developed for each zonal office. However, it is unclear whether these budgets are based on program needs (objectives and planned activities).

#### Budgeting Analysis

There is no analysis of actual expenses against the budget. Indeed, there are no financial reports prepared for the zonal offices. Financial information is sent to Quito where it is entered into the computer. One consolidated report is prepared for the program. This report does not provide the information necessary for decision making.

Recommendation: Prepare a monthly financial report for each zonal office, splitting expenses among technical assistance, training, and administration. In addition, expenses for the three programs located in Santo Domingo (PRODEPEM office, zonal office, and Women's Program) should be separated.

#### Financial Management Systems and Controls

Quito: There is no accounting procedures manual. The journals are up-to-date in the central office. However, the General Ledger is current to the end of 1988.

Zonal offices: Bookkeeping of zonal offices is up-to-date and systems ensure adequate control over USAID resources.

#### Administrative Management Systems

Staff have clear job descriptions which describe overall job objective, functions, and required experience. There is a personnel procedures manual but the consultant was unable to assess its adequacy. There is a periodic employee performance evaluation system.

#### Marketing

Marketing appears to be a problem in several offices. Workshop attendance is low and it appears difficult to obtain paying technical assistance clients.

Recommendation: Several offices have begun to develop close working relationships with small business associations as well as with trade unions. This strategy plus the establishment of advisory councils composed of local small business owners, industrial leaders, and ex-students would not only assist in marketing of programs but would also strengthen program planning. A local advisory board can act as a local Board of Directors,

strengthening relationships with the local business and political communities.

#### Financial Analysis

The methodology used by INSOTEC in the provision of technical assistance and training is expensive. Participants pay an average of \$3,000 for workshops and \$800/hour for technical assistance. Taking into account central office and PRODEPEM overhead, the cost of workshops runs from \$12,732 to \$54,126 per participant (\$111,873 for the Women's Program) and from \$31,657 to \$108,382 per hour of technical assistance.

Recommendation: This high cost is due to some degree to the heavy overhead costs of the Quito office. However, there are a number of program design elements that can be evaluated which might reduce the cost.

- o Use of less expensive individuals for promotion of program.
- o Reduction of the number of technical areas in which INSOTEC works. Each zonal office could concentrate in the two zones which are the most critical in the province. This would reduce the time spent by technicians in learning new technical areas.
- o Hiring of additional technical staff based on actual, demonstrated demand for their services.

The four zonal offices and the Women's Program are discussed briefly below.

INSOTEC Central  
Ejecutado 1/1-6/30/89

Division desto	Prodepe	Otros Programas	Administra- cion	TOTAL
DNAL				
esse Director Ejecutivo			10,199,568	10,199,568
ndes: Director General			6,907,440	6,907,440
illo Dir Finanzas			2,946,700	2,946,700
alde Dir Administracion			1,446,000	1,446,000
ana Administracion			816,000	816,000
c Contabilidad			664,000	664,000
nel Secretaria			390,000	390,000
on Administracion			126,000	126,000
esa Contabilidad			156,000	156,000
illa Administracion			366,000	366,000
illos Contabilidad			396,000	396,000
eiva: Computo			346,000	346,000
lino Promocion			460,000	460,000
s T Administracion			264,000	264,000
co Administracion			210,000	210,000
illos Contabilidad			456,000	456,000
s P Administracion			276,000	276,000
P S ADMINISTRACION			36,000	36,000
roza DII			120,000	120,000
roza DII			456,000	456,000
guasno DII			630,000	630,000
on C PRODEG			390,000	390,000
on PRODEG			600,000	600,000
uentes CFBADC			510,000	510,000
nicono CFBADC			300,000	300,000
niego CREADC			720,000	720,000
soya CREADC			670,000	670,000
bro PROFOPEM		420,000		420,000
ovo PROFOPEM		156,000		156,000
odes PROFOPEM		480,000		480,000
ron PROFOPEM		360,000		360,000
tera PROFOPEM		226,000		226,000
owe DII		270,000		270,000
handa: CEDOIN		120,000		120,000
eor CEDOIN		90,000		90,000
riquez: CEDOIN		46,000		46,000
es C CEDOIN		1,968,000		1,968,000
niego DII		1,500,000		1,500,000
on DPI			1,446,000	1,446,000
o DII		1,060,000		1,060,000
chez CEDOIN		792,000		792,000
eus FOPIAL		1,050,000		1,050,000
yara Director PRODOPEM	1,562,000			1,562,000
Jaiva: Analista de Siste	432,000			432,000
as Manta	900,000			900,000
ental Esmeraldas	810,000			810,000
utia Quevedo	1,338,000			1,338,000
irez Sto Dominge	780,000			780,000
ersona: CT Manta	1,520,000			1,520,000

personaCT Esmeraldas	660.000			660.000
CT Quevedo	540.000			540.000
personaCT Sto Domingo	1.420.000			1.420.000
ciencia Sto. Domingo Muje	870.000			870.000
morano Sec Manta	276.000			276.000
gia Sec Esmeraldas	180.000			180.000
vilanezSec. Quevedo	228.000			228.000
ranc Sec Sto Domingo	270.000			270.000
Conserje Manta				0
Conserje Esmeraldas				0
Conserje Quevedo				0
Conserje Sto Domingo				0
Costo de Personal	11.966.000	8.552.000	32.507.708	53.155.708

OFICIOS SOCIALES 40x 4.794.400 3.424.800 13.043.083 21.262.283

ESTOS NO-PERSONALES

DEEG		32.715.001	3.512.031	36.327.032
PIAL		10.107.348	257.464	10.374.812
EWEC		13.908.533	1.954.754	15.871.287
DEPEV	11.282.948		5.400.278	16.683.226
GRATEC		2.566.020	15.000	2.581.020
SOITEC			6.791.194	6.791.194
Cost. Oficina y Equipo		1.777.772	1.227.352	3.005.124
Cost. de Edificio		161.341	116.833	278.174
Costos de Edificio		0	0	0
Costos de Carros			1.451.082	1.451.082
depreciacion--edificio		619.251	448.430	1.067.681
muebles y equipo		970.958	703.107	1.674.065
carros			615.800	615.800
Costo de Gastos Operativos	11.282.948	62.624.233	22.673.328	96.780.507

CAL DE GASTOS DIRECTOS 28.063.348 74.811.033 68.324.117 171.198.498

Costos Indirectos 18.638.239 49.685.816 (68.324.117) 0

COSTOS GLOBALES \$46.701.647 \$124.496.851 \$0 \$171.198.498

depreciacion al costo

comprases	820.421
Costos de arte	421.000
Edificio	25.000.000 revaluado
Equipo	3.781.548
Computadora	9.845.079
Muebles	1.872.539
Carros	6.158.000
Depreciaciones edifi	3.670.398
Depreciaciones tel	756.514

Costos de edificio	4.426.912		
Muebles y equipo		15.740.643	
Carros			6.158.300
Edificio (20 años)	25.000.000		
	52.328.560		
depreciacion--5 años	1.067.681	1.674.065	615.800

PRODEPEM Central  
Ejecutado 1/1-6/30/89

descripcion Gasto	Administra- cion	TOTAL
PERSONAL		
sueldo para Director Programa	1,662,000	1,662,000
salario para Secretaria 33%	90,000	90,000
salario para Analista de Sistema	432,000	432,000
salario para Personal	2,184,000	2,184,000
EFICIOS SOCIALES 40%	873,600	873,600
GASTOS NO-PERSONALES		
Implicaciones	8,000	8,000
Viáticos y Viajes	711,000	711,000
Alquileres	58,333	58,333
Impagos	4,407	4,407
Impagos de Telefono	21,073	21,073
Impagos de Oficina	332,350	332,350
Material Fotografico		0
Impagos Publicitarios		0
Impagos de Seguro Vehiculo	406,846	406,846
Impagos de Seguros	209,678	209,678
Impagos de depreciacion--muebles	310,300	310,300
Impagos de depreciacion--carros	438,238	438,238
Impagos de Gastos Operativos	2,500,224	2,500,224
TOTAL DE GASTOS	5,557,824	5,557,824
Gastos Indirectos	18,638,299	18,638,299
GASTOS GLOBALES	\$24,196,123	\$24,196,123
depreciacion al costo		
Impagos de depreciacion de bienes y equip 9.403.038		
Impagos de depreciacion de bienes 5.477.972		
depreciacion--5 anos		
Impagos de depreciacion de bienes y equipo 940,304	940,304	
Impagos de depreciacion de bienes 547,797	547,797	
porcentaje de uso para administracion programa	0.33	0.80
depreciacion	310,300	438,238

Costos de las oficinas zonales	Directos	Indirectos	
		Prodopen	Central
Medio	4,740,423	661,774	2,957,050
...	5,972,760	1,111,003	3,725,775
...s	4,397,006	617,895	2,742,830
...s de los Colorados	6,315,356	1,546,753	5,197,075
... de la Mujer	6,453,357	1,200,399	4,025,569
	\$29,678,906	\$5,557,824	\$18,638,299

## A. INSOTEC Quevedo

### 1. Introduction

#### Competition.

While staff indicated no serious competitive threat, they did identify several sources of similar services:

- o Government. There is little government activity; CONAUPE hasn't yet begun operations.
- o Vendors. In some instances, when a small businessowner purchases a machine, the seller provides technical assistance. However, this technical assistance is more expensive than that provided by INSOTEC.
- o Banks. At times, when banks provide credit, they insist that the credit recipient contract a specific engineer for technical assistance.
- o Academias Artesanales. These institutions provide training in basic elementary skills aimed at individuals starting their careers.

### 2. Quality and Description of Management

#### Marketing

The services are marketed through visits to businesses, radio commercials, and meetings with the respective trade unions.

### 3. External Threats and Opportunities

#### Threats

- o With no overall economic development plan for the zone, it is uncertain what role the government will play in small enterprise development.
- o The poor economic situation of target group depresses the demand for services and the price that can be charged.
- o Lack of support from the banks; i.e., lack of available credit for program participants. INSOTEC staff stated that attendance at training events dropped when participants realized that there was no possibility of credit.
- o Lack of responsibility on the part of the large business community.
- o Illiteracy of target group.

#### Opportunities

- o This is a relatively recently developed industrialized zone and has great potential for future development; it is a growing market.
- o The target group is receptive to the kinds of programs and services provided by INSOTEC.
- o There is little or no competition.

- o The image of INSOTEC is improving.

#### 4. Planning for Self-Sufficiency

##### Resources

- a. Twenty seven manuals that can be used for workshops as well as eight additional technical manuals.
- b. A well-trained technical team.
- c. Close working relationships with trade unions.

##### Strategies

- a. Provide similar services to new clients. Provide training to:
  - o agricultural associations
  - o cooperative managers
- b. Provide new services to the same clients. Publish technical books and journals for businessowners in the province.
- c. Provide similar services to new clients. Provide private consulting services to large businesses in technical areas represented by the INSOTEC team.
- d. Provide similar services to new clients. Give the same workshops for larger firms for a higher price.
- e. Diversify funding sources. Work with public institutions in joint ventures, with INSOTEC providing the technical expertise.
- f. Develop joint ventures with other organizations. With APROSICO, an agricultural trade union, carry out a program to industrialize soy beans. This project would include:
  - o diagnosis of needs
  - o identification of market
  - o development and presentation of courses in industrialization of soy beans
  - o in conjunction with government, development and implementation of campaign to promote the consumption of soy beans
- g. Develop joint ventures with other organizations. Coordinate with other training organizations to provide industrial courses in such topics as quality control and production controls.

#### 5. Training and Technical Assistance Needs

##### Training

- a. Marketing
- b. Strategic and annual planning
- c. Budgeting
- d. Field supervision
- e. Bookkeeping

Technical Assistance

- a. Development of strategic plan
- b. Installation of cost accounting system

6. Financial Analysis

Pricing

Participants are paying approximately \$3,000 per course. According to INSOTEC staff, the workshops are not full and program participants are not able to pay more. Clients are paying an average of \$ 1,387/hour for technical assistance.

Ejecutado 1/1-6/30/89

INSOTEC-Quevedo

Descripción	Asistencia Técnica	Capacita- ción	Administra- ción	TOTAL
<b>GENERAL</b>				
Director Zonal	134,527	134,527	1,068,946	1,338,000
Director Técnico	121,793	121,793	296,413	540,000
Secretaría			228,000	228,000
Director				
Personal	256,321	256,321	1,593,359	2,106,000
<b>SERVICIOS SOCIALES</b>				
	102,528	102,528	637,343	842,400
<b>SERVICIOS OPERATIVOS</b>				
Equipos	583,571			583,571
Comunicaciones	63,750			63,750
Viáticos y Viajes			524,650	524,650
Alquileres			90,000	90,000
Impresiones			26,035	26,035
Telefonos			1,133	1,133
Alquileres	29,415		5,225	34,640
Materiales de Oficina	27,730		315,707	343,437
Materiales de AT y Cap	54,050			54,050
Comunicaciones Técnicas				0
Impresiones				0
Materiales Fotográficos	19,600			19,600
Materiales Promocionales				0
Comunicaciones			50,157	50,157
Alquileres Vehículos	1,000			1,000
Alquileres			94,800	94,800
Materiales de Gastos Op	779,116	0	1,012,907	1,792,023
<b>TOTAL DE GASTOS</b>				
	1,137,965	358,849	3,243,609	4,740,423
<b>GASTOS INDIRECTOS</b>				
	2,465,980	777,629	(3,243,609)	(0)
<b>GASTOS-PRODEPEN</b>				
	670,376	211,398		881,774
<b>GASTOS-INSOTEC/Cen</b>				
	2,248,121	708,929		2,957,050
<b>GASTOS GLOBALES</b>				
	6,522,442	2,056,805		8,579,247
<b>RESUMEN</b>				
Number	106	38		
Descripción	horas	capacitados		
	\$61,824	\$54,126		
Unidad	hora	capacitado		

opciones de Cursos	109,500	109,500
ancia Tecnica	97,500	97,500
uciones de Empresas Auspiciantes		
Ingresos		207,000
ntaje de Rend	1.49%	5.32%
ntaje de Diversificacion		2.41%

Depreciacion

meubles y equipo	501,570
depreciacion--5 anos	50,157

## B. INSOTEC Santo Domingo de los Colorados

### 1. Introduction:

#### Introduction

In 1972, Santo Domingo was converted into an industrial and commercial center because of its location on the Quayaquil-Quito road. This has resulted in rapid, chaotic urban development.

#### Competition

There is one major source of competition for similar services.

- o CECAP provides 60 hours of free training to industrial workers. Although, according to INSOTEC staff, the quality of this training is not good, it does provide participants with access to the Camara de Artesanos which in turn improves their access to credit.

### 2. Quality and Description of Management

#### Marketing

They use door to door visits for promotion of workshops and technical assistance.

### 3. External Threats and Opportunities

#### Threats

- o There are few alternatives for commercialization of products.
- o The socio-economic situation of program participants is bad.
- o While there is little competition at present, the number of public projects providing similar services for little or no charge is increasing.

#### Opportunities

- o The local economy is growing, indicating an increasing demand for services.

### 4. Planning for Self-Sufficiency

#### Resources

- a. Twenty seven manuals that can be used for workshops as well as eight additional technical manuals.
- b. A well-trained technical team.
- c. Close working relationships with trade unions.

#### Strategies

- a. Provide similar services to new clients. Provide technical assistance to medium size industry (especially exporters)

- within a 50 km of the office.
- b. Provide similar services to new clients. Provide the same services to other sectors for a higher price.
  - c. Diversify funding sources. Promote the participation of large industries, especially in the donation of raw materials and training facilities.
  - d. Diversify funding sources. Work with public institutions to carry out industrial and technical studies.
  - e. Develop joint ventures with other organizations. With the Federacion Cantonal de Artesanos, establish an Artesan Center which would offer:
    - o workshops
    - o expositionsThe Federacion Cantonal de Artesanos will provide the land for the center. INSOTEC will provide technical and promotional support.
  - f. Develop alternative relationships with clients. In exchange for technical assistance and training, receive a share of stock in the company.

## 5. Training and Technical Assistance Needs

### Training

- a. Strategic and annual planning
- b. Budgeting
- c. Marketing
- d. Field supervision
- e. Bookkeeping

### Technical Assistance

- a. Development of strategic plan
- b. Installation of cost accounting system

## 6. Financial Analysis

INSOTEC charges an average of \$800/hour for technical assistance and \$3,200 for each course.

Ejecutado 1/1-6/30/89

IMSOTEC-Santo Domingo

Descripcion de Gasto	Asistencia Tecnica	Capacitacion	Administracion	TOTAL
<b>PERSONAL</b>				
Consultor Zonal		137,647	642,353	780,000
Consultor Tecnico	473,333	385,679	560,988	1,420,000
Secretaria			90,000	90,000
Conserje				90,000
Total de Personal	473,333	523,326	1,293,341	2,290,000
<b>BENEFICIOS SOCIALE</b>				
	189,333	209,330	517,336	916,000
<b>GASTOS OPERATIVOS</b>				
Consultores	3,360,720			3,360,720
Publicaciones	14,500		16,000	30,500
Viajes y Viaticos			39,500	39,500
Arriendo			58,333	58,333
Periodicos			4,407	4,407
Luz y Telefono			21,073	21,073
Correos				0
Insumos de Oficina			110,783	110,783
Gastos de AT y Cap	722,917	77,900		800,817
Publicaciones Tecnicas				0
Afiches				0
Material Fotografic	6,755			6,755
Plegables Promocionales				0
Depreciacion			365,080	365,080
Mantenamiento Veh	90,849		10,862	101,711
Varios			209,678	209,678
Total de Gastos Op	4,195,741	77,900	835,716	5,109,358
TOTAL DE GASTOS	4,858,408	810,556	2,646,393	8,315,358
Gastos Indirectos	2,268,008	375,385	(2,646,393)	(0)
Gastos-Prodedem	1,325,596	221,157		1,546,753
Gastos-IMSOTEC/Cen	4,445,420	741,655		5,187,075
<b>GASTOS GLOBALES</b>				
	12,897,432	2,151,754	0	15,049,186
Output	Number	119	169	
	Descriptor	horas	capacitados	
Costo		\$108,382	\$12,732	
por unidad		hora	capacitado	

INGRESOS

Inscripciones de Cursos	535,500	535,500	
Asistencia Técnica ~ 83,500		83,500	
Contribuciones de Empresas Auspiciantes			
Otros Ingresos			
Total		619,000	
Porcentaje de Rend	0.65%	24.99%	4.11%
Porcentaje de Diversificación			4.11%

Depreciacion

muebles y equipo	9,403,038	
carros	5,477,972	

depreciacion--5 anos

muebles y equipo	940,304	
carros		547,797

Porcentaje de uso para el programa

0.33      0.1

depreciacion	310,300	54,780
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## C. INSOTEC Esmeraldas

### 1. Introduction

#### Introduction

The population of the province is 300,000 and of Esmeraldas, 150,000. INSOTEC works within a five kilometer radius of the city of Esmeraldas.

#### Clients

INSOTEC work in four sectors:

- a. Wood. Operating outside the city, this sector is undeveloped. For lack of a local infrastructure, the large mills send wood to Quito for drying--there is no kiln in Esmeraldas.
- b. Metal-working. This sector is primarily represented by small repair shops. While there is a large potential market for the manufacture of machinery due to the restriction on importation of machinery, potential clients don't think that they can purchase quality equipment locally. Instead, they go to Quevedo or Santo Domingo. A new image must be created for local equipment manufacturers.
- c. Food Processing. This sector is primarily composed of bakeries producing low quality bread and dairy cattle.
- d. Clothing. While there are a number of businesses that manufacture better-quality sportswear, many businesses aren't operating seriously. Labor unions are strong. Quality control is a problem.

Major problems facing the industrial sector as a whole are:

- o lack of capital
- o labor unions
- o local culture which does not reward hard work
- o large government and private institutions which absorb high amounts of the labor force so people aren't required to look for employment--they have safe employment for the rest of their lives

#### Competition

Competition for similar services is from five major sources.

- o CECAP. Offers free workshops.
- o Private schools provide training in sewing and food processing but primarily in basic elementary skills aimed at individuals beginning their careers.
- o CENAPIA (Centro Nacional de la Pequena Industria y Artesania) plans to enter the region next year with five courses in administration and accounting.
- o Club de Leones provides courses in clothing manufacture and food processing for three months at a cost of \$200/month. These courses, however, are offered once every five years.
- o Centro de Promocion y Empleo.

## 2. Quality and Description of Management

### Marketing

The emphasis has been on direct conversations with potential program participants. INSOTEC presently uses bulletins, radio, television, and newspapers in the marketing of workshops and technical assistance. While trade unions are strong in the area and INSOTEC has begun to work with them, results have not been adequate.

Recommendation: Create a local advisory board that includes representatives of the more powerful trade unions.

## 3. External Threats and Opportunities

### Threats

- o Due to the local culture, people expect to be provided these services free.
- o The area does not have a developed industrial sector; it is still young and incipient.
- o The participants resist technical assistance because they don't yet see the need for those services.
- o The image and reputation of the INSOTEC services is not strong.

### Opportunities

- o There are available lines of credit for small businesses that can be utilized by program participants.
- o Local organizations in the barrios can promote new businesses for entry into the program.

## 4. Planning for Self-Sufficiency

### Available Resources

- a. Twenty seven manuals that can be used for workshops as well as eight additional technical manuals.
- b. A well-trained technical team.
- c. Close working relationships with trade unions.

### Strategies

- a. Provide similar services to new clients. Provide consulting services to large public and private enterprises. For example, INSOTEC can charge \$100,000 for six hours of technical assistance to a potable water project in the management of water pumps.
- b. Provide similar services to new clients. With funding from the Consejo Cantonal, increase the radius of work to Quininde Canton work in new business development.
- c. Provide similar services to new clients. Offer private consulting services in technical areas represented by

- d. INSOTEC staff for a higher price. Diversify funding sources. Develop proposals for presentation to government agencies.
- e. Diversify funding sources. Ricercare Cooperazione plans to work in the improvement of the educational infrastructure in rural Esmeraldas. In addition to direct support to primary schools, it will also work in the strengthening of agrarian schools. Funding is estimated at US\$ 1,600,000 over five years for INSOTEC and US\$ 4,000,000 for the Government of Ecuador.
- f. Diversify funding sources. Request the collaboration of the private sector in the donation of human, economic, and financial resources.
- g. Organize and carry out projects with specific industries. For example:
  - o Commercialization and transformation of the fishing sector. As many individuals are small-scale operators, they are not able to negotiate for higher prices. This project would strengthen two organizations in order to improve the commercialization of the products and improve handling of fish.
  - o Development of the northern agricultural zone. With funding from the yuca cooperative, strengthen the plantain, yuca, and cocoa farms through agro-industrial programs.
- h. Develop joint ventures with other institutions. Working with a technical college, a trade union, and large businesses, develop a program to assist metal-working businesses. The college will provide the physical infrastructure. The trade union will provide the professionals. The large businesses will donate raw materials. INSOTEC will be responsible for overall project coordination.

## 5. Training and Technical Assistance Needs

### Training

- a. Strategic and annual planning
- b. Accounting
- c. Budgeting
- d. Marketing
- e. Field supervision

### Technical Assistance

- a. Development of strategic plan
- b. Installation of cost accounting system

## 6. Financial Analysis

No technical assistance was provided by INSOTEC in 1989. INSOTEC charges approximately \$2,200 per workshop.

Ejecutado 1/1-6/30/89

INSOTEC-Esmeraldas

Descripcion de Gasto	Asistencia Tecnica	Capacitacion	Administracion	TOTAL
<b>PERSONAL</b>				
Consultor Zonal	40,500	40,500	729,000	810,000
Consultor Tecnico	165,000	198,000	297,000	660,000
Secretaria			180,000	180,000
Conserje				
Total de Personal	205,500	238,500	1,206,000	1,650,000
<b>BENEFICIOS SOCIALE</b>	82,200	95,400	482,400	660,000
<b>GASTOS OPERATIVOS</b>				
Consultores	167,400	149,600		317,000
Publicaciones	74,650	81,750		156,400
Viajes y Viaticos	24,500	173,780	264,100	462,380
Arriendo			165,000	165,000
Periodicos			9,050	9,050
Luz y Telefono			31,438	31,438
Correos				0
Insumos de Oficina			400,809	400,809
Gastos de AT y Cap	6,550	326,131		332,681
Publicaciones Tecnicas				0
Afiches				0
Material Fotografi	33,650			33,650
Plegables Promocio	57,300			57,300
Depreciacion			87,060	87,060
Mantenamiento Veh	31,040		3,200	34,240
Total de Gastos Op	395,090	731,261	960,657	2,087,008
<b>TOTAL DE GASTOS</b>	682,790	1,065,161	2,649,057	4,397,008
Gastos Indirectos	1,034,783	1,614,274	(2,649,057)	0
Gastos-Prodepen	319,489	498,406		817,895
Gastos-INSOTEC/Cen	1,071,413	1,671,417		2,742,830
<b>GASTOS GLOBALES</b>	3,108,474	4,849,259	0	7,957,733

Output	Number	0	246
	Descriptor	horas	capacitados

Costo	ERR	\$19,712
por unidad	hora	capacitado

INGRESOS

Inscripciones de Cursos 589,500  
Asistencia Tecnica  
Contribuciones de Empresas Auspiciantes  
Otros Ingresos  
Total

Porcentaje de Rendimiento 12.16% 7.414  
Porcentaje de Diversificacion

Depreciacion

meubles y equipo 870,597

depreciacion--5 anos 87,060

## D. INSOTEC Manavi

### 1. Introduction

#### Introduction

Manavi is primarily composed of agro-industrial, fishing, and agricultural businesses. Starting operations in Manta, INSOTEC now also works in Puerto Viejo as well as in fourteen other cantons.

#### Clients

Client businesses are family-owned enterprises. They are characterized by lack of administrative and financial systems. The two most important sectors are metal-working and food processing followed in importance by clothing manufacture (maquila and export) and timber.

- a. Metal-working. Metal-working businesses are made up of repair shops geared to the fishing industry and manufacturing enterprises producing agro-industrial machinery and metal furniture. Due to the low costs of market entry, there are a large number of small enterprises in this sector.
- b. Food Processing. The financial base of the province, intermediaries make a lot of money. With great potential for agro-industrialization, there is a high demand for practical courses.
- c. Clothing. Developed as an extra source of income for women, there are a large number of home-based businesses. There is a high demand for technical knowledge as quality control is a key issue in substitution of local products for those imported from Quito.
- d. Wood. With the raw material becoming more expensive, this sector is diminishing in importance.

#### Competition

There are a number of organizations providing similar services.

- o CECAP is not a serious threat.
- o CENAPIA offers training and technical assistance in management and technical areas. They may develop a training center for food processing. While they have a list of courses which they offer, INSOTEC staff said that they don't follow through. They have attempted to charge for technical assistance but people don't believe that they should pay for services provided by the government.
- o CENDES (Centro de Desarrollo Industrial) prepares project proposals and provides technical assistance. They have one staff person but they haven't yet started operations.
- o Several foundations have formed in the area:
  - o HUMPATH
  - o a foundation developed by CONAUPE/UNEPRON--Ministerio

#### de Bien Estar Social

- o FACE (Swedish) working in the design of machinery
- o Camara de Comercio y Industria offers courses in administrative management.
- o Academias de Corte y Confeccion offer three month courses
- o Colegios provide training in metal-working that last 1 1/4 months; however, they do not provide practical training.
- o Flour mills offer free courses to bakeries in bread making.

## 2. Quality and Description of Management

### Marketing

INSOTEC has found that the best way to get new clients is through word of mouth, from old clients. They also speak with local communities who organize a group of 25 individuals interested in receiving INSOTEC training. INSOTEC also uses the radio and newspaper to publicize their organization and its services. They work closely with trade unions and the Camara de la Pequena Industria.

## 3. External Threats and Opportunities

### Threats

- o Lack of secure line of credit for program participants.

### Opportunities

- o There is underutilized installed industrial capacity in several industries which creates an opportunity for expansion without significant capital investment.
- o The unemployment rate is 15% which creates a potential client base for INSOTEC.
- o Many products have a potential for greater commercialization, assisted through INSOTEC services.
- o The fishing industry is characterized by poor post-harvest treatment which could be significantly improved with technical input.
- o There is a large potential market for the manufacture of agro-industrial machinery due to import restrictions.

## 4. Planning for Self-Sufficiency

### Available Resources

- a. Twenty seven manuals that can be used for workshops as well as eight additional technical manuals.
- b. A well-trained technical team.
- c. Close working relationships with trade unions.

### Strategies

- a. Provide new services to present clients. Develop and/or

- obtain designs for machines in order to create a design bank. These blue prints can then be sold to metal-working businesses.
- b. Provide new services to present clients. Prepare feasibility studies.
  - c. Provide similar services to new clients. Working with the same four sectors, increase the radius of the cachement area.
  - d. Diversify funding sources. Obtain donations in raw materials for workshops from large industry.
  - e. More effective use of institutional resources. Charge more realistic prices for workshops and technical assistance.
  - f. More effective use of institutional resources. Control time of technicians better with more accurate time sheets in order to ensure that all time in technical assistance is billed to clients.
  - g. More effective use of institutional resources. Utilize the physical resources of office, i.e. the computer:
    - o offer bookkeeping services to program participants
    - o prepare computer-generated blue prints (technical plans) for industrial machines
  - h. Diversify activities. Promote the formation of small businesses in the tierras invadidas.
  - i. Diversify activities. Use PRODEPEM as the puerta de entrada for other programs of INSOTEC.
    - o form agro-industrial campesino organizations that will promote the formation of new businesses
    - o improve the post-crop systems for fishing--industrialization of the fish industry
    - o develop and commercialize arts and crafts produced in the area
  - j. Develop joint ventures with other institutions. Develop a training center for food processing on a piece of land donated by a local individual.
  - k. Develop joint ventures with other institutions. Work with a local university that wants to form a Metal-Working and Food Processing Faculty. INSOTEC will develop the project design for the faculty and provide ongoing support for two to three years.

## 5. Training and Technical Assistance Needs

### Training

- a. Strategic and annual planning
- b. Budgeting
- c. Personnel management
- d. Field supervision
- e. Bookeeping
- f. Marketing

Technical Assistance

- a. Installation of cost accounting system
- b. Development of strategic plan

6. Financial Analysis

INSOTEC charges an average of \$667/hour for technical assistance and approximately \$2,200 for workshops.

Ejecutado 1/1-6/30/89

INSOTEC-Manta

Descripcion de Gasto	Asistencia Tecnica	Capacitacion	Administracion	TOTAL
<b>PERSONAL</b>				
Consultor Zonal	176,400	159,300	564,300	900,000
Consultor Tecnico	635,650	532,170	451,920	1,620,000
Secretaria			276,000	276,000
Conserje				
Total de Personal	812,250	691,470	1,292,280	2,796,000
<b>BENEFICIOS SOCIALES</b>	324,900	276,588	516,912	1,118,400
<b>GASTOS OPERATIVOS</b>				
Consultores	213,000	354,000		567,000
Publicaciones			3,200	3,200
Viajes y viaticos	57,500	56,748	155,900	300,148
Arriendo			263,250	263,250
Periodicos	4,600		33,650	38,250
Luz y Telefono			43,864	43,864
Copias	139,050		28,575	167,625
Insumos de Oficina			273,653	273,653
Gastos de AT y Cap	68,050	202,020		270,070
Publicaciones Tecnicas				0
Afiches				0
Material Fotografic	22,380			22,380
Plegables Promocionales			9,000	9,000
Depreciacion			70,220	70,220
Mantenamiento Veh	29,700			29,700
Total de Gastos Op	564,250	612,768	981,312	2,058,330
<b>TOTAL DE GASTOS</b>	1,701,450	1,580,526	2,690,504	5,972,760
Gastos Indirectos	1,394,682	1,295,822	(2,690,504)	0
Gastos-Prodepen	575,913	535,090		1,111,003
Gastos-INSOTEC/Cenl	931,336	1,794,437		3,725,773
<b>GASTOS GLOBALES</b>	5,603,363	5,206,175	0	10,809,538
Output	Number	177	182	
	Descriptoras		capacitados	
Costo	\$31,657	\$27,692		
por unidad	hora	capacitado		

INGRESOS

Inscripciones de Cursos	498,500	498,500
Asistencia Tecnica	158,000	158,000
Contribuciones de Empresas Auspiciantes		
Otros Ingresos	16,400	16,400
Total		672,900

Porcentaje de Rend	2.82%	9.58%	6.07%
Porcentaje de Diversificacion			6.23%

Depreciacion

meubles y equipo 702,198

depreciacion--5 anos 70,220

E. Programa de la Mujer-Santo Domingo de los Colorados

1. Introduction

The Women's Program provides assistance in two areas: (1) sewing and other arts and crafts (painting of fabric) and (2) food preparation.

2. Planning for Self-Sufficiency

Resources

- a. Peace Corps Volunteers with skills and experience in industrial areas and marketing.
- b. Twenty seven manuals that can be used for workshops as well as eight additional technical manuals.
- c. A well-trained technical team.
- d. Close working relationships with trade unions.

Strategies

- a. Provide similar services to new clients. With USAID funding, begin operations in other zones.
- b. Diversify activities. With the support of a Peace Corps Volunteer, export quality clothing to the United States and Europe.

3. Training and Technical Assistance Needs

Training

- a. Strategic and annual planning
- b. Marketing
- c. Budgeting

Technical Assistance

- a. Development of strategic plan

4. Financial Analysis

No technical assistance has been provided to program participants in 1989. The average price of workshops is approximately \$4,300.

Ejecutado 1/1-6/30/89

INSOTEC-Mujer

Descripcion de Gasto	Asistencia Tecnica	Capacitacion	Administracion	TOTAL
<b>PERSONAL</b>				
Consultor Zonal			870.000	870.000
Consultor Tecnico				0
Secretaria			90.000	90.000
Conserje				0
Total de Personal	0	0	960.000	960.000
<b>BENEFICIOS SOCIALE</b>	0	0	384.000	384.000
<b>GASTOS OPERATIVOS</b>				
Consultores		3.360.720		3.360.720
Publicaciones	14.500		16.000	30.500
Viajes y viaticos			39.500	39.500
Arriendo			58.333	58.333
Periodicos			4.407	4.407
Luz y Telefono			21.073	21.073
Correos				0
Insumos de Oficina			110.783	110.783
Gastos de AT y Cap	722.917	77.900		800.817
Publicaciones Tecnicas				0
Afiches				0
Materiaf Fotograf	6.755			6.755
Plegables Promocionales				0
Depreciacion			365.030	365.030
Mantenamiento Ven	90.649		10.662	101.711
Varios			209.678	209.678
Total de Gastos Op	835.021	3.438.620	835.716	5.109.357
<b>TOTAL DE GASTOS</b>	<b>835.021</b>	<b>3.438.620</b>	<b>2.179.716</b>	<b>6.453.357</b>
Gastos Indirectos	425.892	1.753.824	(2.179.715)	0
Gastos-Prodedem	234.544	965.855		1.200.399
Gastos-INSOTEC/Cen	786.551	3.239.016		4.025.567
<b>GASTOS GLOBALES</b>	<b>2.282.006</b>	<b>9.397.317</b>	<b>0</b>	<b>11.679.323</b>
Output	Numero	0	84	
	Descripcion	horas	capacidades	
Costo	ERR	\$111.873		
por unidad	hora	capacidades		

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INGRESOS

Inscripciones de Cursos 360,500

Contribucion de Empresas Auspiciantes

Total

Porcentaje de Rendimiento 3.84% 3.09%

Porcentaje de Diversificacion 3.09%

Depreciacion

muebles y equipo 9,403,036

carros 5,477,972

depreciacion--5 anos

muebles y equipo 940,304

carros 547,797

Porcentaje de uso para  
el programa

0.33 0.1

depreciacion 310,300 54,780

275

## II. Carvajal-Supported Foundations

### Introduction

All four foundations supported by Fundacion Carvajal use the same program methodology. The organizational structure for all four, at least for the project, is similar, and with a few minor exceptions, budgets are similar. Technical assistance is provided by Carvajal technicians who spend their time in the field assisting the local organizations in the implementation of the Carvajal methodology.

### Quality and Description of Management

#### Strategic Planning

No strategic or annual planning takes place at the level of the implementing organizations. Program targets are developed by Carvajal.

#### Budgeting

An annual budget is developed for all foundations by Carvajal.

#### Financial Management Systems and Controls

Due to the excellent work of the CARE technician, the financial management systems of the four institutions are adequate to ensure control of USAID funds. Financial records are up-to-date. They provide monthly financial information in a clear format. They do not, however, provide cost accounting information required for planning for financial self-sufficiency and the kinds of management decisions that that implies.

Recommendation: In order to plan for self-sufficiency, managers require information on the cost of their services. The accounting systems should break down costs along program lines: technical assistance, training, credit, and administration.

Each foundation is discussed briefly below.

## A. Fundacion para el Desarrollo de Quevedo (FUNQUEVEDO)

### 1. Introduction

#### Introduction

FUNQUEVEDO was established to:

- a. Work towards the generation of employment opportunities for the poorest sectors of the national economy.
- b. Provide technical and legal assistance for the development, structuring, and operation of productive enterprises.
- c. Promote and run educational, cultural, and social development programs.
- d. Carry out other activities that support the socio-economic and cultural improvement of Quevedo Canton and the zone in which the Foundation operates.

#### Clients

There are 4,500 small businesses in the area. Twenty one per cent of workshop attendees are from industrial enterprises, 38% from commercial enterprises, and 41% from service businesses. Thirty one percent of the loans were provided to industrial enterprises, 41% to commercial enterprises, and 28% to service businesses.

#### Competition

There are two sources of similar services.

- o Trade unions provide courses for their members from time to time.
- o Government.

### 2. Quality and Description of Management Systems

#### Strategic Planning

No strategic or annual planning occurs. The organization receives program targets from Carvajal.

#### Budgeting

The organization does not prepare an annual budget. The annual budget is prepared by Carvajal.

#### Budget Analysis

A monthly financial report is prepared that clearly indicates actual expenses against the budget.

#### Financial Management Systems and Controls

Controls are adequate to safeguard USAID resources. There appears to be inadequate control over cash receipts; cash receipts is not deposited intact. There is no accounting manual.

### Administrative Management Systems and Controls

There is no personnel manual. There are job descriptions for most employees; however, they require revision. There is no annual employee performance evaluation.

### Marketing

Marketing is done in a variety of ways. In order of importance: word of mouth (ex-students), door to door visits by promoters, radio, newspapers, and television.

The 13.5% desertion rate is due to:

- o lack of money to continue course
- o additional costs of taking the course
- o prolonged interruptions of seminars due to holidays
- o lateness of receiving credit
- o long work days which interfere with course hours

## 3. External Threats and Opportunities

### Threats

- o Due to political motivations, government programs will charge little or nothing for similar programs.
- o Lack of credit for program participants.
- o Due to the fact that the large businessowners live in Qu or Quayaquil, there is no local industrial base which can be tapped into for fund-raising. These individuals do not have a personal stake in the area.
- o There is no culture for fund-raising.

### Opportunities

- o Strong and well-connected Board of Directors.

## 4. Planning for Self-Sufficiency

### Available Resources

- o Training facilities
- o Network of experienced trainers

### Strategies

- a. Develop programs for specific sectors. For example,
  - o working with the timber industry, install a kiln for drying wood. There is a piece of land available for this project.
  - o citric industry
- b. Provide new services to present clients. Create purchasing cooperative that would provide inputs for specific industries represented by program participants.
- c. Provide new services to present clients. Sell a tarjeta de insumo which would provide discounts to program participants in local stores.

- d. Provide similar services to new clients. Offer the same workshops to larger businesses for a higher price.
- e. Provide similar services to new clients. Increase cachement area.
- f. Better utilization of institutional resources. Rent out classrooms to other training institutions during the day.
- g. Better utilization of institutional resources. Increase the number of individuals in the courses at the beginning of the cycle in order to compensate for the desertion rate.
- h. Charge for services presently provided at no cost. Charge participants for each post-credit visit.

## 5. Training and Technical Assistance

### Training

- a. Strategic and annual planning
- b. Budgeting
- c. Board development
- d. Marketing
- e. Bookkeeping
- f. Field supervision
- g. Personnel management

### Technical Assistance

- a. Development of strategic plan
- b. Development of personnel policy
- c. Revision of job descriptions
- d. Installation of cost accounting system
- e. Development of accounting manual

## 6. Financial Analysis

FUNQUEVEDO charges \$15,000 for a course, with the price to rise to \$21,000 in the near future.

Descripcion de Gasto	Ejecutado 1/1-6/30/89		FUNQUEVEDO	
	Asistencia Tecnica	Capacitacion	Credito	Administracion TOTAL
<b>PERSONAL</b>				
Director				0
Coordinador		120,039		802,159 922,198
Asesores	661,410		143,784	577,344 1,362,539
Contador				367,733 367,733
Secretaria		36,042		310,891 346,933
Conserje				220,135 220,135
Total de Personal	661,410	156,082	143,784	2,278,262 3,239,538
<b>BENEFICIOS SOCIALES</b>	264,564	62,433	57,514	911,305 1,295,816
<b>GASTOS OPERATIVOS</b>				
Viaje a Colombia				0
Arriendo				500,000 500,000
Materiales y utiles de oficina				364,360 364,360
Transporte				24,700 24,700
Comunicaciones				55,727 55,727
Gastos legales				
Publicidad				323,160 323,160
Mant. Oficina				172,727 172,727
Mant. Vehiculo	195,190			195,160 195,160
Seguros ven. Meub.	90,273			179,152 269,425
Depreciacion	359,116			753,054 1,112,172
Horas extras				56,399 56,399
Copias				205,525 205,525
Imprevistos				66,555 66,555
Total de Gastos Op	644,571	0	0	2,741,469 3,386,056
<b>GASTOS CURSOS</b>				
Instructores		361,600		361,600
Manuales		1,112,206		1,112,206
Gastos Sesion Motivacion				0
Materiales de Instruccion		13,140		13,140
Gastos Cursos		80,000		80,000
Arriendo cursos fin de semana				0
Total de Gastos Cursos		1,566,946		0 1,566,946
<b>TOTAL DE GASTOS</b>	1,570,545	1,765,461	201,298	5,931,054 9,469,357
Gastos Indirectos	2,618,553	2,976,379	335,621	(5,931,054) 19,486,357
<b>GASTOS GLOBALES</b>	4,189,098	4,752,340	536,919	0 9,466,357
Output	Number	1,400	47	19,796,650
	Descriptor	horas	capacitacion	otorgado
Costo	\$2,992	\$101,326	\$0,0271	
por unidad	hora	capacitacion	\$ otorgado	

INGRESOS			
Inscripciones de Cursos	1,787,600		1,787,600
Credito		100,595	100,595
Aportes Sociales			26,500
Interes			278,501
Total			2,195,196
Porcentaje de Rendimiento	19.97%	16.74%	19.90%
Porcentaje de Diversificacion			23.14%

\*Incluye gastos de asistencia tecnica

B. Fundacion Santo Domingo de los Colorados (FUNDESCOL)

1. Introduction

Introduction

FUNDESCOL was established in 1988 to:

- a. Work for the generation of employment opportunities, especially in the most needy sectors.
- b. Promote and run urban and rural development programs.
- c. Run training programs for small businesses.
- d. Work toward the development and diversification of productive activities.
- e. Promote and run cultural, education, and social development programs.
- f. Promote and run educational and development programs that generate low cost employment and that improve the economic situation of families.

Competition

FUNDESCOL identified minimal competition to their services.

- o Banks may provide credit to some small business owners.
- o The Chamber of Commerce and Industry provides training to its members from time to time.

2. Quality and Description of Management

Strategic and Annual Planning

There is no annual or strategic planning process. The organization is provided with annual program targets by Carvajal.

Budgeting

The organization does not prepare an annual budget. The annual budget is developed by Carvajal.

Budget Analysis

The monthly financial report allows for easy analysis of actual expenses against the budget.

Marketing

Marketing is done in a variety of ways: visits by promoters, newspaper, radio, word of mouth, artisan groups, and the Chamber of Commerce and Industry.

Recommendation: Establish an advisory board composed of ex-students and small business owners. In addition to improving the marketing of services, it will also assist in program development.

Financial Management Systems and Controls

Accounting systems are adequate to safeguard USAID resources.

The consultant was not able to review the adequacy of the accounting manual.

#### Administrative Management Systems and Controls

The consultant was not able to review the adequacy of the personnel manual. Job descriptions have been developed for most but all staff.

The desertion rate of 10-15% is due to lack of time and too much work on the part of the businessowners.

### 3. External Threats and Opportunities

#### Threats

- o Government programs may be run with the objective of obtaining votes rather than providing quality services.

#### Opportunities

- o The local economy is growing, indicating an increasing demand for services.

### 4. Planning for Self-Sufficiency

#### Available Resources

- a. Training facilities.
- b. Network of experienced trainers.

#### Strategies

- a. Provide new services to present clients. Provide medical services to program participants through a modified HMO structure.
- b. Provide new services to present clients. Provide bookkeeping services to program participants.
- c. Provide similar services to new clients. Offer day courses in computers and public relations for larger businesses and students for a higher price.
- d. Diversify funding sources. Obtain a subsidized loan of US\$500,000 from the International Development Bank. The spread can be used to finance operations.
- e. Better utilization of institutional resources. Raise price of training to cover greater percentage of costs.
- f. Better utilization of institutional resources. Rent out training facilities during the day to other organizations.
- g. Develop alternative relationships with clients. In exchange for technical assistance and training to start-up businesses, receive a share in the stock of the company.

5. Training and Technical Assistance

Training

- a. Strategic and annual planning
- b. Field supervision
- c. Marketing
- d. Board development
- e. Accounting
- f. Personnel management
- g. Budgeting

Technical Assistance

- a. Analysis and revision of personnel procedures.
- b. Development of uniform job descriptions for staff
- c. Development of staff evaluation procedures and forms
- d. Development of strategic plan
- e. Development of credit policy and operations

6. Financial Analysis

FUNDESCOL presently charges \$15,000 for workshops. In the near future, the price will rise to \$21,000.

Descripcion de Gasto	Ejecutado 1/1-6/30/89			FUNDESCOL	
	Asistencia Tecnica	Capacitacion	Credito	Administracion	TOTAL
<b>PERSONAL</b>					
Director					0
Coordinador	58,940	58,940	117,879	353,638	529,397
Asesores	535,380		214,152	321,228	1,070,760
Contador				346,718	346,718
Secretaria	6,444			240,999	247,443
Conserje				179,350	179,350
Total de Personal	600,764	58,940	332,031	1,441,933	2,433,668
<b>BENEFICIOS SOCIALES</b>	240,305	23,576	132,813	576,773	973,467
<b>GASTOS OPERATIVOS</b>					
Viaje a Colombia				131,500	131,500
Arriendo		246,500		246,500	493,000
Materiales y utiles de oficina				509,908	509,908
Transporte	16,540				16,540
Comunicaciones				25,667	25,667
Gastos legales					
Publicidad				160,300	160,300
Mant. Oficina		37,762		37,762	75,523
Mant. Vehiculo	163,105			163,105	326,210
Seguros Ven. Meub.	199,868			330,719	530,607
Depreciacion	447,500	72,850		647,597	1,167,947
Horas extras				63,770	63,770
Copias				130,742	130,742
Imprevistos				279,833	279,833
Total de Gastos Op	827,033	357,112		2,727,402	3,911,547
<b>GASTOS CURSOS</b>					
Instructores		363,450			363,450
Manuales		2,141,572			2,141,572
Gastos Sesion Motivacion					
Materiales de Instruccion		25,844			25,844
Gastos Cursos		100,000			100,000
Arriendo cursos fin de semana					
Total de Gastos Cursos		2,630,866		0	2,630,866
<b>TOTAL DE GASTOS</b>	1,668,102	3,070,493	464,844	4,746,109	9,949,548
Gastos Indirectos	1,521,492	2,600,628	423,989	(4,746,109)	9,949,548
<b>GASTOS GLOBALES</b>	3,189,594	5,871,122	888,833	0	9,949,548
Output Number	2,410	145	21,830,000		
Descripciones	horas	capacitados	otorgado		
Costo	\$1,323	\$40,490	\$0.0407		
Por unidad	hora	capacitados	\$ otorgado		

45

INGRESOS

Inscripciones de Cursos	2,168,900		2,168,900
Credito		744,387	744,387
Otros			792,283
Total			3,705,570

Porcentaje de Rendimiento	23.94%	83.75%	29.28%
Porcentaje de Diversificacion			37.24%

\*Incluye gastos de asistencia tecnica

## C. Fundacion Ecuatoriana del Habitat (FUNHABIT)

### 1. Introduction

#### Introduction

FUNHABIT was founded in 1983 to work toward the development of an adequate environment for man through the improvement of the social, economic and ecological systems in which he lives. Programs run by FUNHABIT include appropriate technology as well as the development of small business and agricultural enterprises. The central office as well as the Project Director is located in Quito. The Project Director visits Esmeraldas weekly to oversee program operations and supervise the Project Coordinator.

#### Clients

Twenty four percent of workshop participants are from industry, 40% from commerce, and 29% from service businesses. Thirty eight per cent each of the loans went to industry and commerce and 24% to service businesses.

#### Competition

Four competitors were identified.

- a. INSOTEC.
- b. Fundacion Rio Santiago. With funds of UNIPROM, this foundation will provide the same services as FUNHABIT.
- c. Fundacion de Auto Empleo. Established by four banks, an office has been opened in Quayaquil. Operating similarly to FEE, it is not a serious threat at present as they are in the process of obtaining their personaria juridica and will begin operations in Quayaquil. They will work with small commercial businesses, providing training, technical assistance, and credit at 7% a month.
- d. Government.
  - o CONAUPE has opened an office but hasn't initiated activities.
  - o CECAP provides training
  - o CENAPIA gives courses in business administration; however, they don't have a permanent location

### 2. Quality and Description of Management

#### Strategic Planning

There is no annual plan for the organization or the project. Planning takes place on a departmental basis, with overall review and approval by the Board of Directors. It is not mission-driven.

#### Budgeting

The program budget is developed by Carvajal.

### Budget Analysis

The monthly financial reports allow for easy analysis of actual expenses against the budget.

### Marketing

Marketing occurs through door to door visits by promoters, television and radio advertisements, and word of mouth. Ex-students are provided with cards which they can pass out to potential members. The organization has had serious marketing problems. They have not been able to generate adequate participation in the courses because local business owners don't know about the program and aren't interested in taking the workshop. They were unable to determine the cause of this. They have been unable to work with trade unions because, to some degree, these organizations also want to provide workshops in business management.

### Recommendations:

- a. As FUNAHABIT is a Quito-based organization, it is critical to develop relationships with the local community. This can be accomplished through the formation of a local advisory board composed of ex-students, small business owners, and large business representatives. This group could analyze the situation and provide feedback on the problems facing the organization. It could provide effective market research as well as assist in modifying the program to meet the needs of local business owners.
- b. The organization could have an annual drive, using ex-students to bring in additional program participants. The drive should be publicized with awards for participants, based on the number of individuals that they bring in. Calendars, pens, plaques could be given as prizes to the winners.

The average desertion rate is 21%.

### Financial Management Systems and Controls

The organization has centralized management systems, manuals, and procedures. There is no accounting manual.

### Administrative Management Systems and Controls

The organization has centralized management systems, manuals, and procedures. There is a personnel manual but the consultant was not able to evaluate its adequacy. There is no periodic employee performance evaluation system.

### 3. External Threats and Opportunities

#### Threats

- o Labor unions are strong which dampens the development of local businesses. As soon as a business reaches a certain size, employees organize into a labor union.
- o The area is marginal and therefore, economic development is slow.
- o The military has an interest in the development and use of coastal areas.
- o Due to the history and culture of the area, residents expect things to be given to them free of charge.
- o It has been difficult to work with trade unions because they don't see the benefit of working with FUNHABIT. While the leadership attends their workshops, the information does not reach the membership.
- o FUNHABIT is not a Esmeraldan project but rather something from outside--the Board of Directors reflects a different outlook and mission. It isn't seen as a local organization but rather something imported from Quito, Cali, and the United States.
- o As FUNHABIT is not a local organization, program participants fear that it will pass along financial information to the tax authorities to assist them in assessing and collecting taxes.
- o Lack of credit for program participants.

#### Opportunities

- o FUNHABIT has a strong relationship with the European community.

### 4. Planning for Self-Sufficiency

#### Available Resources

- a. Appropriate technology developed by consultants and staff of FUNHABIT applicable to small businesses.
- b. Strong project development department can develop funding proposals.
- c. Training facilities.
- d. Network of experienced trainers.

#### Strategies

- a. Provide new services to present clients. Create purchasing cooperative that would provide inputs for specific industries represented by program participants. For example, purchase leather for shoe manufacturers.
- b. Provide new services to present clients. Offer more advanced workshops.
- c. Provide similar services to new clients. Increase the catchment area.
- d. New services to present and new clients. Sell publications

- to business owners in the area.
- e. Develop programs for specific industries. Provide technical assistance to the small businesses in specific industries to take advantage of resources of FUNHABIT. For example, for the timber industry, use the technology developed for use of solar energy to dry wood.
  - f. Diversify funding sources. Obtain a subsidized loan of US\$500,000 from the International Development Bank. The spread can be used to finance operations.
  - g. Diversify funding sources. Charge membership dues to program participants.
  - h. Provide services through new networks. Provide credit and training through fishermen's associations.
  - i. Better utilization of institutional resources. Maintain checking accounts of non-USAID funds in dollars in order to guard the value of financial assets.
  - j. Better utilization of institutional resources. Charge royalties on the technology developed by FUNHABIT.
  - k. Better utilization of institutional resources. Increase number of students in workshops to compensate for desertion rate.

## 5. Training and Technical Assistance

### Training

- a. Strategic and annual planning
- b. Marketing
- c. Budgeting
- d. Field supervision
- e. Accounting

### Technical Assistance

- a. Installation of cost accounting system
- b. Development of strategic plan
- c. Review and modification of organizational chart
- d. Development of employee performance evaluation system
- e. Development of accounting procedures manual

## 6. Financial Analysis

FUNHABIT charges \$ 21,000 for a workshop.

Descripcion de Gasto	Ejecutado 1/1-6/30/89			FUNHABIT	
	Asistencia Tecnica	Capacita- cion	Credito	Administra- cion	TOTAL
<b>PERSONAL</b>					
Director				122,367	122,367
Coordinador	55,875	55,875	111,750	335,250	556,750
Asesores	546,579		213,631	327,947	1,093,157
Contador				157,485	157,485
Secretaria	3,699			138,351	142,050
Conserje				157,068	187,068
Total de Personal	606,153	55,875	330,381	1,268,488	2,260,897
<b>BENEFICIOS SOCIALE</b>	240,461	22,350	132,153	507,395	904,359
<b>GASTOS OPERATIVOS</b>					
Viaje a Colombia					
Arriendo		238,000		238,000	476,000
Materiales y utiles de oficina				239,693	239,693
Transporte	11,344				11,344
Comunicaciones				61,498	61,498
Gastos legales					
Publicidad				240,732	240,732
Mant. Oficina		41,468		41,468	82,936
Mant. Vehiculo	93,626			93,626	187,252
Seguros Ven.Meub.	199,888			27,587	227,475
Depreciacion	447,500	72,850		647,597	1,167,947
Horas extras				24,000	24,000
Copias				70,286	70,286
Imprevistos				183,016	183,016
Total de Gastos Op	752,356	352,338	0	1,867,522	2,972,219
<b>GASTOS CURSOS</b>					
Instructores		293,288			293,288
Manuales		2,141,572			2,141,572
Gastos Sesion Motivacion					0
Materiales de Instruccion		24,000			24,000
Gastos Cursos		121,156			121,156
Arriendo cursos fin de semana					0
Total de Gastos Cursos		2,580,016	0	0	2,580,016
<b>TOTAL DE GASTOS</b>	1,600,971	3,010,579	462,534	3,643,406	8,717,490
Gastos Indirectos	1,149,565	2,161,722	332,119	(3,643,406)	8,717,490
<b>GASTOS GLOBALES</b>	2,750,536	5,172,302	794,653	(0)	8,717,490

Output	Number	1,398	116	6,057,000
Descripci	horas	capacitad	o	otorgado
Costo	\$1,967	\$44,589	\$0.1312	
Por unidad	horas	capacitad	\$ otorgado	

INGRESOS	1,777,200
Porcentaje de Rendimiento	
Porcentaje de Diversificación	20.39%

c GA

D. Centro de Investigacion, Promocion, y Educacion Popular  
(CIPEP)

1. Introduction

Introduction

CIPEP has two offices, one in Puerto Viejo and one in Manta. They share the same board of directors but have different autonomous budgets and staff. The President of the Board of Directors also functions as the part time Project Director, with both Coordinators reporting to him.

CIPEP was formed in 1983 by a group of professionals to work in marginal urban and rural areas to:

- a. Investigate and analyze the principal economic, social and cultural problems facing the rural and urban poor.
- b. Provide technical assistance, education, and socio-economic and legal services to those sectors interested in integrated socio-economic development.
- c. Publish magazines, pamphlets, and books on the investigation and experience of the popular sectors in order to strengthen social sciences in Ecuador.
- d. Promote the education of the needy sectors through courses, talks, and round tables.

Beginning with health, nutrition, and agricultural programs, CIPEP recently added small business development programs.

Clients

Businesses served by CIPEP are characterized by lack of marketing and poor pricing decisions. These businesses generally offer a subsistence level of living to their owners. They have problems collecting accounts receivables and don't maintain adequate records. In many cases, because of the lack of appropriate and adequate technology, quality is poor.

Competition

Competition for training was identified from five sources:

- o Government offers free services.
- o The Chamber of Commerce and Industry offers occasional courses with the assistance of international foundations.
- o INSOTEC because they have not defined the range of their services.
- o FUNDEMA (Fondo para el Desarrollo Pro-Manavi) recently initiated activities with UNEPRON.
- o CENAPIA may possibly offer services to industrial firms.

The major competition for credit was UNIPROM.

## 2. Quality and Description of Management

### Marketing

When the program was initially opened, the promoters went from door to door to generate clients for the program. Now, 60% of workshop attendees hear about the program through word of mouth.

Recommendation: Carry out public relations campaign to strengthen the image of CIPEP.

### Pricing

While the price for the workshop is not high, people have a problem paying, primarily because they don't see the importance of the training.

### Financial Management Systems and Controls

Accounting procedures do not adequately safeguard resources. Cash receipts are not deposited intact. There is an accounting manual but the consultant was not able to assess its adequacy.

### Administrative Management Systems and Controls

There is no administrative procedures manual. There are job descriptions; however, they require revision.

## 3. External Threats and Opportunities

### Threats

- o Poor relations with trade unions; information on training programs does not arrive at the level of membership.
- o Lack of credit for program participants. CIPEP/Puerto Viejo has disbursed \$12,800,000 to date and has \$25,000,000 in applications.

### Opportunities

- o There is little competition in Manta for provision of services to the 6,000 small businesses located there.
- o There is interest on the part of large business owners to cooperate with CIPEP.

## 4. Planning for Self-Sufficiency

### Available Resources

- a Growing relations with the private sector in Manavi.
- b. Relationship with an organization of large business owners that can be used for obtaining donations, collecting funds, and creating an image for the organization.
- c. Training facilities.
- d. Network of experienced trainers.

### Strategies

- a. Provide new services to present clients. Offer computerized bookkeeping services to program participants.
- b. Provide new services to present clients. Offer courses in computers and inventory control to retail businesses and industrial entities.
- c. Provide new services to present clients. Provide medical services to small businesses through a modified HMO structure. Collect a monthly fee for each program participant and his/her family. The doctor will provide his time to CIPEP free of charge and charge the client a minimal fee. CIPEP will also receive a percentage of lab fees collected from program participants.
- d. Offer new services to present clients. Sell tarjetas de consumo to program participants which would provide them with discounts at local businesses.
- e. Provide similar services to new clients. Increase the catchment area to include other cantons.
- f. Provide similar services to new clients. Offer weekend courses to medium sized businesses at a higher price.
- g. Provide present services to present clients through alternative delivery mechanism. Offer afternoon and weekend courses in addition to evening classes.
- h. Diversify funding sources. Obtain a subsidized loan of US\$500,000 from the International Development Bank. The spread can be used to finance operations.
- i. Diversify funding sources. With CONAUPE funding, work with grass roots groups in small business development.
- j. Diversify funding sources. Request donations from the private sector.
- k. Diversify funding sources. Hold fund raising events such as dinners, raffles, etc.
- l. Diversify funding sources. With CONAUPE funding, provide training to marginal business owners at little or no cost to the client.
- m. Diversify activities. Form a saving and loan association for small business owners, and present a proposal to UNEPRON for funding of the loan fund and initial organizational expenses.
- n. Diversify activities. Provide credit to small businesses through the Programa de Desarrollo de la Comunidad with the Banco Pacifico.
- o. Create relationships with local organizations. Establish a Small Business Chamber that would work closely with CIPEP in the development and management of programs for small business owners.
- p. Create relationships with local organizations. Meet with commercial banks in the province to sell them on the advantages of working with small businesses involved in their program. CIPEP would provide the training and technical assistance and the bank would provide the credit.
- q. Better utilization of institutional resources. Raise prices

of services so that they cover a greater percentage of costs.

- r. Better utilization of institutional resources. Charge for technical assistance provided to program participants.
- s. Better utilization of institutional resources. Using donated paper, print the manuals at the Ministerio of Educacion and sell them to the other foundations. The only cost to CIPEP is the purchase of ink.
- t. Develop joint ventures with other institutions. Work with private and public institutions in joint ventures. For example, work with the Eloy Alfaro Business School to:
  - o add a small business management component to curriculum
  - o add small business to areas of research
  - o provide technical assistance to small businesses by requiring that all graduates do volunteer work with small business owners

## 5. Training and Technical Assistance

### Training

- a. Strategic and annual planning
- b. Budgeting
- c. Marketing
- d. Accounting
- e. Field supervision
- f. Personnel management
- g. Board development

### Technical Assistance

- a. Development of administrative procedures manual
- b. Installation of cost accounting system
- c. Revision of job descriptions
- d. Development of strategic plan

## 6. Financial Analysis

CIPEP charges \$16,000 for the workshop at the present time but the price will rise to \$21,000 in the near future.

Ejecutado 1/1-6/30/89

CIPEP-Manta

Descripcion de Gasto	Asistencia		Credito	Administracion	
	Tecnica	Capacitacion			TOTAL
<b>PERSONAL</b>					
Director					
Coordinador					
Asesores					
Contador					
Secretaria					
Conserje					
Total de Personal	545,356	117,557	98,748	1,413,149	2,174,811
<b>BENEFICIOS SOCIALE</b>	218,142	47,023	39,499	565,260	869,924
<b>GASTOS OPERATIVOS</b>					
Viaje a Colombia					
Arriendo		101,600		152,400	254,000
Materiales y utiles de oficina				596,810	596,810
Transporte	27,020				27,020
Comunicaciones				35,880	35,880
Gastos legales					
Publicidad				268,460	268,460
Mant. Oficina		51,313		76,969	128,282
Mant. Vehiculo	184,648			184,647	369,295
Seguros Ven. Neud. Equip.		263,158		90,566	353,724
Depreciacion	447,500	72,851		647,597	1,167,947
Horas extras				109,986	109,986
Copias					
Imprevistos				110,049	110,049
Total de Gastos Op	659,168	482,922	0	2,273,364	3,421,453
<b>GASTOS CURSOS</b>					
Instructores		287,200			287,200
Manuales		550,000			550,000
Gastos Sesion Motivacion					
Materiales de Instruccion		24,220			24,220
Gastos Cursos		45,435			45,435
Arriendo cursos fin de semana					
Total de Gastos Cursos		906,855	0	0	906,855
<b>TOTAL DE GASTOS</b>	1,422,666	1,560,357	138,247	4,251,773	7,373,043
Gastos Indirectos	1,937,946	2,125,507	188,320	(4,251,773)	7,373,043
<b>GASTOS GLOBALES</b>	3,360,612	3,685,864	326,567	0	7,373,043
Output	Number	1,166	130	20,780,000	
	Descriptor	horas	capacitados	otorgado	
Costo		\$2,882	\$28,353	\$0.0157	
Por unidad		hora	capacitados	\$ otorgado	

INGRESOS	1,887,924
Porcentaje de Rendimiento	
Porcentaje de Diversificación	25.61%

Ejecutado 1/1-6/30/89

CIPEP-Puerto Viejo

Descripcion de Gasto	Asistencia		Credito	Administra- cion	TOTAL
	Tecnica	Capacita- cion			
<b>PERSONAL</b>					
Director					
Coordinador	0	0	0	0	
Asesores	0		0	0	
Contador					
Secretaria	0			0	
Conserje					
Total de Personal	741.449	34.980	337.209	1.451.576	2.555.215
<b>BENEFICIOS SOCIALE</b>	298.560	13.992	134.684	560.631	1.026.036
<b>GASTOS OPERATIVOS</b>					
Viaje a Colombia					
Arriendo		174.000		406.000	580.000
Materiales y utilie	163.041			163.041	326.082
Transporte	9.060				9.060
Comunicaciones				53.307	53.307
Gastos legales					
Publicidad				268.930	268.930
Mant. Oficina		25.306		252.247	277.553
Mant. Vehiculo	204.270				204.270
Seguros Ven.Meub.	199.366			73.396	273.296
Depreciacion	447.500	72.951		611.073	1.131.424
Horas extras				54.996	54.996
Copias					
Imprevistos				47.971	47.971
Total de Gastos Op'	1,023,759	272,157	0	1,930,963	3,226,678
<b>GASTOS CURSOS</b>					
Instructores		205.225			205.225
Manuales		550.000			550.000
Gastos Sesion Motivacion					0
Materiales de Instruccion		6940			6.940
Gastos Cursos		31,420			31.420
Arriendo cursos fin de semana					0
Total de Gastos Cursos		793,585			793,585
<b>TOTAL DE GASTOS</b>	2,061,788	1,114,714	472,093	3,963,169	7,611,764
Gastos Indirectos	2,239,551	1,210,922	512,796	(3,963,169)	7,611,764
<b>GASTOS GLOBALES</b>	4,301,339	2,325,536	984,889	0	7,611,764
Output	Number	1,384	132	12,800,000	
	Descripcion	horas	capacitad	otorgado	
Costo		\$3,106	\$17,618	\$0,0769	
por unidad		hora	capacitad	otorgado	

INGRESOS

Porcentaje de Rendimiento  
Porcentaje de Diversificación

### III. ACCION-Supported Foundations

#### A. Fundacion Eugenio Espejo (FEE)

##### 1. Introduction

###### Introduction

FEE was formed by individuals from the private business sector in 1979 in order to improve the quality of life of the poor in Quayaquil. It has run four major programs during its ten years.

- a. Programa de Desarrollo Comunitario (1982) was formed to work as intermediaries in the development of community infrastructure: water, electricity, telephone, and schools. This program helped organize local residents so that they can take necessary action in order to obtain basic services.
- b. CEDUES Centro de Educacion Especial (1983)
- c. Program de Credito y Desarrollo de la Micro Empresa (1984) was established to provide small individual credit to those marginal individuals who have no other alternative.
- d. CRESIU--Centro de Recursos Humanos del Sector Informal Urbano (1984)

###### Clients

Businessowners served by this program are poor individuals who operate at subsistence levels.

###### Competition

Competition for credit comes from three major sources, although none are really serious threats to the program as demand is high.

- o Chuqueros charge 20%/month
  - o CONAUPE
  - o Private banks such as Banco Pacifico
- There are three organizations offering similar training services.
- o Universidad Catolica will work in Mapasinge providing free training. According to program staff, that training is very theoretical.
  - o Fundacion Vicente Roca Fuerte offers free business administration courses; the quality is unknown.
  - o CECAP has a pilot project.

##### 2. Quality and Description of Management

The Diagnostic Tool was not made available to the consultant prior to the preparation of this report.

###### Strategic Planning

There is no strategic planning. Plans are developed for each donor. They are not consolidated into either program plans or an insitutional plan.

### Budgeting

There is no annual institutional budget. A budget is prepared for each donor but they are not consolidated into program budgets. It was not possible, for example, to determine how much the Small Business Program costs per year.

### Budget Analysis

Actual expenses are analyzed against the budget for specific grants. There is no institutional analysis. It is impossible to determine the cost per loan or cost per trained businessowner.

### Financial Management Systems and Controls

The accounting systems are inadequate to safeguard financial resources. Records do not allow for identification of source and use of funds. There is no institutional general ledger.

### Marketing

Marketing occurs in a number of ways. Program participants bring in their friends and neighbors. Promoters hold informational meetings in the communities where they work. When they enter a new community, they also do a door to door campaign. In many cases, they have begun with social programs and then brought in a credit program, implying a need for little promotion.

### Pricing

Interest rates are in line with inflation. They charge 4% a month for interest and 3% commission for each loan. Half of that commission covers training costs.

### Willingness to Make Changes

Per discussions with senior staff, it appears that they are cognizant of the need for improved financial and administrative management systems but have lacked the necessary personnel for their development and installation.

Recommendation: USAID should provide funds to FEE for a Director of Finance. With that person in place, technical assistance and training can be provided as outlined below.

## 3. External Threats and Opportunities

### Threats

- o Through CONAUPE, the government will mount a program similar to theirs with anticipated interest rates of 2.5-3%/ month.
- o Government programs for small businesses are sometimes used for political rather than technical goals.

### Opportunities

- o Through their social development programs, FEE can easily penetrate new communities and promote their training/credit

- o program.
- o The organization has good relations with European and Japanese foundations.
- o FEE is well-known in the communities in which it works.

#### 4. Planning for Self-Sufficiency

##### Available Resources

- a. FEE has a wide degree of coverage.
- b. The FEE has a large loan portfolio from a variety of sources including Accion guaranteed funds (US\$75,000), IAF (US\$100,000), and JTZ (L 115,000,000). In addition, FEE will receive a US\$500,000 loan from the International Development Bank in October, 1989.
- c. The FEE Board of Directors is well connected.
- d. As they are not a financial institution, they are not restricted by the monetary regulations concerning interest rates.

##### Strategies

- a. Diversify funding sources. Develop small business development programs funded by the European community.
- b. Diversify funding sources. Banco Quayaquil can give them a loan at 32% a year which they can then lend out at 7% a month.
- c. Diversify funding sources. Work with FIAN SUR, a private financial group.
- d. Charge clients for services previously received free of charge. Charge beneficiaries for training and technical assistance.

#### 5. Training and Technical Assistance

##### Training

- a. Strategic and annual planning
- b. Field supervision
- c. Personnel management
- d. Budgeting

##### Technical Assistance

- a. Development and installation of automated accounting system
- b. Development and installation of internal control procedures

#### 6. Financial Analysis

Given the financial records of the organization, it was not possible to develop an income and expense statement.

B. Fundacion Ecuatoriana de Desarrollo (FED)

The consultant was not provided access to the records of the FED nor was the information required to analyze that institution provided. The Diagnostic Tool was not made available to the consultant prior to the preparation of this report. Therefore, no analysis is possible.

## CHAPTER 4

### TRAINING AND TECHNICAL ASSISTANCE STRATEGY

Based on the results of the field visits, a coordinated training and technical assistance strategy is presented in this chapter. This institutional development strategy should be coordinated on a national level rather than separated between CARE and INSOTEC-assisted organizations/zonal offices. While training and technical assistance needs vary somewhat, they are generally the same for both groups of implementing organizations. This was reiterated by evaluation workshop participants who stated that they had learned a great deal from sharing experience and ideas. This coordinated training can also assist in easing the inter-agency friction and problems encountered during the field trip.

#### A. Training

A number of initial training needs were identified. They are outlined in order of priority below.

##### 1. Board Development

In order to create strong, autonomous organizations, it is critical that each have a strong, educated board of directors. In those foundations with strong boards, the programs are more directed and the chances for success are higher. This one day workshop held individually with the four foundations and INSOTEC/Quito would be directed at present board members, senior staff, and other stakeholders. The overall purpose would be to assist each organization in recruiting and training appropriate individuals. The one day workshop would discuss:

- o functions of the board
- o functions of specific individuals; e.g., President, Vice President, Treasurer, etc.
- o mission of the organization
- o requirements and qualifications of board members

##### 2. Strategic Planning

In the light of the fact that USAID funding will terminate in 1990, the most critical need for training

is in strategic planning. A five day course for the Program Managers (Coordinators and Zonal Consultants) and Board Presidents (as appropriate) would provide participants with the exposure to the strategic planning process. This workshop would cover:

- o mission
- o objectives of the organization
- o analysis of external environment and internal strengths and weaknesses (SWOT)
- o development of self-sufficiency strategies
- o development of workplans
- o budgeting

3. Budgeting, Costing, and Financial Analysis

A three day workshop for Program Managers would discuss in greater detail:

- o development of budgets for program and administrative costs
- o development of variable and fixed costs
- o analysis of financial information
- o cash flow planning
- o break even point analysis
- o budget monitoring

4. Marketing

A three day workshop in marketing for Program Managers and Board Presidents would assist organizations in the following areas:

- o pricing of services
- o market studies
- o promotion strategies: advertising, public relations, etc.

5. Elementary Accounting and Bookkeeping

Each local office has an accountant who keeps the cash books and sends the information to either Fundacion Carvajal or INSOTEC/Quito. This three day workshop would instruct these individuals how to manage general ledgers and other financial records required in order to provide information for management decisions. Cost accounting would also be discussed.

6. Personnel Management

This five day workshop for Program Managers would address the issues involved in the efficient management of their staff and would include:

- o motivation

- o recruitment and selection
- o training
- o supervision
- o performance evaluation

7. Field Supervision

A three day workshop for Program Managers in the supervision of field staff would discuss such issues as:

- o control of time
- o planning of activities
- o analysis of efficiency of work

8. Board Training

After recruitment of board members, a two day workshop will be held with board members of individual organizations. The same topics will be addressed as in Workshop 1 above; however, the training will be more practical and hands on, with an emphasis on skills acquisition.

B. Technical Assistance

A number of areas of technical assistance are required by the implementing organizations. They are listed below in order of priority.

1. Development of Strategic Plans

After the completion of the strategic planning workshop, a local consultant will work with each institution, using a participative methodology in order to develop a strategy for each institution. Approximately 5-10 days will be necessary for each institution, depending on the capability of the organization. A local individual with extensive experience in strategic planning of non-profit organizations will be identified.

2. Development of Accounting Manuals.

Written accounting manuals need to be developed for each local office. This manual should include the following items:

- o use of a General Ledger
- o separation of program and administrative costs (cost accounting)

3. Installation of Appropriate Bookkeeping Systems to Reflect Need for Program-related Income and Expenses

After development of generic accounting procedures, a local consultant can be used to install these systems in the organizations. Three to ten days per organization is estimated for modifications and training of the appropriate individual.

4. Development of Administrative Manuals

It is critical that written administrative procedures be developed for each implementing agency including such areas as:

- o personnel policies
- o control of vehicles
- o USAID regulations

5. Installation of Administrative Manuals

After development of generic policies, a local consultant can be used to apply these policies in the organizations. Two to three days per organization is estimated for modifications and training of the appropriate individual.

Appendix A  
Persons Contacted

I. United States Agency for International Development  
Scott Smith  
Bambi Arellano  
Maruska de Burbano

II. Technical Assistance Organizations

- A. CARE  
Louis Alexander  
Philip Gelman  
Tamara Tiffany  
Marcelo Angueta
- B. Fundacion Carvajal  
Weimar Escobar  
Orlando Benalcazar  
Cielo Valencia  
Edison Perez
- C. Accion International  
Rodrigo Lopez

III. INSOTEC

- A. INSOTEC Central  
Fernando Fernandez, General Director  
Trujillo, Director of Finance  
Jaime Guevara, Director PRODEPEM  
Fidel Duran  
Victor Maldonado, INSOTEC/Venezuela  
Jimena Merzalde, Administrative Director  
Gloria Gueseda, Accountant
- B. Santo Domingo de los Colorados  
Ricardo Ramirez, Consultor Zonal  
Jennie Valencia, Director of Programa de la Mujer
- C. Quevedo  
Vicente Urrutia Cueva, Consultor Zonal  
Santiago Fajardo

- D. Esmeraldas  
Nell Pimentel, Consultor Zonal  
Roberto Hidalgo, Consultor Tecnico
- E. Manta  
Nelson Oleas, Consultor Zonal  
Cesar, Consultor Tecnico  
Francisco, Consultor Tecnico

IV. Foundations

- A. FUNDQUEVEDO  
Gloria Padilla, Coordinador  
Vicente Izquierdo, President  
Rigoberto Lara, Vice-President
- B. FUNDESCOL  
Mariela Torres, Contadora  
Marcelo Salazar, President  
Luis Zambrano
- C. FUNHABIT  
Patricio Cevallos, Executive Director  
Clara Zuniga, Project Coordinator
- D. CIPEP  
Walter Andrade Garcia, Coordinator Manta  
Rafael Andrade, President  
Luis Pena Fiel, Member Board of Directors  
Maria Luisa Moreno, Coordinator Puerto Viejo
- E. FEE  
Yankelly Rodriguez  
Mario Palacios, Advisor Mapasinge  
Carlos Galvez, Promoter Mapasinge  
Victor Hugo Barrios, Promoter Mapasinge
- F. FED  
Cesar Alarcon, Executive Director

V. Beneficiaries

- A. Quevedo  
Silverio Indu, Taller Galopilaza  
Juan Orbeleda, TADIMOVIL  
Wilson Torres  
Sandra Boza, Vanidades David.
- B. Quayaquil  
Edmundo Eras, Muebles Narcistis  
Graciela Aldas de Garcia

## Appendix B

### Activities Realized

- July 24 Papke arrives in Quito.
- July 25 Papke meets with Maruska Burbano of USAID and representatives from technical assistance organizations (CARE, ACCION, Fundacion Carvajal, and INSOTEC). Papke and Brubano leave for Quevedo.
- July 26 Papke and Burbano meet with Vicente Urrutia Cueva, Consultor Zonal of INSOTEC. Papke and Burbano meet with Gloria Padilla, Coordinador, Vicente Izquierdo, President, and Rigoberto Lara, Vice-President of FUNQUEVEDO.
- July 27 Papke and Burbano visit beneficiaries of FUNQUEVEDO and INSOTEC: Silverio Indu, Taller Galopilaza, Juan Orbeleda, TADIMOVEIL; Wilson Torres; and Sandra Boza, Vanidades David. Papke and Burbano leave for Santo Domingo los Colorados.
- July 28 Papke and Burbano meet with Marcelo Salazar and Mariela Torres of FUNDESCOL. Papke and Burbano meet with Ricardo Ramirez and Jennie Valencia of INSOTEC. Papke and Burbano return to Quito.
- July 30 Papke leaves for Esmeraldas.
- July 31 Papke and Burbano meet with Nell Pimentel and Roberto Hidalgo of INSOTEC. Papke and Burbano meet with Patricio Cevallos and Clara Zuniga of FUNHABIT.
- August 1 Papke and Burbano return to Quito by road.
- August 2 Papke and Burbano leave for Manta. Papke and Burbano meet with Nelson Oleas and Technical Consultants of INSOTEC.
- August 3 Papke and Burbano meet with Walter Andrade Garcia, Rafael Andrade, and Luis Pena Fiel of CIPEP/Manta. Papke and Burbano meet with beneficiaries of CIPEP/Manta.
- August 4 Papke and Burbano meet with Maria Luisa Moreno and Rafael Andrade of CIPEP/Puerto Viejo. Papke

leaves for Bahia.

- August 7 Papke and Burbano arrive in Quayaquil. Papke and Burbano meet with Yankelly Rodriguez, Mario Palacios, Carlos Galvez, and Victor Bugo Barrios of FEE.
- August 8 Papke and Burbano visit with beneficiaries of FEE: Edmundo Eras and Graciela Aldas de Garcia. Papke and Burbano meet with Yankelly Rodriguez of FEE.
- August 9 Papke and Burbano return to Quito. Papke and Burbano meet with Cesar Alarcon of FED. Papke meets with Jimina Merzalde and Gloria Guesada of INSOTEC.
- August 10 Papke meets with technicians of technical assistance organizations to plan evaluation seminar.
- August 11-13 Preparation for evaluation seminar.
- August 14-15 Evaluation seminar for staff of implementing agencies.
- August 16 Evaluation seminar for staff of participating banks.
- August 17 Papke meets Jaime Guevara and Fidel Duran of INSOTEC.
- August 18 Papke and Burbano hold debriefing session for USAID staff. Papke and Burbano debrief staff of technical assistance organizations. Papke meets with Marcelo Angueta and Fidel Duran to evaluate the Diagnostic Tool.
- August 19 Papke leaves for New York.

Appendix C

Taller sobre Evaluacion y Monitoreo  
14-15 de Agosto 1989

Agosto 14

8:30-8:45 Objetivo del Taller Scott Smith: USAID  
8:45-9:00 Presentacion de Participantes  
9:00-9:15 Inauguracion del taller Tonia Papke  
o Expectativas del taller  
o Procedimientos

9:15-9:45 La Evaluacion en el Ciclo de Planificacion  
Tonia Papke

9:45-10:00 La Evaluacion como Instrumento de Crecimiento  
Institucional Maruska de Burbano

10:00-10:15 Coffee Break

10:15-11:00 La Evaluacion en el Proyecto de Desarrollo de  
la Pequena Empresa  
o Matriz Logica como instrumento de Planea-  
cion Tonia Papke (15 minutos)  
o Presentacion de Matriz Logica del Proyecto  
Maruska de Burbano (30 minutos)

11:00-1:00 Sistema de Evaluacion y Monitoreo del Proyecto  
de Desarrollo de la Pequena Empresa Jaime  
Guevara y Fidel Duran  
o Reportes (30 minutos)  
o Bases de datos (30 minutos)  
o Sistemas de captacion de datos (60 minu-  
tos)

1:00-2:30 Almuerzo

2:30-4:30 Indicadores Operacionales Welmer Escobar

4:30-5:00 Estudio de Caso  
Comentarios y Conclusiones de la Jornada

Agosto 15

8:30-10:30 Analisis Financiero, Auto-suficiencia, y Auto-  
gestion Tonia Papke  
o Importancia Maruska de Burbano (15 minu-  
tos)  
o Definiciones y su calculo  
o % de diversificacion (10 minutos)  
o % de rendimiento (10 minutos)  
o Costos (30 minutos)  
o Directos o programaticos--variables y  
fijos  
o Indirectos o overhead  
o Ejemplos (30 minutos)  
o Otros indicadores financieros de eficien-  
cia y su calculo (30 minutos)

13

10:30-10:45 Coffee Break  
10:45-1:00 La Administracion y la Capacidad Institucional  
o Estudio de Caso Louis Alexander  
o Instrumentos  
1:00-2:30 Almuerzo  
2:30-4:30 Indicadores de Impacto  
o Empleo  
o Forma de medicion  
o Empleos equivalentes  
o Valor agregado  
o Forma de medicion  
o Valoracion  
4:30-5:00 Estudio de Caso Rodrigo Lopez  
Comentarios y Conclusiones de la Jornada