

5320/85 PD ABD-164

73369

**REPORT
EVALUATION OF THE OPG-FUNDED PROJECT
ESTABLISHMENT OF
THE NATIONAL DEVELOPMENT FOUNDATION OF JAMAICA (NDF/J) AND
ITS PROGRAM TO SUPPORT SMALL-SCALE AND MICRO ENTERPRISES**

EVALUATION DATES: February 18 - March 25, 1986
REPORT DATE: April 30, 1986

EVALUATOR: PAUL PRENTICE, CONSULTANT

**REPORT
EVALUATION OF THE OPG-FUNDED PROJECT
ESTABLISHMENT OF
THE NATIONAL DEVELOPMENT FOUNDATION OF JAMAICA (NDF/J) AND
ITS PROGRAM TO SUPPORT SMALL-SCALE AND MICRO ENTERPRISES**

**EVALUATION DATES: February 18 - March 25, 1986
REPORT DATE: April 30, 1986**

EVALUATOR: PAUL PRENTICE, CONSULTANT

TABLE OF CONTENTS

	Page
EXECUTIVE SUMMARY	i
PART ONE: BACKGROUND	1
I. PROJECT BACKGROUND AND ENVIRONMENT	1
II. THE EVALUATION, SCOPE AND METHODOLOGY	4
PART TWO: OBSERVATIONS AND FINDINGS	9
I. THE NDF/J PROGRAM	9
A. Goals and Objectives	9
B. Credit Component	13
1. The Process	13
2. Loan Processing Backlog	20
C. Technical Assistance and Training (TAT) Component	25
D. Target Group and Beneficiaries	28
1. Characteristics	28
2. Beneficiary Group Categories	32
3. Client Survey	39
II. THE FOUNDATION	48
A. Organizational Structure, Roles and Relations	48
1. The Board and Its Committees	48
2. Management	51
3. Staff	51
B. Institutional Development	53
1. Administrative Systems	53
2. Staff Development	55
3. Program Administration and Management	59
C. Staff Survey	61

TABLE OF CONTENTS
(Continued)

	Page
III. EXTERNAL RELATIONSHIPS	65
A. Private Sector and Membership	65
B. Public Relations and Local Fund Raising	65
C. Local Networking	67
D. International Relations	69
IV. OPG I EVALUATION	71
PART THREE: CONCLUSIONS AND RECOMMENDATIONS	76
I. OVERALL CONCLUSION	76
II. MAJOR CONCLUSIONS AND RECOMMENDATIONS	78
III. SECONDARY CONCLUSIONS AND RECOMMENDATIONS	82
A. The NDF/J Program	82
1. Goals and Objectives	82
2. Credit Component	83
3. Technical Assistance and Training (TAT) Component	85
4. Target Group and Beneficiaries	86
B. The Foundation	87
1. Organizational Structure, Roles and Relations	87
2. Institutional Development	87
C. External Relationships	91
 ANNEXES	
A. SCOPE OF WORK	
B. CONTACTS: ORGANIZATIONS/INDIVIDUALS	
C. CLIENT SURVEY QUESTIONNAIRE & GUIDELINES	
D. STAFF SURVEY	
E. TECHNICAL ASSISTANCE AND TRAINING	

EXECUTIVE SUMMARY

The National Development Foundation of Jamaica (NDF/J) has effectively demonstrated that it is possible to channel assistance to carefully selected and screened micro and small scale entrepreneurs through the provision of intimately linked credit, technical assistance and training and make an impact on the SSE (Small Scale Enterprise) Sector.

The program has: protected the jobs of self-employed SSE clients and of their employees; provided opportunity for the part-time self-employed and their employees to become full-time; increased the income potential of the self employed; created new employment -- full and part-time; induced an understanding of and sense for business acumen; and, helped open new markets -- input supply and output.

The NDF's performance, while not without some problems, has been outstanding. Caliber of Board, Management and Staff is high quality and characterized by seriousness of purpose and dedication to the goals and objectives of the Foundation. The Board, which meets on a monthly basis always with quorum (in itself an outstanding record), and its committees (particularly the Loans Committee) carefully monitor the performance of the program and of Management, and Management, in turn, carefully monitors the performance of Staff, encouraging feedback from it.

Board and Management have, prior to the Evaluation, identified, demonstrated concern for, and taken some measures to address the problems identified in this Evaluation Report. This is evident by reading Management Reports and Board Minutes. In mid-year 1985, the Board conducted a Retreat which was utilized as a forum for focusing on some of these problems and providing guidance and instructions to Management as to the desired concentration of effort.

This was followed, at the close of the year, by the setting of goals to be achieved during 1986 and it is apparent that both Management and Board are seriously attempting to make these goals a reality.

The Evaluation is identified as "midstream" occurring during the implementation of the OPG-funded project (end of second of three years). The project period is also referred to as OPG II, since a previous OPG was awarded by USAID to PADF (Pan American Development Foundation) for it to provide guidance and assistance (both technical assistance and training) in organizing the foundation and getting it off the ground and to set up a revolving loan fund for on-lending to micro and small scale entrepreneurs who are denied credit by the commercial banking sector and/or other programs. OPG II was awarded directly to the NDF/J to assist it to consolidate and expand its program.

Two consultants conducted the Evaluation. One was contracted by PADF, under an OPG II subcontract with NDF/J, and is the author of this report. The other was provided by Coopers & Lybrand to conduct the analysis of the financial management of the NDF/J as its contribution to the Evaluation. For practical purposes, his report is presented under separate cover.

However, both consultants participated in the key meetings in NDF and USAID and each is aware of the concerns and issues that the other was addressing. Both reports should be considered companion reports since together they give a composite picture of the items called for in the Scope of Work.

The major findings, conclusions and recommendations center on twin problems currently faced by the NDF. These impact on each other. Solving one will not automatically solve the other. In fact, together they have spawned other problems and have, for the moment, a major impact on program performance.

The first is actually symptomatic of the growth and expansion of the NDF program and of its acceptance and popularity in the community. Demand for the services provided by the program, specifically the credit component, has, at least, doubled in the last year, as evidenced by the growing number of applicants who are coming to NDF and its branches in Mandeville and Montego Bay.

Simultaneous to the growing demand and the pressure this is placing on the capability of the foundation to respond effectively and efficiently, the second problem creates additional real strain.

NDF faces a serious cash flow problem. Last fall, NDF identified this problem when making projections of funding requirements for the next three years and predicted that it would materialize early in 1986.

At the time, NDF initiated steps to address this problem. It contacted several Western embassies and high commissions whose countries have foreign aid programs, in an attempt to secure funding additional to the USAID OPG II funds and the GOJ-controlled CBI generated local currency that have been provided to NDF. This effort did not meet with much success, although CIDA (Canadian International Development Agency), which has been providing salary support and training for two Small Business Counsellors, through the Foundation for International Training (FIT), indicated it might be able to be of assistance in its fiscal year which begins in 1987. Current funds have been committed, elsewhere, including the amount currently provided for salary support of the Small Business Counsellors.

Some relief is at hand -- two loans, one from IDB (Inter-American Development Bank), and one from NDB (National Development Bank) which have been approved by final negotiations are yet to begin.

NDF also conducted an intensive budget review to determine where and what costs could be cut, dropped or postponed. It has liquidated all of its reserve investment accounts and is making loans only from revolving loan fund reflows. It has approached USAID for assistance and expects to receive an advance on the final disbursements under OPG II.

The net effect of these two problems has created a third. NDF has a serious backlog of loan applications in process. Even if funds were

available, current staff would be hard-pressed to move these applications forward for Loans Committee consideration while simultaneously dealing with the increasing demand at the door.

Given the number of applications in the backlog -- probably close to or over 800 -- it is probable that this problem is overstated; i.e. since many applications are several months old, some dating back as much as six months, it is reasonable to assume that the applicants have simply dropped out without advising the NDF. Unfortunately, how many are in this category cannot be determined without contacting each one -- a staggering task in itself if done in person.

Though this might suggest carelessness or lack of concern on the part of NDF, analysis of the situation reveals that many of the backlogged cases are ones in which the FEOs (Field Extension Officers), who work with applicants and do the bulk of the paperwork for them, have requested additional information or data from the clients and they have not returned.

Addressing these major problems, it is recommended that the NDF continue to pursue all possible avenues for additional funding while continuing to institute temporary, but drastic measures to cut down on expenses.

To break the logjam in applications and prevent a similar problem, it is recommended that a standard format letter be sent to all applicants who are in a pending status advising them that within one month if they have not brought in the requested information their application will be placed in inactive status (which would have to be a newly-created status since there is no such status or category now -- only active or rejected or finally approved) and can only be reactivated when the request is honored, and that after an additional month, if there is no response, the application will be rejected and the applicant will have to make a new application if a loan is desired.

Once the actual "dead wood" has been cleared away, the NDF should monitor this activity as closely as it monitors loan performance. Too long a waiting period for applicants can create a negative image of the foundation in the client community.

The above summarizes the major findings, conclusions and recommendations -- i.e. critical issues. The other findings, conclusions and recommendations are described as secondary in this report, which does not mean that they are not important. Rather, they do not have the potential that those listed above do for prejudicing overall performance and record.

It should be noted that while all major issues have been discussed with the interested parties, none has seen this report in draft. Readers are urged to utilize this report for dialogue between the interested parties and indicate wherein they agree or disagree with findings or recommendations.

PART ONE: BACKGROUND

Part One outlines the historical background of the OPG II Project and of the National Development Foundation and presents a brief discussion of the Evaluation - its stated Scope of Work, and the manner in which it was conducted.

I. PROJECT BACKGROUND AND ENVIRONMENT

Early in 1981, a series of conversations and meetings involving a group of concerned Jamaican businessmen and key members of the Small Business Association of Jamaica (SBA), led to the formation of a Steering Committee to plan the establishment in Jamaica of a national development foundation. Given the background and interest of the Pan American Development Foundation (PADF), it was invited to participate in some of these meetings and to provide guidance and advice.

By mid-year (9 July 1981), a Memorandum of Association for the foundation - designated The National Development Foundation of Jamaica (NDF/J) - was drafted and notarized. The Steering Committee was transformed into the Board of the newly-formed foundation.

In August of the same year, USAID (the U.S. AID mission) awarded an Operational Program Grant (OPG) to PADF to provide technical assistance and training to the fledging foundation; to serve as a funding flow-through to cover operational costs of the NDF/J; and to set up a revolving loan fund. In September, PADF and NDF/J negotiated and signed an implementation agreement and the organizational work continued.

On 1 November 1981, the first Executive Director was appointed and, on 19 November, The National Development Foundation of Jamaica was legally incorporated and formally launched.

On 13 February 1982, the Board held a strategic planning retreat. This retreat was utilized to focus on the long-range as well as short-term intermediate objectives of the foundation. It served as a forum for defining the specific mission of the foundation and what it wished to accomplish in the two-year grant-funded project period. Utilizing the background of preceding months of discussions and organizational planning, conducted first by the Steering Committee and then by the Board, the thrust and shape of the program and the policy framework in which it would operate were reiterated and clarified.

While the Board's long-range vision was one of national coverage, it was agreed that the program should be limited initially to the greater Kingston area through the provision of credit and technical assistance and training to micro and small scale entrepreneurs who were unable to secure credit from the commercial banking sector. From the very beginning it was acknowledged that credit alone was not sufficient to make a real impact in the SSE (Small Scale Enterprise) Sector. The micro and small scale entrepreneurs also needed guidance in developing sound business practices and procedures if they were to utilize constructively the credit provided and become integrated in a more permanent and effective manner into the larger Private Sector.

The first Field Extension Officers (FEOs) were hired on 5 April 1982 and received extensive training with PADF assistance. They immediately put their training into practice by beginning the processing of loan applications.

The first loan was made on 19 April 1982; the 100th, in May 1983. One month later, in September, NDF/J passed the J\$1,000,000 "loans approved"

milestone.

In September and October of 1983, an evaluation of the OPG-funded project (OPG I) was conducted.

In October, of the same year, the Mandeville Branch was officially opened and the Board held its monthly meeting in Mandeville.

Meanwhile, a new group of FEOs was hired and provided with training and in November 1983 a new position was created with the appointment of the Training and Research Officer. By year's end, 1983, the NDF/J had approved 247 loans for a total aggregate of \$1,314,594.

OPG I had come to an end. Discussions between NDF/J, PADF and USAID led to the conclusion that NDF/J should apply for a new grant of its own. While there were some carry-over funds and NDF/J had received some funding from the GOJ of CBI generated local currency (August 1983), it was apparent that it urgently required new funding assistance in order to stay in business and continue the consolidation and expansion of its program of assistance to the Small Scale Enterprise (SSE) Sector.

A proposal was prepared and presented in January 1984 to USAID which, in turn, awarded the NDF/J a three-year grant for US\$250,000 on 27 March 1984, ushering in the period referred to as OPG II. This grant was amended on 28 March 1985 to provide an additional US\$220,000, for a total grant package of US\$470,000.

The first two years of the three-year OPG II period are the subject of this evaluation. Observations and findings are presented in Part Two, including key events and highlights of this two-year period. Conclusions and Recommendations are presented in Part Three, keyed to the relevant Part Two sections.

II. THE EVALUATION, SCOPE AND METHODOLOGY

The Scope of Work (Annex A) indicates that this is a midterm evaluation and lists nine major areas for examination and analysis:

- Goals and Objectives (as defined in the OPG)
- Staffing and Performance
- Board of Directors
- Credit Program
- Technical Assistance
- Beneficiaries
- Impacts
- Fundraising
- Financial Management.

The Scope of Work also requested a review of the recommendations made in the previous (OPG I) evaluation and comments on progress to date.

While each of these areas was covered during the course of the in-country phase of the evaluation, the Evaluator has organized the material in a format which presents findings, conclusions and recommendations in a more concentrated and unified manner. The material is organized around three major topics, namely: program - covering goals and objectives, credit and technical assistance, beneficiaries and impacts; foundation - covering institutional aspects, such as Board/Management/ Staff roles and relationships and their continuing development; and, external relations - covering in-country relationships and local as well as international fundraising activities.

PADF, under its contract with NDF/J (a sub-contract of OPG II), contracted a consultant to conduct the evaluation. NDF/J secured the services of a consultant to analyze the financial management of the NDF/J

as a contribution from Coopers & Lybrand to the evaluation. USAID concurred in the selection of both consultants.

At first, it was contemplated that the findings, conclusions and recommendations of both consultants could be incorporated in one final report. This proved impractical.

The arrangements made with the PADF Evaluator, with the concurrence of both NDF/J and USAID, were that he prepare a "... detailed outline of the final report with a discussion paper which includes a summary of basic findings and recommendations ..." and that this be discussed with NDF and USAID prior to leaving Jamaica. The writing of the final draft of the report was to be done at the consultant's home base in the U.S. and PADF obligated itself to its reproduction and distribution. The detailed outline and discussion paper were presented during the last week of the in-country segment (three and one-half weeks) of the evaluation.

The Coopers & Lybrand consultant also presented his draft report, subject to revision and refinement, during the last week of the evaluation. Both sets of documents were discussed with NDF and USAID and the concerned parties agreed that each consultant could present his final product under separate cover. Both consultants were present in the critical discussions in USAID and NDF and were aware of the concerns and issues that the other was addressing.

The PADF consultant, referred to hereafter as the Evaluator, initiated his work with a series of meetings at the Board, Management and Staff levels. He outlined his approach as one in which the evaluation team consists of more than just the contracted Evaluator. Board, Management and Staff as well as clients were invited to participate in the evaluation. USAID also contributed to the process by assigning representatives to

participate in key meetings, discussions and field trips.

It is the Evaluator's experience that when the interested and affected parties are invited to participate in the evaluation process, the final product is more meaningful and effective. It, in effect, becomes their evaluation not the product of an outsider. This does not mean that the Evaluator abdicates his responsibility to state candidly what he has observed and make the appropriate recommendations. Some readers will object to or will disagree with some of the observations as well as some of the recommendations made below. But all substantive issues have been presented in writing and have been discussed with the interested parties, who have thus had the opportunity to voice their opinions and concerns. These have been taken into consideration in preparing this final report.

The forum for this exchange of ideas and opinions was a series of meetings with key USAID representatives and with top management and the Board Chairman of the NDF/J.

Methodology employed included the usual procedures:

- file and document research (including Board and Committee minutes, reports, correspondence, contracts, etc.);
- observation of and participation in scheduled meetings (Board, Loans Committee, Managers, Arrears);
- interviews and discussions - individual or group - with Board, Management, Staff and clients as well as key representatives of other organizations, such as USAID, IDB, NDB, SBA, JNIP, IICA, and Peace Corps.

Annex B lists the contacts that were made.

In addition, the Evaluator enlisted staff support in conducting two

surveys:

- a client survey;
- a staff survey.

The questionnaires utilized in these surveys as well as some explanatory commentary will be found in Annexes C and D. The results of the surveys are summarized in the appropriate sections of Part Two of this Report (Observations and Findings).

The client survey was conducted in as objective a manner as possible by assigning the selected clients to FEOs and other staff who had not worked with them. Client selection was limited to those who had received loans after December 1983 and prior to December 1985 - i.e. the OPG II clients. If time and resources had permitted, a survey of selected OPG I clients would also have been conducted in order to make comparisons between the two groups and periods. This will have to be done in the impact evaluation scheduled for March 1987.

Clients were selected in a random sampling of client files - every 35th client in Kingston, every 20th client in Mandeville and every 10th client in Montego Bay. This would have provided a ten per cent sample. However, final results of fully completed questionnaires provides a sample of between six and seven per cent.

All staff, management included with the exception of the Executive Director, were invited to participate in the staff survey. To encourage objective comments and answers, participants in the survey were requested to turn in their questionnaires anonymously. Although 100% response was received from Mandeville and Montego Bay, Kingston provided a 79% response, yielding an 86% response for the foundation as a whole.

The Evaluator made field trips to the Mandeville and the Montego Bay branches - Ocho Rios was not included since it was in the process of being organized. The Evaluator also simulated a walk-through of a hypothetical client in order to observe the procedures utilized in Kingston from the viewpoint of a prospective client when he/she first enters the doors of the NDF/J to the point where the application is processed for presentation to the Loans Committee. Clients were interviewed on field trips in their places of business and in the office.

PART TWO: OBSERVATIONS AND FINDINGS

Part Two presents the analytical portion of the Evaluation Report. It is divided into three major sections which, in turn, are further subdivided. The first addresses the NDF/J program and its components and the target group; the second, the foundation itself, its organization and management and its development, i.e. institutional issues; the third, the external relations of the foundation, including its membership and fundraising efforts. There is some cross-referencing between these when a topic is touched on in one section or subsection but is more fully covered in another.

I. THE NDF/J PROGRAM

This Section is subdivided into four subsections: goals and objectives (as listed in the OPG); target group and beneficiaries; credit component; and, the technical assistance and training (TAT) component.

A. Goals and Objectives

The Operational Program Grant, awarded by USAID/Jamaica to the National Development Foundation of Jamaica (NDF/J) on 17 March 1984, stated the purpose of the grant was "...to provide support for a program to expand the present credit, technical assistance and training program of the NDF/J to small-scale non-farming enterprises in rural Jamaica..." described more fully in the attachment: "Program Description".

It is apparent that the wording of the grant purpose was unnecessarily restrictive, since the referred-to "Program Description" clearly indicates that the grant was to be used in both rural and urban Jamaica (Kingston, Mandeville, Montego Bay, Ocho Rios and Port Antonio). Subsequently, USAID approved the utilization of grant funds for selected agricultural projects outside of the Kingston area.

The "Program Description" stated the Purpose of the grant-funded project:

- "- to increase the number of micro entrepreneurs in the small scale enterprises (SSE) subsector of Jamaica receiving credit, technical assistance and training (TAT) under an expanded NDF/J program;
- provide access to credit for SSE entrepreneurs who currently have limited or no access to credit;
- enhance their income generating capabilities; and,
- create new employment opportunities."

As is more amply detailed below and in subsequent subsections, the NDF is achieving this purpose - there has been an increase in the number of micro entrepreneurs receiving credit and TAT; access to credit has been provided to SSE entrepreneurs who were not eligible under other programs or through the commercial banking sector; their income generating capabilities have been enhanced; and, new jobs have been created.

Quantitative targets which expand on these elements of Purpose were spelled out in the Program Description section, titled, "Conditions Expected at End of Project (EOPS) (1984-1986)" and in the Logical Framework, annexed to the Program Description.

Table I lists these targets compared to actual achievement through CY 1985. (Next page)

In retrospect, it is apparent that some of the targets set at the time NDF/J prepared its proposal to USAID were unrealistic. Some factors influencing the differences between projected targets and actual performance include:

- Board decisions, based on a more realistic appraisal as to opportune moment and institutional capability, to stretch out the timing for the opening of new branches. This, in turn, affected the hiring of new FEOs and Loans Officers.

TABLE I

COMPARISON OF PROJECTED TARGETS WITH ACTUAL ACHIEVEMENT
 (Targets: EOPS and Logframe - OPG)
 (Actual: Supplied by NFD/J)

TARGETS	END	END	ACTUAL
<u>Program</u>	1985	1986	1985
1. Number, direct beneficiaries	1,400	2,300	855
2. Indirect beneficiaries	4,200	6,900	2,565
3. Women, direct beneficiaries	490	800	300
4. New jobs created (following not broken down by year)	1,230	2,000	1,077
5. Total loan portfolio	US\$4,000,000	J\$5,929,000	
6. Percentage of outside Kingston	---	49.5%	45.2%
7. Loan delinquency: % of loans	---	10.0%	42.17%
% of value	---	10.0%	6.20%
8. Defaults/repossessions: actual #	---	90	86
% of total loans	---	4.0%	11.80%
<u>Institutional</u>			
9. Number, new FEOs	6	7	5
10. Number, new Loans Officers	3	4	2
11. New branches: Montego Bay	Apr/84		Oct/84
Port Antonio	Oct/84		---
Ocho Rios	Apr/85		Apr/86

* NOTE: Only loans made from January 1984 through December 1985 are used as the baseline for the above figures. The total aggregate is 646 loans, of which 354 were in Kingston and 292 were in Mandeville and Montego Bay, or 45.2%.

- Board decisions, based on assessment of the impact of inflation on NDF loan operations, to increase upper limits of loans, thus increasing average size while decreasing number of loans and beneficiaries.

- Overall loan portfolio did not grow at rate estimated when the proposal was prepared.

The Program Description indicated that the project purpose was responsive to the overall goals of the Foundation, as stated in its Memorandum of Association, and of USAID, as stated in its CDSS: This is still a correct assessment, although some elements of the NDF/J overall

goals are long-range and are planned to be addressed more fully in future years:

NDF/J - "The Foundation is established for the following Object and Purpose, namely, to promote and encourage the development and the growth of the Private Sector including trade, commerce, manufacture, agriculture and fisheries ... through the provision of business guidance, technical assistance, non-traditional credit facilities, to small entrepreneurs or to groups, and generally to promote and encourage the development and growth of all other economic activities designed to improve the social and economic welfare of the people of Jamaica."

USAID - "The overall U.S. goal is to secure Jamaican economic development ... characterized by an open and deregulated economy, (with) reliance on the private sector as the engine of growth through increased and equitable opportunity and employment, and a full respect for democratic institutions."

It is important to note that experience in a project often indicates that, while overall purpose and goals are sound and achievements are consistent with these more generally stated aims, specific targets are often found to be either too optimistic, or the reverse. Unforeseen events and unanticipated factors can have a very real impact on the ability of an organization to achieve specifically stated targets. This appears, at least in part, to be the case here.

More importantly, the table notes forward movement and progress of the NDF/J in serving the needs of the SSE Sector, even if at a slower pace than had originally been expected.

It is also important to note that at the end of each year, the NDF/J Board and Management conduct a program review and set budget and targets for the next year. These are demonstrably more realistic than those stated in the Program Description, and may even be on the conservative side, since a review of monthly statements suggests that the NDF tends to come in under-budget.

B. Credit Component

The credit component of the NDF/J program is what attracts the clients. It is offered to micro and small scale entrepreneurs who are unable to secure credit from the commercial banking sector or through other existing programs. The demand for this service has grown considerably during the last two years, as is evidenced in the number of entrepreneurs seeking loan assistance for either existing or proposed new enterprises. It has at least doubled in the past year.

The credit component cannot be completely divorced or treated separately from the technical assistance and training (TAT) component. Each potential client, or applicant, is viewed from both the perspective of his/her credit needs as well as his/her business acumen and skill. Both aspects are intricately involved in the assessment made of potential and actual clients and their proposed utilization of loan funds not only during the loan processing period but also during the loan follow-up and monitoring period.

1. The Process

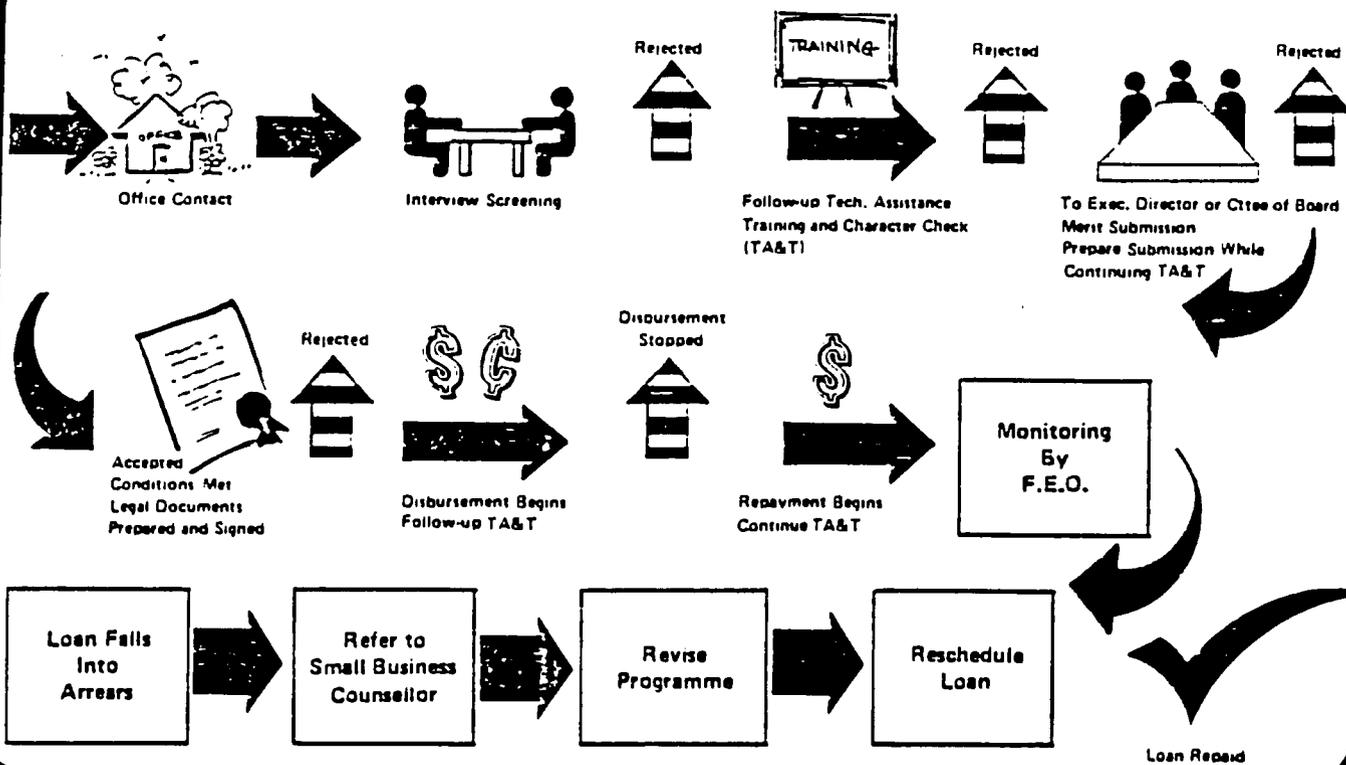
One way of orienting the unacquainted with these two components and their interrelationship is to trace the path of an applicant from walk-in to current client status - one who has received a loan and whose performance is being monitored by staff.

Table II is a graphic presentation of the procedures involved both in processing a loan application as well as monitoring an approved and disbursed loan. This includes the contingent TAT provided before and after loan approval. While the technical assistance and training component is discussed in the next subsection, in order to present a complete picture it is necessary to indicate here the TAT interventions which occur during this

pre and post-loan process. The initial TAT interventions are an integral part of the processing of loan applications and later interventions are considered key elements in assuring proper utilization and repayment of loan funds.

TABLE II

A schematic presentation of the stages in the N.D.F.'s programme of assistance to clients.



The procedures described below are those utilized in Kingston, but are essentially those utilized in the branches, with some modifications in keeping with the staff.

While the chart (Table II) suggests a set of three steps leading to a consideration of a proposal by Management and/or the Loans Committee this is deceptively simple. Far more is involved than is implied in the chart.

A potential client walks in to request loan assistance. An initial brief interview is conducted to provide basic information regarding the program and weed out individuals who obviously do not qualify or who are just fishing. The applicant is then assigned a date and time to return for a more detailed interview and is given two forms - a credit information service questionnaire and a loan application form - to be completed and presented at the scheduled interview. Previously, prior to the increased demand for assistance, the interview was sometimes conducted at the time of first walk-in, but the demand is such that, as least in Kingston, this is no longer possible.

In Kingston, the interview is conducted by the Interviewing Officer (IO) who gives a more detailed description of the NDF program of assistance and reviews the questionnaire and loan application. More often than not, this requires assistance in filling out the questionnaire and the loan application, since most applicants either do not fill them out or do so only partially. The IO utilizes this face-to-face session with an applicant to further screen out those who do not qualify.

At this point there is some self-selection-out by clients, either in not showing up for the interview or in determining that they do not want to pursue the application any further. They are advised that they will be required to accept training and technical assistance and that the FEO will describe this more fully. Some of the "no-shows" do return and are given a new appointment time.

The IO then assigns the applicant to a Field Extension Officer (FEO) and makes an appointment for the applicant's first interview with the FEO, specifying exactly what additional information should be brought in. The IO follows up on the information on the credit information service questionnaire to verify the credit experience of the applicant. All of the information compiled by the IO is passed on to the FEO assigned to this applicant.

The FEO reviews all of the information in the applicant's file and goes over the specifics - purpose of the loan and type of enterprise. Each application is treated as a project and the FEO describes in rudimentary terms the types of information and data which must be compiled in order to have a complete and acceptable application to present to Management and the Loans Committee. The FEO walks the applicant through the feasibility study process and specifies what additional information and data the applicant must provide.

An appointment is made for the FEO to visit the place or proposed place of business and the applicant is advised the time and place of the next scheduled group training session - Policies and Procedures - a two-hour session covering the terms and conditions under which loans are provided by the NDF.

A relatively simple loan application coupled with the ability of the applicant to provide all requested information and data might conceivably require only two sessions with the FEO prior to formal presentation of the loan application. In practice, the FEO meets with the applicant either in the office or at his/her place of business several times before the application is considered ready for presentation. Failure of the applicant to provide the missing pieces stretches the time lapse from walk-in to

presentation and contributes to the number of pending loan applications and, probably, substantially accounts for the considerable backlog in loan applications in process, discussed below.

With very few exceptions, the FEO compiles and computes the tables and background information required for submission to Management and the Loans Committee. The loan application package includes a cover sheet - "Basic Information"; a narrative description covering purpose a loan, background, project description, organization and management, security offered, credit checks, Operations Manager's comments and other pertinent factors such as product or service offered, location and premises, pricing, local promotion and marketing, competition; cash flow projections and assumptions and income statement; and proposed disbursement and repayment schedule.

During this period, if the FEO has determined that the applicant's proposal will stand up to Loans Committee scrutiny, the applicant is required to attend a second group training session devoted to business management. Attendance and participation in these group training sessions is mandatory and failure to attend or obvious lack of interest can prejudice the successful completion of the loan application.

When the FEO is satisfied that all necessary information is in place he/she reviews the proposal with the Operations Manager and a date is scheduled for presentation to the Loans Committee. If the loan is for less than \$5,000, the Operations Manager and/or the Executive Director have been delegated the authority to approve the loan, which is then reported in the next Loans Committee for its ratification.

The FEO personally presents the application to the Loans Committee and answers questions which arise. He/She has compiled all of the information documents indicated above. The loan application package (a copy of which has been distributed prior to the meeting to all participants) runs upward

from four to as many as ten or more pages and tables. The Operations Manager and, at times, the Executive Director are also requested to answer questions or express opinions and enter into the discussion. The Loans Committee may reject or approve the loan or refer the proposal back for additional study. The rejection rate at this level is relatively low since the FEOs and Management have acquired experience in what the Loans Committee will and will not authorize and, as is apparent from the above, very intensive home work has been done involving not only the FEO but Management as well, prior to formal presentation.

Once a loan is approved, the client is notified and requested to come in for the formal signing of loan and legal documents. Generally, at least in Kingston, this a group session and involves the participation, either directly or indirectly, of the FEOs, the Loans Officer, the Training and Research Officer, and the Operations Manager or Branch Managers. The repayment schedule and terms and conditions are reviewed with the client. The client is reminded that the loan he/she is about to receive is a loan, not a welfare grant, and full compliance with the repayment schedule is mandatory. The client is advised that the FEO will continue visiting him/her on, at least, a monthly basis to follow-up on training received and to monitor performance on loan repayment.

Disbursement is not made directly to the client. The client must bring in vouchers or bills of sale and the appropriate check or checks are made out to the appropriate supplier(s). Disbursement may be realized in one such transaction. Often, it takes place in several transactions over time.

Disbursements can be discontinued if the FEO detects misuse of funds or other behavior on the part of the client which can prejudice the

effective utilization of the loan and/or its repayment.

The FEO continues monitoring the loan and the performance of the client. In this he/she is assisted by the Loans Officer and staff. Delinquencies and arrears and reasons for them are noted on a monthly basis at Management level in a regularly scheduled meeting of the FEOs with the Operations Manager, the Training and Research Officer and the Loans Officer. Each arrears account, whether 30, 60 or 90 days and over, and reason for delinquency is listed in a written report of the arrears meeting. This information is aggregated in the monthly report presented to the Board.

When an account becomes seriously in arrears, and visits and letters have not produced the desired results, legal action is initiated to recover any securities which have been offered by the client (including household furniture and appliances) and the account is transferred to non-current status. It is noted that even when some accounts have been placed in this category, some clients continue to make, at least, token payments in order to defer final action. There have been a few instances in which a client has made the required adjustments and is reinstated in good standing, usually through rescheduling the loan. In Kingston, in extreme case (both current and non-current accounts) the FEOs are relieved of collection duties, since the NDF has hired a Collections Officer. However, in the branches the FEOs must also perform this duty.

The details of the TAT component which, as indicated above and in Table II, is intricately tied to loan processing and monitoring, are more fully described in the next subsection, including estimates of time per client. However, it is apparent that the success or failure of both the credit and the TAT the program is very heavily contingent on the

performance of the FEs and of the supervision, guidance and assistance provided to them by Management and staff.

The FEOs have not only a dual but a multiple-function role to play - each is simultaneously the advocate and advisor of the client, the broker for the client before the Loans Committee, and the watchdog and truant officer. How their time is deployed has been of considerable concern to Management and the Board.

2. Loan Processing Backlog

As indicated earlier, the demand for assistance from the NDF has at least doubled in the past year, as evidenced by the number of new applicants coming through the door. This has caused a serious backlog, particularly in Montego Bay and in Kingston, in the processing of new applications. Given the available resources - manpower as well as revolving loan funds - the NDF is not currently in a position to satisfy all of the demand. The Evaluator suggests that unless new resources are made available in the immediate future the NDF will only be able to satisfy less than half, maybe even one-third of current demand.

The cash flow problem faced by the NDF is addressed in the Financial Analysis of the NDF prepared by Cooper & Lybrand as a contribution to the NDF for the Evaluation. The reader is invited to consult that report. The impact of that problem on the credit component of the program is obvious. As of this writing, the NDF has liquidated all deposits and is waiting for a J\$165,000 advance from USAID under the OPG. Loan disbursements are only being made from the revolving loan fund - i.e. from loans which have been repaid.

This means that while there has always been a small disparity between loans and amounts approved, and loans and amounts disbursed, this disparity

will grow unless the NDF also slows down the rate of loan approvals and the acceptance and processing of new loan applications.

However, it is noted that even if this situation were to improve, the demand factor, which is highlighted by the backlog in processing new loan applications, remains and will continue to have an impact on the overall performance of the program. As was stated above, the backlog is most serious in Montego Bay, but Kingston is not far behind.

At the evaluation time, Montego Bay had a backlog of 393 loan applications in process. A number of these have been in the pipeline for over six months and one dates back to May 1985. It has a current caseload of 97 loans. This yields a total of 490 potential as well as actual clients to be served by two FEOs. (Like Mandeville and Kingston, Montego Bay has one FEO position vacant). This implies that each FEO is responsible for an average of 196 applicants and 48 clients. It stands to reason that they cannot be in regular touch with the majority of the applicants, and, possibly, the clients.

No one knows for certain how many applicants in this backlog are still waiting for favorable word and how many have given up. It is estimated that this backlog is increased by about 60 to 70 per month, with a rejection rate of about 15. The target is to approve between 10 and 15 loans per month. Even if the backlog were cut in half, in a ten month period, factoring in the new applications at 25 per month, the Loans Committee would have to consider over 45 new loans per month. However, if all of the loans currently approved were to be disbursed, over 50%, perhaps as high as 75%, of loan funds budgeted for 1986 would be used up.

The backlog began a few months back when the Advisory Committee, due to some problems encountered in replacing the Branch Manager, declared a

temporary moratorium on disbursing new loans. The problem has been further exacerbated by lack of office equipment (typewriter and photocopier) and clerical help which has slowed down the preparation of loan application documents for presentation to the Loans Committee and some Loans Committee meetings have had to be postponed. But the demand continues to grow and is outstripping the responsive ability of the Montego Bay Branch.

Although figures are not provided for Mandeville, management states that there is not a serious backlog problem there although demand is continuing to increase. However, with a caseload of 156 current loans, not counting loan applications in process, and only two FEOs (for an average of 78 each) it is apparent that even Mandeville cannot deal adequately with its demand and maintain the required monitoring level of existing loans. Mandeville also has an FEO position vacancy.

The backlog in the processing of loan applications in Kingston was compiled by canvassing the three FEOs who are currently assigned to this exercise. (There is one vacancy and one of the FEOs is a Peace Corps Volunteer who only processes loan applications). In addition, an FEO who has been assigned loan/client monitoring and follow-up is currently processing two applications. The FEOs estimate that their backlog is about 333, which yields an average of 111 per each of the three full-time FEOs.

On the actual client side of the ledger, Kingston has 377 current loans. Monitoring this caseload, Kingston has two Business Guidance Counsellors to whom special or problem clients are assigned. Together, they are assigned 144 clients, or an average of 72 a piece. The FEO assigned exclusively to monitoring (except for processing two loan applications, as noted above) has a caseload of 77. The two full-time, employed FEOs together have an assigned caseload of 111, or an average of

55 each. It is unrealistic to assume that these two FEOs can adequately serve a combined client/applicant caseload of 166 each. Some of the collection burden is reduced in that the NDF has hired a Collections Officer who deals exclusively in collections with an approximate caseload 150. Nevertheless, it is obvious that manpower resources are being severely strained.

The FEOs continue to be under pressure to present new loan applications for the twice monthly Loans Committee meetings. An analysis of the Loans Committee Minutes file for 1985 indicates that it considered 231 loans:

- 130 were new loans (56.3%);
- 57 were projects to be ratified (loans made by the Executive Director and/or Operations Manager up to a limit of \$5,000 (24.7%);
- 31 were additional (or add-on) loans (13.4%);
- 9 were resubmissions (3.9%); and,
- 4 were interim (1.7%).

Regardless of category, each loan required a time investment by the responsible FEO. Obviously, some loan applications require far more time and effort than others.

Not counting time spent by the FEOs in preparing the required document, it is instructive to note the time involved at this level of loan processing per loan. The 1985 file which was reviewed to extract the above information contained the minutes of 19 meetings. Each meeting averages two hours - for an overall total of 38 hours. Assuming that each meeting was attended by the four Loans Committee members, this yields a total to 152 person-hours spent by the Committee in meetings. Add to this, time spent in driving to and from the meeting, the total is 228 person-hours. The Committee thus devoted an average of almost one person-hour per loan. If one also factors in management and staff (including FEOs) time spent at these meetings, the total average person-hours per loan is over two hours

at the approval level.

Management estimates that over ten hours per client (time actually spent with an applicant) are required to prepare a loan application for presentation to the Loans Committee. (This does not include the time spent by the FEO preparing the loan application documents or driving to and from the applicant's place of business). The FEOs feel that this a very conservative estimate.

Assuming that the ten-hour estimate is reasonable, and adding in another five for driving and document preparation, it is apparent that an average of over seventeen person-hours are required just to approve a loan. Assuming also that the current backlog of 335 applications in process were cut in half (167) and no new applications were accepted, a total of over 2,840 person-hours would be required to break the logjam. On the basis of new loans (130) considered by the Loans Committee in 1985, it would have to increase the average of 6.8 new loans considered per meeting for a total of 19 meetings to 7.9 new loans per meeting just to break the logjam in the course of the current year. Or, to state it more dramatically, to break the logjam by the end of June, the Loans Committee would have to consider 56 loan applications currently in the pipeline (now reduced by half) per month during April, May and June.

If one adds to this caseload the new applicants who are being processed by the Interviewing Officer at an average rate of 9 per day, of which at least half are assigned to an FEO, the dimensions of the demand problem faced by the NDF become dramatically apparent. This suggests that at least 80 new applications are entering the pipeline each month. Not only does the NDF/J have a cash flow problem - it has a seriously strained human resources problem.

C. Technical Assistance and Training (TAT) Component

Technical assistance and training (TAT) commences at the entry level for most applicants. Both the Interviewing Officer (IO) and the FEO have to provide time-consuming assistance to the vast majority of applicants in filling out the questionnaires and forms that are required, explaining the purpose of the questions and the nature of and the reason for the information requested. After the FEO has had his/her first interview with the applicant, the latter is obliged to participate in two group-training sessions while simultaneously working with the FEO to develop all of the information required prior to submission to the Loans Committee. It is estimated that each client receives a total of over ten hours of intensive assistance, which would not be provided if the NDF were strictly in the business of making loans, prior to having his/her application presented to the Loans Committee.

As indicated in the immediately preceding subsection, the two initial group training sessions take place during the processing of the loan application and prior to loan approval. Together they total five hours. The first session is essentially an orientation session to acquaint the applicants with the NDF program and the terms and conditions under which loans are provided. The second focuses specifically on rudimentary business practices and concepts. This includes topics such as:

- Cost Analysis and Pricing;
- Marketing;
- Order, Delivery and Receipt Procedures;
- Cash Book.

A training handbook compiled by IICA (Inter-American Institute for Cooperation on Agriculture), funded by AID, with inputs from local organizations, including the NDF, is utilized as one of the primary

training tools. In Kingston, these sessions are conducted by the Training and Research Officer (TRO). In the branches, the Senior FEO and/or Branch Manager conducts the initial group training sessions.

It is incumbent on the FEO to build on this initial training by providing technical assistance in adapting and putting into practice the various procedures and concepts which have been imparted. He/she must assure that the applicant client is maintaining adequate records and is developing the skills needed to develop a sound business base. Even the preparation of the documents required for loan approval is utilized as a learning experience - the applicant is exposed to the process of presenting the feasibility of his/her proposed loan project (which will stand in good stead when graduating to the commercial banking sector), he/she learns the rudiments of cash flow and annual income projections. Additionally, the FEO assists the applicant in cost analysis and pricing of the proposed product or service, in seeking alternative supply sources and marketing outlets. All of this is part of the processing of the loan application.

Annex E contains two descriptions of the NDF TAT program, one prepared by the Operations Manager and the other by the Training and Research Officer. The reader is invited to read those for a more complete description of the contents of the TAT provided by NDF.

Once a loan is approved, further assistance and guidance is required; initially, in understanding the purpose of the various documents which are to be signed and how the loan will be disbursed. Following the formal signing ceremony which triggers disbursements, the FEO has to assist the applicant, who has now become a client, in assuring that his/her production and accounting systems are in place and functioning well. This involves, after the first intensive review session or sessions, a visit per month.

It is estimated that post-approval assistance to clients averages up to 10 to 13 hours per client, not counting the continuing monthly visits.

This is increased for those clients experiencing serious difficulties or having special problems requiring the attention of the Small Business Counsellors whose salaries are funded by a grant from CIDA (Canadian International Development Agency) provided through FIT (Foundation for International Training). They utilize a handbook prepared and provided by FIT. While NDF feels that the FIT handbook is useful at this level, it feels that the more rudimentary IICA handbook is generally more useful and practical for the majority of NDF clients. The intensity and degree of assistance is also generally higher for new businesses than for existing businesses.

Technical assistance and training activities by number of applicants or clients served are aggregated and reported monthly to management and Board, by branch, by Kingston office and for the foundation as a whole in the following categories:

- Prospective Loan Recipients (New Clients)
 1. Business Advisory Service
 2. Project Feasibility Assessment
 3. Group Training (Stage 1 - first two sessions)
- Loan Recipients (Existing Clients)
 4. Group Training (Stage 2 - loan document signing)
 5. Individual Counselling, Monitoring and Consultancy
 6. Small Business Counsellors (Kingston)
 7. FEOs (All Offices)

The Table is accompanied with an explanatory narrative prepared by the Training and Research Officer.

While, as noted previously, the provision of TAT to applicants and clients is an integral part of the NDF program and gives it its unique character in Jamaica, it creates distortions when one compares the

administrative and operating expenses, including TAT costs, of the NDF with other credit institutions. This causes concern not only among donor/lending institutions (IDB, NDB, USAID, etc.) but at the management and Board level as well,

A review of Board minutes indicates that this has been a topic of discussion at several Board meetings. Questions such as "is it necessary to provide as much intensive TAT as we currently do?", or, "is it possible to reduce these costs?", or "will we ever be able to cover these costs and become totally self-sufficient or will we continue to require external financial assistance in order to provide this component of the program?", are regularly raised by Management and Board.

The National Development Foundation of Jamaica is not alone in this concern. It is one that is frequently raised in other development foundations which have programs of assistance to the SSE Sector, similar to the NDF/J. No specific, definitive and final answer to these questions has been formulated, although various alternatives have been considered, including projections of when a foundation could conceivably cover these costs without recourse to external assistance. The Evaluator reserves his comments for the Conclusions and Recommendations (Part Three) of this Report.

D. Target Group and Beneficiaries

1. Characteristics

According to the OPG "Program Description", the target group is comprised of the "38,000 small scale enterprises identified in the joint study/survey of Michigan State University and University of the West Indies' Institute of Social and Economic Research: 4,000 in Kingston and 34,000 outside of the Greater Kingston area." The Program Description

narrowed these figures to the "2,300 anticipated beneficiaries of the three-year project located in and around Kingston, Mandeville, Montego Bay, Port Antonio and Ocho Rios."

A profile of the target group and, more specifically, of the intended project beneficiaries was provided, suggesting that the typical micro and small scale entrepreneur, identified as the SSE Sector population, displayed the following characteristics:

- works at the bottom layer of the private sector in either providing services, or making, repairing or distributing items as diverse as processed foods, garments, furniture and implements in response to demand from the consumer market;
- works alone, or with a partner or partners who may either be related to him/her or are acquaintances or friends;
- generally has serious cash flow problems, which compound his/her ability to secure credit either from his/her suppliers or from traditional credit institutions;
- frequently lives in substandard housing in depressed urban neighborhoods or rural neighborhoods or areas and is more often than not hard-pressed to adequately feed and clothe himself/herself and family or dependents;
- may be either skilled or unskilled in both the trade school definition as well as in the running of a business enterprise;
- probably has finely honed survival instincts but coping with the modern economy presents seemingly insurmountable obstacles.

This generalized profile was further qualified by suggesting that this group could be divided into three major subgroupings:

"... there is a range, from persons who are fairly adept at running a small business but who cannot exercise upward mobility due to the financial/credit block, to persons who seemingly (display no) responsibility for their actions. In the middle there is a sizable group who is serious-minded and adaptable, willing to learn and genuinely seeking advice as well as credit."

It was stated that:

"The focus of the NDF/J and the project is the first and middle category. The screening process exercised by NDF/J is designed to assure that these two categories are included in the potential beneficiaries group. This tends to narrow the larger target group to a more programatically manageable number."

Even with this focus, which narrowed the entrepreneurial group identified in the MSU/UWI study, it was admitted that:

"There are probably some entrepreneurs included in the MSU/UWI study who will also be excluded from the program - those who are able to secure credit through commercial or government-sponsored channels. (And) there are individuals who, while serious-minded and responsible citizens and willing to learn, do not possess the minimum skills (i.e. mechanical or trade) to be able to successfully mount even a micro enterprise, NDF/J is not set up to provide this type of skills training ... these individuals could only receive serious and favorable NDF/J consideration upon completion of a skills training program conducted by some other private or public sector organization."

Even a superficial analysis of NDF/J data corroborates the claim that its beneficiaries are bona fide members of this target group.

Additional profile characteristics of that segment of the target group which are the focus of the NDF program emerge from a more careful reading of NDF data and statistics. These provide a more complete description of the target group, or more specifically, the actual and potential beneficiaries of the program.

The data utilized in the target projections suggest that the NDF beneficiary has an average of three dependents. This may be so for urban areas, particularly Kingston, but it may be larger in rural areas.

Another dimension is provided by a listing of the criteria utilized to screen applicants. The successful applicant is characterized by the following:

- has assets of no more than J\$150,000;
- is currently an entrepreneur (alone, in partnership or in a group) or, has a demonstrably viable plan/idea for becoming one;
- is demonstrably unable to secure credit from the commercial banking sector or other public or private sector credit programs;
- is able to present good character references;
- does not have a record of bad debts or unpaid bills;
- is 18 years of age or older.

In addition, the enterprise (or proposed enterprise) is in one of the following categories:

- meat retail;
- pastry/restaurant;
- grocery retail;
- repair
- dry good retail
- some other service that is not on the above list;
- manufacturing of building materials;
- crafts;
- food processing;
- footwear;
- furniture making;
- garment/tailoring;
- electrical;
- metal works;
- other manufacturing or production that is not on the above list;
- agricultural - livestock, crops;

but is not on the following:

- disco;
- bar;
- public transportation;
- entertainment.

However, it is noted that even if the applicant fits one of the approved categories, the NDF reserves the right to deny credit for certain categories depending on other criteria to be applied, or on current and local circumstances; i.e. grocery retail is currently not being considered

for loan assistance in Montego Bay; furniture in Mandeville; the manufacture of building blocks is not being considered in Kingston and the branches. These are temporary measures and are indicative of the efforts of the Loans Committee to keep abreast of changing economic times and avoid making loans for enterprises which will probably run into problems.

2. Beneficiary Group Categories

It is instructive to note in which categories the NDF loans have been made; i.e. what type of entrepreneurs have received loans; and in which categories loans have been concentrated. Table III is an aggregate of loans to date as of January 1986 by categories comparing those made in Kingston with those made in the branches. Table IV is an aggregate for the foundation as a whole. Table V compares this aggregate with categories by delinquency and non current status.

These tables were compiled from the spreadsheets prepared by each branch and by Kingston for January 1986. It should be noted that the figures in these tables will not conform with some of the other tables in this report and those in the Coopers & Lybrand report, since these are cumulative through January 1986. Table I, presented and discussed in Subsection A, Goals and Objectives, focuses only on loans made from January 1984 through December 1985. Table IV, which appears later in this subsection, also focuses on that period. The Coopers & Lybrand tables are based on cumulative figures from the first loan through December 1985.

It had originally been intended to use December 1985 as the cut-off date for data to be considered in the evaluation since that coincides with the end of the NDF fiscal year. The Evaluator, however, chose the January 1986 figures for the tables presented and discussed here, since it was obvious that these figures reflect an improvement in the delinquency status

TABLE III

BUSINESSES ASSISTED, BY CATEGORIES -- KINGSTON, MANDEVILLE, MONTEGO BAY

Cumulative, as of January 1986

CATEGORIES	KINGSTON			MANDEVILLE			MONTEGO BAY		
	#	%	Amount	#	%	Amount	#	%	Amount
Meat Retail	29	5	184,072	6	3	28,426	3	3	30,039
Pastry/Restaurant	52	9	515,783	13	6	60,760	11	11	123,499
Grocery Retail	76	13	353,269	12	6	40,588	21	20	119,142
Repair	16	3	131,390	5	2	26,148	6	6	41,412
Dry Good Retail	32	5	181,797	13	6	59,636	7	7	72,914
Other Services	54	9	466,953	14	7	198,723	13	13	235,150
Sub-total	259	44	1,833,264	63	30	414,281	61	59	622,156
Mfg./Bldg. Material	6	1	82,568	4	2	44,507	1	1	19,992
Crafts	34	6	148,070	4	2	13,370	15	14	37,346
Food Processing	12	2	88,251	6	3	43,018	1	1	11,996
Footwear	42	7	182,075	7	3	12,850	-	-	-
Furniture	55	9	524,625	10	5	86,067	10	10	237,758
Garments	151	26	975,224	8	4	63,892	11	11	87,424
Electrical	9	2	85,477	-	-	-	-	-	-
Metal Works	21	4	118,124	4	2	27,299	3	3	41,986
Other	-	-	-	-	-	-	-	-	-
Sub-total	330	56	2,204,414	43	20	291,003	41	39	436,502
Animals	-	-	-	10	5	64,042	-	-	-
Crops	-	-	-	97	46	264,755	2	2	16,871
Sub-total	-	-	-	107	50	328,797	2	2	16,871
TOTAL	589	100	4,037,678	213	100	1,034,081	104	100	1,075,529

Note: Because of rounding, percentages do not add to subtotals or to 100%.

Sources: NDF/J and Branches spreadsheets for January 1986.

TABLE IV

BUSINESSES ASSISTED, BY CATEGORIES -- TOTALS FOR THE FOUNDATION
Cumulative, as of January 1986

CATEGORIES	Number	Percent	Amount	Percent	Average Loan
Meat Retail	38	4.2	242,537	3.5	6,383
Pastry/Restaurant	76	8.4	700,042	11.4	9,211
Grocery Retail	109	12.0	512,999	8.3	4,706
Repair	27	3.0	198,950	3.2	7,369
Dry Good Retail	52	5.3	314,347	5.1	6,045
Other Services	81	8.9	900,826	14.7	11,121
Sub-total	383	42.3	2,869,701	46.7	7,493
Mfg./Bldg. Material	11	1.2	147,067	2.4	13,370
Crafts	53	5.8	198,786	3.2	3,751
Food Processing	19	2.1	143,265	2.3	7,540
Footwear	49	5.4	194,925	3.1	3,978
Furniture	75	8.3	848,450	3.8	11,313
Garments	170	18.8	1,126,540	18.3	6,627
Electrical	9	1.0	85,477	1.4	9,497
Metal Works	28	3.1	187,409	3.0	6,693
Other	-	-	-	-	-
Sub-total	414	46.7	2,931,919	47.7	7,082
Animals	10	1.0	64,042	1.0	6,404
Crops	99	10.9	281,626	4.6	2,845
Sub-total	109	12.0	345,668	5.6	3,171
TOTAL	906	100.0	6,147,288	100.0	6,785

Note: Because of rounding, percentages do not add to subtotals or to 100%.

Sources: NDF/J and Branches spreadsheets for January 1986.

TABLE V

AGGREGATE: BUSINESSES ASSISTED COMPARED WITH DELINQUENCY
AND NON-CURRENT STATUS. BY CATEGORIES
Cumulative, as of January 1986

CATEGORIES	TOTAL LOANS				DELINQUENCY				NON-CURRENT			
	#	%	AMT	%	#	%	AMT	%	#	%	AMT	%
Meat Retail	38	100	243	100	13	34	14	6	7	19	34	14
Pastry/Restaurant	76	100	700	100	25	33	20	3	13	17	48	7
Grocery Retail	109	100	513	100	31	28	39	8	10	9	21	4
Repair	27	100	199	100	10	37	8	4	4	15	22	11
Dry Good Retail	52	100	315	100	16	31	11	4	9	17	49	16
Other Services	81	100	901	100	32	40	29	3	7	9	17	2
Sub-total	383	100	2,870	100	127	33	121	4	50	26	190	7
Mfg./Bldg. Material	11	100	147	100	3	27	6	4	1	9	36	25
Crafts	53	100	199	100	16	31	12	6	4	8	12	6
Food Processing	19	100	143	100	10	53	12	9	2	11	6	4
Footwear	49	100	195	100	11	22	13	7	4	8	4	2
Furniture	75	100	848	100	35	47	36	4	4	5	30	4
Garments	170	100	1,126	100	60	35	34	3	5	3	9	1
Electrical	9	100	85	100	3	33	5	6	-	-	-	-
Metal Works	28	100	187	100	10	36	5	3	5	18	24	13
Other	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	414	100	2,932	100	148	36	123	4	25	6	122	4
Animals	10	100	64	100	-	-	-	-	1	10	6	9
Crops	99	100	282	100	13	13	26	9	3	3	8	3
Sub-total	109	100	346	100	13	12	26	8	4	4	14	4
TOTAL	906	100	6,147	100	288	32	270	4	79	9	325	5

Note: Because of rounding, percentages do not add to 100% nor subtotals to totals. Percentages are figured horizontally: delinquency and non-current as percentages of loans per category. These percentages understate the real rates of delinquency since they are calculated on the base of cumulative totals rather than on outstanding number of loans and balances.

Sources: NDF/J and Branches spreadsheets for January 1986.

over the December 1985 figures. Management in Kingston and the branches indicated that, seasonally, November and December present a poor showing since many clients are using available cash for the Christmas/New Year season. They become current in January, or, at least, improve their status with earnings realized during the holiday season.

Looking at the record of the foundation as a whole, (Table IV) a revealing picture of which category of clients have received the highest concentration of NDF assistance emerges. In terms of number of loans made, garment-makers outstrip all other categories of the overall beneficiary group. They are followed by grocery retailers and farmers, raising animal and/or crops, which are tied for second place:

- garments	170 loans	18.8% of total loans
- grocery retail	109	12.0%
- farmers	109	12.0%

In terms of amounts loaned, garment-makers still lead the pack. However, entrepreneurs in the "other services" category take second place with carpenters making furniture in the third, which are fourth and sixth, respectively, in number of loans received - 81 (8.9%) and 75 (8.3%):

- garments	\$1,126,540	18.3% of total loans
- other services	900,816	14.7%
- furniture	848,450	13.8%

Not far behind are pastry/restaurant with 11.4% of amount loaned, and is fifth in number of loans - 75 (8.4%). Interestingly enough, grocery retail holds fifth place in terms of amount loaned (\$700,042, 11.4%) and farmers hold sixth place (\$345,668, 5.6%).

Thus, the top six categories in both number of loans as well as amount loaned are: garments, grocery retail, farmer, other services, furniture, and pastry/restaurant.

The categories receiving the least number of loans are, in ascending order:

- electrical (with 1.0% of loans and 1.4% of amount)
- building materials (with 1.2% and 2.4%, respectively)
- food processing (with 2.1% and 2.3%, respectively)
- repair (with 3.0% and 3.2%, respectively)
- metal works (with 3.1% and 3.0%, respectively).

In between these and the highest categories, also in ascending order, are:

- meat retail (with 4.2% and 3.5%, respectively)
- dry goods retail (with 5.3% and 5.1% respectively)
- footwear (with 5.4% and 3.1%, respectively)
- crafts (with 5.8% and 3.2%, respectively).

One might assume that the above figures reflect, or, at least, suggest relative demand for NDF assistance between the categories. However, this would not be completely accurate without compiling a similar set of statistics based on the loan applications in process and comparing the two sets of tables.

Table III is useful in comparing the overall distribution of loans with the distribution in the Kingston office and the branches. For instance, no farm loans have been made out of the Kingston office; and, no electrical works loans have been made in the branches. No footwear loans have been made in Montego Bay. Garments category leads in Kingston, but is in sixth place in Mandeville and fourth in Montego Bay. Farmers received 50% of the loans made in Mandeville while crafts is at the top of the list in Montego Bay.

Table IV was compiled to trace performance of the categories in terms of delinquency and non current status. As noted in the table, the percent figures listed in the delinquency and non-current columns are percent of the category, either number of loans made or of amount loaned. They understate the real, current rates since they are calculated on the base of cumulative totals rather than on current number of loans and current

balance. For these figures, the reader is referred to the Coopers & Lybrand report, which should be considered as a companion to this report, and vice versa.

The categories which appear to show the highest rates of delinquency with regard to number of loans made in that category are:

- food processing, 53%
- furniture, 47%
- other services, 40%
- repair, 37%
- metal works, 36%
- garments, 35%

Farmers have the best record with 12% delinquency in terms of number of loans made in that category. The next best are footwear, with 22%; building materials, with 27%; and, grocery retail, with 28%. All other categories are 30% or over.

In terms of amount loaned, the best record is shared by four categories, with 3% of total amount loaned in that category - pastry/retail, other services, garments, and metalworks. The worst record is in food processing, 9%; followed by farmers, 8%; grocery retail, 8%; and footwear, 7%. Other categories range between these two groups, 4% to 6%.

The worst record in the non current status, in terms of number of loans, is demonstrated by the meat retail category with 19%; followed by metalworks, 18%; pastry-retail, 17%; dry goods retail, 17%; and repair, 15%.

All other categories are under 10%, with no electrical in non current. An exception is animals, a subdivision of the farmers category, which has one loan, out of a total of ten made, in non current status, for a percentage rating of 10%, but the overall rating for farmers is 4%, since most loans were made for crops, 99, rather than animals, out a total of 109 loans made to farmers.

Only 3% of the loans made in the garments category are found in non current status. Next highest is furniture, 5%.

In terms of amount loaned, building materials has the highest rate - 25% of the total amount loaned for this category. However, only one business in this category is responsible for this high rate. Building materials is followed by dry goods, 16%; meat retail, 14%; metalworks, 13%; and, repair, 11%.

All other categories are under 10%, with no electrical in non current, as indicated above. Garments has 1%; footwear, 2%; with grocery retail, food processing, furniture, and farmers, each 4%.

The listing is suggestive, but additional, more intensive research would be needed to make a determination that a given category represents a potentially higher risk than others.

3. Client Survey

One of the tools utilized in the evaluation was to conduct a client survey. Table VI summarizes this survey. As stated in the discussion in Part One on the methodology employed in conducting the evaluation, it was planned to provide a ten percent sampling of the clients who received loans between December 1983 and prior to December 1985 (in order to focus on OPG II clients). However, the sample only represents a seven percent sample, since some questionnaires were not turned in and some were incomplete. Nevertheless, the results provide a reasonably good perspective of the NDF program from the client viewpoint.

The completed questionnaires were left with NDF, since they contain far more information than can efficiently be reflected in this report, particularly the commentaries provided by the clients who were interviewed. The NDF should find these useful in any additional analytical exercises it

may wish to conduct, particularly in preparation for the impact evaluation planned for March 1987.

Currently, two American University students, working out of the University of the West Indies campus, are conducting a more intensive survey, to be completed by the end of May 1986, which should also provide additional data and information for planning and evaluation purposes.

Table VI presents a statistical summary of the client survey. It aggregates the answers to the questionnaire (which is presented in Annex C). The table is keyed to the questionnaire. It is divided into four major columns - one each for Kingston, Mandeville, Montego Bay and the sum of these three, for a total foundation picture.

The total amount of loans represented in the sample was \$514,400 (rounded to the nearest hundred). The smallest loan was for \$1,000 and the largest was \$63,100, in Kingston, with the average \$11,200. This is higher than the average loan listed in Table IV - \$6,785. The Kingston loan for \$63,100 and a loan for \$45,300, Montego Bay, also included in the survey, created a higher average for the sample.

It is interesting to note that while clients were asked if they were current in the payments (question 13), a cross-reference to question 3, which was based on NDF records and not on responses from clients, their answers indicate a marginal understatement on the part of clients. Whereas 63% of clients surveyed indicated that they were current, the record indicates that 59% were, a difference of 4 points.

As might be expected, the highest percentage of clients surveyed were garment makers - 24%. The next highest was farmers, weighted by the number of client-farmers surveyed in Mandeville (46%). The next highest categories were furniture, 11%, and, pastry/restaurant, 9%.

The lowest number surveyed were dry goods retail and metal working, each 2%. No clients in the electrical category were surveyed.

Unfortunately, the breakdown between existing and new businesses at time of loan application is not complete in that there was a 25% non-response to this question. However, 17% of those surveyed were new businesses and 57% were existing businesses.

The vast majority of those surveyed were sole proprietors - 78%, of which, 42% were male and 31% were female with a non-response factor of 37%. Partnerships accounted for 13% of the businesses surveyed. Limited Liability Companies accounted for 9%.

The majority of clients heard about the NDF program by word-of-mouth - 70%, with the media (radio, T.V., newspapers), next - 22%. Referrals accounted for 17%. Referral by SBA was identified by 15% of the clients surveyed.

Clients surveyed indicated an average of 16 weeks wait for their loans to be processed, with 52 weeks being the longest and 1 week (did the client mean 1 month?) the shortest. Unfortunately, the office record was not completed by the Kingston and Mandeville survey staff, so there is no way of verifying the clients responses. However, in Montego Bay the office record for the clients surveyed was listed as 52 weeks as longest waiting period, with 6 the shortest and 22 the average.

In spite of the waiting period, 54% of clients surveyed indicated that they felt it was "about right", with 30% stating that it was "too long" and 11% stating that it was "very quick". There was a non-response factor of 4%.

When asked if they had any problems in getting the loan, 89% answered "no"; 7% answered "yes"; and 4% did not respond. When asked about the

terms and conditions of the loan (interest rate, repayment time and procedure), 70% indicated they were "OK". Interestingly enough, the dissatisfaction was not with the interest rate, but with repayment schedule - a more stretched out period was desired - and some of the disbursement procedures.

The vast majority indicated that they had used the loan for the purpose they stated when they applied for the loan - 96%; with only 2% indicating "no". Another 2% did not respond.

The Loan Impact question had four parts: impact on income; new employment generation; jobs protected; and, business expansion.

The majority realized an increase in income - 63%; with 17% indicating that income had remained the same. A surprising 15% stated that their income had decreased. Some of the FEOs indicated that this was not all that surprising if the respondent utilized the loan to start up a new product line or service and were questioned during the early phase. These clients often do realize a temporary decline in income while they organize their new activities which may include the installation of new equipment and promotion of the new service or product to be offered.

Close to two-thirds (61%) indicated that loan assistance had helped them create new jobs, with 35% indicating no new employment. It is difficult to determine what proportion of existing businesses were able to create new employment since responses to the new versus existing were incomplete. But even with this handicap it is still apparent that a number of existing businesses hired new employees. Obviously, new businesses are creators of new employment.

In the overall sample, a total of 39 new full-time jobs had been created, for an average of 1.7; and 36 new part-time jobs, for an average of 1.3, per each client responding in the affirmative. A total of 140 jobs

were protected, for an average of 3 per respondent.

Over half (54%) of the clients surveyed indicated that they had expanded their business, with 26% indicating no expansion, and 20% not responding. Most of the expansion appeared to occur in the purchase and utilization of new equipment and in starting up a new service line or introducing a new product.

The question regarding TAT (technical assistance and training) was phrased to see if the clients could respond without coaching. They were asked if they had received any practical advice, guidance and/or suggestions. The majority (87%) answered in the affirmative and most were able to identify in this and the subsequent question what assistance had been received. While there was a 2% non-response rate 11% gave negative responses.

When asked how they felt about the TAT, 83% stated that it was "useful", 7% stated that it could have been better, and 11% did not respond - possibly, the same 11% that answered negatively to the previous question.

The final two questions requested opinions of the clients regarding the NDF. The vast majority (91%) stated that it was doing "good job", with 4% indicating "So So" and another 4% not responding. None stated that it was not doing a good job. The comments to this question and the subsequent question - suggestions for the NDF, how it could do a better job, what it should do differently, what other services it should provide - were, for the most part complimentary to the NDF. Some wanted to see the NDF make housing and construction loans. Some wanted larger loans. Most felt it was providing a real service in the community. Without its assistance they would not have had any other program to which they could turn and some stated that they might have gone out of business or would not have been able to open the new business made possible by the NDF loan.

TABLE VI

CLIENT SURVEY SUMMARY

Note: Clients selected at random from clients receiving loans after December 1983 and prior to December 1985 -- a total of 626: Kingston - 354; Mandeville - 190; Montego Bay - 102. Selection was every 35th loan, Kingston; every 20th loan, Mandeville; and every 10th, Montego Bay. This would have yielded a 10% sampling.

Only Montego Bay turned in 10 fully completed questionnaires -- a 10% sample; Mandeville - 13, a 7% sample; Kingston - 23, a 6% sample; for a total of 46, a 7% sample for the Foundation.

This table is keyed to the Questionnaire.

QUESTION	KINGSTON		MANDEVILLE		MONTEGO BAY		NDF TOTAL		
	Base: 23		Base: 13		Base: 10		Base: 46		
3. Loan Amount (J\$000)									
Total Sample	274.5		84.6		155.3		514.4		
Average	11.9		6.5		15.5		11.2		
Smallest	2.0		2.0		1.0		1.0		
Biggest	63.1		20.0		45.3		63.1		
Arrears:	Yes	10	43%	3	23%	4	40%	17	37%
(# not \$)	No	12	52%	9	69%	6	60%	27	59%
(Office Record)	N/A	1	4%	1	8%	-	-	2	4%
6. Business Category:									
Meat Retail	2	9%	-	-	-	-	2	4%	
Pastry/Restaurant	2	9%	-	-	2	20%	4	9%	
Grocery Retail	3	13%	-	-	-	-	3	7%	
Repair	2	9%	1	8%	-	-	3	7%	
Dry Goods Retail	-	-	1	8%	-	-	1	2%	
<u>Other Services</u>	-	-	1	8%	2	20%	3	7%	
Mfg./Bldg. Materials	-	-	-	-	-	-	-	-	
Crafts	2	9%	-	-	-	-	2	4%	
Food Processing	1	4%	2	15%	-	-	3	7%	
Footwear	2	9%	-	-	-	-	2	4%	
Furniture	1	4%	1	8%	3	30%	5	11%	
Garment Making	7	30%	1	8%	3	30%	11	24%	
Electrical	-	-	-	-	-	-	-	-	
Metal Working	1	4%	-	-	-	-	1	2%	
<u>Other</u>	-	-	-	-	-	-	-	-	
Livestock	-	-	-	-	-	-	-	-	
Crops	-	-	6	46%	-	-	6	13%	
New	3	13%	4	31%	1	10%	8	17%	
Existing	11	48%	6	46%	9	90%	26	57%	
N/A	9	39%	3	23%	-	-	12	26%	

TABLE VI (Continued)

QUESTION	KINGSTON Base: 23	MANDEVILLE Base: 13	MONTEGO BAY Base: 10	NDF TOTAL Base: 46
7. OWNERSHIP				
<u>Sole Proprietor</u>	19 83%	10 77%	7 70%	36 78%
Male	(9 47%)	N/A -	(6 86%)	(15 42%)
Female	(10 53%)	N/A -	(1 14%)	(11 31%)
<u>Partnership</u>	3 13%	3 23%	- -	6 13%
Male	- -	N/A -	- -	- -
Female	(1 33%)	N/A -	- -	- -
Male/Female	(2 67%)	N/A -	- -	- -
<u>Ltd. Liability Co.</u>	1 4%	- -	3 30%	4 9%
Male	(1 100%)	- -	N/A -	(1 25%)
Female	- -	- -	N/A -	(1 25%)
Male/Female	- -	- -	(2 67%)	N/A 50%

(Note: % in () are % of subcategory, not of entire sample.)

8. HEAR ABOUT NDF

Media: (R/TV/Newsp.)	5 22%	4 31%	1 10%	10 22%
Word of Mouth	18 78%	7 54%	7 70%	32 70%
Referral:	3 13%	2 15%	3 30%	8 17%
SBA	3 13%	2 15%	2 20%	7 15%
Other	2 19%	2 15%	1 10%	5 11%

(Some indicate more than one source.)

9. LOAN PROCESSING TIME

	Weeks	Weeks	Weeks	Weeks
Longest	36	32	52	52
Shortest	4	1 (?)	6	1
Average	17	11	22	16
N/A	2	1	-	3
<u>Office Record</u>				
Longest	inc. N/A	N/A	52	-
Shortest	inc. N/A	N/A	8	-
Average	inc. N/A	N/A	22	-

10. ATTITUDE TO TIME

Too long	7 30%	3 23%	4 40%	14 30%
About right	15 65%	7 54%	3 30%	25 54%
Very quick	1 4%	2 15%	2 20%	5 11%
N/A	- -	1 8%	1 10%	2 4%

TABLE VI (Continued)

QUESTION	KINGSTON Base: 23		MANDEVILLE Base: 13		MONTEGO BAY Base: 10		NDF TOTAL Base: 46	
11. PROBLEMS GETTING LOAN								
No	22	96%	11	85%	8	80%	41	89%
Yes	1	4%	-	-	2	20%	3	7%
N/A	-	-	2	15%	-	-	2	4%
12. TERMS & CONDITIONS								
OK	14	61%	10	77%	8	80%	32	70%
Could Improve	7	30%	2	15%	2	20%	11	24%
Not OK	2	9%	1	8%	-	-	3	7%
13. ARREARS								
Yes	81	35%	4	31%	4	40%	16	35%
No	14	61%	9	69%	6	60%	29	63%
N/A	1	4%	-	-	-	-	1	2%
14. LOAN USED FOR PUROSE								
Yes	23	100%	12	92%	9	90%	44	96%
No	-	-	-	-	1	10%	1	2%
N/A	-	-	1	8%	-	-	1	2%
15. LOAN IMPACT								
a. Income:								
increased	18	78%	3	23%	8	80%	29	63%
decreased	2	9%	5	38%	-	-	7	15%
same	2	9%	4	30%	2	20%	8	17%
N/A	1	4%	1	8%	-	-	2	4%
b. New Employees:								
No	9	49%	2	15%	5	50%	16	35%
Yes	13	57%	11	85%	4	40%	28	61%
N/A	1	8%	-	-	1	10%	2	4%
Yes:								
F/time empl.								
Total	17		8		14		39	
Average	1.3		0.7		3.5		1.7	
P/time empl.								
Total	6		25		5		36	
Average	0.5		2.3		1.3		1.3	
c. Number jobs protected								
Total	62		42		36		140	
Average	2.7		3.2		3.6		3.0	

TABLE VI (Continued)

QUESTION	KINGSTON' Base: 23		MANDEVILLE Base: 13		MONTEGO BAY Base: 10		NDF TOTAL Base: 46	
d. Business expansion								
Yes	11	48%	7	54%	7	70%	25	54%
No	7	31%	3	23%	2	20%	12	26%
N/A	5	22%	3	23%	1	10%	9	20%
New equipment	9	39%	2	19%	3	30%	14	30%
New facilities	3	13%	-	-	1	10%	4	9%
New location	3	13%	1	8%	-	-	4	9%
New product/ service line	7	30%	1	8%	5	50%	13	28%
(Some answered more than one.)								
16. TAT								
No	2	9%	2	15%	1	10%	5	11%
Yes	20	87%	11	85%	9	90%	40	87%
N/A	1	4%	-	-	-	-	1	2%
17. Useful								
Could be better	3	13%	-	-	-	-	3	7%
N/A	2	9%	3	23%	-	-	5	11%
19. GOOD JOB								
Yes	21	91%	11	85%	10	100%	42	91%
So So	1	4%	1	8%	-	-	2	4%
No	-	-	-	-	-	-	-	-
N/A	1	4%	1	8%	-	-	2	4%

II. THE FOUNDATION

This section is divided into two subsections: organizational structure, roles and relations; and, institutional development, which includes an analysis of the administrative systems, staff development and program management. Financial management, which would be included in this section, is covered in the Coopers & Lybrand report.

This section is purposely presented in a briefer form than the previous section on program. The Evaluator believes that a detailed analysis of a program and the manner in which it is conducted reveals a great deal about an organization and the way it is organized and managed. Granted, much of this is implicit rather than explicit, but the program is the reason an organization such as the NDF exists. If it is apparent that the program is doing the job it was planned to do - if it is reaching the target group that the foundation has identified - if the beneficiaries of the program are generally satisfied with the program and are benefitting from it - then the nature of the issues and areas to be probed about the foundation itself can be more narrowly focused. If serious problems or deficiencies in the program are identified, then a probe into management and organization, administrative systems and procedures, Board/Management/Staff relations is mandatory in order to determine whether the cause or causes for those deficiencies or problems are internal and, if so, in what area or areas they lie. But the issues have already been identified - implicitly or explicitly.

A Organizational Structure, Roles and Relations

1. The Board and Its Committees

The Board of Directors is comprised of 15 members elected by the

general membership of the foundation, currently 111. The Board, like the general membership, is drawn from a wide spectrum of the private sector. By statute, the Small Business Association (SBA), which was instrumental in the organization and establishment of the NDF/J, has three seats on the Board.

The Board decided early on not to name an Executive Committee. Instead, the Board meets on a monthly basis and always has met with a quorum.

There are three standing committees of the Board, whose titles are self-explanatory:

- Public Relations/Fund-Raising Committee,
- Finance and Audit Committee,
- Loans Committee.

The Loans Committee, is the most active in terms of number of meetings and intimate involvement in the program of the NDF/J. It meets usually twice monthly, which means that the members of this committee generally attend three meetings of the NDF/J per month. While noting the dedication of this committee, no question regarding the dedication of the other two committees is implied.

The Board occasionally appoints ad hoc committees for specific activities or matters of concern, such as the recently appointed Salaries Committee.

In addition to these committees, there is an Advisory Committee for each of the branches. There are currently two such committees: Mandeville and Montego Bay. One is currently being organized for the Ocho Rios Branch, which is to be officially inaugurated in April 1986. The Chairman

of these Committees are members of the Board, which occasionally rotates its place of meeting to one of the branches, usually in keeping with a special event, such as the inauguration or opening of a branch.

Each of these Committees has a sub-committee - a Loans Committee. The Board has delegated substantial degree of authority to the Advisory Committees and their Loans Committee. Each branch is assigned a budget for operating expenses and new loan funds at the beginning of the year. The Loans Committees are fully responsible for the analysis and approval of loan applications and for mandating disbursement procedures, within the overall guidelines of the foundation. A Loans Committee can determine whether it is in its best interest to temporarily defer consideration of approved categories. Thus, Mandeville has temporarily discontinued acceptance of furniture loan applications and Montego Bay has discontinued acceptance of grocery loan applications in the urban area of Montego Bay.

The hiring of staff, particularly the Branch Manager, is reserved as an institutional function and is controlled by Kingston. This is discussed in the next subsection.

As in Kingston, the branch committees include a representative spectrum of the local private sector.

The Board and the committees of the NDF serve on a voluntary basis. The amount of time these busy professional and business persons devote to the NDF program without remuneration represents a critical in-kind contribution which is not adequately reflected in the budget projections of the NDF. It is obvious that each member believes in the program and is willing to sacrifice time which could be spent on other activities.

2. Management

While the Board and its Committees exercise a great deal of control over their program and carefully scrutinize performance - utilizing their collective skills as bankers, lawyers, accountants, insurance executives, business persons - the Board does not intrude into the operational management of the foundation. Appropriate authority is delegated to the Executive Director, who sits on the Board, and through him to the rest of the management team.

Table VII is a graphic depiction of the organization of the foundation.

The management team is headed by the Executive Director. The senior management team is composed of the Executive Director, the Financial Controller and the Operations Manager and includes the Training and Research Officer. The latter works under the supervision of the Operations Manager, who, together with the Financial Controller, reports directly to the Executive Director.

A mid-management team, which reports directly to the Operations Manager, is composed of the Branch Managers - Mandeville, Montego Bay and now, Ocho Rios.

3. Staff

The majority of staff is detailed to the Kingston Office, with a staffing pattern of 22 positions, with one current vacancy - an FEO. This staff is reinforced periodically by the inclusion of Peace Corps Volunteers and HEART trainees. Currently, there is one PCV, serving as an FEO, and one HEART trainee, in the Accounting Department.

NATIONAL DEVELOPMENT FOUNDATION OF JAMAICA

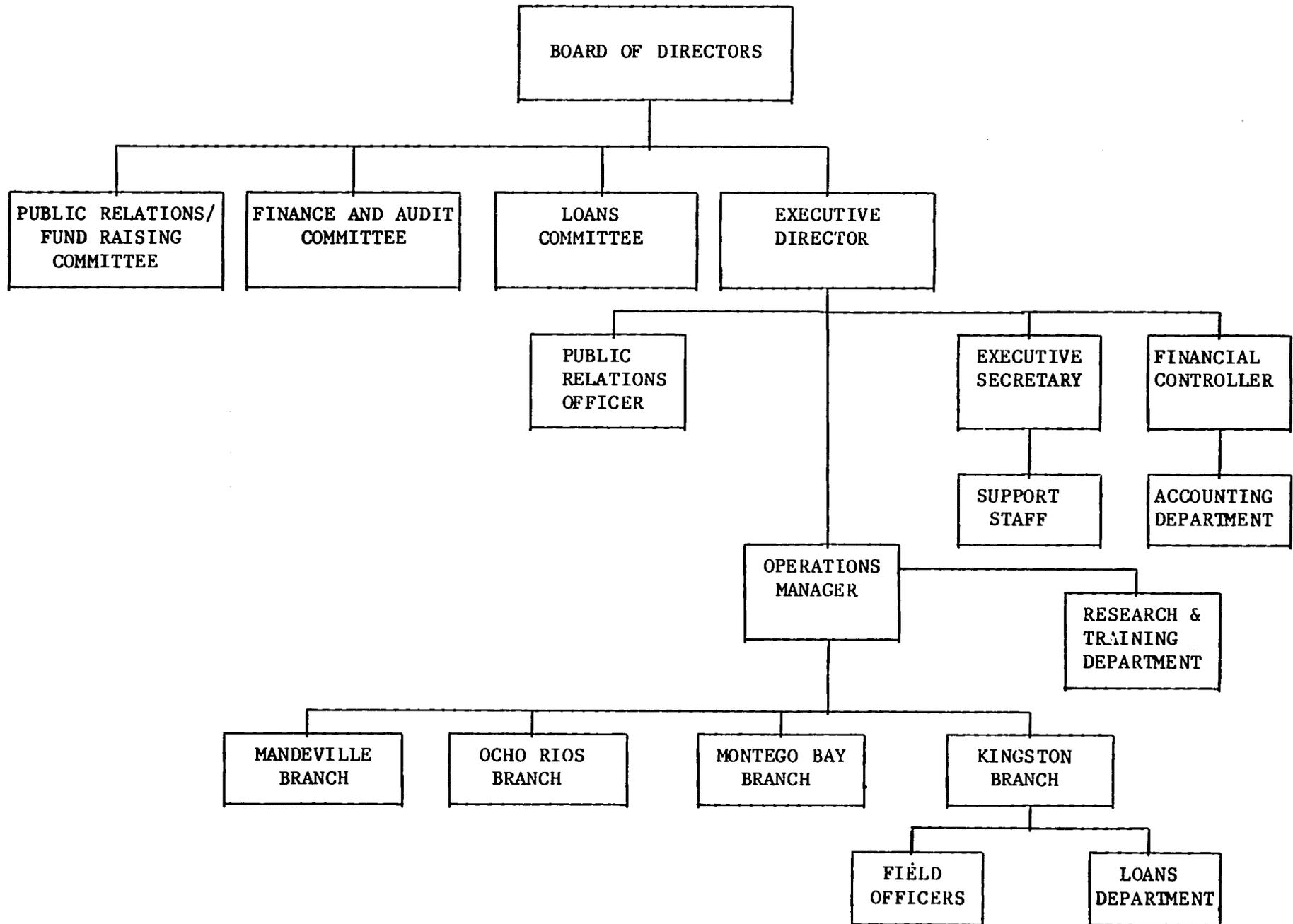


TABLE VI

Most staff report to the Operations Manager:

- 5 FEOs, (counting the vacancy and the PVC)
(only 3 FEOs are currently assigned to processing loan applications)
(2 FEOs are designated as Senior FEOs)
- 2 Small Business Counsellors
- 1 Collections Officer
- 1 Loans Officer, who has a staff assistant
- 1 Senior Secretary
- 1 Clerical Assistant/Typist
- 1 Receptionist/Typist
- 1 Interviewing Officer.

The latter two report to the Training and Research Officer, who, as indicated above, reports to the Operations Manager.

The Executive Secretary reports to the Executive Director. She supervises:

- 1 Messenger
- 1 Office Helper.

The Public Relations Officer also reports to the Executive Director.

The Financial Controller has the following staff reporting to him:

- 1 Confidential Secretary
- 1 Computer Coordinator
- 1 Accountant, who has two staff assistants.

Mandeville Branch has the following staff:

- 2 FEOs (plus one vacancy, 1 is designated Senior FEO)
- 1 Secretary
- 1 Administrative Assistant
- 1 Office Helper.

Montego Branch has the following staff:

- 2 FEOs (plus one vacancy, 1 is designated Senior FEO)
- 1 Loans Officer/Accountant
- 1 Secretary
- 1 Messenger/Watchman.

B. Institutional Development

1. Administrative Systems

The NDF/J has a fairly complete and adequate set of administrative systems in place and functioning, covering broad functional areas, such as:

- personnel policies and procedures, including job descriptions;
- loans policies and procedures;
- financial and accounting policies and procedures;
- Board and committee policies and procedures;
- procurement and purchasing policies and procedures.

Most of these were developed during the OPG I period, but have been periodically reviewed, revised and up-dated. Most are contained in the Administrative/Personnel Policies and Procedures Manual.

One exception is noted. While the role and responsibility of the Advisory Committees was outlined in the correspondence between Board and the newly-formed committees as branches were organized and inaugurated, this, apparently, has not been formalized in the development of a policy statement which could take its place along with the other policy descriptions of committee roles and functions.

This has the potential for creating tension between the branches and the Board. With absence of rancor and in a candid manner, some Advisory Committee members interviewed by the Evaluator, mused as to what the effective role of the Advisory Committees is or should be after the initial organizational phase. They indicated that, in their opinion, the critical Board-level work in the branches is handled by the Loans Committee.

The NDF/J appears to be deploying the various administrative and management functions in a reasonably smooth and effective manner. Lines of authority, delegation, communication and reporting responsibility are quite clearly delineated. The manner in which these functions are actually operating is discussed in the following subsections.

2. Staff Development

Early on the NDF established criteria for the careful recruitment and selection of staff; for in-house orientation and on-the-job training; and, for the maximum exercise of in-house promotion. Evidence of this policy emphasis is the fact that the three current Branch Managers have moved into those positions after serving an apprenticeship period as FEOs. The new Ocho Rios Manager was the first Branch Manager appointed by the NDF/J, when he was assigned the task of organizing and opening the Mandeville Branch. Based on his experience there, he was assigned a similar task in Ocho Rios.

Women play an important role in the NDF. The Public Relations Officer, who was promoted from the position of Executive Secretary, the Loans Officer, the Accountant, and one Senior FEO are all women. The latter was offered a Branch Manager position but had to decline due to family considerations which required her remaining in Kingston.

Women play an active role on the Board and their committees.

Other than turnover at the entry and probation period, there has been relatively little management and staff turnover. An examination of staff terminations indicates that most were voluntary - leaving for personal reasons - opportunities elsewhere.

During the OPG II period the Executive Director resigned to accept another executive appointment and is currently on the staff of PADF, where his insight into the workings of a national development foundation is being fully utilized. The Board, after a concentrated search, requested one of its members to assume the position for a temporary period. Following this period he was offered and accepted a two-year contract appointment, which terminates in December 1986, unless extended.

Three voluntary separations were scrutinized by the Evaluator. One was the Montego Bay Branch Manager, the others were an FEO and the Confidential Secretary. In each case, it is apparent that Board and/or Management exercised a great deal of cautious evaluation before making the final critical decision. While those requested to leave may have left with a degree of bitterness, NDF has not been faced with any litigation.

The handling of the dismissal of the Montego Bay Manager possibly might have been handled more smoothly, since, although all concerned now agree that the action was necessary and in keeping with the interests of the foundation, apparently some misunderstandings arose within the Advisory Committee and between it and the Board. While Advisory Committees are consulted in the hiring and firing of branch staff, the Board reserves the right of final control. This is in keeping with usual institutional and corporate practices.

The matter of salaries and additional benefits has been raised and discussed on more than one occasion at the Board level. An ad hoc Salaries Committee recently performed the latest analysis of this topic. One of the Board members who participated in this exercise, which involved, both currently and in previous assessments, a comparative analysis of NDF salaries and benefits in similar, though not identical, institutions and positions in the Kingston area. When questioned where he would place the NDF in a spectrum of 1 to 10, which would include the banking sector, he suggested that although the NDF would not rank in the top five it was not at the bottom of the scale. It probably ranks somewhere between 3 and 5.

Since there has not been a rapid or large staff turnover, and, even though most staff responding to the staff survey, discussed below, indicated that they felt they were underpaid, it would appear that

compensation is reasonable. A development organization, such as the NDF/J, cannot afford to undercompensate staff, unless all are serving in a semi-volunteer capacity, or once trained they will move on to better positions outside the organization.

While all new recruits receive initial orientation and training as well as on-the-job training, the quantity and quality varies, depending on when they have been recruited and how critically they are needed on the job. The bulk of training is focused on the FEOs and the Small Business Counsellors - understandably so, since they carry the bulk of the burden of daily contact with applicants and clients.

In the staff survey, all staff were requested to participate, including office helpers and messengers. With a 79% response rate, 97% answered in the affirmative regarding whether they had received any training in or through the foundation. A canvass of ten key staff in Kingston revealed that all had received some training, although some had received a minimal amount compared to others. Most of the latter had received both in-country as well as out-of-country training.

The findings of the Staff Survey are reported in a subsequent subsection (See: C. Staff Survey.).

NDF takes full advantage of out-of-country (and some in-country) seminars and workshops in which it is invited to participate. Obviously, it is not possible for each staff person to attend all of the sessions. It does not appear, though, to be a regular practice to spread the training received to the entire staff complement; i.e. having each returned trainee share his/her training experience with staff, at least those who could most benefit.

The initial training of the first and second group of FEOs, under PADF sponsorship during the OPG I period, was far more intensive and comprehensive than is the case with newly recruited FEOs. OPG I included a substantially larger budget for this type of training, which was conducted by PADF personnel or contract consultants. The NDF compensates for the less intensive training of newly recruited FEOs by assigning them to work with Senior FEOs; i.e. on-the-job training replaces some of the previously provided structured, classroom training and may, in fact, be more practical in the Jamaican context. Orientation in Kingston is coordinated by the Training and Research Officer and involves participation of the Operations Manager, the Executive Director and key staff.

Nevertheless, in interviews with the newer group of FEOs, the Evaluator discovered that often the Kingston phase is somewhat curtailed due to demand for the FEO in the field. Whether this has had or is having a negative impact on the performance of the FEOs is not readily apparent.

As suggested above, the NDF does take advantage of out-of-country training, most, but not all, of which is sponsored by PADF. Current OPG II budget provides for 15 to 18 participants in PADF-sponsored seminars.

The budget also provides for a limited amount of technical assistance to be provided under an OPG subcontract with PADF. The amount involved is minimal and includes provision for the current evaluation. PADF's contract role also covers equipment procurement in the U.S. PADF supplements this budget by securing equipment contributions from U.S. corporations and organizations. The most notable of these was the provision of the IBM computer from IBM World Trade.

NDF has also established a relationship with FIT (Foundation for International Training) funded by CIDA (Canadian International Development

Agency). FIT provides the salaries and training for the two Small Business Counsellors and the training manuals they use. FIT has also provided both in-country as well as out-of-country training, which has included some of the FEOs in addition to the Small Business Counsellors.

While the OPG II period has been characterized by a substantially lower level of external technical assistance and training than was the case during the OPG I period, it does not appear that this has had an adverse effect on the foundation or its program. This has forced it to be more self-reliant and this is a plus.

3. Program Administration and Management

As indicated previously, NDF has a fairly complete set of administrative and management procedures in place and functioning.

There is regular and intensive reporting from one level to the next - from staff to management and from management to Board. The paper produced by the NDF in a one-month period is impressive. The most comprehensive involves financial reporting, including loan fund status.

The staff reports, both in Kingston and from the branches, are aggregated in the reports prepared and presented to the Board on a monthly basis by the Executive Director and the Financial Controller. The Executive Director's report includes inputs from the Operations Manager and the Research and Training Officer.

This formal reporting is supplemented by oral reporting at meetings and ad hoc sessions.

It is apparent that management and Board utilize the reporting system as a key tool in monitoring the program. A review of Board minutes reveals that key issues and problems, including the two major problems identified earlier - cash flow and loan processing backlog - have been reported to the

Board and have been discussed. The potential of a critical cash flow problem was identified last fall and the Board took steps to avert it by instructing management, with assistance from the Finance and Audit Committee, to initiate an intensive budget review to determine where and what costs could be reduced or eliminated. The Board Chairman, the Executive Director and the Director in charge of fundraising made the rounds of Embassies and of funding organizations with resident representatives in Kingston. This is further discussed in the next subsection.

The Board utilized the forum of a retreat, mid-year in 1985, to address some of these issues and to provide guidance, including the redefinition of some policies, to management.

While the Evaluator notes that there has been and continues to be extensive reporting from staff to management and from management to Board and that there is fairly complete documentation, he is inclined to believe that the major emphasis is on the performance of the credit component of the program, particularly the record of loans approved and disbursed and arrears status. He was not able to find evidence that the full dimension of the loan applications processing backlog had been sufficiently impressed on the Board. He is satisfied that management was aware of the dimensions, at least in a broad sense, and that some corrective measures were instituted in Montego Bay and to a lesser extent in Kingston.

Among the various forms that are prepared on a monthly basis is one titled "Operations Report". The branches are required to prepare this and send it in on a monthly basis. If filled out accurately and completely it provides a clear picture of movement by categories from initial inquiries (walk-ins who pass through the initial screening) through to loans to date. The spectrum of activities is contained in ten columns and even

includes one to indicate number of projects eliminated. As a tool, it would highlight just where in the pipeline backlogged applications are to be found.

It was admitted that this report is not always prepared in a timely manner in the branches and that in Kingston there are some months when it is not prepared in full.

C. Staff Survey

A tool utilized in the Evaluation was the conduct of a staff survey. The findings were to be utilized to corroborate staff interviews, which, per force, were selective, given the large number of staff.

All staff, at every level, except the Executive Director, were invited to participate with the assurance that the filled-in questionnaires would be handled in a confidential manner which were to be turned in anonymously. The questionnaire that was utilized is presented in Annex C.

Mandeville and Montego Bay turned in a 100% response, while Kingston's rate was 86%, bringing the total for the foundation to 87%.

Table VII is an aggregate of the responses. In order to preserve anonymity, the responses by branches and Kingston are not presented separately even though comparisons between them are instructive.

While answers to questions 5, 6 and 7 suggest a degree of frustration at the staff level, comments provided suggest that it is not so much a question of access as it is of action, or at least, a conclusive timely response.

More importantly, in spite of apparent frustrations, the answers to questions 2 and 12 indicate that the level of frustration does not spill over into attitude towards the NDF program.

However, it should be noted that the majority of staff feel that the processing and monitoring procedures could be improved. ("So-So" answers are another way of suggesting the need for improvement.) While this may be regarded as a negative response by staff, it should be viewed as healthy and constructive criticism.

TABLE VII

QUESTIONS	RESPONSES	#	%
1. NDF program really reaching target group	YES	28	90
	NO	3	10
2. How do you feel about your role in program	MARGINAL	1	3
	IMPORTANT	28	90
	N/A	2	6
3. Do you feel	OVERWORKED	16	52
	OK WORKLOAD	14	45
	UNDERUTILIZED	1	3
4. Do you feel	UNDERPAID	20	65
	OK PAY	9	29
	OVERPAID	-	-
	N/A	2	6
5. Management aware of your problems	YES	25	81
	(BUT)	7	28
	NO	6	19
6. Ready/friendly access to your supervisor	YES	28	90
	(BUT)	5	18
	NO	6	19
7. Access/means to go to next level with problem	YES	28	90
	(BUT)	4	14
	NO	3	10
8. Does this system work	YES	18	58
	(BUT)	5	28
	NO	3	10
	N/A	10	32
9. Procedures-processing/monitoring loans	EFFICIENT/EFFECTIVE	10	32
	SO-SO	4	13
	COULD BE IMPROVED	16	52
	N/A	1	3
10. Understand reasons for procedures	YES	17	55
	IN PART	10	32
	NO	1	3
	N/A	3	10
11. Community understands/appreciates NDF role	YES	15	48
	IN PART	14	45
	NO	1	3
	N/A	1	3

TABLE VII (Continued)

QUESTIONS (continued)	RESPONSES	#	%
12. Do you feel part of the program	YES	30	97
	NO	-	-
	N/A	1	3
Do you feel proud to be employed in program	YES	29	94
	NO	-	-
	N/A	2	6
13. Received training in/through NDF	YES	20	65
	NO	11	35
RATING by "YES" respondents, % base each category is 20 and within category number indicating training that category:			
in-house		18	90
	GOOD	6	33
	SO-SO	11	61
	POOR	-	-
	N/A	1	6
local institution		6	30
	GOOD	6	100
out-of-country		8	40
	GOOD	7	88
	SO-SO	1	13
14. Need additional job/career-related training	YES	28	90
	NO	1	3
	N/A	2	6

Only 17, or 28% of the "YES" respondents stated "in what and why".

III. EXTERNAL RELATIONS

A. Private Sector and Membership

As indicated in Section II.A.1, in the discussion of the Board of Directors, NDF/J membership is drawn from a wide spectrum of the private sector. Current membership totals 111 and is open to individuals as well as legal entities, according to the brochure: "Membership Procedure and Application Form." "Legal entity" is identified as business or firm.

A member must make an annual contribution and is expected to attend the Annual General Meeting either as an individual, with one vote, or as a firm, with one voting representative. An employee or director of a member firm may also become a member in his/her own right and has full membership status with vote.

There are six categories of members, depending on amount of annual subscription:

- | | |
|--------------------|----------------------------|
| 1. Honorary Member | Dignitary giving support |
| 2. Patron | \$1,000 and over per annum |
| 3. Blue Ribbon | \$800 per annum |
| 4. Sponsor | \$500 per annum |
| 5. Contributor | \$250 per annum |
| 6. Friend | \$100 and under per annum |

The Prime Minister is an honorary member and has given his support to the NDF.

Honorary members are non-voting members.

The membership elects the Board in the Annual General Meeting.

B. Public Relations and Local Fund Raising

The NDF has on staff a Public Relations Officer, who provides staff support directly to the Executive Director and to the Public Relations/

The Board decided to funnel local contributions to establish an Endowment Fund. The fund reached a total of \$26,000 in 1985.

NDF/J launched a major fund raising drive on 15 January 1986, hosted by J. Wray and Nephew. The Governor General attended and declared the drive open. The NDF Executive Director states that "... to date ... the response has not been good ..." The foundation is considering hiring or contracting the services of a local fundraiser.

The NDF has been successful in securing GOJ-controlled CBI reflow funds -- \$6,000,000. It has been successful, after long and arduous negotiations in securing a loan from the National Development Bank. The loan has been approved and only the signing of the legal documents and first disbursement remain.

This loan will be utilized to open a second window to accommodate target group entrepreneurs who are at or above the current upper margin of the current target group. NDF will be able to increase the size of loan provided through this window -- up to a limit of \$150,000 and relieve the drain on its regular revolving loan fund for large loans.

C. Local Networking

The foundation enjoys good relations with other institutions and organizations, both private and public sector, in Jamaica. In some instances, one or more board members of those organizations (i.e. SBA, Self Start, NDB) are also members of the Board of NDF, which provides for a closer linkage and understanding of each others programs.

There are regular and monthly contacts with some of these, and occasionally even daily direct or indirect contacts. Many refer new applicants to NDF, which in turn refers some individuals to other organizations for the specific assistance it might be able to provide,

i.e. HEART training program.

The Training and Research Officer is a member of a task force organized by IICA to develop and upgrade training materials aimed at the SSE Sector. One of the products of this group has been the preparation and publication of the training manual utilized by NDF, as well as other organizations: "Operating a Small Business in Jamaica". Participating in this effort were:

Ministry of Agriculture;

Ministry of Construction;

Ministry of Youth and Community Development;

National Development Foundation;

Self Start Fund;

Small Business Association;

Things Jamaican;

Inter-American Institute for Cooperation on Agriculture.

AID funded the preparation and production of the manual. Clients are encouraged to purchase it at \$10.00, which is placed in a pool to defray the costs of additional printings.

In addition to the organizations mentioned above, NDF has regular contact with JNIP, which often refers clients to the NDF. The two organizations meet periodically to map out strategy for mutually oriented efforts.

The Chambers of Commerce have also worked closely with the NDF, particularly in the opening of NDF branches.

NDF participates in the Small Business Advisory Group, which meets once every two months.

D. International Relations

NDF has developed and maintained relationships with several organizations operating in the international arena of development. The most notable are PADF and FIT (Foundation for International Training). The nature of these relationships was described previously (Section II.B.).

PADF is not only a source of direct technical assistance and training under an OPG II subcontract. It also acts as a broker for contacts and information for NDF. Contacts are maintained by correspondence and/or telephone, as well as by NDF representation at PADF seminars. PADF has monitored the progress of the NDF loan application to the Inter-American Development Bank (IDB) and advised the NDF of actions which might be required.

NDF also has had a long-standing, cordial relationship with the Peace Corps. It serves as one of the agencies where Peace Corps volunteers, PCVs, are placed. Currently there is one PCV assigned to NDF.

In addition to contacts for technical assistance and advice, NDF also has developed and maintains contacts with international funding organizations. The most notable is USAID and its contribution — OPG II. The relations between the two organizations are friendly and cooperative. The Evaluator found no evidence that this relationship has suffered any strains or tension.

As noted above, NDF has applied to the IDB for a loan. It has been advised that the loan has been approved. Informally, it is suggested that the loan will be for US\$300,000 (the application was for \$500,000) rather than the \$200,000 which had previously been indicated as the total amount that the IDB would provide initially. The loan is to be provided under IDB's Program for the Financing of Small Projects.

The loan will be restricted to non-agricultural loans and to the Kingston corporate area, specifically in the manufacturing rather than the service categories.

NDF is also receiving grant assistance from CIDA -- the provision of salary support for the two Small Business Counsellors and their training under the FIT program. In addition, NDF has applied to CIDA for direct funding support, but has been advised that CIDA will have to defer active consideration until its next fiscal year, January 1987. However, it has indicated a willingness to provide funding assistance in that year.

NDF began expanding its international funding contacts last year. When the dimensions of its cash flow problem, which was perceived to materialize early in 1986, were fully understood, the Executive Director, the Board Chairman and the Director in charge of fund raising activities contacted the following to solicit funding support:

Australian High Commission;

British High Commission;

Canadian High Commission;

Dutch Embassy;

German Embassy.

While they were afforded a sympathetic audience, only the Canadian High Commission indicated possible funding support through CIDA, which has been noted above.

NDF is exploring the possibility of securing fund raising services in the U.S. with PADF assistance. The Forum, scheduled for June 1986 in Washington, should provide an opportunity to pursue this further.

IV. OPG I EVALUATION

The overall conclusion of the OPG I Evaluation was that "... the project has been well implemented. Major goals and output targets, with one exception, have been met or exceeded." (The exception was the conduct of a business survey which NDF determined was not needed.) The Evaluation Report supported this overall conclusion by listing the following accomplishments:

- "organizational and program goals have been achieved in a timely and orderly fashion;
- fund raising and membership drives have been successful;
- staff recruitment and training have been high caliber and staff retention rate has been satisfactory;
- client identification and loan processing and disbursement, both in terms of number of loans made and amounts committed, have been commendable;
- public as well as private sector recognition and support have been more than satisfactory."

OPG I Evaluation listed three major conclusions and recommendations:

- that the NDF/J institutionalize its planning function by conducting regularly scheduled, strategic, corporate planning sessions;
- that the Board give greater priority attention to its membership and fund raising drive (although the initial goals listed in the OPG I documents had been achieved, there was a noticeable downward trend, particularly in local fund raising);
- that the work and caseload of the FEOs be analyzed and reviewed (which, in fact, was being done at the time of the OPG I Evaluation) and that a more efficient and systematic approach be developed, including the establishment of and recruitment for two mid-management positions in order to deploy the management function in a manner which would assure maximum efficiency and effectiveness.

The first major recommendation was accepted and acted on. The Board held its first full-scale retreat during the OPG II period mid-year in 1985.

The second recommendation was accepted and the Board has utilized a variety of approaches to improve its fund raising activities. As will be noted in a subsequent section, the results are still not up to the expectations of the Board and are of continuing concern to it.

The third recommendation was accepted. Two manager positions were created (one at the time of the evaluation -- a Manager for the newly opened Mandeville Branch; and the other early in 1984 -- an Operations Manager in Kingston). The FEOs were relieved of some of their duties by hiring a Research and Training Officer who is responsible for the initial group training of clients; hiring of a collections officer; and hiring two business guidance counsellors to provide more intensive technical assistance to special or problem cases.

OPG I Evaluation Report listed 14 secondary conclusions and recommendations. Some of these reiterated and/or reinforced the three basic conclusions and recommendations.

There were three recommendations regarding the NDF Program:

- that "... once the computer is in place and functioning, programs for tracking various categories of loans, as well as such factors as increased income and employment generation, be designed ..." so that baseline data could be collected, aggregated and updated on a regular basis.

While the computer is in place it is only partially functional -- even though outside technical assistance has been brought in to provide guidance in developing the necessary software programs. To date, PADF and

other organizations have not been able to identify the appropriate software programs for this type of tracking and data aggregation. The search is ongoing but it appears that the NDF/J will have to create its own software.

- that a systems approach, backed by the computer program, be installed in order to strike the proper balance between "... loan processing per se and loan follow-up and continuing technical assistance ..."

Some of the approaches to this continuing problem have been noted above. Neither Board nor Management is satisfied that the best possible solution has been found.

- that the Foundation make a serious attempt to "... track the impact of its program in other than a rather general manner."

Again, the lack of a fully functional computer program is preventing the implementation of this recommendation.

The majority of the secondary conclusions and recommendations were presented under the general topic of the NDF Organization and Management.

- that NDF/J "... explore the possibility of some kind of working relationship with the CUL (Credit Union League), even if on an informal basis. Each might learn from the other's experiences." This was considered, but it was determined that it was not practical.
- that Management "... take the necessary steps to enforce all personnel policies in an even-handed manner. (A lack of job descriptions for some staff and slippage in the scheduling of annual personnel evaluation had been noted.)

This has been corrected.

- that NDF/J "... analyze its training needs in light of the projected expansion ..." and initiate an appropriate program for training new staff.

A Research and Training Officer has been hired to supervise and coordinate the in-house training program.

- that "... an ad-hoc committee of the Board ..." be assigned the responsibility of designing "... policies for the implementation of a grievance structure" (since the opening of Branch offices and the naming of mid-management personnel would require a change in the then prevailing practice of staff making a direct approach to the Executive Director).

This has been done at the management level.

A series of suggestions were made regarding the need for increasing efficiency of operations at the client and loan processing and collections level, including relieving the FEOs of some of the multiple functions they were performing. Most of these have been implemented and some of these have already been noted above.

A recommendation was made that, utilizing the computer, the NDF/J should design accounting procedures which would identify specific functional operations costs, particularly TFT. Although the computer is being utilized to enhance the bookkeeping and accounting functions of the NDF/J and it is possible to isolate some cost components, this could be improved. This is addressed in the current OPG II Evaluation Report, Part III, Conclusions and Recommendations.

Under External Relations, three recommendations were made. The first dealt with the post-OPG I relationship between PADF and NDF/J. It was recommended that the two organizations negotiate and sign a specific agreement on the nature, content and extent of assistance PADF would continue to provide to NDF/J. This has been done, as specified in the OPG II documents, with USAID/J approval.

The second recommendation addressed the new relationship that the NDF/J would have with USAID -- that the NDF/J fully explore and determine "... in discussions with USAID just what that relationship will be and how contacts and reporting requirements will be initiated and maintained."

This has been done.

The third recommendation stated that the "... Executive Director, as part of his regular community contact duties, ... explore more fully whether some reciprocal or joint-venture programming is feasible and desirable ..." with other organizations and institutions, such as SBA and JNIP. This has been done, and is discussed in the current OPG II Evaluation Report, Part II, Section III, External Relations.

PART THREE: CONCLUSIONS AND RECOMMENDATIONS

I. OVERALL CONCLUSION

The manner in which the National Development Foundation of Jamaica (NDF/J) has implemented the OPG II project effectively demonstrates that it is possible to channel assistance to carefully selected and screened micro and small scale entrepreneurs through the provision of both credit and technical assistance and training and make an impact on the SSE Sector. As in other developing countries, the Sector includes the group which is often referred to as the informal sector as well as other entrepreneurs who are functioning within the lowest range of the larger private sector -- they are both suppliers to and consumers of services/products of businesses firmly established in the national economy.

The experience of the NDF/J is similar to that of other development foundations with similar programs of assistance to the SSE Sector.

Beneficiaries of the programs can be divided into three general categories:

- a marginal group which will never move upwards, and is content to remain at a near-subsistence level. Once these micro-entrepreneurs have paid their loans and no longer are being monitored, they will probably revert to their former practices, such as not maintaining adequate records on which to base cash flow analyses and determine adequate pricing for product or service;
- a group which takes advantage of the full range of services provided (credit and TAT), and graduates to a relationship with the commercial banking sector;
- an in-between group which, while taking advantage of the services, will continue to need assistance over a period of time before these entrepreneurs too can graduate.

NDF has shown an increasing maturity and sophistication in dealing with these three subgroups of the larger target group. Its program ranks favorably with other programs in the Caribbean basin. In fact, it has reached the point where it could and should serve as host for seminars and workshops for other less mature foundations.

NDF's program performance, while not matching some of the targets it sets for itself, is outstanding. The Evaluator is impressed with the caliber of Board, management and staff and their seriousness of purpose and dedication to the goals and objectives of the foundation. The Board, which meets on a monthly basis with quorum (in itself an outstanding record), and its committees (particularly the Loans Committee) carefully monitor the performance of the program and of management, and management, in turn, carefully monitors the performance of staff, encouraging feedback from it.

In setting its goals for 1986, NDF/J listed the following:

- "Consolidation of credit program;
- Intensification of TA support to portfolio clients;
- Increased operational efficiencies to reduce unit cost of client processing, TAT delivery and loan servicing;
- Effective implementation of computerization program;
- Efficient and cost effective implementation of expansion."

It is apparent that both management and Board are seriously attempting to make these goals a reality.

While the NDF program was described in Part II, as having two major components -- credit and TAT -- it, in fact, has multiple effects. It:

- protects the job of self-employed SSE clients;
- protects the jobs of the employees of the self-employed;

- provides opportunity for the part-time self-employed and their employees to become full-time;
- increases the income potential of the self-employed;
- creates new employment - full and part-time;
- induces an understanding of and sense for business acumen;
- helps open new markets - input supply and output.

The NDF program is doing all of the above -- granted, with varying degrees of success.

The Evaluator wishes to impress the above overall conclusion on the reader, for what follows identifies some areas in which program and management performance could be improved. By identifying such areas, there is a tendency to interpret this in a negative manner. The Evaluator states that his findings held no surprises for either Board or Management. The only exception might be in the dimension of some problem areas which the Evaluator documented. But all major areas had already been identified by Management and Board and they have introduced or are introducing measures to deal with and solve or ameliorate them. If what follows is critical, it is meant as constructive criticism.

II. MAJOR CONCLUSIONS AND RECOMMENDATIONS

The NDF/J faces twin problems which mutually impact on each other. Solving one will not automatically solve the other.

The first is actually a symptom of the growth and expansion of the NDF program and of its acceptance and popularity in the community. Demand for its services has, as least, doubled in the last year. Not only are the usual applicants (i.e. the obviously micro and small scale entrepreneurs) entering its doors in increasing numbers, but also small business persons who normally apply to the commercial banking sector for assistance,

reflecting the tight credit situation in Jamaica today.

For this reason, NDF applied for a loan from the NDB, which has been approved, in order to open a second window to serve this group. Their requirements often exceed the upper limits which NDF has set for loans - \$100,000. NDF will now be able to lend up to \$150,000 to applicants through the second window.

The second problem is directly related to the first. NDF faces a real cash flow problem. In fact, last fall NDF identified the problem by making projections for the next three years and predicted that it would materialize early in 1986. This was not a self-fulfilling prophecy. It was the result of a deliberate, careful analysis performed by Board and management, applying sound business principles.

As noted in Part Two, NDF has undertaken major adjustments to face this problem by liquidating its reserve investments, limiting current lending to reflows in the revolving loan fund and by postponing the hiring of critically needed staff (particularly FEOs). These are not new positions; they are vacancies.

These twin problems have created a third: the NDF has a serious backlog of loan applications in process. Current staff is simply not able to bring even half of the applications in the pipeline to the point where they are ready for Loans Committee consideration. Even if they could, there are insufficient funds to begin to meet the demand.

It is quite probable that this problem is overstated -- but by how much is difficult to assess. Certainly, there must be a large number of applicants who have already "dropped out" or who have sought alternative solutions to their credit needs, especially if they have been waiting months. It is possible that up to half, or more, of the applications in

the pipeline are in this category.

This has the potential of a negative side-effect which could seriously impact on the image of the foundation. Applicants who have to wait more than three months (and there are many in this category) will get discouraged and the word will get around that the NDF/J is just another bureaucratic organization that promises but does not deliver.

It should be noted that the blame does not wholly rest on the FEOs or Management. Many applications are in the pipeline because the applicants have been requested to bring in additional information or data and have not done so. In the early days of the foundation, the FEOs used to chase after them to complete the needed information. This is no longer done, nor is it practical. An applicant should demonstrate his/her seriousness of purpose by cooperating in the process.

Recommendations

The Evaluator has no specific recommendations to make regarding the cash flow problem other than to encourage the Board and management to continue what they have already done and are doing. This includes:

- postponing all, even the most minimal, expenditures, that can be postponed;
- freezing all new hirings;
- redeploying staff temporarily to make up for staff vacancies;
- aggressively seeking acceleration of the provision of funds already promised to NDF - USAID, NDF, IDB (which, in fact, is being done);
- cut down photocopying costs by making only the most urgently needed copies - for instance, instead of providing each Loans Committee member with a full set of all documents, entering certification that certain required documents have been secured and are in the permanent file for that application;

- once again, combing the budget to determine where downward revisions could be made.

To address the backlog, NDF should introduce a set of corrective actions both in the near as well as the long-term. Some of these are already being considered or actually being implemented:

- send a form letter to all applicants who have not brought in requested data, informing them that their application has been placed in an inactive status and can only be reactivated if the applicant comes in with the missing material and that after a specific date, the application will be voided and a new application will have to be made;
- establish procedures at the beginning of the application process where all applicants are informed that if an applicant does not show genuine interest by fully cooperating in the provision of information the application may be rejected -- that if more than one month elapses while the FEO waits for the applicant to comply with legitimate requests, the application will be placed in an inactive status, and, if nothing happens, will be voided by the end of two months;
- aggressively monitor any application that is in the pipeline more than three months;
- insist that the form which has been designed to monitor the pipeline is filled out in full in the branches and Kingston, and it is made available to the Loans Committee for their review and comment as a regular practice;
- formalize these measures, with Loans Committee assistance and in a policy and procedures statement;
- tackle the backlog in a team effort, not allowing the burden of breaking the logjam to rest only on the shoulders of the responsible FEOs;

- apply more aggressive implementation of criteria at the entry level in order to slow down the number of applications which are permitted to enter the pipeline.

The Evaluator believes that he has identified the most serious problems facing the NDF in the major conclusion and recommendation statement made above. The following conclusions and recommendations, tied to the appropriate sections of Part Two - Observations and Findings - are considered important, but secondary.

III. SECONDARY CONCLUSIONS AND RECOMMENDATIONS

A. The NDF/J Program

1. Goals and Objectives

Conclusion

While the NDF is achieving its broad goals and the OPG II purpose, there is a notable lag in achieving some of the more specific targets it set for itself in the OPG II proposal, as is evident in Table I. It is apparent that these were too optimistic and that the lag is not due to inefficiency or complacency on the part of the NDF.

However, it is noted that many of the figures provided for the actual achievement column of this table are estimates; i.e. number of women who are direct beneficiaries (the number provided is based on the formula of estimated percentage that would be women clients); actual number of direct beneficiaries (the number provided is number of loans, and many loans have more than one beneficiary, i.e. partnerships); new jobs created (number provided is estimate made at time loan was approved).

This is not deliberately inaccurate reporting. To have provided actual numbers would have required exhaustive search, file by file. It had been assumed that the computer program would assist in compiling this data,

and as noted previously, the computer is underutilized due to lack of the appropriate software. But estimates will not be acceptable when NDF conducts its impact evaluation scheduled for March 1987.

Recommendation

- That the NDF give priority attention to getting the computer program completely in place and functioning;
- That the NDF institute a verification of new job employment and increased employment as a part of its loan monitoring function.

2. Credit Component

Conclusion

The major problem has already been discussed above - the serious backlog in processing loan applications - and does not require repetition here.

One additional factor, however, needs to be underscored. The practical caseload limits for FEOs has been exceeded for some and is close to being exceeded for others. An expert with experience in several Caribbean foundations suggests that a comfortable caseload for FEOs, with tasks similar to the NDF/J FEOs is 60 -- 80 is just about the maximum -- anything above 80 suggests that the FEO is overloaded. This expert went on to state that if an FEO is doing an effective job of monitoring and continuing to provide guidance and advice, he/she should spend up to two hours on each monitoring visit. Some may feel this is excessive, but a visit of much less than one hour does not provide a great deal of time to deal with problems that may be faced. Obviously, this will vary from client to client and from FEO to FEO.

The arrears situation, while needing continuing attention and monitoring, is similar to that faced by other foundations and programs. A

quick survey of reports and evaluations of Caribbean Basin programs indicates a serious danger point is reached when loan portfolio delinquency passes 10%. It was also noted that some programs range from 40% to 60% in number of current loans in the arrears category. It appears that the NDF is within reasonable bounds - but it must never be overlooked that these are suggested upper limits - not targets to be met, obviously - and, as such, require constant effort to bring and maintain them well below the danger zone.

The point that was emphasized in more than one report was the one made by NDF: repayment performance in the SSE Sector fluctuates considerably and is usually directly related to the current cash flow situation -- partial payments over a couple of months, which is frequently the case, do not change arrears status when aggregating number of loans. In fact, it is argued that when clients make partial payments even when they are not able to make full payments, this implies a certain discipline and commendable degree of responsibility.

Nevertheless, this is an area in which eternal vigilance is required. The Evaluator is satisfied that the NDF carefully monitors this situation, although it could possibly be more aggressive in pursuing delinquents. This would require additional staff time.

Recommendation

- That the NDF determine and review the actual, as opposed to backlogged file, caseload of each FEO, to determine what it is and make every effort to relieve those who are found to have one that exceeds 80 clients.
- That the NDF continue its careful monitoring of arrears accounts, and periodically launch an aggressive campaign to reduce them, as the

Mandeville branch did in January. This should include a determination whether some loans should be written off as bad debts rather than devoting any further staff time, which is a cost factor that needs to be weighed in this type of campaign or regular collections effort.

3. Technical Assistance and Training (TAT) Component

Conclusion

The Evaluator is satisfied that for most of the NDF clients the total TAT package is essential if the foundation wishes to remain faithful to its mandate. Some efficiencies could be introduced, some alternatives could be considered, some limited costs could possibly be passed on to the clients, and more individual tailoring of TAT could be done. But these would represent marginal savings unless the entire system were completely revamped.

Nevertheless, since this is a service which provides no income (unlike the credit component which generates interest income), the NDF needs to continuously monitor and evaluate this component to determine where even marginal savings could be realized.

Recommendation

- That the NDF explore the possibility of passing on some of the costs to the clients - i.e. making it a policy that each applicant purchase the IICA Training Manual. This would be more of a psychological advantage rather than a cost-effective one, but in the aggregate it would provide a small return. Clients who require special technological assistance might be required to cover some of these costs by including them in the loan package and thus distribute the costs over the life of the loan.

- That the NDF continue to explore joint venturing of some of the specialized training with other institutions which are in the business of providing business advice and training to the SSE Sector.
- That the NDF make yet another attempt to analyze all of the steps involved in pre- and post-loan approval and monitoring specifically involving TAT to determine if greater efficiencies of staff time and involvement could be realized.
- That the NDF package a TAT program proposal and present it as a discrete funding request to an organization such as the Inter-American Foundation (IAF).

4. Target Group and Beneficiaries

Conclusion

The Client Survey and the analysis of loans made by category and performance by category in terms of arrears and non-current does not suggest that any one category is a more serious risk than others. This may change with more experience and suggests that this type of analysis be part of a continuing effort.

Additionally, if the NDF wishes to emphasize job creation over just job protection, it will be necessary to begin aggregating this type of information by categories in order to determine whether one has greater potential than another.

One area of job protection and of direct/indirect beneficiaries, in the experience of the Evaluator, on which no foundation is focusing much attention is the employees of clients at time of loan application. Direct beneficiaries are the recipients of loans and indirect beneficiaries are his/her dependents. Yet employees are also beneficiaries and should be counted in aggregate tables -- targets compared to actual.

Recommendation

- That once the computer program is fully functional, NDF consider just what type of data it wishes to aggregate and up-date in order to make more effective programmatic and policy decisions -- such as, actual categories which appear to be high risks, which tend to create more jobs and how many employees when application was made are benefitting from the program.

B. The Foundation

1. Organizational Structure, Roles and Relations

The NDF appears to have achieved a workable balance between Board, management and staff. Delegation of authority appears to be clearly defined and the correct lines of communication seem to be indicated and understood.

Recommendation

- The Evaluator has no specific recommendation to make under this topic.

2. Institutional Development

Conclusion

NDF, as indicated in Part Two, has a fairly complete set of administrative systems in place and functioning. Policies and procedures covering every major aspect of operations are defined in writing and most are contained in the Administrative/Personnel Policies and Procedures Manual.

The one exception that was noted is the lack of a formalized statement spelling out the role and function of the Advisory Committees, although this is covered in correspondence between them and the Board during the organizational phase.

Recommendation

- That NDF extract the statements regarding role and function of Advisory Committees from the relevant correspondence and produce a statement for inclusion with the other statements which spell out the roles and functions of the other committees of the Board.

Conclusion

NDF has a comprehensive reporting system which is utilized by both management and Board as a monitoring tool. Various forms have been developed for reporting everything from the financial situation to the provision of TAT. One form which is underutilized is the one which provides a monthly update regarding the loan processing pipeline. However, other forms are filled out as required and provide highly detailed information about the program. It is possible that there is some duplication between them. In the series of forms utilized in preparing the loans applications for approval, each begins with exactly the same information - name, address, type of business, etc. - of the applicant. It appears reasonable that some of these forms could be telescoped so that key information is entered only once. This would save considerable staff time. The computer could and should provide considerable relief since all forms are currently prepared in longhand and then copied on the typewriter.

Recommendation

- That NDF review all of its various reporting forms to determine what information is needed, by whom and to what degree; as well as to determine whether some forms could be combined into one. Once a more streamlined set has been designed and streamlined procedures are instituted to complement them, NDF should insist that all reporting be done in a timely and complete manner.

Conclusion

There is marginal evidence of friction or tension between the branches and the Kingston office, and is of the type that is often found in headquarters/field relationships. The Advisory Committees are consulted in the hiring/firing of the managers and staff. However, the annual personnel performance evaluation of the managers is performed solely by management in Kingston.

Recommendation

- That NDF consult with the Advisory Committees during the evaluation of managers performance. While maintaining the corporate relation between management and mid-management levels, Advisory Committees should have some input in this important assessment.

Conclusion

NDF has a stated policy of providing ample and adequate training to staff, particularly new staff with special emphasis on the training of FEOs. Much of this is on-the-job training where senior staff work with newly recruited FEOs. This, in many ways, is probably as effective as the more intensive training and more costly training given the first two groups of FEOs. However, some of the topical areas covered in those training sessions are probably not covered in the current orientation and training sessions. It is fair to conclude that the in-house training function has yet to be fully institutionalized as a key component of the overall NDF program and as the pillar of its staff development emphasis.

Recommendation

- That NDF continue to monitor available local programs in which staff could participate and receive refresher or new, relevant courses or specifically focused instruction. It should budget specific amounts

to cover the costs of such training.

- That NDF make a practice of requiring each staff person who is sent to a workshop or seminar to share that experience in a regularly scheduled feedback presentation to other staff.
- That NDF institute a schedule (yearly, or semi-yearly) of review and refresher training for all FEOs and Small Business Counselors - a retreat would be ideal.
- That NDF experiment with a limited rotation of staff between headquarters and branches, even on a short-term basis.
- That NDF institute additional on-the-job training opportunities.

Conclusion

While staff morale appears to be good and most relate favorably and even enthusiastically to the program, the staff survey suggests some may feel there is not adequate feedback and responsiveness from management when a staff person is faced with a problem in the workplace. Most indicate that there is a grievance structure in place, but some question whether it is as effective and efficient as it should be. The Evaluator has heard this type of complaint before, both in management audits performed in the U.S. with community action agencies and in developing countries in foundations such as the NDF. The intensity of the complaint which has been observed in other places is not noted in the NDF. Nevertheless, any tension, whether justified or not, tends to impact on productivity and should be addressed candidly and effectively by management.

Recommendation

- That Management review the anonymous questionnaires left by the Evaluator and determine if it needs to be more responsive and sensitive to staff concerns. This does not mean to suggest that

management is insensitive, only that this is always one area where management must exercise understanding while maintaining discipline.

C. External Relationships

Conclusion

The Board is not fully satisfied with the results of its Public Relations and Fund Raising efforts. It does not question the amount of effort and dedication that is invested in this important function by either the Public Relations Officer, the Executive Director or the Public Relations/Fund Raising Committee. Nor does the Evaluator. Nevertheless, the results are disappointing.

It is reasonable to question whether even if a more dynamic Public Relations and Fund Raising program were developed and implemented there would be more than marginal improvement, given the current economic situation in Jamaica and the demand for charitable dollars from a limited pool. NDF must compete with a multitude of other agencies who also have legitimate claims on this pool. NDF is seriously considering hiring or contracting a professional fund raiser.

Recommendation

- That the NDF carefully weigh the pros and cons of hiring or contracting a professional fund raiser - particularly on a full time basis. The costs may outweigh whatever marginal benefits might be derived from such a move.
- That the NDF consider revitalizing its fund raising efforts by more dynamic utilization of success stories of clients. There are plenty of dynamic stories to be told and human interest stories unloose more purse strings than cold statistics.

- That NDF search for the most effective manner in which to distance itself from the charitable agencies with which it must compete for the limited local donor pool - to convince the private sector organizations that assistance to the SSE Sector is in their self interest, since it helps build up the private sector base and increases the purchasing power of some of their existing or potential customers.

Conclusion

NDF has made and is making concerted efforts to secure a broader base of funding assistance rather than depending on only one or two sources. Currently it receives assistance from USAID, CIDA, and the GOJ-controlled CBI reflows. It is about to receive assistance from NDB and IDB. This is a healthy spread and prevents dependency on any one institution. Still, its funding requirements are not fully covered.

Recommendation

- The only recommendation that appears to make sense in light of past and present efforts is that NDF keep up the good work. That may seem trite, but it is heartening to see a foundation which continues to explore various sources of funding.
- Nevertheless, there are various ways of packaging proposals, particularly when one is not seeking the full amount of needed funds from any one source. Mentioned earlier is the possibility of packaging a portion of the TAT program and presenting this as a discreet proposal to IAF or some other similar funding organization. The PADF Forum, scheduled for June 1986 in Washington, should provide some opportunities for further exploration.

ANNEX A

Scope of Work Mid-term Evaluation of the National Development Foundation of Jamaica

Conducted February 19-March 26, 1986

The Operational Program Grant (OPG) which was awarded to the National Development Foundation of Jamaica (NDF/J) for the period of July 1, 1984-February 28, 1987, requires a mid-term, external evaluation to be undertaken.

The evaluator will review the recommendations of the previous NDF/J evaluations and comment on progress made to date. In addition, this evaluation will examine and analyze the following areas and functions of the National Development Foundation of Jamaica.

1. Goals and Objectives

The evaluation will examine the goals and objectives of the Foundation as defined in the OPG and ascertain the extent to which these have been achieved. It will analyze and clarify the desired role and functions of the NDF/J in light of its statutory mandate, projected credit needs among micro-enterprises in Jamaica, potential future availability of resources and projected service requirements. Moreover, it will explicitly address the NDF's ability to motivate and stimulate the private sector.

2. Staffing and Performance

The evaluation will be conducted on the organizational infrastructure and the dynamics and allocation of responsibilities within the management structure. Particular attention will be paid to the role of the Field Extension Agents (FEOs) and their responsibilities and tasks. Information will be developed delineating the tasks and resources required to support the NDF/J in continued and expanded operations.

3. Board of Directors

The evaluation will examine the development of the NDF/J Board of Directors, its composition, and the role which it plays in providing policy and Direction to the NDF/J. Particular attention will be given to the tasks, responsibilities and activities of the various Board Committees.

4. Credit Program

The NDF/J credit program will be reviewed and analyzed, particularly in terms of loan procedures and the manner in which a potential beneficiary proceeds from an initial contact to the approval and monitoring of a loan. This analysis will include an examination of the criteria for disbursement and the methodology used for analyzing feasibility of potential loans.

95

An evaluation will also be conducted of the existing loan portfolio, in terms of the type of businesses supported, amount of loans and reimbursement schedules, as well as the loan collection record and the effectiveness of methods used to ensure current collection schedules.

5. Technical Assistance

The evaluation will study the effectiveness of technical assistance provided to their clients. Specific attention will be paid to the training programs provided during the term of this OPG and the usefulness of seminars and workshops sponsored or attended by staff and Board members of the NDF/J.

6. Beneficiaries

The evaluation will analyze the extent to which current beneficiaries reflect the Foundation's eligibility guidelines. Examination will include an evaluation of the effectiveness of existing procedures for identifying target groups and measuring benefits that clients have accrued as a result of NDF assistance. This section will also focus on evaluating the NDF/J's efforts to reach groups and women.

7. Impacts

Within realistic boundaries, an effort will be made to evaluate the impact of the program of the NDF/J in terms of developmental and environmental concerns. The evaluation will also touch upon the economic effects of the loan program to date, and the extent to which output measures have been realized.

8. Fundraising

This section will examine the efficacy of the fundraising programs instituted by the Foundation and the potential for their continued development - both locally and internationally.

9. Financial Management

The evaluation will analyze the manner in which the NDF/J has expanded OPG funds, as well as the management and disbursement of funds from other sources. Particular reference will be made to:

- * Specific costs associated with loan processing, including the salaries and expenses of Field Extension Agents, direct costs of processing and analyzing loans, and expenses of ensuring reimbursement;

- 94

- * Specific costs associated with fundraising, including the costs of travel, public relations activities and other direct costs associated with any benefits;
- * Analysis of the disposition of interest and principal received from loans, and of projected rates at which loan funds will revolve; and
- * The relationship of operating costs of administrative expenses to the direct costs of supporting loan activities.

10. Conclusions, recommendations of evaluator.

2/13/86
JTJ

95

ANNEX C

NIF/J EVALUATION CLIENT SURVEY QUESTIONNAIRE -- GUIDELINES

Following are suggested guidelines, reiterating the points made in discussions together. FOR MONTEGO BAY AND MANDEVILLE -- these serve as your initial guidelines. Please check with your Manager if you have any questions.

1. Questions 1 through 7 should be filled out in the office prior to the interview with the client. However, questioning should begin with # 6 as a means of verifying the information in the files against the answer given by the client. You will also need to make certain that the person you are surveying is the or an owner, so you should also, probably, begin with # 1, since this should be a client with whom you are not acquainted.
2. In addition to verifying #s 6 & 7 by beginning the questioning with them, note that #9 has two spaces -- the first for the client's response; the second to be secured from office records. Also question # 14 provides another opportunity to verify loan purpose, question # 4. (Also # 13 verifies # 3)
3. Please read the questions as stated in the questionnaire, rewording them if the client does not understand. But avoid getting into detailed explanations since you may inadvertently suggest the answer or, at least, the answer the client thinks you want him/her to give.
4. Our experience in Belize with question # 16 was that many clients answered "no" and we had to ask specifically if they had received training/guidance in records keeping, in pricing, etc. Then the answer was "yes". This is the one question in which you will have to use discretion. We are more interested in their assessment of the TAT received. A flat "NO" without qualifications would distort the final statistics and be inaccurated. However, I reiterate that you should be sparing in explaining the questions. We want the clients perceptions of the NIF/J and its program.
5. LAST BUT NOT LEAST -- IN FACT, FIRST: Begin the interview explaining who you are (So and so, from the National Development Foundation of Jamaica) and that the purpose of the visit is part of an evaluation the NIF/J is making of its program. In this respect, the experience and viewpoint of its clients are important. They will be helpful in determining what improvements and/or changes need to be made in the program. Encourage their cooperation and assure them that their answers and their views are very important. Obviously, you will use your own words and style in making this introductory statement.

Thank you for your cooperation in conducting this survey in the most objective and thorough a manner as possible. I want each of you to feel that you are an integral part of the Evaluation Team and that your input is very important in compiling the final results and recommendations. I certainly appreciate the additional burden this places on you and I thank you for taking the extra time required. Our field tests show that this questionnaire should require no more than fifteen minutes to complete at the client level. Extracting the first seven questions from the files we will have pulled for you should not take more than five to ten minutes.

Paul

Paul Prentice, Evaluator

NIF/ J EVALUATION
CLIENT SURVEY QUESTIONNAIRE

1. NAME _____ 2. LOAN CLIENT # _____

3. LOAN AMOUNT _____ Balance: _____

Arrears: _____

Int.: _____ Prin.: _____

4. LOAN PURPOSE _____

5. LOCATION _____

6. TYPE OF BUSINESS _____; _____ NEW; _____ EXISTING
(Category) (At time loan was approved)

7. OWNERSHIP _____ sole owner; _____ partnership; _____ limited liability co.

_____ male _____ all male _____ all male

_____ female _____ all female _____ all female

_____ male/female _____ male/female

8. How did you hear about the NIF/ J program? _____ radio/TV; _____ newspaper;
_____ word-of-mouth (friend, family or acquaintance);
_____ referral from another organization -- which _____
_____ other -- _____

9. How long did it take from the time you applied for your loan until you received it
or the first money? _____ (office record _____) (in months or weeks)

10. Do you feel that was _____ too long; _____ about right; _____ very quick?

11. Did you have any problems in getting the loan? _____ No; _____ Yes: if Yes, explain:

12. Do you feel the terms of the loan (interest rate, repayment time and procedures) are:
_____ OK; _____ could be improved; _____ not OK? If could be improved or not
OK, explain: _____

13. Are you up-to-date on loan payments? _____ Yes; _____ No: if No; reason for arrears:

14. Were you able to use the loan for the needs you said you had when you applied for the loan? Yes; No. State the purpose of the loan -- why you asked for it, and, if you answered No, explain why? _____

15. As a result of the loan:
a. Your income has increased; decreased; remained the same?
b. You have hired new employees: No; Yes, if Yes, number of new employees _____ full-time; _____ part-time.
c. Number of _____ jobs protected with loan (could or might have disappeared or been threatened if loan had not been made. Count yourself.)
d. You have expanded your business? Yes; No.
 New equipment; New facilities; New location; New product or Service Lines.
16. Did you receive any practical advice or guidance or suggestions from NIF/J? -- any problem solving ideas? No; Yes; in what? _____

17. Do you feel that this advice was useful; could have been better. How?

18. What do you think NIF/J is trying to do in Jamaica? Why does it exist? _____

19. Is it doing a good job? Yes; So, so; No. Explain: _____

20. Do you have any suggestions for NIF/J -- how it could do a better job, what it should do differently, what other services it should provide -- whatever you think would be helpful: _____

ANNEX D

NIF/J EVALUATION NOTE: Not all "yes" questions require an explanation. Use your
STAFF SURVEY own judgment. If you need additional space use back of page.

INTRODUCTION: During the previous evaluation (Fall 1983), I had the opportunity to interview each person on the staff. This time it will not be possible. However, your individual opinions and perceptions are valuable in reaching overall conclusions and making recommendations. As I have explained to some of the staff with whom I have met, my approach to an Evaluation is that it should be a joint effort and staff (as well as clients, Management and Board) should be involved. I view the Evaluation as your Evaluation. I am the facilitator.

I have decided that one in which each of you could participate is providing me with some of the information I could derive by interviewing you. For this purpose I have prepared this Survey Questionnaire. Please, be assured that the information you provide will be handled in a confidential manner. I am not, therefore, asking you to identify yourself. This is an anonymous questionnaire. However, I do request honest and carefully thought-out answers. Please, do not use this mechanism for a redress of grievances or the passing on of idle gossip. I'm certain, having gotten to know most of you, that the latter statement is unnecessary.

PROGRAM

1. Do you feel that the NIF/J program is really reaching the target group -- the small-scale and micro-business person? _____ YES; _____ NO. If NO, please explain.

2. How do you feel about your role in the program? _____ Marginal; _____ Needed.

Explain: _____

3. Do you feel you are _____ overworked; _____ OK workload; _____ underutilized?

Explain: _____

4. Do you feel you are _____ underpaid; _____ OK pay; _____ overpaid?

Explain: (relate to similar positions in similar organizations) _____

5. Do you feel Management is aware of your problems in the work environment?

_____ YES; _____ NO. Explain: _____

6. Do you have ready and friendly/^{access}to your immediate supervisor to discuss these or any other problems? YES; NO. Explain: _____

7. If you are not satisfied with his/her response do you have access to a means of going to the next level with your problem? YES; NO. Explain: _____

8. Does this system work? YES; NO. Explain: _____

9. Do you feel the procedures employed by the NIF/J in processing and monitoring loans (including collections) and in providing training and guidance to clients is efficient and effective; so, so; could be improved? Explain: _____

10. Do you understand the reasons why these particular procedures are followed? YES; IN PART; NO. Explain: _____

11. Do you feel that the community understands and appreciates the role of NIF/J? YES; IN PART; NO. Explain: _____

12. Do you feel you are a part of the program? YES; NO.
Do you feel proud to be employed in the program? YES; NO.

Explain: _____

13. Have you received any training in or through NDF/J? ___ YES; NO ___.

	<u>RATING</u>		
	<u>Good</u>	<u>So-So</u>	<u>Poor</u>
___ in-house (include orientation)	___	___	___
___ in a local institution	___	___	___
___ out-of-country seminars/workshops	___	___	___

Briefly describe training or name of course(s) and explain your rating.

14. Do you feel you need additional job and career-related training?

___ YES; ___ NO. In what and why? _____

BOTTOM AND
ON A SEPARATE SHEET OF PAPER (OR ON THE/BACK OF THIS PAGE) PLEASE WRITE OUT
ANY SUGGESTIONS YOU HAVE WHICH YOU WOULD LIKE TO SEE ADDRESSED IN THE EVALUATION.
THANK YOU FOR YOUR THOUGHTFUL COOPERATION.

Paul Runtice

ANNEX E

NATIONAL DEVELOPMENT FOUNDATION OF JAMAICA TECHNICAL ASSISTANCE AND TRAINING (TAT) SYSTEM

INTRODUCTION

The typical client of NDF is a micro-entrepreneur who has a low level of education, no business management training, and who operates on the periphery of mainstream industrial enterprises. He does, however, have some level of basic entrepreneurial aptitude, and at least a rudimentary grasp of the forces which affect his enterprise.

Recognizing these characteristics, NDF/J has developed a Technical Assistance and Training Programme to equip clients to compete in the industrial sector, and to manage their small scale enterprises (SSE) along a path of growth and development. Since NDF/J is a loan financing organisation, the TAT service is designed to ensure that lack of business management skill and guidance is not a cause for delinquency in repayment.

To deliver this service, NDF/J has put together a team of qualified professionals, and a package of training materials which is constantly being reviewed and updated.

STRUCTURE OF TAT SYSTEM

Definitions

While clients receive Technical Assistance concurrently with training as part of a total service package from NDF/J, it is analytically useful to define the two components separately, and to indicate at which points in the client processing system each is delivered.

Technical Assistance

This refers to business advisory service before a loan is approved, and management consultancy and counselling afterwards. Clients are advised on the feasibility of their enterprises, the areas in which weaknesses are identified, and strategies to correct these defects.

Training

This refers to teaching sessions with clients. They include:

- a) Formal group or individual sessions at NDF/J.
- b) Informal individual sessions in the field.

Clients are taught the rudiments of business management, and their responsibilities in a loan financing agreement.

TAT DELIVERY SYSTEM

The chart on page 2 represents graphically the flow of TAT in the client processing system.

STEP 1

Technical Assistance

This service starts with the initial intake interview. The Interviewing Officer not only screens applicants according to NDF/J criteria but, backed by the resources of the Field Staff, Training Officer and Operations Manager, advises clients on what aspects of their operations, on preliminary examination, need attention.

This Business Advisory Service is continued in depth by the FEO at the first assessment interview, looking at project viability and client reliability. It is at this stage that the FEO decides on a client's training needs, and refers him for group training.

STEP 2

Training

Although TA in the form of guidance continues, clients go through training at this point. They are required to attend two (2) in-house group sessions:

1. Policies and Procedures: This covers the terms and conditions which apply to loan financing through NDF/J (see attached handout "How To Get An NDF/J Loan"), and is constantly being updated.
2. Business Management: This covers the rudiments of business management concepts and techniques. Specifically, clients are told about the need for good management for a successful business and introduced to the following topics:
 - Cost Analysis and Pricing
 - Marketing
 - Order, Delivery and Receipt Procedures
 - Cash Book

Actual exercises are done in this session, and clients are referred to their FEO for follow-up training when they put the concepts learnt into practice in their own enterprises (see "Operating a Small Business in Jamaica: A Guide").

STEP 3

Training with Technical Assistance

During this follow-up stage, the FEO is preparing the client's loan application for presentation, so both technical assistance (TA) and training (T) are continued:

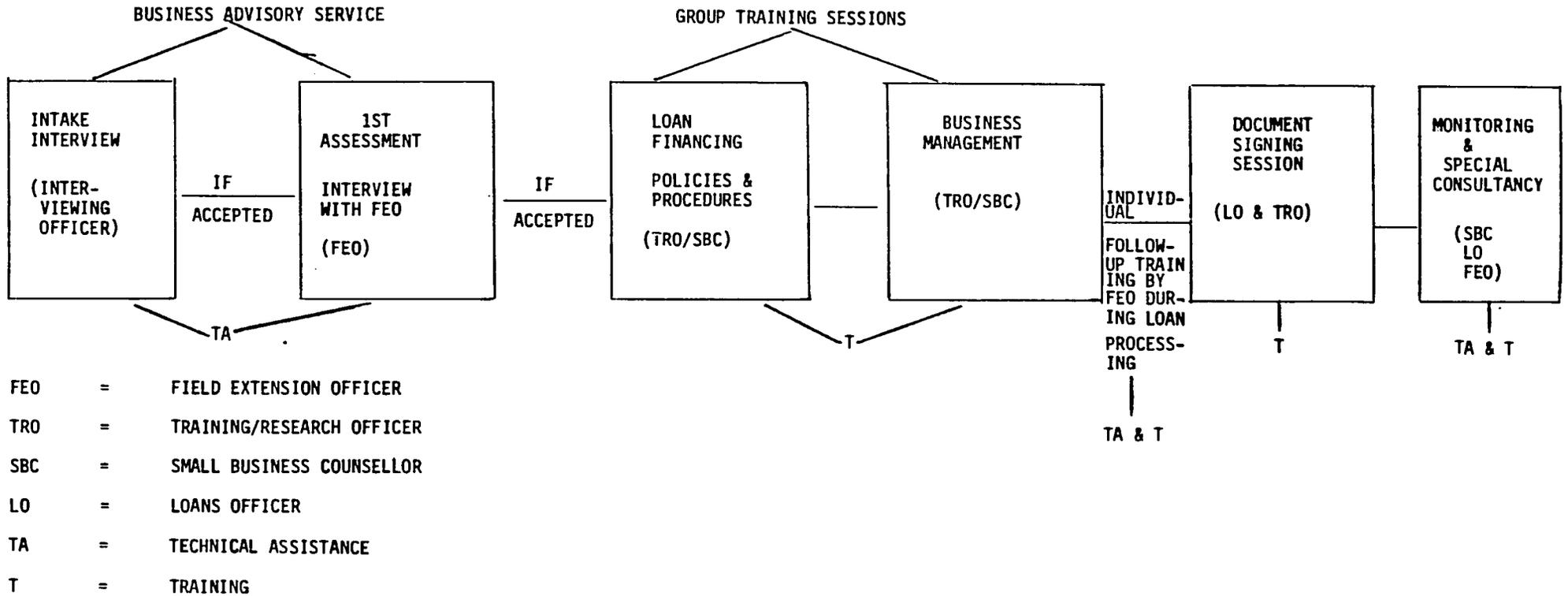
- TA is ⁱⁿ the form of guidance to ensure the feasibility of the business, e.g. exploiting markets, ensuring proper management structures and financial record keeping.
- T in assisting the client to assimilate what was taught in the group sessions, teaching him/her the other business management topics in the manual, and supervising practical application of the training concepts.

104

2a.

NATIONAL DEVELOPMENT FOUNDATION OF JAMAICA

TAT DELIVERY SYSTEM



STEP 4

Training

At the end of the follow-up period, those whose loans are presented and approved come to a Document Signing Session. Here, the contents of both inhouse group training sessions are reinforced and reiterated, so that the clients, about to receive NDF/J funds, are reminded of their responsibilities under our agreement.

STEP 5

Technical Assistance with Training

During this final stage, which continues until the loan is repaid, the focus is mainly on TA in the form of continuous monitoring and management consultancy in any area necessary, but with the level of NDF/J clients, the process of training must also proceed.

The same kind of service as is offered in Step 3 continues, and as the client develops, a higher level of business management training may be introduced (see brochure "Small Business Training Programme").

It is during this period that TA in the form of special counselling assistance by SBC is delivered, not only in business management, but in many areas of technological and even personal problem-solving, through networking with other agencies and institutions.

SUMMARY

NDF/J offers a formidable management consultancy (TA) as well as management training (T) service to small business people. This service is unique in that it brings together the expertise of trained professionals with the specific skills of dealing with low income clients. The result is free delivery to our clients of a service that would normally be very expensive.

Prepared by: *Joan A. Browne*
Joan Browne

Date: *16/1/86*

THE NATIONAL DEVELOPMENT FOUNDATION
OF JAMAICA

TECHNICAL ASSISTANCE AND TRAINING
PROGRAMME

INTRODUCTION

The National Development Foundation of Jamaica has defined its mission as the development of small businesses in Jamaica through the provision of non-traditional credit, technical assistance and training.

The non-traditional credit facility is operated to provide access to credit for clients who lack conventional loan collateral required by the banking sector. Loan requests are evaluated and loan decisions taken on this basis as well as on the basis of viability (proven record of business performance) and the established sound character and good community standing of the borrower.

In recognition of the generally low education levels of owners and operators of some enterprises and the fact that proper business management is essential to business success, the NDF/J found it necessary to train the borrower and to provide continued management assistance to the enterprises.

The NDF/J's training and technical assistance programme is an integral part of the credit programme and its distinctive or separate nature is a matter of cost definitions (rather than substance) as the credit programme could not be operated successfully without the training and technical assistance components.

Notwithstanding, the cost of training and technical assistance offered is the major cost incurred in the total operation of the programme and cannot be passed on to the clients through the interest charged on loans.

The training and technical assistance package offered by NDF/J is structured to respond to client needs to enable access to the NDF/J credit programme and to assist in successful management of the enterprise.

DETAILS OF THE NDF/J's T.A.T. PROGRAMME

The components of the programme are as listed below:-

- i) Business Advisory Service
- ii) Project Preparation (feasibility studies)
- iii) Loan Packaging and Loan Proposal Preparation
- iv) Client Training in Basic Business Management Skills
- v) Assistance in Project Implementation
 - Production System
 - Record-keeping System
 - Cash Control
 - Management & Supervisory System
 - Marketing Programme
- vi) Client Monitoring and Problem Solving
- vii) Specialized Business Counselling/Consultancy
- viii) Financial Management

DETAILS OF THE NDF/J's T.A.T. PROGRAMME CONT'D

- ix) Agricultural Extension Services
- x) Institutional Support to Agencies within the SSE Sector

1) THE BUSINESS ADVISORY SERVICE

The NDF/J has established an image for itself as a small businesses development institution where Jamaicans who need advice and assistance in securing employment by setting up small business operations are welcomed to discuss their ideas or proposals. This is to be distinguished from clients who have definite business plans and proposals for which they are seeking loan financing. This aspect of the technical assistance programme also applies to the agricultural activities where special agricultural Field Extension Officers advise clients on the suitability of soil for crop production etc. This activity is in support of the Foundation's role in small business creation.

2) PROJECT PREPARATION (FEASIBILITY STUDIES)

The potential small business operators rarely ever have the ability to complete the technical and financial feasibility appraisal of the intended business. They usually come to the NDF/J seeking both advice and assistance in the project development as well as the financing necessary to establish the business.

The technical assistance at this stage involves the following:-

- a) Market Assessment - Competition, product, price, customer etc., to arrive at quantitative sale and income projection data
- b) Technical Assessment - Equipment suitability, location assessment, labour, transportation and production related issues
- c) Financial Evaluation - Sales, cost of sales, pricing, production costing, break-even analysis, profitability analysis

In the case of new businesses, lack of track record or proven ability to manage the enterprise as well as uncertainties surrounding market and sales projections often make the assessment of the project viability extremely difficult.

If the NDF/J were to decide not to provide the technical assistance necessary for new project formulation then the majority of our potential clients would be unable to access the available credit. The NDF/J would not be in a position to properly assess the potential success of the project and without this proper assessment, the basis for making successful loans, particularly in relation to the individual's personal character, would be significantly eroded.

3) LOAN PACKAGING AND LOAN PROPOSAL PREPARATION

Because NDF/J loans usually do not insist on adequate collateral support and the various businesses have very little if any owner equity, the credit evaluation is based substantially on business viability and client character.

The credit investigation process is regarded as a TAT function. The loan packaging involves:-

- a) Verification of character and business references
- b) Community Investigation
- c) Assessment and verification of items to be purchased with loan proceeds
- d) Assessment and verification of personal assets offered as loan security
- e) Writing of project document for submission to the Credit Committee.

4) TRAINING IN BASIC BUSINESS MANAGEMENT SKILLS

Prior to the disbursement of funds, all clients of NDF/J are required to attend two formal training sessions of approximately 4 hours duration each. These sessions are conducted with groups of approximately 12 clients. To a lesser extent, informal individual training sessions are conducted by Officers in the field.

The in-field training is applied to the agricultural lending programme where it is sometimes more appropriate to introduce farm management concepts on site.

Session 1 - Policies and Procedures

In this session, clients are introduced to the Foundation's programme and made aware of the organization's credit policies and procedures. Clients are made aware of the obligations and responsibilities in respect of servicing the NDF/J loan and in a general way, this session is used to acquaint business operators, some of whom have never secured business loan financing, with the implications of business credit.

Session 2 - Business Management

This session covers the rudiments of business management concepts and techniques. Specifically, clients are made to understand that business success is dependent on application of sound management. The following topics are introduced:-

- Cost Analysis & Pricing
- Marketing
- Order, Delivery and Receipt Procedures
- Record-keeping - Cash Book

Actual exercises are done in this session to ensure that the clients have grasped the principles and procedures. Clients are then referred to their FEO for follow-up training at which time the concepts learnt are put into practice in their own enterprises.

Clients are loaned and encouraged to purchase the manual "Operating a Small Business in Jamaica, A Guide". This manual which was produced with USAID assistance by the co-operative efforts of nine (9) agencies involved in small business development in Jamaica, is used in the training session.

5) ASSISTANCE IN PROJECT IMPLEMENTATION

This aspect of the TAT programme is moreso applicable to new, rather than existing businesses and is particularly important in the agricultural lending

programme. Clients are assisted in implementing the following:-

- an adequate and efficient production system
- proper record-keeping system
- proper cash control system
- Management and supervisory control system
- sound marketing programme

Here the difference between the technical assistance and training becomes marked as the former is developed specially for each business while the latter is at a theoretical level.

The level of assistance varies with the needs of each business and much of this work is done during the period of disbursement of the loan. At this stage, the FEO is required to ensure that the money is being spent in the business for the approved purpose. A great deal of assistance is also provided in material and equipment procurement to safeguard NDF/J's interest in the loan.

6) CLIENT MONITORING AND PROBLEM SOLVING

At this stage, NDF/J's TAT programme has two components:-

- a) Continued assistance in client's business development
- b) Loan servicing, account collection and delinquency control

The first aspect of the monitoring process is directly related to the NDF/J's programme of business development through the continued provision of marketing, production planning, costing and general management assistance. The second aspect of the monitoring is directly related to loan supervision.

7) SPECIALIZED BUSINESS COUNSELLING AND CONSULTANCY

This specialized programme is sponsored by CIDA through the Foundation for International Training (FIT) and involves two specialist officers at Head Office. This programme provides a greater level of management assistance to select projects or businesses. Businesses selected for the programme are in the following categories:-

1. New business proposals with need for more than usual project development assistance
2. Businesses with potential for significant growth which needs developmental management assistance
3. Businesses which are having serious management problems and need remedial assistance.

One of the objectives of this programme is to determine the extent that in-depth management impacts on business development and growth. It is hoped to significantly expand the programme if CIDA/FIT resources are available.

8) AGRICULTURAL EXTENSION SERVICE

With the NDF/J's involvement in agricultural lending, two Field Officers with specialized training in Agronomy and Agricultural Science were employed one each in the Montego Bay and Mandeville Branches. These Officers provide a wide

range of agricultural extension services to farmers who have secured loans from the NDF/J.

9) INSTITUTIONAL SUPPORT TO OTHER AGENCIES WITHIN THE SSE SECTION

From time to time, NDF/J is called upon to provide management assistance in the development of the programmes of other institutions involved in the development of the small scale enterprise sector.