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PLAN INTERNATIONAL
INCOME-GENERATION PROJECT
MATCHING GRANT
EVALUATION

OTR-0288-A-00-7196-00

conducted by

Gordon Appleby
Team Leader
Development Anthropologist
and
John Zarafonetis
Development Institutions Specialist

with the assistance of
Mario Ganuza
Plan Consultant, IGP
and
Luis Morales
Plan IGP Evaluator, Manila

Prepared for

The Office of Private and Voluntary Cooperation
Bureau for Food for Peace and Voluntary Assistance
Agency for International Development

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Automation Research Systems, Ltd.

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EXECUTIVE SUMMARY

Plan International's program has evolved over fifty years from direct assistance to orphaned and institutionalized children to a community development approach that views the child in the context of his or her family and community.

This expanded vision is reflected in Plan's three major program areas today--health and education, which have long been Plan foci, and income-generation (or micro-enterprise development), which is more recently being incorporated into Plan activities. Plans' approach to livelihood activities such as income-generation projects (IGP) or micro-enterprise development (MED) is to "provide the seed money, vocational training, and technical support" so that "individuals and groups...earn more than their bare subsistence" (Organizational Overview, p. 1).

U.S.A.I.D. has supported Plan International's income-generation/micro-enterprise activities through two matching grants, one held between 1984-1987 and the current grant which expires in 1990. The purposes of the second grant are:

1. to consolidate, document, and disseminate what Plan has learned in income generation;

2. to increase staff competence in the design, implementation, and evaluation of successful and sustainable income-generating projects;

3. to institutionalize income enhancement as one of the three major sectors of Plan's development program; and,

4. to improve Plan's ability to assist the target population to gain access to and use of appropriate credit mechanisms and technical services.

To achieve these purposes Plan and FVA/PVC agreed upon a ten-point program that aimed to build a viable IGP program from Plan's experience under the first grant. Plan would conduct thorough needs assessments of four field offices participating in the program in order to determine programmatic and adminstrative needs in field implementation. Plan would develop field manuals that would guide field staff in the design and implementation of income generation projects. To this end, Plan would carry out 15 case studies of field projects, which would identify lessons common to different field offices and which would also provide pertinent examples to illustrate training points. Plan would devise a method for identifying and introducing appropriate small-scale technologies into its field programs, so that enterprises would have a more competitive edge. And, the organization would organize conferences for its staff, and conduct staff training workshops. In this way, Plan would be able to design and implement income-generation projects, ultimately establishing small community business clubs and increasing participant's access to formal credit.

Since 1987, Plan has carried out programs in 18 field offices based in 11 countries; nine of these field programs are currently active. The active programs include three field offices that have been involved in the program from the outset of the IGP program in 1984: Indonesia (1 office), Nepal, and Sri Lanka (1 office). The other active programs are in the six field offices in four countries that were added during the second year of this grant: Sierra Leone (2 offices), Sudan (2 offices), Honduras (1 office), and Ecuador (1 office).

In addition, nine field programs were carried over from the first grant period but continued for only the first year of the second grant. These are: Egypt, Indonesia and Sri Lanka (one office each), Philippines (2 offices), India (4 field offices). None of these field offices currently participates in the IGP/MED matching grant.

This evaluation is undertaken at the end of the second matching grant in order to assess the extent to which Plan has achieved its main purposes by implementing the ten program activities called for in the grant agreement. (See the Scope of Work in Annex 1; also Section II-A of the main report.)

The evaluation team first visited Plan/IH, the implementing agency, and Plan International/USA, the fund-raising agency, at their headquarters in Warwick and East Greenwich, Rhode Island, respectively. The team members then reviewed two field programs each. One evaluator went to Indonesia and Sri Lanka; the other to Honduras and Ecuador. Plan IGP staff accompanied and assisted the evaluators during the field office visits. The headquarters interviews, background reading materials, and field visits provide the information to assess the extent to which Plan has performed its IGP activities and achieved its aims.

Evaluation Findings

Overall, the evaluation team finds that a number of the grant activities have yet to contribute significantly to the development of the IGP program and its institutionalization within Plan because most of these initiatives are only now being brought to completion. Plan/IH has in the last three years improved the design and implementation of its IGP/MED field projects. Nonetheless, Plan/IH has not provided strong central coordination. As a result, the field offices have had to devise--and experiment independantly with--their IGP/MED programs. Projects consequently resemble earlier approaches, and field offices have yet to benefit from experience elsewhere.

In the Plan system, headquarters is responsible for guidance to field offices, which in fact implement the programs. The Plan system is thus highly decentralized, and the IGP/MED program is no exception. IGP/MED staff at IH are responsible for providing guidance to the field in what constitutes IGP/MED through written guidelines and manuals, the organization of seminars, and the synthesis of a series of case studies, as well as individual

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Evaluation Findings

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These two considerations--central coordination and field-level training--very much condition Plan/IH's success with the IGP/MED program. First, IH staff has yet to provide clear guidance on what constitutes an IGP/MED project and how to go about implementing such activities. The definition of IGP and of MED, for example, is simply 'any activity undertaken for a profit.' As a result Plan field directors have had to define the concept for their staff. Many of these working definitions incorporate already on-going activities, regardless of whether they directly generate income (e.g., reforestation) or whether they entail establishment of small businesses (e.g., furnishing rural vocational academies). The working definition of IGP/MED is thus so broad that it provides no practical guidance to the field. Moreover, Plan field directors cannot readily identify which of their initiatives are specifically undertaken under this matching grant because IGP/MED funds from the matching grant are commingled at IH with all other IGP funds. As one result, field directors do not know that IGP grant funds could be used for field-level training and external consultancies for their small business program.

Second, Plan field staff have little notion of what IGP/MED is and how to go about it. Field staff have received little guidance from IH. They receive no technical training in IGP/MED once hired. They have no technical manuals at hand to assist them in their work. As a result, the staff often design IGP/MED projects in the same way they design other activities, and they are often perplexed over what technical assistance to lend their IGP/MED groups. In short, Plan has yet to install a technical support system to help their field staff in the conduct of their work. Clear instructions, specialized training, and the provision of technical materials would very much help remedy this situation.

This difficulty of implementing IGP/MED within Plan arises because income-generation represents a fundamental shift in orientation for Plan. Plan has long operated on the basis of charitable assistance. To eliminate the dependence among recipients that this approach tended to engender, Plan is now attempting to inculcate local responsibility for sustainable activities. This new perspective entails new activities--feasibility studies to assess the economic viability of the proposed enterprise, loans to finance the initiative, and technical assistance in administration, as well as in production and marketing, to help ensure the success of the endeavor. Implementing this perspective and activity within Plan involves a reorientation--indeed, a restructuring--of Plan/IH, which until now has mostly emphasized its 'donor services,' the channeling of letters to and from foster children and their adoptive 'parents.'

Recommendations

To speed the implementation of the IGP/MED program and perspective within Plan, the evaluation team proffers the following recommendations.

Recommendation 1. The IGP/MED positions at headquarters should be located, as they were in the past, in the program department so that the IGP staff have a stronger lead role in the definition and implementation of IGP/MED activities.

The IGP/MED positions at Plan/IH have been highly visible until recently. The position has been relocated to a unit within the Technical Services division. This relocation of the IGP position separates it from Plan program divisions, which are responsible for implementing field activities. Given the importance of IGP/MED for future Plan development, the initiative warrants a strong location within the organization.

Also, although a recruitment search is underway, the IGP/MED position at IH has been vacant since February of this year (over six months), during which time a number of initiatives have been on hold (e.g., revision of the IGP manual). The position needs to be filled speedily.

Recommendation 2. Plan/IH must settle on a clear definition of income-generation and of micro-enterprise development.

At present, there is little agreement within Plan on what each term means--and even less on the distinction between the two terms. Despite six years of work in IGP/MED, for example, the regional office in Quito declines to define the terms, in the expectation that the regional conference to be held this September will settle on a practical working definition. The reliance on regional and international conferences to resolve such matters has not proved efficacious in the past. Plan/IH must define clearly what constitutes income-generation and/or micro-enterprise development within the context of its programs.

Recommendation 3. Plan/IH must define clear criteria for the selection of field offices to participate in IGP/MED.

The criteria for the selection of field offices are unclear. In at least some instances, participation appears to have depended largely upon the personal interest of a particular field director. As a result, field offices that have largely rural portfolios involving many isolated villages have participated in the IGP/MED, even though the chances for IGP--without mentioning MED--are strictly limited. At the same time, field offices with a largely urban and individually entrepreneurial clientele have not participated in the matching grant, even though the programs in these offices are reportedly more advanced than those in some participating offices. Clear selection criteria would correct this imbalance and help Plan/IH to synthesize lessons from its pilot program.

Recommendation 4. Plan/IH should specify which subsectors involve IGP/MED activities, and redefine budget reporting lines to accord with this definition.

Plan/IH provides each participating field office the budget for its IGP/MED activities. Without a clear definition of IGP/MED, each field office must decide for itself what constitutes IGP/MED in that region. In operational terms, each field office specifies its IGP/MED activities in terms of budget lines. Generally, all offices consider all of budget line 16 (agriculture) to be IGP/MED activities. Each office may also include one or more other budget lines such as 11.09 (land purchase) or 15.13 (road and bridge construction).

This operational definition of IGP/MED based on program reporting purposes confounds and confuses IGP/MED. Budget line 16, for example, includes reforestation projects, which are neither IGP nor MED. Moreover, within that budget line, production and services are often reported together. For example, both agricultural production and agricultural input supply stores are reported in budget line 16.12. Also, the additional specific budget lines (11.09, 15.13) report activities that support IGP/MED initiatives only indirectly.

A clear operational definition of IGP/MED would facilitate specification of which activities properly fall under this rubric, whereupon budget lines can be specified so that the program reporting accurately reflects field initiatives in IGP/MED.

Recommendation 5. Matching grant funds allocated to Plan/IH should be used to develop materials <u>targeted for field personnel</u> in the performance of their jobs.

Plan/IH has initiated several important activities that could assist field personnel--the development of an IGP/MED manual, a series of conferences, and the synthesis of a series of case studies.

These initiatives, however, appear not to be focused on Plan's field staff at the local level. The manual, for example, provides a general overview of IGP without providing clear examples of how to implement the recommendations in the field. The conferences that have been held most often involve field directors and, at best, a few technical staff. The need now is for regional and country conferences and working sessions so that the IGP/MED technical staff and rural promoters are trained in the design and implementation of such activities.

Recommendation 6. Matching grant funds allocated to field programs should be reserved for field staff training and, as needed, for external consultant expertise. Conversely, matching grant funds should not be spent on program (i.e., project) activities.

Although Plan/IH maintains separate accounts for sponsor and non-sponsor funds, field office personnel perceive no distinction between these sources. Indeed, field directors are unable to identify what funds come from which source.

Further, field staff receive no specific training in IGP/MED initiatives. This is a particular concern because technical staff are usually promoted from within the ranks of rural promotor. While these staff are therefore familiar with Plan program and procedures, they are not necessarily skilled in IGP/MED. With neither training nor technical manuals available to them, the staff tend to replicate on-going initiatives, with little or no technological innovation.

Also, field programs in IGP are typically undertaken without a preliminary 'developmental study.' That is, there is no master plan for which initiatives would likely be most promising in each region. The development of a master plan could be undertaken by an external consultant, working in close collaboration with the Plan technical staff. This approach, as implemented in Plan/Bolivar, uses the developmental or background study (in this particular case, a marketing study) as an important training tool.

Importantly, reserving the matching grant funds used in field programs for training and consultation will increase accountability for the use of these funds at the same time that it redresses serious inadequacies in the Plan IGP/MED program.

Recommendation 7. Plan/IH must implement a strong technical assistance program for its IGP/MED field activities in order to help ensure the success of the initiative.

Plan/IH is changing its IGP orientation, but still operates largely as a charitable organization. Loans to participating groups constitute a minuscule proportion of the total IGP/MED portfolio. For example, loans account for less than five per cent of the IGP/MED portfolio in the field offices visited in Latin America. The vast majority of its IGP/MED activities there are funded by donations.

The responsibilities expected of groups by Plan when IGP/MED activities are financed as donations are generally insufficient to enable the group to sustain the activity without further Plan intervention. To illustrate, in funding agricultural production projects, Plan/Bolivar expects the participants to repay only the amount of seed provided by Plan. In consequence, participants are unable to sustain the operation in subsequent years because no allowance has been made for fertilizer and other inputs. In a garlic-growing project, for example, the women planted the reserved seed in the following season, but could not fertilize the crop, which therefore failed to mature. The effort was abandoned until Plan came back in with a new project, this time in beans. But the bean project too requires only repayment of the seed supplied, so that the sustainability of this effort is probably also in jeopardy.

The responsibility on Plan/IH and its field offices increases significantly as Plan implements the program of loans rather than donations. The expectation that people must repay all funds borrowed (whether or not interest is charged) obligates Plan to conduct careful feasibility studies and to provide pertinent and consistent technical advise. In other words, Plan must provide all the support necessary for the group to succeed and hence be able to repay its debt. Otherwise, the group risks not simply unsustainable initiatives but even more importantly endebtment, which is contrary to Plan's stated aims.

Technical assistance is necessary at the initiation of discussions with the group <u>and throughout</u> the implementation process. At the outset, Plan staff must carry out feasibility studies with the group. At present, field staff are unfamiliar with many aspects of such work. For example, staff at both Plan/Bolivar and Plan/Kandy focus only on production, comparing what farmers now get with w... t they might get with inputs. There is, however, no assessment of where that increased production might be sold, nor of what prices farmers receive. Realistic feasibility studies must be based on actual yields and prices, and must project where production will be sold.

Further, project implementation typically depends upon periodic visits by technical staff, supplemented by training contracted to other agencies and organizations. Plan technical staff is often insufficiently prepared to provide needed assistance. For example, Plan/SPS staff have taught participants to maintain cash-flow books, but have yet to teach the participants to do monthly summaries. Further, contracted training is often done only at the outset of a project, and often includes no follow-up. Both administrative and technical support must be provided to groups throughout the life of the project, and, if necessary, beyond.

To strengthen technical assistance to Plan IGP/MED activities, Plan should schedule training sessions and conferences in:

- the conduct of **feasibility studies**, with particular attention to realistic estimates of probable returns and to marketing concerns;
- **financial management and administration**, with particular attention to the use of periodic financial summaries for business management and to the concept of depreciation funds for sustainable operation; and
- **technical support** to typical IGP projects, with particular emphasis on the sorts of technological innovation that can be introduced.

These training sessions must be designed on the basis of program experiences in the field. The sessions must also be continuously evaluated for their relevance to the work program of the technical and programmatic personnel in the field. And, obviously, the sessions must be held at the local field office level so that the majority of Plan case workers become familiar with the nature and direction of the IGP/MED program.

Recommendation 8. Plan/IH must implement a workable monitoring system at each level.

Plan/IH is now field testing a monitoring system for use in the field and at headquarters. Of the field offices visited during the evaluation, only Plan/San Pedro Sula is implementing the system, and even there only at two of its six local offices. Plan/Kandy is awaiting training in the implementation of the system. Plan/Bolivar has declined to participate in the program on the grounds that the present system is better adapted to field offices with a more urban program. Plan/Bali is a special case, in that the office is closing out operation.

The present system provides some assistance to field directors, who previously had to read all monthly project reports in order to ascertain which types of projects were incurring most difficulty.

However, the arithmetic techniques of averaging that are used in the current reporting system effectively mask most difficulties. The reporting form has four or five items under each major category of production, marketing, financing, and administration. By averaging the performance scores for items within each major category, specific areas of poor performance tend to disappear because items not pertinent during an assessment visit are scored a '2', which indicates that performance is at least equal to that expected at the outset. The same problem arises over time. For example, marketing concerns in an agricultural project are scored '2' during the production cycle (when there is as yet no produce to market) because the original business plan foresaw no marketing activity during this time. This approach may give an overly optimistic impression of project activities.

The pilot monitoring system requires a drastic overhaul. In fact, at the present time, it would be best if monitoring activities were limited to field concerns only. A reporting system for headquarters can be built once a viable local monitoring system has been developed.

Concluding Remarks

Plan/IH has been slow to implement an IGP/MED program, even though the organization has adopted IGP/MED as one of its three major program areas. There are still no clear directives on what constitutes IGP/MED. The IGP field manual is only in draft. The case studies have yet to be completed. And, the Plan/IH IGP/MED position has been vacant for a half a year now.

At the same time, field offices are making individual progress in the design and implementation of IGP/MED. Feasibility studies are being carried out prior to project implementation. Groups are being assisted with elementary bookkeeping. Loan programs are being devised in accord with local conditions. These sporadic initiatives must be coordinated by IH so that each field office does not have to make the same mistakes as it attempts to implement a program.

After six years of effort under two matching grants, Plan/IH is poised to implement an IGP/MED program. There still remain serious issues to be resolved, such as the definition of what IGP and MED are, and which will be the focus of Plan activities. It is absolutely imperative that these matters be resolved if Plan/IH is to move forward with its IGP/MED program. Only once such matters are cleanly settled can Plan/IH provide the direction and guidance field offices need in the implementation of their programs. At the same time, Plan/IH must recognize that field offices need significant additional support--particularly in the area of training field staff--in order to implement income-generating and micro-enterprise activities successfully. These two matters--clear direction from IH on IGP and MED and practical training for field staff--are absolutely essential for the prospective success of Plan initiatives in income-generation and micro-enterprise development.

I. INTRODUCTION

A. The Organization of Plan

Plan International was founded in 1937 as a charitable organization chartered to assist orphaned or institutionalized children. The original child welfare model evolved in the 1950s and 60s into a social work model that provided services for the family as well as for the child. In the 1970s, Plan's approach expanded to community development, with assistance to the children provided in the context of the family and community.

Plan's worldwide organization comprises eight national offices that are responsible for raising funds from foster parents and non-sponsor donors (such as this matching grant) in their countries. The funds raised are then channeled through Plan/International Headquarters (Plan/IH) for distribution to field offices in 22 program countries.

In the present instance, the FVA/PVC matching grant funds are provided through Plan, USA to Plan/IH for use in income generation projects.

B. The Cooperative Agreement

In 1984, FVA/PVC awarded Plan a three-year Matching Grant of $3.23 million to support income-generation activities in Indonesia, Philippines, India, Sri Lanka, Thailand, Kenya, and Egypt. The purpose of the grant was to enable Plan to give strong new emphasis to small-scale agricultural and off-farm income-generating projects.

In 1987, FVA/PVC awarded Plan a second three-year Matching Grant in the amount of $2.25 million. This follow-on grant had four purposes:

1. to consolidate, document, and disseminate what Plan has learned in income generation;

2. to increase staff competence in the design, implementation, and evaluation of successful and sustainable income-generating projects;

3. to institutionalize income enhancement as one of the three major sectors of Plan's development program (with health and education); and,

4. to improve Plan's ability to assist the target population to gain access to and use of appropriate credit mechanisms and technical services.

These purposes were to be achieved through 10 grant activities. Plan would conduct thorough needs assessments of four field offices participating in the program. Plan would develop field manuals on income generation. Plan would devise a method for identifying and introducing appropriate small-scale technologies into projects. Plan would organize conferences for its staff, and conduct staff training workshops. In addition, Plan would carry out 15 case studies of field programs. In this way, Plan would be able to design and implement income-generation projects, ultimately establishing small community business clubs and increasing participant's access to formal credit.

C. This Evaluation

This evaluation is commissioned by USAID/FVA/PVC to assess the extent to which Plan International has carried out its grant activities and thus achieved the purposes of the Matching Grant.

The evaluation team consisted of Gordon Appleby, development institutions specialist and team leader, and John Zarafonetis, evaluation specialist. Dr. Appleby was assisted by Mario Ganuza, a Plan consultant in small business development, for the field program review in Latin America. Mr. Zarafonetis was assisted by Luis Morales, IGP evaluator based in Manila, for the field program review in Asia.

Dr. Appleby and Mr. Zarafonetis together conducted a review of the headquarters efforts in Income-generation Project (IGP)/Micro-enterprise Development (MED) during the week of June 25. At Plan International and National headquarters in Rhode Island, Dr. Appleby and Mr. Zarafonetis met with all officers concerned with the IGP program. (See Annex 2: Persons Contacted.)

For the field office and project reviews, the evaluators spoke with all staff and visited as wide a range of projects as possible. The purpose of these visits was to assess the nature of the IGP program at each field office and the success Plan has had in the field with these initiatives. Mr. Zarafonetis and Mr. Morales together reviewed the field program in Bali, Indonesia (July 7-15) and Kandy, Sri Lanka (July 16-25). Dr. Appleby and Mr. Ganuza together reviewed the field program in San Pedro Sula, Honduras (July 23-29) and Bolivar, Ecuador (July 30-August 4).

The headquarters interviews, background reading, and field office and project site visits constitute the information on which this evaluation bases its conclusions about the Plan IGP/MED program.

This evaluation report comprises three sections. This first section presents the background for the evaluation. The second section reviews each of the ten principle activities that were to be accomplished over the course of the Grant in order to achieve the Grant's purposes and the seven additional issues specified in the scope of work (Annex 1). The third section presents the case studies of the four field offices visited for this evaluation.

II. ACTIVITIES AND ISSUES

A. Principal Activities of the Plan Matching Grant

The Cooperative Agreement with Plan specifies ten principal activities that are to be performed in order to achieve the four purposes of the Grant. This section reviews each of these activities in order to assess the extent to which Plan has achieved its overall aims.

1. IGP Design and Implementation. Design and implement income generation projects with small farm families.

The design and implementation of income generation projects is the basic activity to be undertaken under this grant. To assess the success in this endeavor requires a review of the assistance and guidance provided by Plan/IH and an examination of the design and implementation process at the field office level.

Plan/IH has provided only weak guidance to the field in the design and implementation of IGP. Plan/IH has developed (but not yet distributed) a field manual (Item 4, below), has completed nine of the 15 case studies (the last six are now underway; item 5, below), and organized several conferences (Item 6, below). But Plan/IH very broadly defines income-generation as any activity that promises a profit. This broad definition has been retained even as Plan/IH has come to relabel activities under this grant as micro-enterprise development (MED) instead of income generation. Although the term micro-enterprise development would appear to sharpen the focus of Plan/IH activities, the fact is that the basic definition of MED remains very similar to that used for IGP.

As a result, field offices are free to operationally define IGP/MED. The operational definition is based on budget programming, that is, Plan budget lines. It typically includes all activities financed under Plan's budget line 16 (agriculture) and particular types of activities financed under other specific budget lines. This operational or programmatic definition poses several difficulties. First, line 16 includes some activities that can be considered IGP by only the largest stretch of imagination. This line includes, for example, reforestation. That field offices can add other specific budget lines to their definition of IGP only compounds this confusion. Plan/SPS considers land purchases (line 11.09) to be an IGP activity; Plan/Bolivar includes roads and bridges (line 15.11).

(The confusion also occurs within budget lines. Plan/B, for example includes both basic agricultural production and agricultural supply stores in a single budget line (16.14). Similarly, Plan/B includes both animal husbandry and veterinary supply stores in one line (16.13). Although all these activities can be undertaken on a business basis, there is a significant difference between the conduct of basic agricultural or livestock production and the conduct of a sales or service activity.)

Within the field offices, project design is the task of the rural promoters (Plan/SPS) or the technical staff and sub-office supervisors (Plan/Bolivar), in collaboration with the participants. In operation, the responsible Plan field staff discuss with participating villagers the range of possible activities and then winnow down with them the list of possibilities until all agree on one endeavor. Although this participatory approach involves the future participants from the outset, the rural promoters or technical staff who must guide these discussions themselves have no specific training in the identification and definition of IGP/MED activities.

As a result, the technical staff often rely upon their knowledge of other activities being carried out in the area because the are unable to suggest new possibilities. Project design often follows a simple template, with little or no technological innovation that would give the group a competitive edge in the market. Moreover, feasibility studies, when done, are often inadequate. Present yields are compared to theoretically possible yields in order to determine return. The projected economic rate of return has been taken as the sole determinant of whether to undertake a project, irrespective of the number of participants, the expected level of profits, and hence probable dividends to participants. And, because the emphasis has been placed on increased production, marketing concerns--where that production will be sold--have typically been overlooked.

Project implementation typically begins with an orientation session for participants when Plan experience has indicated that the lack of such short-term training conduces toward failure. For example, Plan/B holds a one-day training session for each group that will undertake an animal husbandry project. Whether a one-day training session is sufficient to inculcate the knowledge necessary to undertake a new initiative is unclear. One leader of a guinea-pig project, for example, said she looks for litters of newborns every morning because she did not know when the animals (then only four months old) would begin breeding.

Subsequent assistance is provided either by the rural promotor or technical staff or by an outside agency, usually a government ministry. Plan staff are usually responsible for assistance in financial and administrative record keeping. Generally, the staff have been able to help participants keep elementary books on purchases and sales. But some offices have yet to introduce weekly or monthly summaries of these cash-flow records.

Because the work loads of the Plan staff are very heavy and involve a great deal of administrative reporting, careful technical assistance is often not possible. Also, many of the staff are unskilled in many of the areas that they are required to cover. Thus, Plan often depends upon other agencies for assistance in technical matters. The adequacy of this assistance, however, depends upon the motivation of the agent him or herself.

In sum, the design and implementation of IGP/MED projects is improving but remains inadequate. The projects identified are often very traditional to the area, with little or no technological innovation. Feasibility studies are inadequate and highly theoretical. And, support during implementation is highly variable. Some assistance is provided in elementary financial record-keeping, but these records are not analyzed for use in guiding the enterprise. Further, assistance in technical areas is heavily dependant upon other agencies, which may not be able or willing to provide the follow-up required.

2. Technology Identification for IGP: identify and introduce small scale appropriate technologies for these projects, particularly post harvest technology (e.g., pedal threshers, grain blowers and dryers, corn and peanut shellers, bakery ovens, hollow block makers, grain and water storage recepticals).

As mentioned above, the project design process depends very much upon the rural promotor or technical specialist, who must draw upon personal knowledge for the design of the project proposed. As a result, many projects are traditional in design. The technology is thus usually appropriate to local conditions. But, the staff are seldom able to introduce simple technological innovations that would provide the group a competitive edge.

For example, an artesenal cigar-making project in San Pedro Sula simply brought together eight women who theretofore had made cigars in their homes. Because there had been no technological innovation, the women found that it was more remunerative to resell the tobacco they bought in bulk than to make cigars, which were a glut on the local market. The simple technological innovation of cigar molds would have increased the price of their product and helped make the activity economic.

Similarly, a shoe 'factory' in San Pedro Sula simply regrouped ten cobblers under one roof. Each cobbler was entirely responsible for his own production. No division of labor that might have increased the efficiency of the 'factory' was introduced.

The cause for these oversights is that the staff responsible for designing Plan's project are young vocational school or university graduates who have no training in business and who receive no training in the special considerations of small business development. Indeed, the staff even lack technical manuals that might provide inspiration for new initiatives and technical solutions to old problems. Without strong guidance, this staff cannot be expected to devise innovative initiatives.

Two actions would help remedy this situation. First, Plan/IH IGP/MED staff should redouble their efforts to assemble and, equally importantly, disseminate to field level staff technical manuals produced by other PVOs and rural development institutions, such as the Peace Corps. Second, Plan/IH IGP/MED staff must incorporate a training module that stresses the importance of small technological innovations in the design of local projects and that provides clear examples of such innovation. Importantly, these points are interrelated, for the dissemination of technical manuals to field staff could take place at the field-level training sessions, which would include a module on technological innovation in micro-enterprises.

3. Field Office IGP-Needs Assessments: conduct a thorough needs assessment for the four field offices which will receive all three years of support under this grant: Bali (Indonesia), Kathmandu (Nepal), and Kandy and Badulla (Sri Lanka).

The field-office needs assessments were evidently never carried out. The first annual report states that "rather than conduct a thorough needs assessment exclusively for the four Field Offices remaining in the grant, special training and action planning were implemented for all Field Offices" that had, were, or would participate in the IGP program (p.7). This training consisted of on-site workshops for Kandy and Badulla, which evidently dealt with "the preparation of Field Office IGP program guidelines" (p.42). Action planning consisted of visits from regional or IH IGP staff.

There is no mention in either the second or third annual reports of field office needs assessments carried out in subsequent years.

The conduct of a thorough needs assessment of the field offices that participated in both the first and second matching grant would have identified early on the strengths and weaknesses in the IGP program in Asia. Short-circuiting the required assessment process by immediately moving to action planning and training may have benefitted the field offices involved. But this approach vitiated the intent of institutional or needs analyses, which is to identify critical needs that exist in all participating field offices so that these needs can be addressed through a central program. The consequences of not conducting formal needs assessments for the development of the IGP program is evident today in the lack of guidelines for IGP initiatives, in the lack of coordination among field offices in the development of IGP programs, and in the lack of IGP training for rural promoters and technical staff. Almost certainly, these and other needs would have become readily evident several years ago had the required needs assessments been carried out.

4. IGP Field Manual: develop field office and/or regional manuals on income generation.

Plan/IH presently has a IGP manual in draft, which it intends to revise heavily before distributing it to the field. No field or regional office has yet produced an IGP manual, and no office visited during this evaluation intends at present to produce an IGP manual specific to its needs.

Development of the draft IGP manual has been arduous. As a first step, the IGP project management team proposed several goal statements for approval from the Plan Board of Directors in FY 1988. "This is viewed as a necessary step before all other advances can proceed" (First Annual Report, p. 53). Subsequently, in March 1989, the IGP evaluation coordinator, the IH IGP coordinator, one country director, two field directors, and three field-office IGP coordinators met to outline the manual. The group decided that the manual would "provide managers with a concise listing of the issues, including options, conclusions, suggested procedures and firm policies" (Second Annual Report, p.40).

The Plan/IH IGP manual was drafted to be 'very broad' in content (24 Jan 90 memo from R. Shapiro). It provides a general orientation to IGP concerns. It fails, however, to translate these concerns into practical guidelines for field-level staff. For example, in marketing, the manual emphasizes the four 'P's'--price, place, product, and promotion. But the manual fails to discuss the meaning of each of these concepts in real terms. A few examples of mispricing of products are presented--not costing in labor, not accounting for inflationary environments--without providing a checklist on what factors to take into account when pricing a product. In consequence, while the reader of the manual would likely not object to the content of the manual, he or she would likely have difficulty implementing its important recommendations.

The evaluation team strongly recommends that the proposed revision of the existing draft manual take into account the prospective audience for the manual, the rural promoters and technical staff at the field level who actually design and implement IGP/MED projects. The manual should provide a step-by-step guide to the identification, design, and implementation of IGP and MED projects. Moreover, the manual should incorporate Plan experience in such activities by drawing upon the lessons from the case studies and upon the experience of field offices that are implementing IGP/MED programs even though they do not participate in this grant.

5. IGP Case Studies: document Plan's income generation sector experience and lessons learned through a series of 15 case studies, 5 per year.

To date, Plan has completed nine of the projected 15 case studies. Five case studies were completed in the first year of this matching grant. These studies dealt with different experiences with intermediate financial institutions. The second year (Plan's FY 89), four case studies were done on fishing, farming, and carpentry projects. Subsequently, six case studies have been commissioned to graduate students from Columbia University business school; these studies are now being completed. Several observations about the case studies warrant mention.

First, the selection criteria for the case studies appear to have changed over time. The first five studies focused on different types of financial arrangements for IGP activities--credit unions, banks, family associations, and direct loans. These short presentations (each study is no more than five pages) served as a basis for discussion at IGP workshops. Subsequent case studies, by contrast, focus on specific projects. It is not clear how or why these particular case studies were selected. The second annual report mentions that the case studies that year would focus on technical assistance. However, the studies produced that year are 'mini-ethnographies' of the projects and have no special emphasis or focus on that topic of technical assistance.

Second, the selection criteria for the case studies--which countries and which projects--are unclear. To date, studies have been done on fruit farming (Bali, Indonesia), tuna fishing (also Bali, Indonesia), carpentry (Wad Medani, Sudan), and fishing (Cebu, Philippines). Other studies that are underway include corn farming and a community store (Bolivar, Ecuador) and fishing (Sierra Leone). In short, there appears to be a heavier emphasis on basic production (including horticulture and fishing) than on small businesses (carpentry and the community store). Although this emphasis reflects the present composition of the field office IGP portfolios, a stronger emphasis on small businesses might have provided field offices a wider vision of the types of projects to undertake and the manner in which they might be conducted.

It is premature to judge the usefulness of these studies until they are completed and synthesized. Each individual case study provides a detailed account of a specific experience. As such, the individual studies will be useful as discussion materials for training workshops. To be most useful to field personnel and program managers, however, the general lessons learned from these initiatives must be abstracted from the particular studies. For this reason, it is recommended that Plan/IH synthesize the lessons learned from the case studies and diffuse this report to its field staff.

6. IGP Conferences: organize and implement a conference for the field offices participating in the first year of the grant. An implementation plan for applying methodologies and lessons learned to the field offices join the IGP in year 2 will be developed at the conference.

A four-day conference for the field offices participating in the first year of the grant was held in Bangkok in July 1988. One month later a workshop was held in Rhode Island for the 10 field offices that would participate in future IGP activities. Subsequently, conferences have been held on a regional basis in order to familiarize field offices with the IGP program. A regional conference for South America was held in Quito in December 1988 and a regional conference for Central America was held in Guatemala City in May 1989. A follow-up conference in Quito is planned by the South America regional office this September. (This follow-up conference is a regional initiative; no IGP staff from Plan/IH is scheduled to attend.)

These conferences have provided general orientation, as well as an opportunity to share experiences. For example, at the Bangkok conference, the term IGP was clarified as: "income generating projects...whose conscious aim is to make money" (Conclusions and Highlights from Workshops, p. 5). The conferences also discussed a series of important concerns. The Conclusions and Highlights from Workshops stresses the importance of an entrepreneurial, cost conscious, business oriented approach (p.10). And, it emphasizes the need for a wide range of technical assistance--in marketing, in new technologies, in the development of micro-business management skills, and so on.

These conferences and discussions did not, however, culminate in an implementation plan for applying methodologies and lessons learned to the field offices joining the IGP in the second year of the grant. In other words, the concerns discussed at the conferences were not translated into programmatic changes at the field level. As the reports on the field office IGP programs visited document, many of the points raised in the conference minutes were not incorporated in these field programs at the outset and are being incorporated only now and only incompletely. As has been mentioned, feasibility studies, when done, are often incomplete and inaccurate. Assistance in business management is deficient, and assistance in technical matters is scant. In sum, the conferences did not achieve their stated aim of defining and installing a general implementation plan that would facilitate the development of an IGP program in new field offices.

7. IGP Monitoring System: carry out detailed planning, including the design and installation of evaluation systems in the four field offices being assisted all three years of this agreement.

Plan early recognized the need for a monitoring and evaluation system. The Technical Services unit at Plan/IH has devised a monitoring system that is currently being field tested in some offices participating in the IGP grant.

The IGP conference participants in 1988 noted the "weaknesses in their monitoring systems [and] said that the IGP monitoring segment was very much needed and useful. Weaknesses include not defining nor knowing what to monitor, what criteria to use, and how to monitor hundreds if not thousands of IGP participants" (Conclusions and Highlights, p.36). In the second year of the matching grant, "it was decided to develop a generic IGP monitoring and evaluation system applicable to all IGP types at all Plan Field Offices. Its primary aim would be to help the Field Offices generate the necessary IGP related data for timely decision-making and this [sic] data would be comparable from Field Office to Field Office" (Second Annual Report, p.15).

The monitoring system being developed consists of four basic instruments. The Basic Business Plan is effectively a feasibility study that covers production, marketing, financing, and management. In addition, there are three reporting schedules, the Performance Monitoring Sheet, the Monthly Monitoring Report, and the Quarterly Monitoring Report.

These instruments were pilot tested in five field offices in Indonesia and the Philippines in July and December 1989. The pilot test essentially dealt with the rural promoters' ability to understand and complete the forms. At present, of the field offices visited by the evaluation team, only Plan/SPS is implementing the system and even there in only two of its six local offices. Plan/Bolivar has declined to use the system, which it considers more appropriate for urban offices. Plan/Kandy is awaiting training in the operation of the system. And, Plan/Bali, which participated in the pilot exercise, does not currently use the system, but is closing out.

The monitoring system still has serious flaws. Staff are still not completely familiar with the Basic Business Plan. For example, in the BBPs for on-going projects that were reviewed, operating and long-term capital costs were confounded, depreciation was incorrectly calculated, and marketing plans were consistently over optimistic. Additional training in the conduct of feasibility studies would resolve many of these difficulties.

Also, the analytic scheme for the reporting schedules tends to mask implementation difficulties. In operation, the rural promotor is required to score whether a project is doing better than (score: 3), as well as (score: 2), or worse than (score: 1) originally designed along a number of dimensions that are categorized as production, marketing, finance, or management. This approach is presented as quantitative, although in fact it is a judgmental or qualitative (better than/worse than) system that uses a numerical scoring system.

The use of averages 'washes out' difficulties when the information is aggregated. The monitoring system averages the performance in each of four performance areas--production, marketing, finance, and management. Each performance area contains between five to ten items to be rated. Thus, if the project is performing poorly in one item on a particular visit, the averaging of scores within that performance area washes out the poor performance. The same phenomenon occurs over time because activities that are irrelevant at the time of the visit are coded '2' by the promotor, who is instructed to fill out the form completely every time. Thus, in an agricultural project before harvest, all marketing activities are coded as if they are being completed as well as had been planned originally--simply because no marketing activity had been planned. The effect of using averages for as a management tool might be a misleadingly optimistic report on overall project activities.

(Parenthetically, item 10 on the monthly monitoring cover sheet, 'average monthly income increase due to the business,' is very poorly understood by the rural promoters who are required to make this calculation. Also, the following item, 'average monthly income of the owners before provision of assistance,' is a very unreliable measure based on the community worker's estimate of family income. As a result, the projected percentage increase in family income from the new enterprise is an extremely unreliable calculation.)

Plan/IH Technical Services department recognizes the difficulties in this monitoring instrument, and states that revisions are underway.

This revision should take into account the fact that the rural promoters are currently trained only in how to fill out the forms. The promoters do not do the analysis of these forms, which is intended to signal areas of difficulty. As a result, the field staff have been making corrections in project course by intuition rather than from monitoring and analysis. There is consequently no way to assess which types of projects work better (or worse) and why. In other words, the monitoring system should not become another reporting system to headquarters, it should be a viable tool for the promoters to analyze and assess their own performance and hence know when to provide needed assistance to groups.

Despite these difficulties, the monitoring system is useful to field offices that up until now had no summary overview of the situation of their projects. Plan/SPS, for example, previously relied upon individual project reports, which were often handwritten and idiosyncratic. Now the field director can look at a specific section of the monitoring form in order to identify problems arising in a specific sector.

8. Program Institutionalization within Plan: conduct staff training workshops using the case studies, field manuals, and evaluation materials developed under the program to increase in-house professionalism and awareness of lessons learned.

Plan/IH has carried out staff training workshops for higher-level field office personnel and for field staff in the completion of various reporting schedules.

However, because the IGP manual, the field case studies, and evaluation materials are still to be finalized, IH has yet to provide needed guidance to the field staff on lessons learned. For this reason, a fundamental observation of the evaluation team is that the field staff and their programs are consequently several years behind the IGP program developments at IH.

9. Small Business Clubs: organize small community business clubs as nuclei for continuing training and leadership development and for establishing small vocational training and development centers.

The formation of small community-business clubs would not only provide a nucleus for sustaining training and leadership activities, it would also represent the initiation of private-sector, small-business political lobby. The importance of these clubs cannot, therefore, be underestimated.

To date, Plan has established no small community-business clubs in any of the regions visited by the evaluation team. The problems to be overcome are various and serious. Plan typically undertakes only one IGP activity in each community. (Over time, Plan may initiative a series of activities with the same group.) Thus it is impossible to establish a club of productive groups within a single community. Several communities could be brought together, but the villages enrolled in the Plan program are usually quite dispersed. Finally, the range of activities is very wide. Plan undertakes, for example, basic agricultural production, community stores, and various micro-enterprises--that is, production, marketing, and processing. It remains to be seen whether such diverse interests could collaborate successfully even in a delimited geographic area.

Supra-local organization is, nonetheless, coming about as a result of the need to organize a rural credit program for IGP activities. These financing systems have long been a part of IGP activities in Asis, but they are only now being developed in Central and South America. Plan/San Pedro Sula (Plan/SPS) is a leader among the field offices visited in this initiative. Plan/SPS has established local committees in each of the villages where it works. These local committees are in turn regrouped into a regional organization. This system is being established in order to implement a rural credit program being financed by Plan. That is, Plan/SPS has given money to the local groups, on the condition that the funds be repaid to the regional unit. The regional unit will then have the funds necessary to finance future requests for business activities. This system may be implemented as part of the Honduran cooperative system. (The legal requirements and ramifications are presently under study.) If and when in place, this system would represent an important alternative to the originally envisioned system of small community-business clubs.

Plan/Bali likewise works through village committees in order to establish credit unions. By channeling capital and funds for training and technical assistance through a governmental or indigenous credit union support organization, it is hoped that these credit unions will become institutionalized. Because of political perceptions, the legality of the non-government credit union is being weighed by the Indonesian government.

The extent to which these different field office initiatives are going on in isolation is surprising. Plan focused on credit unions and other financial arrangements in its first five case studies. And, the topic was discussed at length at the initial IGP workshop in 1988. But since that time, IH has not played an equally strong role in coordinating the different efforts, synthesizing the experiences, and disseminating the information. Given the fundamental importance of this initiative to Plan's IGP program, it cannot be emphasized too much that Plan/IH must coordinate these efforts and integrate them into the overall IGP program.

10. Access to Credit: establish links with local lending institutions which will enable the target population to gain access to the formal credit system.

It is uncertain whether access to local lending institutions in the formal sector is possible, yet alone desirable.

Plan does assist many of its groups to open a savings account in which to deposit safely the proceeds from their activities. The groups typically draw on these funds for restocking inventories, repair and maintenance.

Given the economic size and viability of these groups, however, it is unlikely that they would be able to have recourse to formal banking institutions for loans. The sums of money required are very small, and the groups have neither the assets nor the records typically required by banks for loans. (Some bank regulations seem designed to disadvantage the rural producer. In Honduras, for example, banks require urban real estate as collateral. While this regulation increases the banks' security on their loans, it also eliminates the mass of potential rural borrowers.)

Intermediate financial institutions could better serve the needs of the Plan clientele. A system of rural credit cooperatives, as is being established in Honduras and Bali, appears to be a viable response to the situation. The major concern is that professional technical assistance be provided so that the system devised is as strong and flexible as possible. After so many years of experience in rural credit, it is not necessary for a field office to reinvent a credit system independently, and in doing so run unnecessary risks of failure.

B. Evaluation Principles and Issues

The scope of work (Annex 1) poses seven issues that PVC/FVA and Plan consider pertinent to the activities of the grant. This section takes up each of these questions in turn.

1. Expansion of IGP Program: PVC began to support Plan's efforts in the area of income generation in 1984. An analysis should be made of the process and timing of expanding income generation projects throughout the Plan network of countries.

During the first Matching Grant (1984-1987), Plan/IH worked in Asia and Africa--India, Indonesia, Nepal, Philippines, Sri Lanka, Thailand, Egypt and Kenya. With the second grant (1987-1990), Plan/IH has shifted its IGP work in Africa to Sudan and Sierra Leone, limited its Asia work to one field office each in Indonesia, Nepal, and Sri Lanka, and initiated IGP programs in Latin America in Honduras (San Pedro Sula) and Ecuador (Bolivar).

The criteria used in selecting additional field offices for participation in the IGP program are unclear. According to some, USAID participated in the selection, when, for example, the Kenya program was closed out and Sudan was selected. Apart from such instances when Plan may have concurred with an USAID request, it would appear that the choice of most field offices lay with Plan. No one--not the IH IGP specialists, nor field office directors--could explain precisely what criteria were used in this selection. According to one Plan director, the decision was probably made by the previous director, whose reasoning is unknown.

The lack of explicit, widely known criteria for the selection of field offices to participate has led to the participation of offices that are almost exclusively devoted to rural development and that have little opportunity to establish viable IGP/MED programs. Plan/Bolivar, for example, serves many villages in the distant highlands that are often cut off from the major centers of the region for months at a time during the rainy season. Although there is good reason to work with these villages in the areas of health and education, the undependability and cost of transport militates against a viable IGP program in many of these villages. The problems of logistics--marketing--are simply too great.

For these reasons, it is strongly recommended that Plan/IH devise and diffuse clear criteria for the selection of field offices to participate in the IGP/MED program, emphasizing the importance of micro-enterprises (over simple income generation) and including marketing concerns. Further, clarification of precisely which types of projects qualify as IGP/MED (i.e., specification of budget lines for IGP reporting purposes, along with a clear definition of exactly what projects may be reported for each budget line) would help field offices decide whether they should participate directly in the IGP/MED program.

2. Selection Strategy for Participation: Plan employs a strategy of involving the family members of the sponsored poor child as those who will receive training and engage in the entrepreneurial activity. An analysis should be made of this strategy in relation to the best selection of those with entrepreneurial skills and strong interest in income generating projects.

An entrepreneur combines his or her skills and assets to produce a commodity or service that can be sold on the market. Importantly, also, an entrepreneur is usually an individual who runs some risk in production and marketing.

On the face of it, Plan's strategy of working with the poorest of the poor--and of working with the parents of poor children--contravenes the strategy of facilitating entrepreneurial development. Much of the Plan population is disadvantaged by a lack of skills (language, literacy, numeracy), a lack of assets, and distance and transportation. In other words, Plan's strategy would appear to miss many of the most entrepreneurial people.

At the outset of the second matching grant, Plan seems to have treated IGP initiatives in much the same way as it dealt with health and education programs. That is, Plan generally insisted that because the problems or deficiencies are endemic in the area, all children--and by extension all of their families--should benefit. This logic, which is certainly valid for health and education programs, led the participating field offices to attempt to enrol as many families as possible in the IGP program. Indeed, in some instances, percentage goals were set for rural promoters: 80 percent of each promotor's families were to be enrolled in IGP activities by the end of the year. This approach boomeranged, as promoters began reporting a disparate array of activities as IGP, and has been abandoned.

Now that it is recognized that not all--or even the overwhelming majority of--families must participate in IGP activities, the seeming contradiction in Plan's strategy of selecting families for IGP programs is not so severe. The skills needed can be learned, and the assets required can be provided. The need is to assure that if Plan participants learn the skills and receive the assets that they will be able not only to produce but also to market their greater production.

This requirement puts great emphasis on the feasibility studies undertaken and the technical assistance provided, for disadvantaged participants require special assistance if they are to succeed. Unfortunately, feasibility studies are still not done in all local offices, and even when done, often lack a realistic marketing component. The emphasis is largely on production, and the study consists of a simple comparison of what the people might get compared to what they are actually producing. These theoretical comparisons are heartening, and often justify approving the activity. But unless and until these theoretical projections are compared to what the participants actually produced, and the prices they actually received, the studies risk being unfortunately over optimistic. Further, even where a project appears viable, the participants will require strong assistance in both financial and technical management.

Another concern is the insistence of some field offices, particularly in Latin America, on working with groups rather than individuals in micro-enterprise development. The rationale here is that Plan does not wish to favor one individual over another in its program. In fact, however, there are several types of activity where one individual receives most of the benefit. For example, although all villagers may benefit from reduced prices in community stores, it is typically the store manager who receives a percentage of the sales profits (30% or 50%, depending on the case) who benefits most. Indeed, many of these stores very much resemble the other shops in the village that are run by a single individual. The insistence on group action tends to break down once the project is actually underway. In consequence, some--but not all--of the field offices where this insistence on group programs is strongest are tending to adjust their programs to allow for individual activities. This orientation toward individuals, it should be pointed out, has long been characteristic of the programs in Asia.

The insistence of working with groups can mean that an enterprise does not perform as intended. Plan supports community stores and grain mills on the grounds that these will provide economic benefit to the participants, as well as to the larger community. In fact, stores and mills are usually individual enterprises, and they do not provide enough profit to pay dividends to the Plan members. This fact has come to be appreciated only recently because the Plan offices either did not conduct feasibility studies (Plan/Bolivar) or they considered only the hypothetical rate of return--not the level of profits in relation to the number of members in the group. As a result, Plan/B and Plan/SPS now consider both community stores and grain mills to be social services provided to the community and not enterprises.

The need at present, therefore, is to carefully define what activities constitute micro-enterprises, and to endeavor to establish those activities where they are appropriate. This could, for example, result in focusing MED activities in small regional centers. Elsewhere, Plan can work to inculcate business notions in groups that cannot reasonably be expected to establish a viable micro-enterprise.

This approach will require several changes in Plan strategy. First, it will have to work with individuals, as well as groups. Second, it will have to recognize that some areas are more advantaged by infrastructure and access to market than other areas. And, third, Plan will have to acknowledge that the use of charitable donations to finance all or most of a project undermines the business approach inherent in MED, unless the notions of repayment, interest, repair and depreciation (replacement) funds are introduced. [This concern is dealt with in more detail in Item 4, below.]

3. IGP Definitions: many implementors of 'income generating projects' do not differentiate between income generation, increased income leading to sustainable self-sufficiency, and microenterprise. An analysis should be made of the degree to which Plan deals with these concepts differently.

Tautologically, 'income generation' is any activity that provides a profit, without regard to the source of start-up capital or to more productive alternative uses of those funds. Income generation leading to sustainable self-sufficiency contains the notions that the activity is both profitable and the participants set aside funds to restock inventories, maintain and ultimately replace equipment. Micro-enterprise, by contrast, is a small business. It may connote some degree of formality, such as having five or more employees, but this is not a necessary attribute of a microenterprise.

Plan/IH appears to make very little distinction between these concepts. When, for example Plan/IH has changed its key term from IGP to MED, the basic definition of the program remained unchanged--any activity undertaken in order to make a profit. This confusion is clear in the types of activities that field offices report back to IH as IGP/MED. Depending upon the office, land purchases, road and bridge construction, and reforestation, among other activities, are considered IGP/MED activities. Although each of these endeavors is laudable and probably necessary in each place, none either generates income directly or represents a micro-enterprise in and of itself.

Further, the field programs themselves are largely unchanged. In one field office, for example, the same numbers of agricultural, livestock, micro-enterprise and other projects are being undertaken as was the case in 1987. At the same time, however, the range of micro-enterprise activities is narrowing. In 1987, this office supported a carpentry shop, a metal-working shop, a ceramics factory, two cheese plants, and a community store. Currently, this same office is supporting only community stores and the equipping of vocational sewing academies. The range of micro-enterprises has narrowed over time because initiatives that incur widespread failure (for lack of appropriate technical support, among other reasons) are dropped from the program.

Finally, an examination of specific projects indicates that while Plan supports income generation, broadly defined, the responsibilities of the group for the activity do not conduce toward sustainability. In agricultural production, for example, Plan field offices will donate seed, fertilizer, and other inputs. In return, the group promises to provide labor and repay the amount of seed given. Without funds specifically reserved for fertilizer and other inputs, however, the activity will almost necessarily fail in the second year, when Plan provides no further assistance.

For these reasons, it is strongly recommended that Plan/IH clearly define what constitutes IGP and MED, and the distinction between the two terms. Also, Plan/IH must issue guidelines on the composition of the budget lines that will be accepted in their entirety as MED.

4. Subsidized Credit, Loans, and Donations: within income generation and microenterprise projects there is some difference of opinion on the role of subsidized interest in credit programs. An analysis should be made of the effect of subsidized interest on rural financial markets in Plan countries and projects.

The question at present is less the effect of subsidized interest from Plan on rural financial markets and more the effect of a mostly charitable donation on group business practices.

The field offices visited in Latin America have what can only be described as a very timid loan program. Plan/SPS has moved in the past four years from a program of donations exclusively, to a program of interest free loans (fondo rotativo), to a program of interest bearing loans (UAF: unidad de apoyo financiero). The interest-free loan program, which was a transition stage, accounted for only 20 per cent of Plan's entire portfolio. The UAF, which can only be established with groups that have legal recognition, accounts this year for an even smaller percentage of the portfolio. The hope at Plan/SPS is to reverse the ratio of donations to loans from the present 80:20 to 20:80 by 1995. The office is in the process of establishing an intermediate financial institution, basically a cooperative credit system, that, if successful, could influence rural financial markets in the area.

Plan/Bolivar, by contrast, has only this year introduced the program of interest-bearing loans. In this program, Plan/B donates the start-up capital to a legally recognized group, which then makes loans to its members. There are at present only 5 such projects in operation, out of a total of 150 MED projects. Unlike Plan/SPS, Plan/B has at present no strategy for unifying these isolated groups into a cooperative credit system.

Given the very large role that charitable donations play in the Plan IGP/MED program to this day, the major concern is just how these donations influence the operation of the program. Here the concerns are significant in all regards. The promoters or technical staff responsible for project design, for example, tend to include all supplies and inputs that might be necessary during the course of the production cycle. Indeed, over time, the list of pesticides, fungicides, insecticides and other chemical control agents purchased for each project has tended to lengthen. In consequence, when one visits the field sites, one not infrequently finds left-over stocks of supplies from previous years. These, of course, represent an uneconomic expense that could not be borne by a self-sustaining micro-enterprise.

Clearly, a group can increase their income if Plan donates all the inputs and supplies. The concern is whether the group can sustain this production without Plan's charitable donations.

The contract between Plan and the group often stipulates that the group will replace the amount of seed provided. This stipulation is insufficient for sustainability. When only the seed is replaced, the group will lack funds to purchase fertilizer and other needed inputs. Thus the project fails in the second production cycle, and proves unsustainable.

A similar concern arises in other projects, such as grain mills. Most of these groups maintain a small savings account, which generally covers maintenance and repair costs. None of the mill projects visited, however, had a depreciation fund--largely because none of the mills is profitable. (Plan field office staff now consider mills--as well as communal stores--to be community service projects rather than micro-enterprise initiatives.) As a result, none of the groups would be able to replace the motor or mill when it breaks down.

That Plan has long used cooperative credit schemes in Asia but has only begun to implement a small loan program as part of its IGP/MED activity in Central and Latin America connotes a lack of coordination among the regional field offices. Plan/IH must play a stronger role in guiding the development of new field office programs, and it must move more forcefully to counteract the effects of what up until now has been a charitable program of donations. The nature of that program--and how to effect the transition from charity to IGP--can be determined by assessing the lessons learned in the Asia program and disseminating those findings, as was recommended in the agreement for this second grant.

5. Universal Participation and its Demise: it appears that within Plan's strategy of child sponsorship, all communities and families involved in the Plan sponsorship program are expected to be involved in every aspect. An analysis should be made of community reaction to Plan project activities and the expectation that all families will be involved.

In 1987, at the outset of the second matching grant, Plan held to the belief that child sponsorship implied that all communities and families enrolled would participate in every program. As was discussed above, this premise derived from Plan's work in the health and education sectors, where there is a moral obligation to provide these services to everyone. The application of this premise to IGP activities initially resulted in the requirement that rural promoters enrol as many families as possible in IGP projects. This requirement resulted in a very diffuse and unmanageable program. (That Plan/IH had not issued specific instructions and that IH reporting procedures for program and budget allowed wide interpretations of IGP simply compounded this situation.) As a result, field offices that earlier operated on the premise that IGP activities had to be extended as widely as possible have begun to narrow their definitions and scopes of action, so that all families are now not involved in IGP.

This shift in approach, which is quite recent in Latin America, could exacerbate relations within a community between participants and non-participants were it not for Plan field offices' relaxation of eligibility requirements for participation. In theory, rural promoters enrol only children in families with an income below a specified ceiling. These families are eligible to participate in all Plan activities, but they are not required to do so. With IGP/MED activities, for example, the families volunteer for participation. (Those who do not wish to participate, or those who join but later withdraw, are still eligible to participate in other Plan activities in the area.) At the same time, families--particularly in rural areas--who are ineligible to participate in Plan programs because their income exceeds the ceiling, are in fact allowed to participate if they wish. The number of ineligible families participating in any particular IGP activity is usually small, but the fact that ineligible families are not invariably excluded surely serves to mollify those community members.

Second, all families benefit from various of Plan's activities. A new school or a new health post is a public good, and Plan does not discriminate among the clientele. Similarly, all families benefit from community stores and grain mills, which charge the same prices to all villagers. Also, as mentioned, non-Plan families may participate in IGP projects. This most often happens when a non-Plan family donates the land for a particular undertaking. But the group may decide to allow other families to participate.

Nonetheless, instances do occur that would indicate that the Plan program can cause divisions within a community. In one instance, for example, a community refused to cede a parcel of communal land to a Plan group for their exclusive use. Presumably, this denial was based on the notion that only those Plan families would benefit from the use of this community property.

Also, the recent indigenous rebellion in Bolivar province, Ecuador, focused on the supplemental payments by some foster parents to individual families as an unacceptable inequality. (The supplemental payments are additional contributions made by a foster parent to his or her foster child, over and above the stipulated monthly contribution. These additional payments, which are a remnant of the older charitable orientation of Plan, are channeled directly by the field office to the specific foster children's families. Not all foster parents make these additional contributions, however.) Plan/B hopes to phase out this program of supplemental payments, which creates inequalities among Plan families and causes a great deal of additional administrative work.

6. Staff Turn-over and Institutional Development: this grant is expected to have an impact on Plan's institutional development. An analysis should be made of the effect of staff turnover at Plan international, the implementing organization, on institutional development. An analysis should also be made of the effect of organizational structure on institutional development.

The Board of Directors of Plan International has adopted a statement on IGP as the third area of the Plan program. The adoption of this statement is important in that it adds economic development to health and education as primary Plan goals.

The income goal is, understandably, very broad. It states: "To ensure that within a defined period each Foster Family achieves a sustainable level of income which is above the locally defined poverty level and adequate to meet the basic needs of their children" (Organizational Overview, p.13). This statement legitimated IGP within the Plan program. It also mandated the widest possible participation of families in that program, which requirement, as has been discussed, proved unworkable.

The adoption of the livelihood goal and the implementation of the IGP/MED program is important because it represents a fundamental shift in thinking at Plan. Plan had long been a charitable organization, operating on the basis of donations of funds and materials to participating families and communities. A great deal of the Plan staff was therefore devoted to 'program' functions, that is, forwarding the letters to and from foster parents and their children, building schools and clinics, distributing supplemental payments and the like.

IGP/MED represents a break from this tradition, in that the funds are not donated but provided on a conditional basis, optimally through a loan program. The intent here is to inculcate business principles in participants so that they in time can run their own enterprise sustainably.

To implement IGP/MED requires strong leadership from headquarters and effective retraining at the field level. Unfortunately high levels of turnover at all levels of the IGP program have slowed the implementation of the program, as the field case studies well demonstrate.

At headquarters, Plan/IH has had two IGP specialists, one, the IGP Evaluator who reported to the Program Office and the other an IGP Evaluator Coordinator, attached to the Technical Services division and based in Manilla. When the second individual to hold the IGP Evaluator position at IH resigned at the beginning of this year, the position was relocated within the Technical Services office, under that Director. Thus, there is now no direct link between IGP and the program division, which directs much of Plan's field program. Moreover, the IGP position at Plan/IH has now been vacant for six months. While a search is underway for a qualified IGP specialist, much of the IGP program at IH is on hold in the interim.

Turnover at the field offices is an equally worrisome problem. Plan/SPS reports a 20 percent annual turnover in staff; Plan/Bolivar a 50 percent rate. Personnel turnover rates at the Asian field offices visited were generally lower, although with the close-out of Plan/Bali many staff were resigning. Thus a fifth to as much as a half of the staff must be trained in the Plan program each year. This training consists almost entirely of familiarization with Plan reporting requirements, which are onerous. There is no specific income-generation or micro-enterprise development training for any of the staff, yet alone the new staff. Nor are these staff provided any technical manuals to guide them in their work. Thus, the personnel are forced to resort to their own training and experience and that of their colleagues.

In view of this situation, it is strongly recommended that Plan/IH upgrade the headquarters position of IGP specialist to its former position within the program office of the organization, and that Plan/IH reserve the funds available to it in this Matching Grant to training activities in IGP/MED for staff at all levels, including field office technical and promotor staff.

Further, Plan/IH must recognize that IGP cannot operate in accord with the model developed earlier for the other sectors of Plan activity. The charitable, public service nature of the other Plan programs may only require that the organization build a specified number of schools or clinics and carry out a specified number of vaccination campaigns. But the organization built for these activities is ill-adapted to IGP, which requires strong and specialized technical assistance and follow-up.

At present, Plan field offices report to the program office. That office, however, does not have technical responsibilities. Consequently, technical assistance is simply another task added to the rural promoters' job. Without training and technical materials, however, this staff cannot be expected to carry out this new responsibility successfully. Plan/IH must develop and implement a strong technical assistance capability for its field staff. And, this capability must be integrated into the program office, first by restoring the original location of the IH IGP specialist within the Program Office and second by building a strong technical assistance unit and program within the Technical Services division.

7. IGP Case Studies: during the grant period 15 case studies were to be completed. An analysis should be made of the quality and usefulness of these studies.

The quality and usefulness of the case studies was considered above (Section 2-A, Item 5). The fundamental points are repeated here. The selection criteria for the studies have changed over time, from an examination of the important issue of financial institutions to case studies of particular projects. The criteria for selecting these project case studies are unclear. Consequently, although the studies may be useful as the basis for discussions, it is difficult to synthesize lessons learned. The IH IGP staff must abstract the lessons learned from the different projects selected and actively disseminate this information at all levels of the field program.

III. CASE STUDIES

A. Plan/San Pedro Sula, Honduras

1. Organizational Structure of Plan/San Pedro Sula

The field headquarters office in San Pedro Sula handles programming in the region and liaison with the home office in East Greenwich, R.I. Some twenty administrative staff are based in this office.

The headquarters field office oversees two local area offices, one in Santa Barbara and one in Copan (La Entrada). Each local office is staffed by three coordinators. (The earlier position of local area office director has been suppressed.) The six coordinators each oversee ten rural promoters, based in the Plan villages.

The local area offices coordinate reporting requirements from the field and provide technical assistance to the rural promoters. To this end, each office supports one specialist in water supply, in health, in education, and in income-generation or business. (Typically, these technical personnel are promoted from within the ranks of rural promoters.) Each of the six area offices also has a full-time agricultural technician. These technical staff directly oversee the work of the rural promoters based in the villages.

At the base of the Plan system, rural promoters work with families organized into groups. On average, each promotor works with ten groups each of which comprises 15 families. In other words, each promotor works directly with a target of 150 families. These families live in five to ten communities.

The job of the promoter is diverse. A poster listing job tasks on the office wall of one promoter gives a clear idea of the number of tasks to be completed. It includes completion of the monthly supervision sheets, the annual progress reports, and the project final reports. It involves collecting all receipts of group purchases, and completing project proposals. It involves keeping track of the letters to sponsors, writing family histories and taking photographs. It entails taking inventories of stocks for project enterprises. And, it entails completing various administrative memos. In addition, the rural promotor must define and oversee a wide range of initiatives in housing, water supply, and health, as well as income generation.

In all, there are some 75 field staff in the two local area and six village offices. The breakdown is as follows: 6 regional coordinators, 55 promoters, 6 agricultural technicians, and 2 technicians each in water supply, health, and business.

2. Definition of Terms

Plan/SPS uses a very broad definition of income-generation, and prefers the term 'small business' to describe its income-generating program. Small business is simply defined as any activity that provides an additional source of income. The term is contrasted to "micro-enterprise," which in this view denotes a formality and size that does not characterize the Plan/SPS program. Micro-enterprises are typically led by a single individual and constitute the sole or major source of income. Such firms may have five or more employees. By contrast, Plan/SPS small enterprises are group endeavors and they represent an additional, but not exclusive, source of income.

The requirements set by Plan/SPS for participation in the IGP program define the organization of the group and its responsibilities, but do not impose any business criteria. In other words, to participate in the IGP program, there must be 1) a group that has 2) internal administrative rules, 3) agrees to contribute to their project, and 4) possesses an action plan for the activity. The action plan is essentially the feasibility study undertaken for the activity.

This broad definition of IGP is reflected in the budget lines devoted to IGP in the Plan budgetary process. Plan/SPS declares all projects undertaken under budget categories 11.09 (Small business, which means support to groups of families) and 16 (Agriculture sector) to be IGP projects. This budgetary classification of IGP projects includes land purchases (budget line 16.25) and family maintenance grants that tide people until their coffee plantation begin producing (budget line 11.09).

3. Types of Projects Undertaken in the IGP Program

Eighty per cent (313) of all groups participating in Plan program have an IGP project. Almost all projects are activities that the groups were already engaged in or at least were familiar with. The vast majority of projects are in agriculture; relatively few involve non-agricultural production or marketing. The breakdown of projects by type is given in Figure 1.

More than half of the IGP activities involve basic agricultural production. The importance of agricultural activities in Plan IGP initiatives is, in fact, even higher. Almost all (42 of 46) processing projects and over half (54 of 94) of all marketing projects rely on local agricultural production. In this view, 85 percent of all Plan projects (269 of 313) involve either basic agricultural production or agricultural processing or marketing.

Figure 1:
Breakdown of Plan/SPS IGP Projects by Type, 1990

Agriculture		
Coffee plantation (including nursery)	82	
Basic grains (corn)	17	
Sugar cane	11	
Rice	6	
Vegetables	4	
Watermelon	4	
Fruit trees	2	
Beans	2	
Tule	2	
Tobacco	1	
Bananas	1	
Cattle raising	33	
Chicken raising	5	
Bees	3	
	Subtotal	173 (55%)
Processing		
Corn Mills	38	
Cigar 'factory'	3	
Cement blocks	3	
Henequen products	1	
Shoes	1	
	Subtotal	46 (15%)
Marketing		
Basic grains (village silos)	49	
Retail food shop	35	
Straw mats	3	
Shoes	3	
Junco	2	
Agricultural inputs (herbicides, etc)	1	
Spices (in small bags)	1	
	Subtotal	94 (30%)
	TOTAL	313(100%)

4. Project Identification Process

The present portfolio of IGP projects results from both the broad definition of income-generation and the project identification process employed by Plan/SPS.

Rural promoters with Plan/SPS work with groups of between five and 12 families. The families are selected for participation in Plan programs according to a schedule of income by family size. Once the group has been organized, the promotor works with the families to define a project. During a series of meetings, the promotor elicits from group members "a rain of ideas," that is, a list of possible group projects. The possibilities are then winnowed out through discussion, leaving a short list of potential activities. Once a single endeavor has been agreed upon, the group, with the assistance of the promotor, carries out an elementary feasibility study, assessing costs, benefits (sales), and expected gain. This feasibility study is forwarded, along with a request for funding, to Plan/SPS. (Records of the feasibility study and the funding request are kept by the promotor and his or her regional office; the group does not receive a copy of these documents.)

This approach almost ensures that the range of activities considered by each group is fairly traditional, that is, known to the participants or to the promotor from experience with other groups. Plan/SPS undertakes no overall assessment of the potential for activities in distinct subsectors, nor has it commissioned studies of possible new, and non-traditional, activities.

The identification of 'traditional' projects has been reinforced by evaluation criteria for promoters' performance. Plan/SPS required each promotor to establish an IGP activity with at least 80 percent of the client groups in recent years. Plan/SPS, however, issued no specific guidelines on the definition of IGP projects. Therefore, various promoters continued to foster the same types of projects that had been initiated in previous years, now simply labeling them 'income-generating projects.' To its credit, Plan/SPS recognizes the consequences of using a quantitative standard for IGP activities as an evaluation standard, and is in the process of redefining its criteria along qualitative standards, that is, assessment of group success.

5. Funding of IGP Projects

Until 1986 Plan/SPS donated all funds to groups, which in turn promised to provide a local contribution consisting in most cases of labor. In 1987, Plan/SPS introduced a 'rotating fund' scheme, wherein a portion of the funding for some projects was given as an interest-free loan that had to be repaid within a stipulated period of time. This year, Plan/SPS has introduced an interest-bearing loan (UAF or unidad de apoyo financiero) program.

As may be appreciated in Figure 2, most funds are provided by Plan/SPS as donations to the groups. At present, the interest-bearing loan program constitutes only a small proportion of the overall portfolio.

Figure 2
Proportion of Donations, Interest-free Loans, and
Interest-bearing Loans for Santa Barbara and Copan Regions
1987-1990

	Donation or "Refinancing" (additional donations)	Interest-free Loan	Interest-bearing Loan
1987	314,200 (93%)	25,200 (7%)	--
1988	275,400 (91%)	27,900 (9%)	--
1989	477,800 (84%)	89,600 (16%)	--
1990	777,278 (93%)	31,400 (4%)	30,000 (3%)

The small proportion of Plan/SPS funding that is granted as loans almost ensures that most IGP projects are in fact financed by donations. This was certainly the case with the 13 projects selected by Plan/SPS for the evaluation team to visit (Figure 3). Almost half of the projects (6 of 13) were fully funded as donations by Plan/SPS. The most common example of financing by donation is the coffee projects. In these instances, Plan/SPS undertakes one project to buy the land for the group, another to establish the coffee nursery, and provides up to three maintenance grants to the group to tide them over until the bushes are in production. The total donation can easily surpass 15,000 L (approximately $6,500US, for a group of 10 to 15 families).

At the same time, half of the groups have taken out loans. Three groups received interest free loans last year. And, four have taken interest-bearing loans this year. The size of the loans is relatively small, and loans constitute only a small proportion of the total Plan portfolio--no more than 20 percent overall, depending upon the year. In the sample of projects visited by the evaluation team, the proportion of loans to donations increased from

FIGURE 3:

Financing by Plan/SPS of IGP Activities Visited During Evaluation
(1988,1989,1990)

	Total	Group Men	Women	1988 Gift	1988 Loan (Refinance)	1989 Gift	1989 Loan (No interest)	1990 Gift	1990 Loan (Int. Bearing)	Purpose of Funding
Livestock	11	11	0	3,000	--	3,000	3,500	--	Pending (UAF)	Bought 9 cows
Electric Grinding Mill	12	12	0	--	--	2,500	800	--		Bought Mill
Hen House	8	7		--	--	2,900	500	5,400	2,000	Bought 600 hens;bought 300 hens
Shoe Store	15	7	1	--	--	3,000	--	--		Bought Shoes
Shoe makers	10			--	--	--	--	14,000		Buy equipment & rent premises
Cement Block Factory	11			--	--	2,900	500	2,770	500	Buy equipment & supplies to make Cement Blocks
Grocery Store	12			--	--	3,525	--	5,600	--	Provide inventory for Co-op Store
Corn Silos	14			1,045('87) 1,400	3,900	1,950	1,950	--	--	Build Silos-Buy Corn
Coffee Cultivation	8	8	0	3,000('87) 3,282		3,731	--	6,368	--	Buy land, establish coffee nursery, provide bridge funds to group.

	Total	Group Men	Women	1988 Gift	1988 Loan (Refinance)	1989 Gift	1989 Loan (No interest)	1990 Gift	1990 Loan (Int. Bearing)	Purpose of Funding
Agricultural Input Supply Store	9			--	--	9,280	1,230	--	--	Buy Pesticides, Insecticides
Corn Mill	16			3,000	--	--	--	--	--	Buy corn mill
Cigar Factory	12	4	8	--	--	--	--	4,356	--	Buy tobacco, rent house
Corn Cultivation	21	21	-	--	--	4,194	2,796 3,000	6,810	5,000	Finance corn inputs

zero in 1988 to 16 per cent in 1989 (all interest-free) but are now running only 7 per cent this year.

Plan/SPS intends to reverse the proportion of donations to loans in its portfolio from 80:20 to 20:80 in the next five years. To accomplish this, Plan/SPS is now in the process of establishing a rural credit system that may be allied to the national cooperative credit union system. This transition is complicated, for Plan groups have no legal standing; Plan/SPS hopes to resolve this consideration by the end of the year. Once the groups are legally recognized, Plan/SPS can expand its UAF credit union program.

The structure of the system has already been put in place. Each group in a field office nominates two members to sit on that office's local credit committee. This local committee, in turn, sends three members to the regional committee, which, consequently, has between 15 and 20 members. Loan applications are considered by this regional committee, called the Regional UAF. Thus, there are six regional UAFs, each with a bank account in which group payments are deposited. The capitalization of this rural loan fund is presently 101,000 L, with the expectation that the fund will be augmented by 75,000 L by the end of the year.

Obviously, unless and until this regional UAF structure becomes fully functional and the proportion of interest-bearing loans for IGP activities becomes significant, it is very difficult to speak of a micro-enterprise--as contrasted with a charitable enterprise--program within Plan/SPS. Plan/SPS experience with the egg-laying operation that was visited by the team exemplifies the reasons. This group had last year received a donation to build a large hen-house and purchase 300 layers. Unfortunately, the feed appears to have been deficient because the eggshells often broke. The group distributed some of the hens amongst themselves and sold the rest. Nonetheless, this year, the group received additional financing--mostly donation but also in part a loan--to purchase another 600 hens, even though the technical problems with the operation had not been solved. The prospects for the group have not improved over last year's experience.

6. Technical Assistance to Projects

The rural promotor assigned to each group has primary responsibility for guiding the activity. He or she helps the group define its project, writes the application to Plan/SPS for funding, and assists in the implementation. In this work, the promotor is assisted by the supervising coordinator and the regional IGP specialist. He may also call upon other agencies, such as the Ministry of Natural Resources, for advise with technical problems.

In fact, the rural promotor bears primary responsibility for the conduct of each IGP activity but has little education, in-service training, or experience to help him or her in this work. As has been mentioned, one result is the predominance of traditional activities in the IGP portfolio. But there are a number of other concerns that affect most, if not all, of the IGP activities. These include:

- Most IGP activities are not only traditional in nature, they also respect customary methods for doing things, that is, there is no technological innovation in the projects. The women's cigar 'factory,' for example, is entirely an artesenal operation; the only difference is that the women come together to make cigars rather than working individually at home. Significantly, they have no molds or presses that would make it possible for them to manufacture a higher-quality product. Thus, the women are simply producing what they produced before--and have a harder time selling their production because the Plan loan enabled the purchase of more tobacco. In fact, in a saturated local cigar market, the women have found that it is more remunerative to resell tobacco to other artesenal producers than to manufacture cigars themselves.

- Marketing estimates are rudimentary at best. The Plan promotor has the group assess probable sales in the local area by asking potential clients whether they would frequent the proposed establishment, how frequently, and for what goods. This approach is admirable in that it recognizes that new groups succeed better if production is keyed at first to local markets. And, too, it involves the participants in the process of assessing the viability of the proposed operation. But, in Plan's experience, all such local market surveys have been overly optimistic. Evidently, when asked, the interviewees all profess interest in the new venture, perhaps in order not to discourage or insult the participant-interviewer. In the event, however, sales are consistently lower than those projected in the feasibility study. In this situation, promoters could benefit from training in simple but systematic sampling in order to assist in the market research.

- Most groups keep generally up-to-date cash-flow accounts (libros de entrada y salida), but none carries out a periodic analysis of its financial situation. That is, the cash-flow books are a simple chronological and undifferentiated listing of all sales and purchases. (There is great variability in the completeness and useability of these books across groups.) It would appear that the promoters have learned how to help groups set up simple cash-flow accounts, but that the promoters themselves are unable (or at least not required) to carry out a periodic assessment of the group's financial position. In consequence, there are no business guidelines for when a group should (and can) pay its members dividends.

- No group has a formal business plan, apart from that appended to the feasibility study, although expansion plans will be discussed with the promotor. The main consideration here is that the investment policy of particular groups is not subject to careful scrutiny. Campesinos everywhere prefer to save--or in the present case, reinvest earnings into the enterprise--in order to expand the business. This strategy can, however, create its own difficulties. One dairy operation visited, for example, has almost tripled its herd (including calves) in order to increase future production. But the amount of dry-season pasturage available is strictly limited. (The group has 60 manzanas of land, but almost all of it--perhaps 55 mz--is unusable hilly terrain.)

The lack of a business plan affects other enterprises also. Shops, for example, do not generally assess what lines of merchandise move more quickly or return greater profit. In other words, there is no system of inventory controls, however rudimentary, apart from a monthly check of stocks to control for inventory leakage.

7. Benefits to Groups

The Plan/SPS reporting system does not permit an assessment of the number of group projects that fail over time. This results from Plan's approach of considering each stage to be a distinct project. Moreover, the willingness to refinance projects that confront whatever difficulties means that various activities are continued beyond their useful life.

Successful groups basically have two options: to reinvest proceeds or to pay dividends. As has been mentioned, various groups insist on reinvesting all of their proceeds without regard to the viability of an expanded operation. Of the projects visited, the dairy operation, shoe factory, cement-block activity, and agricultural inputs store have all opted to reinvest all of the proceeds in their operation. While admirable, this strategy in fact contravenes Plan/SPS's own stated aim of improving family income and, thus, child welfare.

Few of the groups selected by Plan/SPS for visits by the evaluation team have paid dividends to participants. The commercial maize operation last year distributed 17,000 L among its 21 members. The cigar factory has made two distributions (100L, 152 L) among its eight women members, which essentially represent salary payments. The shoe store in a small village has made a single payment of approximately 30L to each of its members at Christmas time. The small retail shop in another village took the same approach of paying out a small dividend about Christmas time.

Some groups are too new (shoe factory, coffee plantation) to have made a profit. But others, particularly the corn mills and stores are considered by Plan/SPS employees to be social services more than economic enterprises because they seldom make a profit. A few--the shoe store, the egg-laying operation, possibly the cement-block factory--operate at a loss.

In short, the economic returns to the producer groups are very limited, given the investment made by Plan in capitalizing the operations. A stronger technical assistance program, allied with a more effective monitoring system, would greatly help the organization channel its resources more effectively and address any problems as they arose.

B. Plan International/Bolivar, Ecuador

1. Organizational Structure of Plan International/Bolivar

Plan International/Bolivar (Plan/B) has a central office in the regional capital of Guaranda, which houses its administrative and technical staff, and 11 local offices staffed by rural promoters.

In the central office, the technical staff work directly under the two Heads of Program, one for the sierra and one for the coast. The sierra program, which involves some 7,000 families in 200 communities has 12 technicians: one in IGP (formerly a bookkeeper in the accounting office), three agronomists, one animal husbandry specialist, three community development specialists, three health technicians, and one education specialist. The coastal program, which covers 2,100 families in 70 communities, has five technicians: one each in agriculture, animal husbandry, community development, health, and education. An IGP specialist with experience in cooperative credit has just been hired for the staff. There is also an evaluation officer attached to the Director's office.

Although the Plan/B uses a broad definition of income-generating/MED project, an informal division of labor has arisen between the IGP specialist and those in agriculture and animal husbandry. Effectively, the IGP specialist oversees the "business" projects (community stores and grain mills, various small 'factories' such as building blocks and weaving). Meanwhile, the agriculture and animal husbandry specialists oversee projects that traditionally are considered those types of activities--grain cultivation on the one hand and improvement of genetic stock of animals on the other.

The rural promoters in Plan/B are officially completely devoted to program work, that is, the enrollment of families, the collection and delivery of letters to and from adoptive families, and the completion of monthly and annual progress reports.

All technical work is the domain of the technical staff based in Guaranda. The case load for each technician varies. Agricultural technicians handle on average 25-30 projects. Those in animal husbandry average 38 projects apiece. And the IGP specialist has had a portfolio of 41 projects, much of it involving follow-up work.

Technical Staff Training Plan/B is typically the first job for the technical staff, who have recently graduated from technical schools or university. Plan/B provides these staff a general orientation to the Plan system, but does not provide any technical training. In one instance, for example, the employee was shown his workspace and given the general orientation to Plan procedures, but has received no technical guidance in two years of employment. As a result, despite the dedication, motivation, and loyalty of the staff, most find it easiest to follow established procedures and very difficult to envision new initiatives.

2. Definition of Income Generation/Micro-enterprise Development

Plan/B defines IGP as any activity that raises family income and is sustainable. Plan/B is cognizant of the more recent emphasis from Plan/IH on micro-enterprise development, but deems this emphasis inappropriate to a program that is almost entirely rural and widely dispersed.

As a result, much of the Plan/B project portfolio is similar to that of previous years (below, Figure 2). The bulk of the project portfolio is in agriculture and animal husbandry. A few community stores and grain mills have been funded. But there is very little 'micro-enterprise' development, and even that is not carried out along business lines.

Even more, the IGP program is carried out almost entirely on a charitable basis of donations. Since Plan/B donates all supplies and material without expectation of repayment, Plan/B planning documents in recent years demonstrate the need for the activity but do not assess the economic feasibility of that endeavor. Even today, the feasibility studies are highly variable. Some are merely lists of required inputs with costs. Even the best feasibility studies consider only the possibility of increased production--where this increased production will be sold (marketing) has yet to be incorporated into project analysis.

The overly broad definition of micro-enterprise development along with the lack of in-service technical training means that Plan/B's IGP program is essentially similar to that which was carried out before the initiation of this cooperative agreement.

3. Types of Projects Undertaken

As has been mentioned, Plan/B's IGP portfolio is entirely traditional and represents little change from the types of activities undertaken before the Cooperative Agreement was implemented. This section documents the types of projects currently undertaken under the name of IGP.

Overall, Plan/B considers any project in budget line 16 (agriculture) and budget line 15.11 (roads and bridges) to be an IG activity. The present portfolio of IGP activities for the coastal and sierra programs is given in Figure 1.

Figure 1
Plan/B Portfolio of IGP Activities, FY 1991

Budget Line	Description	Coast	Sierra	Total
15.11	Roads and Bridges	4	-	4+
16.10	Agriculture	24	53	
	(Tools)		1	78
16.12	Reforestation	0	2	2
16.13	Animal Husbandry (Sheep, Cattle, Guinea Pigs, Bees, Training, Store)	33	54	87
16.14	Orchards	*	8	8+
16.17	Grain Mill	0	3	3
16.30	Agricultural Credit	2	4	6
16.31	Small Business (Sewing Academies, Stores)	14	26	40

This functional coding of IGP/MED activities according to budget line results in an extreme blurring of the term "income generation." Some activities would not be considered IGP under any condition. For example, roads and bridges facilitate market access, which is the Plan/B rationale for including them in IGP, but they are not themselves IGP because the aim is to improve the road--not to foster a local construction industry. Similarly, reforestation is a laudable and necessary endeavor, but it does not itself generate income, even if people can later collect mushrooms in the pine forests.

Further, the present coding system confounds apples and oranges--or, more precisely, apples with agricultural input supply stores. Both basic grain production (seed, implements, and inputs) and agricultural input stores are glossed in the same budget line. Similarly, animal husbandry and veterinary supply stores are included in the same budget line. The basic agricultural production activities, defined broadly to include animal husbandry, are quite distinct from input supply stores, which should be broken out or included under the existing category 16.31, small business.

That the activities undertaken by Plan/B have not changed significantly in the past five years is documented in Figure 2. This table records the number of activities undertaken by budget line since FY 1987.

Figure 2
Number of Projects by Budget Line, 1987-1991,
Sierra Program, Plan/Bolivar

	1987	1988	1989	1990**	1991
16.10* Agriculture	15	14	28	73	53
16.12 Reforestation	5	1	3	10	2
16.13* Animal Husbandry	11	14	10	20	54
16.14* Orchards	4	2	4	5	8
16.17 Grain Mills	1	2	5	5	3
16.30 Agricultural Credit	-	-	-	6	4
16.31 Small Business	11	6	6	20	26

* Projects in agriculture, animal husbandry, and horticulture were previously coded under another budget category, 16.26, from 1987 through 1989.

** In FY 1990 Plan/B stopped using 'umbrella' projects to fund similar activities in a number of villages. As of that year, a project would be a specific activity in a particular village. Thus although the number of projects appears to increase dramatically, the number of activities undertaken is fundamentally unchanged. In 1988, for example, one project enabled the provision of spraying equipment to 82 villages. Similarly the one reforestation project involved 25 communities. (Mills and small businesses have from the outset been budgeted for individual communities.)

Figure 2 demonstrates that the majority of Plan/B IGP activities are in the area of agriculture and animal husbandry. These projects essentially entail the donation of seed and inputs or of animals to the participating communities.

The number of small business projects (budget line 16.31) has increased over time. However, an examination of what specific activities have been initiated each year reveals a reduction in the range of activities. In 1987, Plan/B financed a carpentry workshop, a metal working shop, a ceramics factory, two cheese plants, and a community store, among its small businesses. The next year, Plan/B financed a small marmalade plant, a cheese plant, a chicken egg-laying plant, and three stores. By contrast, in 1989, Plan/B financed six community stores only. In 1990, Plan/B financed only three community stores--all the rest of the activities, equipamiento artesanal, involve providing sewing machines to women's vocational academies. This trend continues in FY 1991. The coastal program, for example, is funding nine academies, four community stores, and only one small micro-enterprise. In other words, as has been mentioned, Plan/B has in time eliminated most of its more experimental micro-enterprises because they failed for lack of follow-up and markets. Today only two project subsectors--sewing academies and community stores--are funded, and neither of these represents a viable micro-enterprise.

4. Project Identification and Selection Process

Once a community has been enrolled in the Plan program, the technical staff and local office supervisors conduct a project identification process with the villagers. The process consists of a series of group meetings with the goal of identifying possible projects. The staff facilitates the winnowing out of possible projects based on local experience and potentialities as well as Plan experience. In this collaborative manner, Plan and the villagers settle upon one activity to undertake in the up-coming year. (This process is called 'capacitacion'--that is, training, in the Plan budgeting system.)

Once an initiative has been decided upon, the technical staff carry out a feasibility study of the undertaking. In the opinion of the central office, these studies are generally very weak because the staff generally have not done this type of work before joining Plan. Thus, for example, the staff typically compare present yields to what is theoretically possible. There is as yet no post-project evaluation to determine whether actual yields under the project approached the expected levels. There is no determination of actual prices paid to producers. And, as mentioned, there is no consideration of marketing concerns.

It warrants mention that Plan staff will forward to central headquarters only projects that they consider will receive a favorable review. Given the weak project assessment and support systems, Plan has had poor experience in a number of types of endeavors. These types of projects are eliminated because of previous bad experience. The number of examples is increasing.

To cite one case, a bee project failed because "por la poca preocupacion [de los beneficiarios] las abejas diaramente seguian desapareciendo o emigrando, en la actualidad no existe ni un solo, por lo que seria imposible continuar el proyecto" (Camacho 1989, p.3), which cost S. 27,500 in 1987. In another instance, a fish project funded in 1987 for S.

260,000 was rapidly decapitalized. "Se implemento el proyecto con 1000 alevines y en la actualidad se encuentra alrededor de 80 peces los que no cuentan con ninguna clase de cuidado ni alimentacion por parte de la Comunidad, el proyecto fracaso por la poca participacion y organizacion, ninguna persona se preocupo de esto y cada dia desaparecian los peces, por lo que a mi concepto no se deberia dar ninguna otra clase de ayuda por cuanto en la actualidad casi a desaparecido" (Camacho 1989, p. 2). Two chicken projects(S 309,235 for one project and S. 384,230 for another in 1988) and two pig raising projects have experienced similar outcomes. Plan/B does not now undertake initiatives in any of these areas because of this experiences. Clearly, this sort of almost ad hoc deselection process can over time lead to a reduction of possible projects or subsectors until none are left.

5. Funding of IGP Activities

All Plan/B projects until this year have been funded entirely by donations from Plan International. (Refer to Figure 3.) The community groups have been required to provide a local contribution, either labor or transport costs for material. But the major contribution for projects has come directly from Plan as a gift.

As long as Plan/B continues to finance most of its program as a charitable operation, it will be difficult to implement a serious IGP program. The approach of donating seed, animals, inputs, and material militates against a strict business approach. Plan technical staff, for example, often draw up a list of probably necessary inputs, which are supplied at the beginning of the season, whether or not the group in fact eventually needs those pesticides, insecticides, or fungicides. Abstractly, participants are being taught uneconomic planning--that is, the purchase of all possibly necessary supplies beforehand.

Further, the Plan requirement that the group repay only the amount of seed provided militates against sustainability. One garlic project, for example, was successful as long as Plan supplied all inputs, including fertilizer, free of charge. Once Plan withdrew its financial support, however, the women planted garlic without fertilization. The crop failed because the bulbs did not fill out. Rather than redress this problem, Plan simply funded another agricultural production project, this time beans, under the same highly favorable conditions.

At a minimum, a business approach to agriculture would require purchasing inputs as needed only and reserving sufficient funds to cover all the costs of production. Also, as has been mentioned, a careful feasibility study could provide important guides, especially in marketing studies were carried out.

In FY 1990, Plan/B instituted a small rural agricultural credit program for those groups that have legal recognition, such as government established cooperatives. (Most groups established by Plan have no legal status.) The program has become operative this year with the funding of five rural credit cooperatives. In operation, Plan/B donates start-up capital to the rural cooperative. The cooperative manages the funds, sets the interest rate to borrowers, and collects on all loans.

FIGURE 3
FINANCING OF PLAN/BOLIVAR IGP PROJECTS VISITED

PROJECT	# FAMILIES	PLAN INVEST. (DONATION)	LOAN	CAPITAL REINVESTMENT	DISTRIBUTION OF DIVIDENDS	PROBLEM
Ag. Input Store	50 -- 35	S. 320,000 (1989)	--	? S. 20,000 in bank	None	Only store manager receives dire benefits
Corn Mill	56	S.3,244,000 (1987)	--	S. 175,000 in bank for repairs	None	
Cheese Plant	41 -- 16	S.1,686.000 (1987)	--	?	None	Part of Promotion Humana Prog
Comm. Store	111	S.1,255,000 (1989)	--	Reinvest earning in inventory	None	Only store manager receives dire benefits
Bean Prod.	20	S.1,000,000 (1990)	--	No	Mostly home Consumption	3rd proj.(garlic, onions) not Not sustainable
Fruits	11	S. 378,000 (1990)	--	No	No	New project - No marketing plans
Artesanal Sewing	4 schools	S. 324,000/ ea. school (1990)	--	No	No	No employment for graduates
Coffee	25	S. 308,000 (1990)	--	No	No (Mostly consumption)	New project
Piggery	50 -- 28	S. 586,800 (1987)	--	Yes (pigs)	No	1/3 - have died losing 5-1,000,000 in first 6 month
Ceramics factory	28 -- 4	S. 386,000 (1987)			(Proceeds for comm. projects only)	Part of Promotion Humana

Page 2.

PROJECT	# FAMILIES	PLAN INVEST. (DONATION)	LOAN	CAPITAL REINVESTMENT	DISTRIBUTION OF DIVIDENDS	PROBLEM
Agricultural Credit	29 -- 32	S.1,508,000 (1990)	To be relent	No	No	New Project
Sheep raising	20	S.1,000,000 (1988)	--	Yes - sheep have increased from 20 to 50	No	Wool used at home
Weaving	25 -- 4	S. 119,000 (1988)	--	No	Labor Costs Only	No group organization

While there is good reason to hope for the success of these rural credit cooperatives, for control is retained by the local Plan group, Plan/B must take steps to strengthen local training for the management of these funds and to impose conditions on the group for the maintenance of the funds.

Also, while Plan/B intends to extend this program to legally recognized agricultural groups, there are at present no plans to implement this program with other groups, including those involved with micro-enterprise development under Plan initiatives.

6. Technical Assistance to Projects

Plan/B provides basic technical assistance to its project participants and makes arrangements with other organizations for specialized training. However, there is little sustained follow-up, and there is no guarantee that the outside assistance provided is in fact appropriate.

Plan/B technical staff assist participant groups to identify and define a project. In all instances, the projects are an activity the people already engage in or something with which they are familiar. Further, the project infrastructure is designed to accord with local conditions. Guinea pig pens, for example, are simple roofed structures. Genetic improvement of sheep stock typically involve only the castration of local rams, without requiring fencing and improved pastures.

Training, however, is often carried out only at the outset of the project. Livestock projects, for example, are now always preceded by a simple one-day course on animal feeding and nutrition, animal breeding, and veterinary medicine. Other endeavors, including much agricultural production, however, typically provide no specialized training in the belief that people are already familiar with the production process.

No less importantly, business training is almost completely lacking. In the last year, with the employment of an IGP specialist, Plan/B has begun to institute cash-flow bookkeeping, with monthly summary statements. This activity is, however, being done only with the more commercial enterprises, such as community stores. It is not a part of the agricultural and animal husbandry projects, which are under the supervision of the agronomic staff.

Further, the outside technical assistance has sometimes provided inappropriate advise which Plan/B has not countermanded. For example, a ceramics workshop, funded in 1987, received technical training from a technical specialist. This specialist recommended that the group do ornamental ceramics, even though the original plan had been to make bricks and ceramic roof tiles. The group decided to accept the specialist's advise, and Plan/B allowed the decision to stand. In the event, the group made and had on hand thousands of ornamental ceramic pieces that it could not sell. Ultimately, this inventory overstock has bankrupted the group, which functions only fitfully, despite a major donation by Plan in infrastructure (including a large motorized clay mixer and an electric kiln).

7. Monitoring

Plan/Bolivar had no monitoring system specific to the IGP activities until the appointment of an IGP specialist in 1989. This specialist, a bookkeeper promoted out of the accounting office, undertook a survey of the more commercial projects that had been sponsored by Plan up to that time. The survey included various processing and manufacturing operations, but excluded all agricultural activities.

Two points became evident in this small survey. First, marketing was a major bottleneck for the Plan IGP program. The metal working shop (funded for S.1,000,000 in 1987) , for example, "cuenta con cuatro socios que realizan toda clase de trabajos (cerrajeria, mecanica y fabricacion de pequenas piezas), [pero] no hay suficiente trabajo y lo que confeccionan no tienen en donde venderlo. (Camacho report 89-07-12, p.1). Similarly, with the ceramics factory, also funded for S. 1,000,000 in 1987: "en la actualidad trabajan seis socios activos, que se dedican a la produccion y venta de las figurillas, lo hacen en planta o a veces en ferias y exposiciones; cuentan con un local y maquinaria para realizar este tipo de trabajo, su mayor problema es la salida de todo este producto, ya que tienen almacenado y es poca la venta, ex importante la ayuda y debe darse una capacitacion en comercializacion, cercado, administracion, y contabilidad." Similar problems have been faced by the sewing groups and the cement block factory.

Second, the survey documented the lack in training and technical follow-up. This consideration, which has already been mentioned, was particularly severe with communal stores (funded in 1987/88 for S. 500,000)and community grinding mills (funded in 1987/88 for S. 1,000,000). The report notes: "En la actualidad todas las tiendas se encuentran en funcionamiento con la participacion de un miembro de la comunidad como administrador, las tiendas en su mayoria no han recibido ningun tipo de capacitacion antes de la implementacion ni despues, por lo que existe la dificultad en el manejo de registros y la realizacion de balances por lo que se dara cursillos de contabilidad y administracion a todas las personas involucradas. Trabajo que efectuara la EXT. IGP. A similar situation obtained with the community mills: "Los molinos se encuentran en funcionamiento con la administracion de una persona encargada la que trabaja como molinero, el que se encarga de el cuidado, mantenimiento, y manejo del dinero. Es importante la ayuda mediante la capacitacion en administracion y contabilidad para la ensenanza y utilizacion de registros por cuanto los que llevan son malos, confusos, y no sirven para realizar los balances. Esta capacitacion dara el EXT IAP y se comenzara a partir de la ultima semana del mes de Julio, siguiendo un calendario que se establecera previamente (Camacho, p.3).

Finally, the Plan/IH monitoring system has not been implemented by Plan/B on the grounds that the system is more appropriate to urban settings. Thus, one of the pilot IGP regions has effectively rejected the central office monitoring system as unworkable.

8. Benefits to Groups

Figure 3 (above) gives some background information and several outcome variables for the various projects selected by Plan/B and visited by the evaluation team. The background information includes the number of families participating at the outset and in 1990 and the size of Plan/B's investment. The outcome variables are whether the group has increased its capital or whether it has distributed dividends to members. The last column notes brief observations about the present situation of the project.

Figure 3 underscores several points about the Plan/B program. First, Plan groups are formed on an ad hoc basis among families with minor children. (This is a common approach among PVOs.) The extent to which the group maintains its membership is thus a reasonable measure of the success of the project. Three of the 13 projects visited are new, and thus cannot be assessed from this perspective. Five of the remaining 10 projects visited have incurred a significant drop of participants, and all of these are marginal or deficit operations (agricultural input store, cheese plant, piggery, ceramics factory, weaving shop). Two projects (corn mill, community store) report no change in membership, but these also have only marginal participation by beneficiaries. Only three projects have increased their membership--the fruit orchard, the agricultural credit project, and the sheep raising activity. Unfortunately, neither Plan/B nor the groups themselves impose conditions on joining the group, so that in the event fewer resources are distributed to participants than had been originally envisioned. Of these, the orchard and credit program are both brand new this year. It is therefore unclear whether this increase in membership will be maintained, although it is clear that there is great local interest in the initiatives.

Several animal husbandry projects (sheep and the piggery) have increased their capital (the number of animals). The community stores also report reinvesting their proceeds in additional inventory. But the majority of projects visited (7) report no increase in capital, and several in fact do not have enough funds even for maintenance and repair.

The small number of projects with greater capital is particularly striking since no project has distributed any dividends among members. As mentioned, five projects (three with their original membership and two with an increased participation) are too new to have been able to have saleable production. Another three projects (beans, guinea pigs, and sheep raising) are essentially for domestic consumption, which is important to the family but is not a commercial or business activity. This absence of dividend distribution is of concern since the Plan goal of sponsoring IGP activities is to increase family income for the welfare of the children in participating families.

9. Conclusions

The Plan/B program remains solidly rooted in agriculture and rural production. And, the program still depends almost entirely on the traditional Plan approach of donations.

(Plan/B still even allows additional payments by foster parents directly to foster children.)

These conditions would not in themselves necessarily impede an income-generating or micro-enterprise development program. Although funds are provided free of charge, Plan/B could implement careful feasibility studies (that include marketing), assist participants to make only those purchases that are necessary at the time for production, inculcate in participants the necessity to consider profitability levels for the membership and when to pay dividends, rather than reinvest in the activity.

That these business-oriented perspectives are not yet part of the Plan/B program is largely the result of the poor training provided to Plan technical staff. The experience of these specialists derives entirely from their tenure with Plan. Simply put, they are unaware of precisely what assistance they should be providing to the groups. At the same time, given the dedication and motivation of these staff, there is no doubt that they would do these additional activities if they were provided the necessary guidance.

Plan/B is moving to improve its program. The field office has this year implemented a small loan program for agricultural cooperatives. And, the office hired a marketing consultant to work with the technical specialists in the conduct of feasibility studies. Both of these initiatives are important and represent a major new direction for the Plan/B office. But neither of these initiatives alone constitute the implementation of an IGP portfolio in Bolivar province, Ecuador. That will require a far more focused and serious approach to enterprise development, which the field office now plans to implement in market centers in the region.

C. Plan/Kandy, Sri Lanka

1. Introduction

The evaluation took place from July 15 - July 25. The evaluation is based on project and administration files, interviews with administrative and field staff, and interviews with clients and delivery institution officers. All three districts and over 35 projects were visited representing all three loan schemes and including PLAN's model demonstration farm and five vocational training efforts. Interviews were conducted in English when possible and through Sinhala and Tamil interpreters with most clients and many community workers.

Plan/Kandy began participating in the IGP matching grant program in 1986. Despite severe political turmoil throughout the life of the grant, IGP activities have, through trial and error, been progressing to the extent that the program is defined, and equally important, interpreted in a common and clear fashion by most staff and beneficiaries.

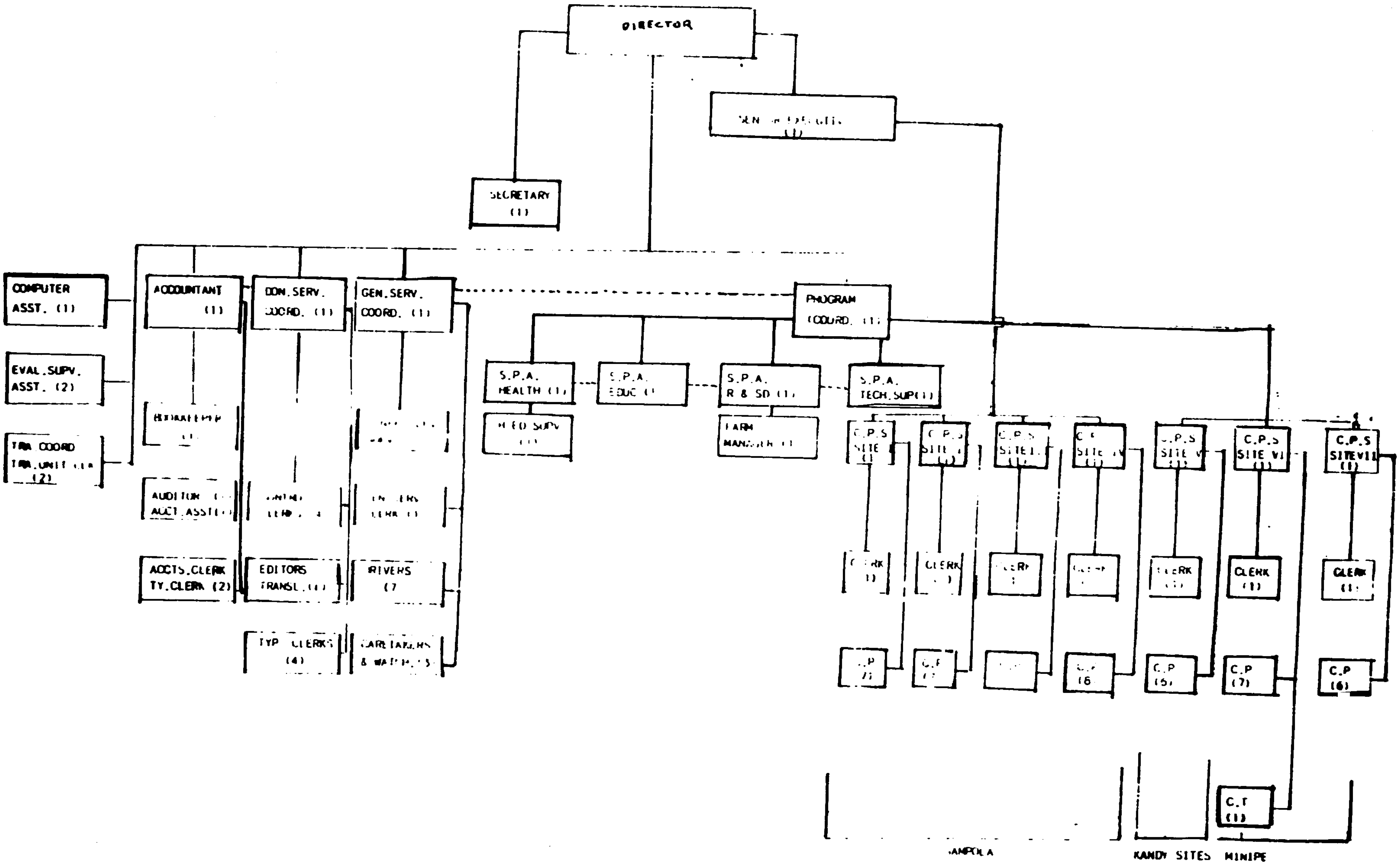
That IGP has happened at all may be nothing short of remarkable. Because of civil strife, social and economic conditions have decreased and government services frequently interrupted. The main PLAN office and all district offices closed and reopened numerous times over the period of 1986-1989 and key PLAN staff were forced into hiding when threatened by anti-government forces. Because of supply shortages and travel restrictions, project implementation and follow-up was irregular and may have caused a fortunate slowdown and a time to absorb lessons which benefitted the IGP program.

2. Organizational Structure

Figure 1 presents Plan/Kandy's organizational structure. Most significant in the program approach of Plan/Kandy is the active role of the Field Director, the collaborative relationships between the Sector Program Assistants and their close relationships with the three district offices of Kandy, Gampola and Minipe. IGP has been under a single coordinator since the start-up of the grant, and he has been a constant participant in all aspects of IGP including Plan regional workshops, government-sponsored workshops and naturally all programming and training aspects of IGP. Community promoter caseloads average about 100 families with 10-15 per cent of projects falling under the aegis of IGP.

Most community promoters have attended university or technical schools. Only one has studied business. All are well-versed in Plan procedures and are adept at identifying and screening families. All need training in profit design and follow-up with emphasis on how to carry out feasibility and marketing studies and how to transfer technical assistance to those they are working to benefit.

PLAN KANDY FY



3. IGP Definition and Description

Participation in Plan regional workshops, frequent technical assistance from IGP Trainer, Luis Morales (now IGP Evaluator), and a willingness by most program staff to shift from the old social welfare approach and look to PLAN and IGP as viable vehicles for economic and social development led to a four-tiered IGP approach:

Category or Scheme I: Targets entrepreneurs. Loans of up to Rs 6000 ($1 US - 39 Rs) per beneficiary are provided through the Bank of Ceylon. Interest charged to the recipient is 2%.

Category or Scheme II: Targets pre-entrepreneurs. Loan of up to Rs 2500 per beneficiary are provided through group associations or credit unions. Interest rates vary from 2-5%.

Category or Scheme III: Targets non-entrepreneurs. This scheme provides grants of up to Rs 1000 through groups or credit unions but assessment of the feasibility of potential IGP activities. This scheme is designed to provide financial and technical assistance to experiment (try out) with income generating activities that have the potential of providing additional income.

Category IV: Not a loan scheme, this is vocational skill training and employment program aimed at youth and women that will enable them to benefit from potential/available employment and self-employment opportunities. Employment training activities are being coordinated with the National Youth Service Council and two local NGOs, Sarvodaya and Sathyoday.

(Case studies of projects in all four categories appear in Annex 4.)

In addition to the above schemes, Plan also assists target families to establish new or strengthen existing credit unions.

Although Plan/Kandy is aware of the more recent emphasis from Plan/IH on micro-enterprise development, it still views its IGP program goal in a more traditional livelihood sense. This is largely because Plan/Kandy has traditionally focused on families and sites in all three districts are rural and geographically dispersed. Moreover, IH's micro-enterprise thrust has not been viewed as policy and its definition is widely interpreted. Currently, Plan/Kandy defines IGP as any activity that improves income or employment and employs the following program goal: "To motivate and facilitate target families to break free from their present state of indigence, and reach a level of economic self-sufficiency which is sustainable and sufficient to meet at least their food, clothing and shelter needs within five years of receiving Plan's assistance."

The apparent progressive or evolutionary nature of this scheme system is not reflected in the progression or evolution of IGP Kandy. This process has been, as mentioned earlier, an exercise in trial and error, with Kandy generally going on its own in determining policy and practice. Fundamental issues such as the size, scope and even definition of IGP have had to be dy staff as well as questions of groups vs. individuals, loan vs. grants and limits on them, financial policies and general types of interventions. This lack of guidance has led to false starts in many of these areas and it has been easy for staff to become frustrated. At the same time the need to divine one's own progress has made Kandy staff take ownership of the IGP program and resulted in accomplishments such as the IGP criteria.

Reaction by community promoters to these criteria, which came out in FY 90, has been supportive as most crave any kind of guidance. Not so welcomed have been constant amendments to the scheme. Community promoters have experienced first-hand the obvious contradiction of mixing a grant scheme (III) with loan schemes (II and I). Debate on the utility of an experimental grant program for those who are most deprived still is lively and almost evenly divided. This cannot continue and Plan must begin to phase-out Scheme I before the loan activities are undermined by the continued existence of a grant program.

At the present time, however, Plan will continue to provide IGP through the four schemes at the level described in Figure I.

Figure 1
Percentage of families targeted for assistance,1990-94

	Percentage of families to be assisted				
Category of Families	FY 90	FY 91	FY 92	FY 93	FY 94
I	7%	7%	7%	7%	7%
II	8%	8%	8%	8%	8%
III	3%	3%	3%	3%	3%
IV	10%	10%	10%	10%	10%

Further guidance is needed on project integration. As IGP grows and becomes an essential part of Plan/Kandy's programmatic entry into new communities thought must be given to improving the economic conditions of the community. Both backward and forward linkages need to be examined as means to stimulate employment and economic activity. Backward linkages such as the bag making and incense production projects might offer Plan a way of focusing on its traditional client base now assisted under Scheme III.

Plan/Kandy's IGP portfolio is described in Figure 2. As in the cases of Bali, Bolivar and San Pedro Sula, project coding confuses IGP with "IGP-related" activities.

Figure 2
Plan/Kandy Portfolio of IGP Activities, FY 1991

Budget Line	Description	# of Families	Amount
16.13	Animal Husbandry	390	$11,176
16.14	Fruits and Vegetables	37	$ 4,386
16.18	Ag. Implements	24(41)	$ 70
16.28	Demonstration Farm	250	$ 2,023
16.30	Agricultural Credit	70	$ 2,941
16.31	Small Business Dev.	216	$10,800
16.33	Employment Opportunity	28	$ 7,000

( ) = non-Plan family

4. Project Identification

Project identification works much the same in Kandy as in Plan/Bolivar, Bali and San Pedro Sula. Families are selected for participation based on income. For administrative purposes families are formed into groups of 20-30. The community promoter meets with these groups and group leaders to elicit perceived needs which are then explored through discussion until only the most promising ideas are left. After a single project idea is agreed on the group leader with help from the community promoter carries out a simple feasibility study. A project outline is sent through the CP, the CPS, the IGP-SPA and the Field Director for approval.

Recognizing that the Project Design Outline was inadequate for the purposes of planning an IGP, Plan/Kandy contracted with two Sri Lankan business advisors to come up with a new design format. This is now being replaced by the Basic Business Plan.

Financing by PLAN/Kandy of IGP Activities Visited During Evaluation
(1988 - 1989 - 1990)*

	Total	Group Men	Women	1988 Grant	1988 Loan	1989 Grant	1989 Loan	1990 Grant	1990 Loan	Purpose of funding
Livestock	1		1	1,000	-	-	-	-	-	Bought goat
Livestock	1		1	1,000	-	-	-	-	-	Bought 3 piglets
Grocery store	2	1	1	-	-	-	-	-	25,000	Provide inventory
Market vendor	1		1	-	-	-	-	-	2,500	Bought inventory
Market vendor	1	1		-	-	-	-	-	2,225	Bought push cart
Push cart operator	1	1		-	-	-	-	-	2,300	Bought push cart
Vendors	2	1	1	-	-	-	1,500	-	2,500	Bought clothes
Grocery store	1	1		-	-	-	-	-	2,500	Provide inventory
Vendor	1	1		-	-	-	-	-	2,500	Purchased material
Vendor	1	1		1,000	2,500	-	-	-	-	Purchased vegetables to sell
Bag maker	1		1	-	-	-	-	-	2,500	Bought material
Grocery store	1	1		-	-	-	-	-	5,000	Provide inventory
Incense stick making	1	1		-	2,500	-	-	-	-	Bought incense
Livestock	36			-	-	-	-	23,000	-	Bought goats
Grocery store	1		1	-	-	-	-	-	2,500	Provide inventory

Financing by PLAN/Kandy of IGP Activities Visited During Evaluation (1988 - 1989 - 1990)*

		Group		1988		1989		1990		
	Total	Men	Women	Grant	Loan	Grant	Loan	Grant	Loan	Purpose of funding
Grocery store	1	1		-	-	-	-	-	2,500	Provide inventory
Livestock	45			-	-	-	-	-	48,000	Bought goats
Plastic bag vendor	1	1		-	-	1,000	-	-	5,000	Purchased bags
Paper bag vendor	1	1		-	-	-	-	-	2,500	Purchased bags
Livestock	1			-	-	-	-	1,000	-	Bought 2 goats
Baker	1	1		-	-	-	-	-	6,000	Bought materials to construct oven and flour
Livestock	1	1		-	-	-	-	-	2,500	Bought 200 chickens

*In Sri Lankan Rupees 38.40 = 1 US Dollar

5. Technical Assistance to Projects

Basic technical assistance is provided to IGP activities through three channels. Most frequently, this responsibility falls on the community promoter who assists in project design and implementation and is responsible for follow-up. As has been mentioned this has proved less than satisfactory as community promoters are most often lacking in basic business skills and have received little management training from Plan/Kandy. Equally important, they often lack skills and experience in community development techniques and are not comfortable working with groups, identifying leaders and resources and organizing people. This was particularly true in Gampola, not just coincidentally the oldest operational district of Kandy with many of the most senior community promoters.

Two hundred and eighty families received technical assistance in the Kandy and Gampola districts for animal husbandry activities from Plan's demonstration/model farm. Corresponding community promoters were assisted by the director of the model farm in drawing up PDOs and monitoring such activities funded under the three schemes. An agriculturist was hired as a technical consultant to provide technical assistance to an off-season chile cultivation project.

Outside organizations also provided technical assistance. Both the National Youth Service Council and the International Labor Organization delivered a series of entrepreneurial workshops in the Kandy District. These are government supported programs for un/under employed youth and adults conducted in collaboration with the state bank. It is aimed at those clients who graduate from Plan-sponsored vocational training. To date this is the only consistent business training available to Plan/Kandy clients.

6. Monitoring and Evaluation

All IGP projects are monitored by field staff and participants. The schedule of regular monitoring is as follows:

1st year: After 3rd, 6th, and 12th month of funding
2nd year: After the 6th and 12th month
3rd year and thereafter: yearly

This purportedly enables Plan to detect problems early on and take necessary remedial action. Although Plan/Kandy is to be congratulated for seeking to implement a routine monitoring system there are four major shortcomings in this system.

1) Community promoters are responsible for project monitoring. While it is advisable to involve planners in the evaluation, the community promoters have not been trained in evaluation. Consequently, most emphasis is placed on the collection of information, and not on analysis and follow-up.

2) Community promoters already feel overburdened by paperwork. Some are tracking both the project implementation documents (PIDs) and evaluation reports as paperwork exercises and are generic and less than assiduous in filling them out.

3) It is hard to monitor when goals and indicators have not been laid out clearly. Incomplete feasibility and market studies make the value of routine monitoring questionable.

4) Lack of IGP sophistication by Plan/Kandy. Even when useful information is generated through routine monitoring, appropriate corrective action is not taken because what is to be done is not apparent to staff at the field level. At issue, for example, is the high delinquency rate among Scheme II beneficiaries in Gampola, a problem which seems clearly linked to inadequate feasibility studies. Yet community promoters seem willing to put the blame on lack of sufficient capital. In the same vein current monitoring efforts do not serve to reaffirm those IGP efforts and activities which are on track.

In sum, Plan/Kandy needs assistance from IH in the design and implementation of a field-level monitoring system. This system must clearly specify goals and link monitoring to desired outcomes for field-level tracking.

7. Conclusion

While it is easy to blame the slow development of IGP on Kandy Plan's continual "social welfare in development assistance" dilemma, the two major shortcoming to IGP here are due 1) lack of IGP definition and guidance from IH and 2) insufficient training in community development and business of Plan community promoters. Kandy has though trial and error made good headway in defining its own IGP and devising selection criteria of projects and beneficiaries, but this has taken time and energy away from program development, technical assistance, training, and monitoring.

The scheme concept is working better and better particularly in the newer Kandy sites and in Minipe. Plan/Kandy must soon being however, to phase out the experimental grant scheme (III) and focus on loan schemes I and II. Kandy needs assistance in developing an overall site development plan and in integrating IGP activities with each other as in training and backward and forward linkages. IGP can have greater impact when integrated with Plan's overall development program rather than as a describe function.

Plan field staff needs specific training in basic community development specifically: leadership and resources identification group dynamics, and project planning.

Plan/Kandy's devotion, assiduity and openness to IGP is to be commended and considered even more remarkable in view of the disruption and uncertainty caused by local strife.

CRITERIA FOR KANDY INCOME ACTIVITIES

PRIMARY OBJECTIVE:

The activity proposed should lead to the increase/increase the family income, in a sustainable manner and to a level sufficient to meet their basic needs, within 2 years of providing assistance.

1. Activities of the above lines requesting PLANs assistance will be considered to be business and should be treated as such.

2. PLAN will assist above activities only if they have the potential to achieve/lead to achieving the SPO objective for such activities for the current FY.

3. Financial assistance will be limited to PLAN families. Technical assistance could be provided to a small percentage of non-PLAN families if funds are available (on a case by case basis).

4. PLAN families coming under category II (pre-entrepreneurs) and III (entrepreneurs) are eligible for assistance under scheme II and I.

5. When deciding to assist families under scheme I & II, the CP should seriously consider his/her ability to effectively follow up the activities after funding. Those CPs who have active/efficient groups/committees could assist a larger number of families than these who do not have such groups. However, this should not exceed 20% of his/her case load per FY, unless under exceptional situations/conditions.

6. At the time of providing financial assistance, the prospective beneficiary should not have any obvious pressing financial needs/commitments such as home repairs, deaths in the family, debts, sicknesses, etc. or if such a need exists while a system/source of assistance to eliminate that need (through PLAN or other source) is available, it may be alright to go ahead. However, it is better to be cautious and prevent diversification of loans for consumption purposes.

7. Individuals or groups of PLAN families are eligible for assistance.

8. For group ventures the following should be considered:

   - Members (beneficiaries) should be able to work together.
   - The group should be able to compute profit and loss and maintain records.
   - Group should be capable of and have small business management skills. If not, a training should precede as with above.
   - The proposed activity should be viable and feasible (this should be ascertained through a business plan).
   - The group should have a clearly defined long term objective.

- How the profits will be shared should be specified. (A percentage of profit would be better than a fixed amount).
- Income of each member should be commensurate with the time/investment put in/contributed by him/her into the activity.
- Members who benefit should also be active participants.
- Each beneficiary will be responsible for the repayment of his/her share of the loan.
- Group businesses should be assisted only if they are convinced that it is more profitable/advantageous to them than if assisted individually.

9. The proposed business activity should show a significant projected profit. (ie: return an investment should at least be more than the highest current bank interest rate for fixed deposits).

10. Loan size should not exceed 1/2 of projected annual sales.

11. The activity (as much as possible) utilize locally available raw materials or purchase goods and services from other businesses in the community.

12. The activity should not have any environmental or health risks.

13. The activity should offer goods/services beneficial to or needed by the community.

14. Activity, should have continued growth potential and be sustainable over time (should have a regular market).

15. Activity should have enthusiastic participation of owner(s).

16. If and when PLAN is the initial market for new businesses and if that exceeds 50% of total sales, other markets should be identified prior to writing of the PDO.

SCHEME II - LOANS THROUGH FAMILY GROUP A/C

1. Target group: pre-entrepreneurs (category II) and those that have successfully experimented with scheme III projects and are in need of funds to expand the activity.

2. Both financial and technical assistance could be provided.

3. A viable complete and correct business plan should be filled by the beneficiary (with assistance of CP/SPA/R&SD if necessary).

4. PLANs financial assistance will be limited to a maximum of Rs. 5000/= (liable to change/increase in time with inflation) per beneficiary family. This will be channelled through relevant family group savings/current A/C.

5. Relevant group should maintain a record of loans made and repayment status. Group should also have an ongoing record keeping/accounting systems and bank account.

6. Group should have a systematic approach to loan recoveries and a policy regarding willful defaulters.

7. Group should have criteria/policy for recommendation of loan applications under scheme II.

8. Group should have a specific committee/person to handle all aspects of PLANs assistance under scheme II.

9. Interest charged for loans channelled through groups should be above the inflation rate in order to maintain the real value of money and cover expenses.

10. Books pertaining to these loans should be available for audits conducted by PLAN.

11. Beneficiary should acknowledge receipt of funds from group A/C on the stipulated forms within two weeks of receipt. (cash receipt/agreement form) CP should submit this to the A/C department via SPA/R&SD.

12. CP should evaluate the performance of the business, three months, 6 months and 12 months after beneficiary has received funds. Any problems that have been detected as a result of the evaluation (and if it is beyond the scope of the CPs assistance) should be brought to the notice of the SPA/R&SD as soon as possible.

13. The PDO should be filled (original) only once all details/information is collected and the CP is sure that the activity has the potential to increase the income of the family as per SPA objective.

14. Three copies of the PDO should be made only after the original has been signed and numbered the SPA/R&SD.

15. Cash receipt/agreement form should be completed and submitted to the SPA/R&SD within 2 weeks of receipt by beneficiary. When payments are released in installment it should be submitted after each installment is paid.

SCHEME I - LOANS THROUGH THE BANKS

1. Target group: Entrepreneurs (Category III)
Only PLAN families who have demonstrated their ability to successfully carry out a business and those who have carried out their activities through scheme II and have repaid their loans on schedule are eligible.

2. Both financial/technical assistance could be facilitated.

3. An economically viable, feasible business PLAN should be completed (with assistance of CP if necessary) by the beneficiary.

4. The amount of financial assistance will be determined on the basis of the profitability and viability of the activity, amount of profit that could be generated, cash flow, repayment period, ability of beneficiary to run the venture effectively, attitude of beneficiary towards loans, etc. These will be determined by the relevant group committee, CP and SPA/R&SD prior to writing of the business PLAN which will also serve as the PDO.

5. Group should have provisions to follow up and monitor repayments. Beneficiary should maintain a loan repayment schedule.

6. CP should have sufficient time to follow up and evaluate each of the beneficiaries of this scheme, a minimum of three times per year (activity should be evaluated by the CP three months, 6 months and 12 months after receiving financial assistance) during the first year of providing assistance. Hence the number of loans recommended per FY, per CP area will be directly influenced by the CPs ability to follow up by him/her self, or relevant family group committee.

7. Proposed activity should have the potential to generate sufficient profit to cover the loan repayment installment and interest (ie: projected monthly profit should be at least twice the monthly installment and interest).

8. Maximum loan repayment period is 36 months. A maximum grace period of 6 months will be given (within the 36 months) for activities that would take up to six months to generate income. However interest will have to be paid during the grace period.

9. A sum of a minimum of 3 monthly installments and interest should be deposited in the group savings A/C (as collateral) by the beneficiary before filling up the Bank loan application. He/she has not done so already) and provide the number prior to the release of the loan.

10. Interest rate will be the current rate charged by the relevant bank under this scheme. If recipient pays back on schedule, PLAN will also be eligible for a second loan.

11. Completed evaluation should be submitted to the CPs.

12. SPA/R&SD will assist/facilitate CP (if necessary) to assist business that are facing difficulties on a timely basis.

13. CP should follow up loan repayments.

14. Group should have guidelines to deal with willful-defaulters.

15. In situations where the recipient is unable to payback an installment due to a legitimate reasons (ie: failure of the business, etc.) the group should pay it from the collateral deposit made by recipient, in the group savings A/C. However, this should be replenished as soon as possible, by the recipient (loanee).

D. Plan/Bali, Indonesia

1. Introduction

The uncertainty over Plan/Bali's future caused by the governor of Bali's order for Plan to cease operation in November, 1990 leaves the IGP Program up in the air and difficult to evaluate. Programmatic adjustments, such as moving from social welfare-type grants to a credit union recapitalization scheme, are incomplete. Staff turnover has been high, and morale is low due to the pending phase-out. Most staff is wondering what they will do next and finding it difficult to concentrate on their duties. Ironically this comes at a time when, because of tourism, the economy of Bali is improving and offers opportunities for improved income and employment. Because of this phase -out, Plan/Bali has had to accelerate its scheme to build local institutions in support of the credit union movement, an effort which is problematic and perhaps not realistic. It should be mentioned that PLAN International is negotiating with the Indonesian government to extend this phase-out period.

The evaluation took place July 7-15 and is based on information drawn from project and administration files, interviews with clients and delivery institution officers, and interviews with administrative and field staff. Most interviews with clients were done through an interpreter and supplementary information was also provided by those who accompanied the evaluator on the visits. A typical project visit lasted between 20 minutes and two hours. Two lengthier meetings were held with the Badan Koordinasi Koperasi Kredit Daerah (BK3D) and one with the Central Bank of Indonesia. Visits were made to PLAN field offices in Gianyar and Bangli. Fourteen projects and six credit unions were visited. Preliminary, mid-visit, and final briefings were held with Plan/Bali staff. The official exchange rate at the time of the visit was $U.S. - 1,838 Indonesian Rupiahs.

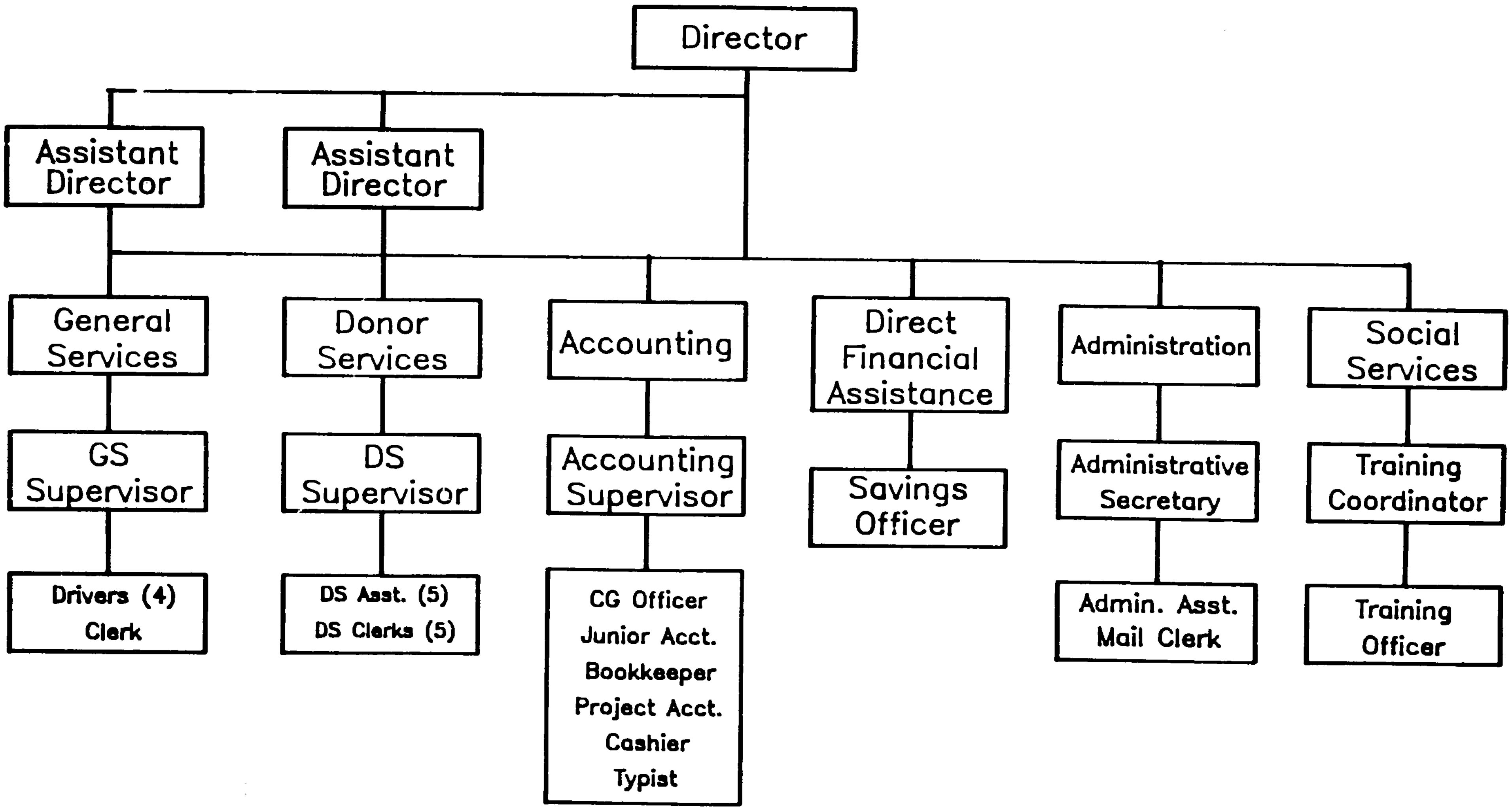
Unfortunately because of long-standing plans the Field Director was not in Bali during the evaluation. He was interviewed by phone in Sri Lanka following the evaluator's departure from Bali.

2. Plan/Bali Organizational Structure

Three regional offices report to the main office and within each region there are several local offices staffed by 2-6 "Petuoos Lapangan" or case or social workers. Bali social workers are responsible for identifying and coordinating Plan services to the target individual or group.

Since the IGP money grant began in July 1986, it has undergone a metamorphosis of three discrete yet sometimes coincidental approaches. In order they are: 1) direct in-kind grants to Plan clients; 2) recapitalization for credit unions serving communities in which Plan

PLAN/Bali Head Office Organizational Chart



Financing by PLAN/Bali of IGP Activities Visited During Evaluation
(1988 - 1989 - 1990)*

	Total	Group Men	Women	1988 Gift	1988 Loan	1989 Gift	1989 Loan	1990 Gift	1990 Loan	Purpose of funding
Fishing net		1		100,000		-	-	-	-	Bought netting
Coconut grinder		1		50,000		-	-	-	-	Bought grinder
Livestock		1		100,000		-	-	-	-	Bought 1 cow
Sewing machine			1	x		-	-	-	-	Bought machine
Carpenter		1		30,000		-	-	-	-	Bought tools
Livestock		1		100,000 6 trees						Bought cow and 6 rambutan trees
Livestock		1		100,000		-	-	-	-	Bought 50 ducks
Ice grinder			1	50,000		-	-	-	-	Bought ice grinder
Woodcarver		1		-	100,000	-	-	-	-	Bought wood
Livestock	11	11	0	-	-	-	550,000	-	-	Bought 11 pigs
Livestock	2	2	0	-	-	-	200,000	-	-	Bought cows
Livestock	8	6	2	-	-	-	250,000	-	-	Bought chickens
Grocery store		1		-	300,000	-	-	-	-	Provide inventory
Ice grinder			1	-	25,000	-	-	-	-	Bought ice grinder
Woodcarver		1		-	-	-	35,000	-	-	Bought goats
Seamstress				x	-	-	-	-	-	Given sewing machine

*In Indonesian Rupiahs 1838 = 1 dollar U.S.

works, 3) capitalization of BK3D revolving loan fund to support micro-enterprise activities of credit union members. These formats are discussed in the following section.

3. IGP Grants

Plan/Bali first started off its IGP through a grant program which provided assistance in animal husbandry, fruit tree cultivation, small businesses and fisheries. (Examples appear in the case studies annex.) Plan social workers looked at IGP as an extension of Plan's social welfare program. In addition to providing home improvements, school uniforms and latrines, Plan social workers now gave away cows, ducks, goats, tools, sewing machines, fruit trees, etc. to families unable to afford them. Files show that project design outlines (PDOs) were not useful. Goals, indicators, and timetables were vague and generic and represented a paperwork exercise to the social workers. Missing almost entirely were feasibility studies, marketing studies, business management training and technical assistance to the grantees. Visits to several of these projects and discussions with field staff showed minimal impact on income or employment under this grant approach.

4. Funding of Projects: Credit Unions

Since 1978 Plan has assisted in the establishment of over 100 credit unions on Bali through cooperation with the National Credit Union Association (CUCO). Celebration societies for weddings and burials, pre-cooperatives, savings clubs and other credit associations have been traditional ways of life in the banjar (village) and now there are few banjars without credit unions. Initially Plan began working with credit unions by encouraging Plan clients to join. Later Plan credit union workers helped train credit union officers and using CUCO training curricula worked to upgrade service.

Because most IGP grants were not viewed as profitable, Plan/Bali began in 1988 to channel all IGP financial assistance to clients through credit unions. The first step of the transition away from grants was to provide 75 percent of requested capital as grants with the remaining 25 percent as loans which were repaid into the clients own savings account. Of the 25 percent allocated to a client as a loan, 2 percent per month interest was assessed (normal commercial rate at that time was 7 percent). The purpose of the policy was to help capitalize the credit union whose capital otherwise grew very slowly based only on members savings of Rp 500 per month. This policy was also meant to strengthen the capability of the credit unions to plan and implement projects and to increase community participation in these projects. After an audit showed difficulty in meeting some of Plan International's procurement and accounting requirements this policy was stopped and all payments and purchasing were done by Plan/Bali.

BK3D: In preparing for phase-out Plan began collaboration with a local non-government credit union counselling office, BK3D and the Bank of Indonesia program, through which self-help groups such as credit unions may qualify for bank loans.

This program consists of management training for credit union committee members, field supervision of existing credit unions, motivation in villages where credit unions do not yet exist and the operation of a revolving loan fund to support IGP activities of credit union members. The BK3D revolving loan fund provides loans from BK3D to credit unions at 1.5 per cent interest per month. Funds are lent by the credit unions to members at 2 per cent interest per month for a term of up to one year.

Loan capital is used for small businesses, handicraft production and animal husbandry. In addition to supporting training and the revolving loan fund, Plan supports the operating costs of BK3D including ten staff salaries and one Plan/Bali staff salary. In FY 90 BK3D received Rp 62 million from PLAN and Rp 23 million from CUCO.

Assuming the mantle of credit union champion is a heavy and unrealistic load for BK3D which now struggles to perform even reconciliations of monthly records. Although expectations are high, BK3D and BK3I officials admitted that the BK3D did not have the capability to provide sufficient training in management and leadership, monitor basic business plans, aid in carrying out feasibility studies, and providing audit services -- all in addition to operating the revolving loan fund -- to its 107 member credit unions. Strengthening this institution is a multi-year project. The BK3D must learn how to organize and support itself before it goes about the business of organizing local credit unions. This process of transferring skills and capacities would seem to be a slow and frustrating process and impossible to achieve under the proposed phase-out timetable.

5. Monitoring and Evaluation

The BK3D helps perform monthly reconciliations for its 107 member credit unions and ranks them based on a criterion of delinquency: Class I Credit Unions have a delinquency rate of 3 per cent or less; Class II, 6 per cent or less and Class III over 11 per cent delinquency. This classification then determines the types of assistance to be provided by BK3D from a management and leadership training in the case of Class I to basic costs and balances in the case of Class III.

Of those credit unions visited during the evaluation, BK3D classifications were as follows:

Figure 1
Financial Position of Cooperative Unions
Visited by Evaluation Team

Name of C.U.	Members	Total Start-up	Reserve Savings	Other Loans	Cumulative Funds	Funds	Loans	Assets	Class
Arta Nadi	83	12-2-85	4,270,560	4,788,325	319,900	211,775	13,042,000	5,108,810	I
Serba Guna	84	6-1-86	4,505,250	9,500,250	59,750	250,205	25,500,350	9,705,000	I
Amerta Nadi	48	7-21-87	3,086,585	13,001,415	106,445	394,750	20,894,155	18,039,815	II
Tri Werdi Laksana	138	10-5-86	5,922,733	20,651,445	123,500	5,444	25,775,025	24,598,267	II
Eka KaryaBakti	80	10-15-85	6,588,500	6,850,750	229,050	595,250	29,050,000	6,951,150	II
Werdi Kunara	171	1-31-86	10,227,750	15,779,250	857,450	509,025	45,500,250	17,254,575	I

Financial Policies of Bali Credit Union

Policy		
Selection criteria for the client	1.	The client must have been a member of the credit union, making minimum monthly deposits, for at least three months.
	2.	If seeking a repeat loan, the client must have paid off any prior loan.
	3.	The client can only borrow up to a set multiple of his savings account, which varies from 2 to 5 times his savings depending on the credit union.
	4.	There is an absolute ceiling on loan size, which varies from Rps. 100,000 to Rps. 400,000 depending on the credit union.
Selection criteria for the IGP	1.	The loan should be for a productive activity rather than for consumption.
	2.	The loan must be for an activity which will be profitable (the definition of profitability is left to the judgment of credit union officers who draw on their own experiences with past projects as a knowledge case).
	3.	The loan must be backed by collateral worth between 2-3 times the loan amount.
	4.	Typical types of loans include: working capital for buy/sell operations, agricultural input loans, loans for the purchase of livestock, and loans for small business.
Repayments	1.	Repayments are usually divided evenly over a period of 10 to 20 months.
	2.	The usual policy is to allow no grace period except for agricultural loans where repayments can be made seasonally.
	3.	A fine varying from .5 to 2 percent of the outstanding principal is assessed on late loans.
	4.	Loans are distributed in a lump sum.

Policy	
Interest	1. Credit unions charge 2 percent per month for all loans. The effective rate is slightly higher. 2. Savings holders receive a share of the profits of the credit union annually. Typically, 50 percent of the profits are distributed at year end based on the size of the saving account and the amount of time it has been held.
Capitalization	Sources of capital include: 1. New member fees, which vary from Rps. 500 to Rps. 2,500 2. Obligatory monthly savings, usually Rps. 200 per month 3. Loan fees; the credit unions retain between 1 to 1.5 percent of each loan disbursed 4. Voluntary savings 5. Interest on loans 6. Fines for late repayments 7. Grants from PLAN/Bali

6. Conclusion

The announcement of Plan's phase-out from Bali finds the program in a kind of identity crisis and difficult to assess. Just as Plan/Bali was finally moving away from an ineffective grant oriented effort it was forced to turn its activities over to an ineffective, over ambitions, and ill-prepared BK3D.

Plan social workers have not received sufficient training in IGP. Consequently, they concentrated on agricultural production never focusing on business-oriented activities and perspectives. Missing entirely were adequate feasibility and marketing studies and a chance to tie IGP to Bali's economic growth from tourism.

Staff turnover and the absence of a single person responsible for IGP has also been a significant shortcoming. Widely varying definitions and interpretations of IGP exist and there has been no one to pull IGP together. Rather, a loose assortment of traditional grant activities resulted and it is likely too late to realistically expect the BK3D to come on as the major provider of capital, training and technical assistance for Bali's credit union.

ANNEX 1

SCOPE OF WORK

FOSTER PARENTS PLAN COOPERATIVE AGREEMENT EVALUATION

SCOPE OF WORK

I. OBJECTIVE

AID/FVA/PVC and Foster Parents Plan (PLAN) require that an evaluation be undertaken of their Matching Grant cooperative agreement, known as the Income Generation Program (IGP). This evaluation is intended to provide both organizations with: (1) an assessment of compliance with the terms of the Agreement, particularly as it relates to PLAN's strengthened capacity to design, implement and evaluate sustainable income generation projects; consolidate, document and disseminate what PLAN has learned in income generation; institutionalize income enhancement as one of PLAN's three major sectors; and improve PLAN's ability to assist the targeted population to gain access to and use appropriate credit mechanisms and technical services; and (2) provide lessons learned as a result of the Project's implementation. This is intended as the final evaluation of the Foster Parents Plan Income generation Program which ends July 31st of this year.

II. BACKGROUND

Foster Parents Plan International, which is now headquartered in East Greenwich, Rhode Island, is a child-sponsorship organization founded in 1937 to provide support to orphaned children during the Spanish civil war. Plan International currently has sponsorship programs in 26 developing countries.

While PLAN is primarily a child sponsorship agency, it began a program of community development in the '80s. It is still involved in relief; in some instances when it has been determined there is "dire need" assistance may be provided a family in cash or in kind. There are National organizations in Australia, belgium, Canada, Germany, Japan, Netherlands, United Kingdom and the United States. Program sectors are health, education, social services, community development and income generation. Although A.I.D. grants are made to PLAN, USA, which is located in Warwick, Rhode Island, Plan International is the implementing organization.

PLAN received its first grant from PVC in 1980. This 3 year grant of $1.9 million was designed to help PLAN expand its health services in five countries in Latin America and the Caribbean. It further assisted PLAN to make a major shift from a curative to a preventive health approach.

In 1984 FVA/PVC awarded PLAN a second three year Matching Grant of $3.23 million to support income generation activities in Indonesia, Philippines, India, Sri Lanka, Thailand, Kenya and Egypt. The purpose of the grant was to enable PLAN to give strong new emphasis to small scale agricultural and off-farm income generating projects. PLAN also proposed to finance these projects

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with loans rather than grants, whenever possible.

The current Matching grant, which ends July 31st this year, was in the amount of $2.25 million. Its four part purpose is as follows:

1. to consolidate, document and disseminate what PLAN has learned in income generation;

2. to increase staff competence in the design, implementation and evaluation of successful and sustainable income generating projects;

3. to institutionalize income enhancement as one of the three major sectors of PLAN's development program (with health and education); and

4. to improve PLAN's ability to assist the target population to gain access to and use appropriate credit mechanisms and technical services.

To accomplish the purpose of this grant 10 principle activities were intended. They are:

1. Design and implement income generation projects with small farm families.

2. Identify and introduce small scale appropriate technologies for these projects, particularly post harvest technology (e.g., pedal threshers, grain blowers and dryers, corn and peanut shellers, bakery ovens, hollow block makers, grain and water storage recepticals).

3. Conduct a through needs assessment for the four field offices which will receive all three years of support under this grant: Bali (Indonesia), Kathmandu (Nepal), and Kandy and Badulla (Sri Lanka).

4. Develop field office and/or regional manuals on income generation.

5. Document PLAN's income generation sector experience and lessons learned through a series of 15 case studies, 5 per year.

6. Organize and implement a conference for the field offices participating in the first year of the grant. An implementation plan for applying methodologies and lessons learned to the field offices joining the IGP in year 2 will be developed at the conference.

7. Carry out detailed planning, including the design and installation of evaluation systems in the four field offices being assisted all three years of this agreement.

8. Conduct staff training workshops using the case studies field manuals and evaluation materials developed under the program to increase in-house professionalism and awareness of lessons learned.

9. Organize small community business clubs as nuclei for continuing training and leadership development and for establishing small vocational training and development centers.

10. Establish links with local lending institutions which will enable the target population to gain access to the formal credit system.

The last evaluation of an FVA/PVC PLAN Matching Grant was completed in December 1986, and was carried out by Assistance to Research Institutions for Enterprise Support (ARIES).

III. Evaluation Principles and Issues

The detailed evaluation protocol to be developed by the evaluators and project officer should include the following issues:

1. PVC began to support PLAN's efforts in the area of income generation in 1984. An analysis should be made of the process and timing of expanding income generation projects through out the PLAN network of countries.

2. PLAN employs a strategy of involving the family members of the sponsored poor child as those who will receive training and engage in the entrepreneurial activity. An analysis should be made of this as a strategy in relation to the best selections of those with entrepreneurial skills and strong interest in income generating projects.

3. Many implementors of "income generation projects" do not differentiate between income generation, increased income leading to sustainable self-sufficiency, and microenterprise. An analysis should be made of the degree to which PLAN deals with these concepts differently.

4. With in income generation and microenterprise projects there is some difference of opinion on the role of subsidized interest in credit programs. An analysis should be made of the effect of subsidized interest on rural financial markets in PLAN countries and projects.

5. It appears that within PLAN's strategy of child sponsorship, all communities and families involved in the PLAN sponsorship program are expected to be involved in every aspect. An analysis should be made of community reaction to PLAN project activities and the expectation that all families will be involved.

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6. This grant is expected to have an impact on PLAN's institutional development. An analysis should be made of the effect of staff turnover at PLAn International, the implementing organization, on institutional development. An analysis should also be made of the effect of organizational structure on institutional development.

7. During the grant period 15 case studies were to be completed. An analysis should be made of the quality and usefulness of these studies.

IV. Evaluation Structure

The evaluation team will include two external evaluators. Along with members of the PLAN staff they will review elements of the projects design and implementation according to the evaluation activities listed below. Data collection techniques will include document reviews, individual and group interviews, survey instruments for beneficiary business performance, and on site observations.

The following four activities will form the basis of data collection for the evaluation and report.

Activity One: **Review of the ARIES 1986 evaluation of PLAN**

Although this evaluation is dated, it can provide some baseline information upon which the grant being evaluated currently was awarded.

Activity two: **A visit to PLAN International's headquarters**

Issues of interest during the headquarters visit should include:

- o coordination of all project inputs to complete project outputs; and coordination of outputs to reach the project purpose. Is PLAN International providing the policy, planning, management and technical support required to support a multi-country Income Generation Program? Have interventions (technical, policy, planning, management, recruitment and hiring) been timely, useful and relevant?

- o production and distribution of case studies. Have case studies been published? Are they useful and relevant?

Activity three: **A field evaluation of PLAN's projects in Ecuador and Honduras**

Activity four: **A field evaluation of PLAN's projects in Indonesia an Sierra Leone**

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ANNEX 2

PERSONS CONTACTED

PERSONS CONTACTED

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Mertaan Suyasa, Social Worker
Mrs. Report Armini, Social Worker
I Ketut Loka, Social Worker
Mr. Mustika, Livestock Technical Worker
Medangen Keloud, Social Worker
Mr. Djati, Managon of BK3D
Oka Kariana, IGP Coordinator and Evaluator, BK3D

Mr. Nurchaya, Central Bank Self-Help Project

Credit Union Committees of: Arta Nati
Tri Werdi Laksana
Serba Guna
Eka Karya Bakti
Amerta Nadi
Werdi Kunara

Luis Morales, IGP Evaluator

PLAN/KANDY

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Guido Comeyne - Field Director
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Atilla Razcek - Evaluation Coordinator
Mr. Manamperi - Community Promoter Supervisor, Kandy
Garmini Sarathchandre - Community Promoter
Mr. Jayasooriya - Community Promoter
Mr. E.A.T. Dias - Community Promoter
Jaya Tissa - Community Promoter
H.M. Lokubanda - Community Promoter
D.G. Samathapala - Community Promoter
B.M.D.G. Dissanayake - Community Promoter
Sunethra Hettigoda - Community Promoter
Wilmal Gooneratna - Community Promoter
Indra Ranaweera - CPS, Minipe
Shantha Tennakoon - Community Promoter
Mrs. Balkigr - CPS, Gampola
Ansanda Yatawaka - C.P.S.
A. Garnolis - Community Leader, Minipe
W.G. Sudantha Vipulakumara, Community Leader, Minipe
L.B. Walisundera, Community Leader, Minipe
H.A.C. Perera, SPA Community Development
Bernie Yatawara, SPA Education
M. Weerakkody, Training Coordinator
Bernard Rodrigo, SPA Health
Shantha Fonseka, Senior Executive Officer
Rohana Karunarathne, National Youth Service Council

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Eraldo Palacios, Regional Coordinator, Santa Barbara
Adolfo Pacheco, Regional Coordinator, Santa Barbara
Roberto Terceros, Regional Coordinator, Santa Barbara
Mariano Lopez, Promotor, Santa Barabara
Ariel Rendon, Promotor, San Nicolas
Juan Raymon Ayaya, Promotor, Colinas
Armando Duque, Promotor, Colinas
Manual Delgado, Regional Coordinator, Copan
Rodolfo Gamez, Regional Coordinator, Copan
Luis Chavez, Regional Coordinator, Copan
Hernando Pena, Agronomist, Copan
Hector Medina, Agronomist, Copan
Hector Peda, Water Supply Specialist, Copan

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PLAN REGIONAL OFFICE/QUITO

Mark McPeak, Director
Andy Rubi, Technical Specialist

ANNEX 3

DOCUMENTS REVIEWED

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n.d. Foster Parents Plan International: Organizational Overview. (mimeo).

n.d. IGP Monitoring Forms

1988a Income Generating Project Matching Grant Report for Year 1 of the Matching Grant, 1 August 1987-31 July 1988. (mimeo.)

1988b Income Generating Projects Conclusions and Highlights from Workshops, Bangkok (July 24-27) and Whispering Pines (August 27-31). Plan International/IH (mimeo).

1988c Taller Sobre Proyectos de Generacion de Ingresos, Quito, Ecuador, (diciembre 1-10). (mimeo).

1988d Case Study: Use of Credit Unions for Financial Assistance, Yogyakarta, Indonesia.

1988e Case Study: Solidarity Groups for Financial Assistance. Myrada, India

1988f Case Study: Use of Banks for Financial Assistance. Meru, Kenya.

1988g Case Study: Direct Financial Assistance. Cairo Field Office.

1988h Case Study: Financial Assistance Through Family Associations. Bicol Field Office.

1989a Income Generating Project, Matching Grant Report for Year 2 of the Matching Grant, 1 August 1988-31 July 1989 (mimeo).

1989b Annual Field Office Program Report, Bolivar, Ecuador. (mimeo)

1989c Taller Sobre Proyectos de Generacion de Ingresos. (mimeo).

1989d Case Study: Salak Farming in Jungutan. Plan International, Bali, Indonesia.

1989e Case Study: Tuna Fishing by Jukung Canoe in Karengasem District. Plan International, Bali, Indonesia.

1989f Case Study: Carpentry in Eastern Gezira. Plan International, Wad Medani, Sudan.

1989g Case Study: Seven Fishing IGPs in Tabuelan, Tuburan and Asturias. Plan International, Cebu, Philippines.

1990a Micro-Enterprise Development, Matching Grant Report for Period 1 August

1989-31 July 1990. (mimeo).

1990b Annual Field Office Program Report, Kandy, Sri Lanka. (mimeo).

1990c Micro-Enterprise Development Manual (draft: 23 January). (mimeo).

1990d Taller en Generacion de Ingresos, Lineamientos. (September 1990). (mimeo).

[In addition, the evaluation team reviewed a number of miscellaneous documents provided by Plan International.]

ANNEX 4

INDIVIDUAL CASE STUDIES

Bali Case Studies

Fishing net producer - Bakakan - This man has been a PLAN client for over 5 years and has received grants for home improvement and school fees and supplies from PLAN. In 1988 he was given materials to produce fishing nets by PLAN which he sold to fishermen neighbors. The proceeds from these net sales went into the purchase of materials to make more nets. There is a ready market as 150 villagers have become involved in seasonal fishing due to loss of land through traditional land apportionment. The net maker is a member of a credit union and although he keeps no records, believes he averages about 300 Rp/month in savings. Each net takes about two days to produce and the net maker bases his profit on the sales price vs. what he paid for the materials.

Coconut grinder, Bakakan - In 1988 this man was provided with a coconut grinding machine by the local PLAN social worker to whom he is related. Grinders are popular as money-makers as they provide not only oil for cooking but the residue from grinding coconuts makes for good feed for pigs. In this case the grinder broke after a few days and lies unused in a shed.

Cow breeder, Bankakan - This farmer has also been a PLAN beneficiary for many years having benefitted from home improvement, health and school supply projects. Last year he asked the local PLAN social worker for a cow which he intends to sell when market prices are appealing later this year. He views the cow as low risk, low maintenance as there is sufficient pasture-land in the area and the cow was vaccinated for free by the local agricultural agent. The price for livestock is set by local buying agents from Gianyar who come to the villages two-three times a year.

Sewing machine operator, Bankakan - In 1988 the mother of five asked the local PLAN social worker for a sewing machine with the intent of sewing hand bags which could be sold to tourists. She thought she had a middleman to provide materials and carry and sell the products in Gianyar or Denpasar but this arrangement didn't work. She quickly found out that she didn't have the skills to operate the sewing machine, could not afford the material and then became thoroughly frustrated. The machine is kept in the house and is unused.

Carpenter, I Made Salin, Umaanyar - This father of five has a small soybean field and supplements his income by working as a carpenter. After receiving a grant for home improvement, he requested a set of new tools from the local PLAN social worker. He generally works with a team of 5 other local carpenters and believes his income has increased since he got the new tools although he can't say by how much.

I Wayan Olas, Cattle Breeder, Petak - This sharecropper asked for a cow from the local social worker following a home improvement grant. He believes that the cow allows him to farm, i.e., plow more easily and this allows him more leisure time. He also received six rainbutan trees hoping to begin an orchard. All the trees died however because it turned out he failed to remove the plastic pots that they came in when he planted them.

I Nyoman Paneoran, Poultry Raiser, Banyar Papaden - This hard working farmer has integrated ducks into his rice paddies and enjoys a substantial increase in income. Beginning with 50 ducks provided by PLAN he sells eggs at the local markets in an effort that has been trouble-free so far. Profits from the first year of operation enabled him to pay off land mortgaged for a burial ceremony. His children are mostly responsible for the ducks and his wife is in charge of selling the eggs. Although he was unclear about how much it cost to maintain the ducks he claimed sales of 200,000 Rp over the past two months.

Ice-grinder-outside Gianyar - This man approached the local PLAN social worker in 1988 with the idea of selling flavored shaved-ice similar to snow-cones. He had seen this business work in Gianyar and thought there would be a market among local school children. Just after getting the machine he fell ill and during his convalescence another villager apparently got the same idea and established a market in which this man found himself unable to compete.

Credit Union Tri Wardi Laksana - This credit union was established in 1980 beginning with 30 members and currently has 120 members of which eleven are women and 107 are PLAN families. Capital is about 24 million Rp and loans to members go for livestock and some handicraft production. The smallest loans are 50,000 Rp (the price of a pig) and the largest to date has been 1,000,000 Rp. Seven members were visited all raising chickens or pigs and monthly savings ranged from 500 Rp - 5,000 Rp. Not surprisingly, the two major problems of the credit union were described as lack of capital and poor loan repayments. During interviews with credit union officers all expressed the need for more training in leadership, management and auditing.

Credit Union Anerta Nadi - Established in 1987 this credit union has 59 members including 4 women. Loans have financed purchase of livestock, fertilizer and to establish a basket-weaving business and a small store. Repayments have worked well to date but capital and savings have been below expectation. Among the credit union's problems has been difficulty in getting members to attend regularly scheduled meetings. Eight members were visited; 5 raising poultry, 1 fishnet maker and 2 cattle breeders.

Credit Union Eka Karyabakti - Modeled somewhat after PLAN/Bali's activities this credit union supports loans in three categories:

1. Productive purpose, e.g., home improvement, agricultural inputs
2. Education - school fees and uniforms

3. Social welfare - weddings and death ceremonies.

Capital is about 6,000,000 Rp and current membership is 16 women and 38 men. Credit union officers expressed a need for management training and accounting help.

Woodcarver, Credit Union Wardi Kumara - Mr. Runia is a rice farmer and part-time woodcarver who sells ornamental wood animals to tourists through a middleman. He keeps no books but carried out his own feasibility study before getting a 100,000 Rp loan from the credit union which he has paid back. His feasibility study which he carried out alone included a study of market demand, pricing of raw materials and labor. To lower the cost of labor he "employs" six family members. He is not sure how much he is making as he puts his profits back into the purchase of raw materials.

Small grocery or Palan-Palan owner - Mr. Weca is a member of the Credit Union Serba buna. Originally he owned a coffee stand and in 1973 managed to get a bank loan of 10,000,000 Rp to contract and stock the Palan-Palan store. (Mr. Weca is the Klian or leader of his Banyar.) Four years later he received a 300,000 Rp loan from the credit union to further increase his inventory. He has paid back the credit union loan. He keeps no written records and bases his prices on what he pays in neighboring towns.

Ice grinder Mrs. Wayan Lodri, near Banhakan - Mrs. Lodri operates a sparsely store. PLAN provided her an ice grinder which is a money maker. Depending upon the time of year she makes 50-100 Rp a day selling ice cups to school children. Her profits go to support her children, purchasing food and back into the shop.

Woodcarver, Gustiny Omanraka, Banjar Benewah Kangin - This 15 year old boy is a foster child whose family has benefitted from PLAN home improvements and latrine construction grants. Last year he was provided by PLAN with a 30 piece tool set costing 35,000 Rp. and he now sells wood tableaus to tourists through a middleman. He estimates that he is netting 5,000-7,000 Rp per month and believes his business will get even better as he becomes more experienced. He has no thoughts of expanding his business or changing marketing or product strategies.

Seamstress, Ni Wayanyapi, Banjay Benewah Kangin - Ni Wayanrapi is the 19-year-old sister of a foster child who received a sewing machine from the PLAN social worker in 1988. Her sewing has become skillful enough that the Banyar contracted her to sew school uniforms for 60 local children. Under this agreement, the Banyar provides the material and she earns 200 Rp per shirt and 250 RP/hour.

CASE STUDIES, KANDY

Goat breeder - Monica Anthony, Ampitiya village through scheme III 1,000 Rs went to a young divorced woman to purchase a goat. She has been feeding it local materials grasses and hopes to sell it for 1200-1300 Rs. The profit will go toward support of her child. She will seek a Scheme II loan to purchase more goats and currently is building a small pen for them. She has had some prior experience tending goats and feels they are low risk. She keeps no records but maintains that as the goat is fed indigenous materials her profit at sale = her net.

Vasantha Mari is married with 1 child. For 8 months has raised 3 pigs purchased through a Scheme III grant of 1000 Rs. Hopes to sell for 30 Rs/Kg (live weight) and keep two pigs for whom she is building a shed. Livestock is purchased by agents from Kandy who sell to hotels or other institutions.

Skonaskideya - a grocery store begun two weeks ago funded by a Scheme II loan of 25000 Rs. They have 2 years to repay. The CP were a little concerned that no records other than credit purchases were being kept and promised to spend more time training the proprietor.

Mr. A.M. Rambanda - market vendor. Scheme II loan 2,500 Rs, Kandy has spent only 800 Rs. Buys vegetables wholesale at largest market in Kandy. Does not keep a stock, tries to sell all produce on that same day and maintains that he generally does. On this day he was selling tomatoes, garlic, and banana root used for making curry. This average daily take is 100-150 Rs/day which goes for food, 20 Rs for his children and bus fare (he lives outside of Kandy). Thus far his average C.U. savings is 100 Rs/month.

Mr. Piyadase - Market vendor, Kandy. Got 2,225 Rs loan under Scheme II to purchase a hand cart so he could carry goods for merchants. Once he discovered that he hand no safe place to keep his cart (he wanted to keep it at a temple) he sold it for his purchase price. With that money he became a market vendor at Kandy's largest market. On the day I visited him he was selling coconuts and breadfruit. He has after 3 months already paid back 800 Rs to the Credit Union.

Mr. G. M. Cyril, Push cart owner, Kandy. - Mr. Cyril had been a porter for 10 years before got a haul cart after borrowing 2300 Rs. He works for merchants who own shops in central Kandy and for merchants who come from other towns to purchase their stock in Kandy. He used to carry loads on his back and thinks he was making about 40 Rs/day. With the cart he takes in 60-70 Rs/day; Monday and Friday are his "big" days as more merchants from outlying towns come to the Kandy market to purchase their stocks. Has 3 children, and takes bus to town. He has no savings to date, although is in on schedule for repayments to the C.U. This is his first project through FPP, and he now wants home repair and to start a livestock project (cow).

Mrs. Ranjanee Kodituwakku, peddlar, Pattiya Kelewatte - Has had 2 Scheme II loans of 1,500 and 2,500 Rs to finance hers and her husband's work as peddlers. After some years of peddling plastic pots and basins she got the idea to try and sell used clothes from her sister who lives in another area called Polonnaruwa. Since May of 1990 she and her husband have been going to Colombo to buy new, ready-made clothes or old clothes that she fixes up to sell to farmers before holidays and after harvests. Typically, she will buy a t-shirt at 90 Rs in Colombo and sell it at 130 Rs in rural area. They travel by bus. They are credit union members, have no savings yet, but paid off their first loan on schedule and are paying back the second loan at a rate of 125 Rs per month.

Among the lessons learned - demand is seasonal and they must meet the needs of the customers. They have gotten some marketing and purchasing help from another PLAN sponsored family which also peddles wares in another area. They do not keep accounts and seem unable to determine their net -- they do not include bus fare in their calculations, for example. They maintain that old clothes or plastic goods bring in about R1200/month, whereas new clothes average about R1800/month.

Mr. Seelananda, store owner, Pattiyakelewatte, is non-PLAN family. He has a small sari-sari store. Has been a C.U. member since 1988 and took out a Scheme II loan to expand his stock. His family has also benefitted from a poultry and nutrition project. He opens at 5:00 a.m. every day so that he can sell bread and milk to school children on their way to school. At 9:00 a.m. he goes to Kandy to purchase his stock and he closes at 9:00 p.m. although he will re-open to make a sale. (The store is beside his house.) He allows credit only to 4-5 customers who have full-time jobs, and a credit book is his only form of record-keeping.

Mr. Laxma, peddlar, Pattiyakelewatte - With a neighbor he combined loans of Rs 2,500. With that money he purchases off-cuts and remnants from a garment factory near Kandy. With the material his wife sews infant clothes. From 1 Kg of material she can generally make 5 suits (there is some waste). Generally the husband purchases 10 Kg worth of material each time. Together the 2 families have contributed 15,000 Rs, net a profit of 200 Rs/day which they split 50/50. The other family contributes only capital.

K. M. Ariyewensa and Mrs. Gemara Gamap - This man first received a 1000 R scheme III grant and then in early 1988, a Scheme II 2500 R loan to help him set up as a vegetable vendor. (He had been working for another vendor.) He buys daily at the big market from wholesaler, making his decision of what to buy on what seems to be moving at wholesalers'level. One problem he encountered yesterday was he could not get a vending location at the smaller market because they are reserved for Kandy residents and he resides well outside of Kandy. He is looking for a suitable location. In the meantime he has an arrangement with a friend with whom he shares part of his profits for a share of space.

His wife has just received a loan of 2500 to help finance a paper bag business. Taking used cement bags which are 4-ply she makes small paper bags for sale in Kandy. She can make 100 bags a day. One problem has been the availability of cement bags for which she pays 1 R. The price of cement has recently risen and bags are consequently scarcer.

Small store, P.W. Jayatikake, Karanduwawala - Small grocery store run by a credit union member with two children, one FC. Because he had run his small store for many years he was allowed a scheme I loan of 5,000 Rs. He used this loan to expand his stock and build some new shelves in his store. He keeps no written records other than a credit book and judges his profit by how much he has in the till at the end of a sales day. After he repays this loan he will seek another to expand his inventory per customer demand. His is one of 4 such sari-sari shops in the area but because of the hilly topography he does not feel any threat of competition. He buys his stock at a nearby small town 2 Km from Karandawawala and bases prices on what he pays for the goods and reasonable profit. If he has two of the same item such as sugar purchased at different prices on different dates he will sell them at two prices. His store is leased.

Incense stick maker - P. H. Keerthidasa makes incense sticks to sell to local shops. In 1988 he received a Scheme II loan of 2500 Rs but just after purchasing incense he was forced to flee the village due to JVP incursion. When he came back some months later he found that the incense had rotted and now he has decided to start small. All materials are local and free except for the incense which he buys in Kandy. He makes the sticks from bamboo, glue, tree bark and charcoal. He says that he can produce about 2,000 incense sticks/day. His unit price is 1 R25 and believes it cost him 85 cents to manufacture a stick.

PLAN is experimenting with Scheme III type loans to 36 school children in the area of Karandawawala. Each student gets either a stud or female goat from PLAN and 750 Rs used to purchase another goat. Their plan is to sell their goats to other local families for breeding and continue breeding goats on their own. Six student-leaders visited PLAN's model farm for some extra training in goat breeding although many have had some experience with goats. The evaluator visited two of these projects. Vasantha Kumera a boy of about 18 has two goats and two kids which he will sell. He would also like to get a loan and take up chicken-raising. Vipula Kumara another 18 year old, also has two kids and plans to open a savings account with his sales take. Both boys maintained that goat-raising was easy and took little time. Each boy is the older sibling of an F.C.

Mrs. M.G. Dayawathi owns a very small grocery-type store which she started with a Scheme II loan of 2,500. Her store carries no more than 12 different items, 4 of which are bread, biscuit or toast-like products that she buys from a baker two Kms. away from the village. She keeps written records only of the bakery products as she is obliged to do so by the baker with whom she settles daily. PLAN has provided school supplies for her 6 children and a goat for one of them under the school program.

Vocational training - The evaluator visited four vocational training projects all funded by PLAN and resulting from ideas of the CP Rajapaksha.

1) Beauty Culture School in Hedeniya. Mrs. Klyani Ranasinghe, who operates a beauty salon, is training four women (ages: 20-21) in cosmetology and bridal dressing. In a four-month course they learn haircutting, skin care, make-up, and bridal dressing. This appears to be an untapped and lucrative market as many women go to Kandy or even Colombo to be "prepared as brides." The four women are also receiving some training in elementary bookkeeping. The cost to PLAN is 6600 Rs per student.

Rohama Molagoda, in the town of Alandyanya, is a successful woodworker with a large shop including lathes, drills and jig-saws. He is training seven boys to make table legs, tables, chairs and some wooden ornaments. He has already trained three boys, one of whom he employs. Mr. Molagoda is a past CU president, keeps records but -- interestingly -- first applied for a Scheme II loan to make and sell sweets. After that failed he used the remaining sum to purchase some wood which he carved into ornamental cornices and sold at a profit. PLAN pays 5,500/student for a six month course.

Next door there is a dressmaking training program. Five women (ages 18-20) are learning to sew dresses and baby suits. Cost is at 6,099/student. A child's dress costs about 50 Rs to make and will sell locally for 65 Rs. Once trained the students can make two dresses per day.

PLAN is financing at a cost of 11,880 per student eight women in an eight-month batik course a shop in Kandy that caters to tourists. PLAN also provided gloves and cookers. The owner will hire at least one of the trainees and believes all will find jobs or self-employment as the batik industry is making a comeback as tourists are returning to Kandy following years of civil unrest.

Grocery store - Mohammed Sharifi owns a small hill-top grocery store in Ganpola-Watla. He buys his stock in Ganpola and took a Scheme II loan of 2,500 to start up his store. He keeps no records other than credit purchases because his hands tremble and it is difficult for him to write. He used to have a small path-side table where he sold curds. When asked about competition Mr. Sharifi said there was a store similar to his at the bottom of the hill (about 1 1/2Kms.). He said that he sets his own prices which are higher than the other store because he is figuring in a cost for carrying his stock up the hill.

Mr. Y. G. Dingiribanda is a group leader of a 45 PLAN family-member group. Recently the group decided that each member could invite two non-PLAN families to join. Already three non-PLAN families have gotten loans of 1,000 Rs.

Eleven group members form the group committee. They work with the CP to make decisions on all PLAN projects and loans which they submit to the CP. They also study the feasibility reports and the "character" of loan applicants. Committee members are elected. In the future they will look at employment/self-employment opportunities.

Mr. Shantha deals in plastic bags which he buys in quantity in Colombo and sells to shops in and around Ganpola. For the smallest and most common size he buys at 40 Rs and sells at 50 Rs. He pays more and likewise charges more for larger sizes. He began his business by taking a Scheme III grant 1,000 Rs and 3,000 Rs in savings. (He had worked in a hardware store before.) He took an earlier grant in 1985 to open a small grocery store but went out of business during "the trouble." He is now working with the PLAN CP to apply for a 5,000 Rs loan for the purpose of purchasing a bulk of plastic bags at a discount rate. No savings to report.

Mr. J. M. Rafuk, a father of 8 also is a bag man, but manufactures paper bags. Both his wife and children help him make and collect bags. (Like the woman in Pathyakelewatte he uses old cement and feed bags for which he pays 2 R 50). He makes them per specifications and special order for local shops in Gampola. The smallest bags he sells to shops for 25 cents. The shops resell them for 50 Cents. From PLAN his family has received financing for school supplies, a toilet and home improvement.

Lionel De Silva is a dynamic group leader in Ududneniya. He has greatly benefitted from PLAN leadership training which he says is a major reason his group has become so strong. Earlier attempts at forming groups in this area lacked technical and financial support. Interestingly his prioritization for PLAN activities with his group placed IGP after education, health and home improvement.

One phenomenally successful group activity was selling coconuts. Starting with an investment of 75 Rs the group established a roll-over fund of 9000 Rs after a little more than a year. They then allowed an old and recently widowed woman to establish a coconut selling business by stopping theirs.

In Punchibanda, Mr. K. A. Balamenike seems to have a good start in the goat-breeding business After a 1000 R Scheme III grant he bought 2 female goats and had them serviced by a stud from PLAN's model farm. He has had 2 kids which he will also breed. No other source of income.

Baker, M.G. Goonktilake, Ratmal Kaduwa - Received a Scheme I loan of 6,000 Rs to open the only bakery in Ratmakaduwa. He sells bread, buns and toast to 14 local stores. He believes he is only breaking even now that the price of flour has gone up. Bread prices are regulated by Bakers' Union; a loaf costing 5 R30 and costs 5 R15). He used loan to build an oven, and saves costs by using family members as workers, including a brother-in-law who helps deliver the bread to store. Today he baked and sold (on special order) 165 loaves and 100 buns. He places a premium on quality and he wants to expand his customer base. He is required to pay back at a rate of 200 R/month but this month he paid back 500 R. He also sells the gunny sacks to bag vendors. As he is well off the main road, he has no intention of opening a stand from which to sell directly.

Jarake Shrikartha is a 21 year old man who took a Scheme II 2,500 R loan to purchase 200 chickens (layers and 10 cocks). After initially losing some to disease, he has sought technical help from PLAN's model farm and the local vet and now has 175 healthy birds laying about 150 eggs per day. He has a standing arrangement to sell to one store in Gampola. (This store is owned by a relative). He gets 2 Rs per egg but is paid in a mixture of cash and chicken feed. He also pays a porter 20 Rs/day to carry the eggs to the store. In 10 months he has made 10 payments of 200 Rs and finds this schedule easy to meet. He finds chickens easy and low maintenance and once his loan is paid off he hopes to sell some of his layers and breed new ones for himself.