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Midterm Evaluation of the Microenterprise Development Project of Jamaica

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GEMINI

GROWTH and EQUITY through MICROENTERPRISE INVESTMENTS and INSTITUTIONS
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Midterm Evaluation of the Microenterprise Development Project of Jamaica

by

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TABLE OF CONTENTS

CHAPTER THREE
STRENGTHENING INSTITUTIONS 29

CHAPTER FOUR
POLICY INFORMATION AND RESEARCH 35

CHAPTER FIVE
PROJECT IMPACT 41

LIST OF TABLES

GLOSSARY

A.I.D.	Agency for International Development
ALA	Approved Lending Agency
ASSIST	Agency for the Selection and Support of Individuals Starting Trade
CAST	College of Arts, Sciences and Technology
CIDA	Canadian International Development Agency
COK	City of Kingston Credit Union
COPE	Credit Organization for Pre-Micro Enterprises
DR	Dominican Republic
EDT	Enterprise Development Trust
GEMINI	Growth and Equity Through Microenterprise Investments and Institutions Project
GOJ	Government of Jamaica
GON	Government of Netherlands
IDB	Inter-American Development Bank
JAMPRO	Jamaica Promotions Ltd.
JHVA	Jamaica Higgler and Vendor Association
KRC	Kingston Restoration Company
MDP	Microenterprise Development Project
MEDA	Menonite Economic Development Agency
MIDA	Microenterprise Investment Development Agency
MSE	Micro- and small-scale enterprise
NCB	National Commercial Bank
NDF/J	National Development Foundation of Jamaica
OPM	Office of the Prime Minister
PIOJ	Planning Institute of Jamaica
SEEP	Small Enterprise Education Program
STATIN	Statistical Institute of Jamaica
TDB	Trafalgar Development Bank
THA	Trevor Hamilton and Associates
UWI	University of West Indies
WID	Women in Development

EXECUTIVE SUMMARY

The Microenterprise Development Project (MDP) of the U.S. Agency for International Development in Jamaica was authorized in August 1990, and implementation was begun in mid-1991. This midterm evaluation was commissioned by USAID to assess project performance to date, and to provide recommendations for USAID, in particular for the design and scope of the planned project amendment to be authorized in Fiscal Year 1993.

The evaluation was to focus on the implementation of the primary project components — credit, noncredit, and policy reform. The noncredit component was never implemented, however, and is discussed only briefly in this report. The team assessed the performance of the implementing nongovernmental organizations (NGOs) in providing credit services and looked at the potential of these NGOs for institutional and financial sustainablility. The team also examined the research and policy component and assessed project impact in terms of poverty alleviation and gender issues.

MACROECONOMIC SCENARIO

The policy reforms that Jamaica has undertaken in the past few years have eliminated many of the distortions that prevailed in the economy. MDP has benefited from these favorable changes. Reacting to policy measures initiated by the Government of Jamaica (GOJ) and structural reforms, the economy has turned from a negative to a positive growth rate, and unemployment has been declining, although high inflationary pressures continued in 1991 and 1992. In the financial sector there has been a progressive abandonment of subsidized interest rates in favor of market rates. The project, working closely with GOJ, other donors, and several credit institutions, contributed to and benefited from this process.

Jamaican entrepreneurs, including microentrepreneurs, are now more competitive, and the freedom to charge market interest rates has encouraged lending agencies to finance micro- and small-scale enterprises (MSEs). Increasingly, several formal sector financial institutions are exploring the possibility of serving the MSE sector.

FINDINGS AND CONCLUSIONS ON PROJECT PERFORMANCE

NGO Support

MDP has played and continues to play an important role in educating policy makers and practitioners on proven microcredit methodologies and has become a catalyst for drawing attention to an important sector of the economy.

The project has strengthened the institutional capacities of the two NGOs and has provided technical assistance to other microcredit agencies to support development of their institutional skills and to increase their understanding of microenterprise lending concepts.

A conscious attempt was made to address gender issues during the appraisal and design stages of MDP. This emphasis has enabled MDP to reach a large number of women entrepreneurs by ensuring that women are seen by lending agencies as an important client segment.

The development of a national database on the sector has been supported by MDP through cooperation with the Office of the Prime Minister (OPM) and other donors. This database will enable an assessment to be made of the impact of the project and will assist in the formulation of macro policies for the sector.

Credit Assistance

More than 80 percent of the US$2 million project funding has been devoted to financing the expansion of microenterprise lending programs by the two NGOs, Enterprise Development Trust (EDT) and the Agency for the Selection and Support of Individuals Starting Trade (ASSIST). Project assistance to EDT has been under way for two years, whereas that to ASSIST is less than a year old. Lending has been directed to the lower end of the microenterprise continuum — loans to poorer and smaller enterprises of small amounts offered at market rates of interest (37-51 percent), averaging J$17,500-22,000 (US$800-1000), with terms averaging 1-2 years.

The project has enabled the two institutions to increase their lending activities substantially using project financing and other sources. EDT had approved 557 loans by March 1993, and ASSIST had approved 473. Sixty-eight percent of EDT's loans were made to female entrepreneurs as compared with 47 percent for ASSIST. The two NGOs estimated that 2,000 new jobs were created from the lending component of the project, but the methodology used for arriving at the estimate is weak.

USAID's capital contribution enabled the two NGOs to leverage funding from other sources. EDT has mobilized more than J$800,000 from local loans and grants, and ASSIST has commitments of nearly J$4,700,000. Neither institution has, however, met the financial targets set forth in their cooperative agreements with USAID, although with the wisdom of hindsight it is clear that the targets were unrealistically optimistic. At this point, EDT is meeting only 65 percent of its costs, and ASSIST is meeting 45 percent.

EDT's future is constrained by its growing administrative problems, including a decline in the quality of its management, staff turnover, shortage of personnel, and current low morale. Unless these problems are corrected quickly, they will impact increasingly on EDT's portfolio performance and revenue. EDT is also suffering because its lending is concentrated on the needy yet difficult Kingston area with its social tensions and unrest. EDT's situation calls for policy, management, and staffing changes and a new business plan.

ASSIST is a larger organization with a nationwide clientele served by seven regional offices and a dynamic Executive Director. It has gone far in adopting minimalist (incremental) lending practices and is attempting to take advantage of modern management techniques, and information and accountability systems. Its main problem is to achieve greater productivity from its lending staff and to increase loan output. Nevertheless, it is well positioned for further growth, and, with some continued technical assistance, should be a viable institution within 3-5 years.

The project's impact in the first two years has been as much educational as financial and operational. MDP, through workshops and study tours, has begun to change professional attitudes within the Jamaican financial sector and the GOJ. MDP has demonstrated that, when properly structured and managed, microenterprise lending is a viable approach for sustainable development. Hence, the training and advisory functions of the project should be important components of any extension.

Policy and Research

This component included support for a multidonor program of surveys and studies to provide better information on the characteristics of the microenterprise sector and some of its leading issues. Supported by GOJ, the Government of Netherlands, USAID, and the United Nations Fund For Women, the program was launched in February 1992 and draws on talents from the Statistical Institute of Jamaica, the University of West Indies, and consultants from Michigan State University. The studies promise to provide fresh insights into the sector that can furnish a basis for policy improvements and regulatory changes. When complete, the national survey, the quarterly panel survey, and the parallel panel surveys set up at EDT and ASSIST are likely to provide rich statistical insight into the dynamics of the MSE sector in Jamaica.

Project Impact

The short duration of the assignment and the lack of data currently available prevented a full impact assessment. However, although difficult to quantify, MDP appears to be having a positive impact on poverty alleviation and employment and is contributing favorably to USAID's key strategic objective of employment creation. This impact is indicated by proxy variables — assets, loan size, number of employees, and location (rural/urban) of assisted enterprises drawn from EDT's and ASSIST's loan records.

Eighty-nine percent of enterprises assisted had assets of less than J$50,000, and 47.3 percent had assets of less than J$20,000. The average asset size of the businesses financed was J$28,570, roughly US$1,287. This figure is equivalent to approximately 92 percent of the 1991 per capita GDP of Jamaica. It can be inferred by the size of these firms that the majority of EDT's clients are from the poorer section of the population. About 65.4 percent of the loans disbursed by EDT are less than J$20,000. The average loan sizes of J$20,385 and J$22,450 disbursed by EDT and ASSIST respectively are small enough to exclude the less-than-poor. The mandatory training requirement and relatively low loan ceilings have proved to be effective mechanisms worldwide to exclude less-disadvantaged borrowers who find these restrictions cumbersome.

Another indicator of poverty orientation is the average number of employees in the assisted firms — the smaller the number, the poorer and smaller the enterprise. Thus, of a sample of 150 firms in EDT's portfolio, 97 percent had 5 or fewer employees, indicating that the project is reaching the lower rungs of the economic ladder. The majority of ASSIST borrowers have 2 to 5 employees also.

The entry of ASSIST into the project permits its broadening to the rural areas of Jamaica where 70 percent of the poor reside, often at living standards inferior to those in the cities. About 64 percent of ASSIST's loans have been placed outside of Kingston.

To target the very poor directly, USAID is adding a poverty lending component to the project that will extend loans not to exceed US$300. ASSIST targets MSEs at the poorer end of the spectrum (those with an income of $750 or less per week) despite the higher transactions costs of reaching this niche.

MDP has been successful in addressing gender issues, surpassing and thus upwardly revising its own targets from the Project Paper for reaching women. Sixty-eight percent of EDT's loans and 47 percent of ASSIST's loans went to women. This is explained by a gender-sensitive project design; appropriate credit methodologies and practices (flexible collateral arrangements and small loan sizes, for example); and the high number of female loan officers, at least at EDT. Disaggregated data on beneficiaries will permit differential impact assessments at a later stage.

Inner Kingston has been the focus of EDT lending and, as such, has been a positive factor for the area but has impacted negatively on EDT's financial health. EDT and ASSIST (as well as other financial agencies) are currently discussing collaboration with Kingston Restoration Company, a private urban renewal organization, through the latter's proposed investment guarantee fund.

RECOMMENDATIONS

Recommendations for EDT

EDT needs to address seven major areas to improve its operations and attain further growth and sustainability:

- Improve substantially the overall quality of higher and middle management;
- Review loan delivery mechanisms;
- Establish a maximum size for a first loan, which would allow the borrower to establish a track record;
- Include plans for scaling-up in the strategic plan;
- Make computerization of the accounting system an organizational priority;
- Install a loan management software program; and
- Train loan officers in business skills and minimalist credit practices.

Recommendations for ASSIST

Operations at ASSIST are picking up momentum, and the agency is well positioned for future growth and development. The major recommendations are these:

- Continue to adapt its credit methodology to the minimalist and "cluster" approaches;
- Increase the number and amount of monthly loans disbursed to cover costs and ensure sustainability;
- Conduct an in-depth review of accounting procedures and software to minimize the incremental cost of scaling-up;

- Actively preserve the spirit and sense of belonging of personnel; and
- Train loan officers in sustainable lending methodologies.

Recommendations for USAID on Credit Promotion and Program Development

Continue to support workshops and study tours to successful microenterprise programs overseas. In addition, expand assistance to the micro- and small-scale enterprise sector through the support of institutions that demonstrate a commitment to MSE development.

Consider ASSIST as the first implementing institution for the new poverty lending component, based on the organization's capacity and projections for development.

Recommendations for USAID and OPM on the Policy Information and Research Component

Consider financing the continuation of the panel surveys for two more years and make additional funding available to institutionalize the parallel panels at EDT and ASSIST.

Gender Issues

Conduct the gender issues study to upgrade the skills of women through training, thereby expanding their economic activities.

Dissemination

Make survey results available to GOJ and lending institutions in both the micro and the wider financial sector.

Recommendations to USAID on the Proposed Amendment

- Continue current activities in credit and policy and research;
- Provide operational cost support to EDT and ASSIST on a declining basis;
- Establish quantifiable targets in terms of loans, recoveries, and overall portfolio quality;
- Provide in-country training courses for loan officers on credit, collateral appraisal, and monitoring;
- Develop an integrated accounting and loan management software package for use by all microenterprise lending agencies; and
- Encourage microenterprise lending agencies to eventually become more than just lenders by exploring innovative ways to link financial NGOs and commercial banks.

Program Management

The project implementation unit at USAID should remain as a core management, advisory, and guiding unit rather than become a direct source of technical assistance and training.

CHAPTER ONE

INTRODUCTION AND OVERVIEW

This midterm evaluation was conducted to assess and analyze the progress of the U.S. Agency for International Development-financed Microenterprise Development Project (MDP). More specifically, the evaluation team was requested to focus on the primary project components: credit, noncredit, and policy and research. The noncredit component was never implemented, however, and is discussed only briefly in this report. The team assessed the performance of the two implementing nongovernmental organizations (NGOs) in providing credit services to microenterprises, and looked at the potential of these NGOs for institutional and financial sustainability. The team also examined the policy and research component, and assessed project impact in terms of poverty alleviation and gender issues. The report includes recommendations to USAID, in particular for the design and scope of the planned project amendment to be authorized in Fiscal Year 1993. A full impact assessment was not conducted given the short duration of the evaluation. However, this study provides illustrative material that can serve as preliminary indicators of the results of project activity, and outlines a methodology for conducting an impact assessment.

The evaluation mission was fielded by Development Alternatives, Inc. (DAI) through the A.I.D.-financed Growth and Equity through Microenterprise Investments and Institutions (GEMINI) Project. The study was undertaken in a three-week period in May and June 1993. The evaluation team comprised a policy analyst and a microenterprise credit expert. A design specialist and a gender specialist supplemented the efforts of the evaluation team. The recommendations are based on a review of documents, status reports, and literature; interviews with the staff of the cooperating and potential agencies; field visits to several microbusinesses and branch operations of the Agency for the Selection and Support of Individuals Starting Trade (ASSIST); and visits to the Statistical Institute of Jamaica (STATIN), University of West Indies (UWI), and the Office of the Prime Minister (OPM).

THE MICROENTERPRISE DEVELOPMENT PROJECT

Project Goals and Objectives

MDP was signed in August 1990 for a planned four-year life with a funding level of US$2 million. Implementation began in June 1991. The project was designed to address two of Jamaica's most serious problems: high unemployment and poverty. The project goal is to increase employment opportunities for the entrepreneurial poor in Jamaica, thereby increasing their income and quality of life. The project objectives are to accelerate the development of microenterprises into more productive sustainable businesses by:

- Increasing the capacity of Jamaican microenterprise assistance agencies to provide microenterprise credit on a self-sustaining basis;

- Pilot-testing methods of delivering sustainable noncredit assistance to microenterprises; and

- Establishing an updated baseline of microenterprise information, and supporting policy reform through analysis and policy dialogue.

Project Design and Implementation

The project was designed to have three primary components — credit, noncredit assistance, and policy reform and research.

Credit

The credit component is considered the most important to achieving the project's goal. The project design expected that one or more credit programs would adopt sustainable practices, and mobilize additional funds through savings or other mechanisms to leverage USAID funds. USAID signed cooperative agreements with two Jamaican microenterprise lending agencies: Enterprise Development Trust Ltd. (EDT) and ASSIST for US$866,000 and US$750,625, respectively, to implement the credit component. The following criteria were specified for lending to micro- and small-scale enterprises (MSEs).

- Eligible businesses: Existing micro-scale (usually 1-5 employees) in Kingston and other urban centers engaged in manufacturing, trade, and food processing;

- Loan Size: Mostly less than J$60,000;

- Terms: Generally up to two years with monthly payments of principal and interest; and

- Purpose of loans: Inventory, raw materials, or fixed assets.

This component is discussed in Chapters Two, Three, and Six.

Noncredit Assistance

This component was designed to pilot-test sustainable means of delivering noncredit assistance. A matching grant fund of US$100,000 was established to provide technical grants of US$10,000 to institutions providing noncredit assistance to MSEs. The component was not implemented, and is discussed only briefly in Chapter Three.

Research and Policy Reform

This component was designed to improve the knowledge base of MSEs and foster policy reforms. In February 1992, the project entered a two-year agreement with the Government of Jamaica (GOJ), the Government of the Netherlands (GON), and the United Nations Development Fund for Women (UNIFEM) to improve macroeconomic policies for the MSE sector through a process of dialogue, studies, research, and surveys. The following contributions were made as part of this agreement: GOJ - US$105,589; GON - US$351,208; USAID - US$82,454; and UNIFEM - US$40,800. Achievements of and recommendations for this component are provided in Chappters Four and Six.

The MDP budget is presented in Table 1.

TABLE 1

MDP BUDGET

Credit fund development	US$1,315,000
Noncredit assistance	100,000
Policy information, research, and evaluation	185,000
Project implementation	225,000
Contingency/inflation/audit	175,000
TOTAL	US$2,000,000

In addition to the US$2 million in project funds, it was assumed that microenterprise implementing organizations, other donors, and financial institutions would contribute approximately US$1.3 million in cash and kind.

USAID hired a full-time Project Manager to implement MDP, and obtained technical assistance from Jamaican and U.S. sources to provide technical direction.

THE COUNTRY CONTEXT AND MACROECONOMIC FRAMEWORK

With a per capita GNP of US$1,400, Jamaica is considered a middle income country within the developing world. It is one of the larger Caribbean islands, with an area of 11,000 square kilometers, of which 45 percent is under cultivation. It is well endowed with natural resources, has an educated and skilled labor force, and, most positive, enjoys proximity to North American markets. Significant levels of emigration have taken place over the last two decades.[1] The principal economic activities are bauxite/alumina mining and processing, tourism, small-scale manufacturing, and agriculture.

Following a prolonged deterioration, the performance of the economy showed clear improvement during the second half of the 1980s.[2] The 1980s registered real GDP growth of 0.9 percent per year compared to 0.5 percent average annual decline in the 1970s. This improved performance reflected the rapid implementation of the nation's structural adjustment policies (SAP) that, among other aims, sought to enhance reliance upon market forces and improve competitiveness.[3] Subsidized interest rates are already a thing of the past, and in the microenterprise sector government lending organizations such as Micro Investment Development Agency (MIDA) and Self Start Fund (SSF) now charge market rates.

[1] During 1980-86 about 50 percent of the graduates from educational and training institutions migrated.

[2] Jamaica's economic performance deteriorated significantly between 1973 and 1979 with real GDP registering a 13.6 percent cumulative decline.

[3] Inter-American Development Bank, Jamaica: Socioeconomic report, September 1990.

The adjustment-led economic upturn permitted substantial progress in reducing unemployment. After averaging 25.3 percent of the labor force in 1984-85, unemployment dropped to 18.7 percent by 1988 and further declined to 15.6 percent by January 1992. Female unemployment, which used to be two and a half times higher than male unemployment, is currently about twice that for males, with females making up 68 percent of the unemployment figures.

The costs of these corrections, however, have been substantial in terms of government's capacity to undertake needed investments in basic social and physical infrastructure and in meeting the needs of the poor. Because of increased energy costs and devaluation, consumer prices soared by 28 percent in 1990-91, rising even higher in 1991-92 when inflation was more than 80 percent, inevitably leading to very high interest rates. Both the population and the labor force expanded at 1.1 percent average annual rates between 1981-89. But despite undeniable progress in lowering unemployment, according to some observers problems are likely to persist over the medium term even if these favorable trends continue.

The Microenterprise Sector: Financing and Constraints

One means of mitigating the adverse impact of structural adjustment is the development of microbusinesses, which tend to absorb retrenched or laid-off employees. It is generally believed that since the early 1980s the number of persons employed in microbusinesses has increased significantly, and by 1991 this number stood at 357,000.

The growth of the informal sector is also reflected in an increase in the number of persons classified as "self-employed and independent occupation groups." From October 1990 to January 1991 this group increased from 339,200 to 341,400, and in October 1991 this number stood at 345,600 (221,000 males and 124,600 females) in areas such as crafts, wholesale and retail trade, hotels and restaurants, and production (not including agriculture and forestry).[4]

A survey conducted by Trevor Hamilton and Associates (THA) for USAID in 1989 indicated that 40 percent of entrepreneurs regarded credit as the single most important factor for the success of their future plans. A study done in 1992 cited the inability of small businesses to access credit from banks and other lending agencies because of lack of collateral, and the inability to deal with high interest rates as major constraints to the development of the sector.

MSEs face a variety of risks. Entrepreneurs, especially women, are apprehensive about dealing with banks. Access to capital resources is difficult, and banks and other financial institutions are concerned with the real or perceived risks involved in MSE financing. Social and educational shortcomings also prevent the poor from gaining access to financial services.

The formal financial sector tends to bypass microenterprises. Its traditional lending practices require extensive documentation and collateral and inhibit experimentation and innovation and the poor's access to services. There is a need to search for alternate financial mechanisms to address the credit demands of the MSE sector. MDP is exploring one option: using NGOs as financial intermediaries. NGOs tend to use participatory processes, can easily identify with grassroots-level businesses, and are more flexible than banks.

[4] Statistical Yearbook of Jamaica, 1991.

Other Donor Assistance

The Jamaican MSE sector receives assistance from several donors and is likely to receive more in the future. These donors include the European Economic Community, the Netherlands, Canada, Germany, and the Inter-American Development Bank (IDB). Their programs are summarized in Annex 11. Their interest in the microenterprise sector is growing; for example, IDB is in the process of launching a Multilateral Investment Fund for Latin America and the Caribbean to be financed at US$300 million per year for five years. The intention is to use a portion of the fund to augment local lending resources as well as financing measures to strengthen the human resource and technical capability of on-lending institutions and even MSEs themselves.[5]

USAID's MSE support activities complement rather than collide with other donor programs. Donors seek to collaborate with one another and coordinate activities. USAID's MDP is targeted at the lower and more rudimentary end of the MSE sector while other donors tend to include comparatively larger, more well-to-do MSEs. Donor coordination is also facilitated by USAID's practice of often providing seed capital, which promising MSEs need to qualify for larger, longer-term loans made possible by funding from other donors. Thus USAID has established a kind of niche in the MSE credit sector that serves as a catalyst for meeting the capital requirements of a broader range of MSEs.

[5] There are some donors, for example, the Dutch Finance Company (FMO), that are currently exploring the options for support and are at different stages of formulating their plans and projects.

CHAPTER TWO

ASSESSING INSTITUTIONAL PERFORMANCE

The purpose of this chapter is to review the performance and institutional sustainability of the two implementing organizations, EDT and ASSIST. The organizational, financial, and external sustainability of both institutions is analyzed vis-a-vis performance standards established in the cooperative agreements signed.[6]

ENTERPRISE DEVELOPMENT TRUST

EDT is a nonprofit limited guarantee organization with no share capital, chartered in January 1991 under the Companies Act. In 1987, Mennonite Economic Development Associates (MEDA) of Canada started the Mini Enterprise Service (MES) Project, which evolved into EDT in early 1991. The original project was set up by MEDA as a pilot project for microenterprise lending. Funds channeled into MES by MEDA originated mostly from the Canadian International Development Agency (CIDA), and from the Canada-based Jamaican Self Help Program, funded by Jamaican residents in Canada.

The original MEDA program recruited lending officers and staff from the communities it served, persons with streetwise rather than academic backgrounds, who could communicate well with the target population of poor microentrepreneurs in the Kingston area.

When conversations began with USAID in mid-1990 regarding the Microenterprise Development Project, the Mennonites encouraged the conversion of MES into a locally run Jamaican company; the Advisory Board under MEDA became founding members and the Board of Directors of EDT.

By April 1991, just before signing the Cooperative Agreement with USAID, EDT had registered assets of J$1.1 million with a portfolio of J$815,000 transferred from MEDA as a loan to EDT. MEDA would assist EDT in staffing, technical support, training, and the transfer of all accounting and other data processing to EDT. Also, an additional agreement for US$57,000 was signed between MEDA and EDT to provide technical assistance to EDT in reviewing the existing credit policy, the preparation of manuals for the institution, staff training, and other matters relating to upgrading institutional capacity.

The Cooperative Agreement with USAID

On May 6,1991, USAID and EDT entered into a Cooperative Agreement for the period May 1, 1991 through October 30, 1993 for a total amount of US$866,000 to strengthen EDT's capacity to implement a microenterprise finance program. EDT agreed to provide services as cost-effectively as possible, and to fully recover all costs under full-scale operations while preserving the purchasing power of its own capital. The Cooperative Agreement had several components — capitalization of the loan fund (US$572,000), reimbursement of operating costs (US$170,000), staff training, technical assistance,

[6] Annex 2 briefly reviews three other active microenterprise lending institutions which may be the object of assistance in the future in order to expand USAID coverage of the microenterprise sector in Jamaica. Annexes 4-8 present comparative financial and organizational information on all five organizations reviewed.

systems development (US$80,000), and commodities and contingencies (US$44,000). The Cooperative Agreement acknowledged the importance of technical assistance to EDT and allowed for it through EDT's agreement with MEDA.

"Substantial Involvement" Provisions

The Cooperative Agreement stated that it was important for EDT to raise nondonor capital to increase its potential for sustainability. Disbursement of USAID funds for the loan fund was conditional upon EDT reaching certain goals in raising nondonor funds, and capitalizing the loan fund. The grant thus served as an inducement to EDT to seek borrowed funds in order to leverage grant funds from USAID. At exchange rates prevailing in early 1991, the agreement sought a leverage of about 3:1 between borrowed funds and grants provided. The resulting portfolio was to be approximately J$6.7 millon. This goal has virtually been achieved.

Operating Performance Targets

According to the Agreement, certain mutually agreed-upon performance indicators were to be achieved and reported by EDT to USAID on a regular basis. The target indicators were to be used to measure EDT's success and represent the expected results at the end of the Agreement. The targets were:

- Operating self-sufficiency (operating revenues as a percentage of operating costs) would increase from 30 to 120 percent;
- Operating costs per J$ loan would be reduced by 50 percent, from approximately J$0.33 to J$0.17;
- USAID funds for revolving fund capitalization were to be supplemented by EDT with J$1.25 million in nondonor funds;
- Arrearages as percentage of dues (loans and interest payments due) would be reduced from 15 to 12 percent;
- Bad debt as percentage of dues (loans and interest payments due) would equal 5 percent or less; and
- At least 90 percent of the total number of loans awarded would be for J$20,000 or less. These loans would represent at least 50 percent of total J$ loaned.

Interest Rate Policy and Operating Cost

The Agreement provided for EDT to deliver financing at the lowest cost possible, but with interest rates reflecting the true cost of delivering the service. Appropriate factors impacting interest rates (operational costs, inflation, the cost of capital) should be reviewed at least on a semiannual basis. At the date of signing, EDT was charging 18 percent per annum flat on initial balance with a 3 percent commission, for an effective rate of 36.8 percent on a 15-month loan. The Agreement declared the intention that the program at EDT should have net operating profits of at least the estimated rate of inflation to contribute in the preservation of the purchasing power of the revolving loan fund. The Agreement with USAID was signed in early 1991 and the first disbursement was made in June of that year.

Organizational Sustainability

EDT is governed by a Board of Directors of nine members, of which eight posts are currently occupied. Board member participation varies, with three members exhibiting substantial involvement.

The organization targets the urban poor throughout most of the Kingston area, in line with the previous philosophy of the MEDA project. EDT recently established a presence in the area of St. Thomas, east of Kingston, where borrowers are serviced once a week from the Head office.

The organizational structure of EDT has varied over time and now consists of 12 employees. Since October 1992, the structure has been centered around a General Manager who supervises four distinct areas — Loan Administration, Accounting, Training, and Credit.

The *Loan Administration Department* is in charge of the actual accounting recording of the individual loans, tracking payments, arrears, and loan balances. Its operations are performed manually and the department does not carry outstanding principal balances, but rather outstanding installments, comprising principal, interest, and a savings component. A single "batch entry" is fed by the Loan Administration Department to the general ledger at the end of each month. Loan Administration also reviews all credit and collateral documents before the disbursement of funds.

The *Accounting Department* is made up of the Accountant and a Cashier/Clerk. Accounting is manual, and the accounting system is theoretically under the accrual method, but in practice is carried on a cash basis because neither interest receivable nor payable is credited/debited until it is actually paid.

The *Training Department* consists of a single training officer who is in charge of the six-hour training session (two days) that all loan applicants must attend before their loan applications are processed.

The *Credit Department*, the core of the organizational activities, is composed of a Credit Manager, supervising a Senior Field Officer, who in turn supervises two loan officers. This rather minute lending staff of four lost an officer in the first quarter of 1993, and, as reported, is due for further changes.

In general, the structure of a spoked wheel is adequate to the number of employees and commensurate with the level of activity of EDT. Nevertheless, the ratio of 9 support staff to the current 2 full-time lending officers is disproportionate and is burdening the profit performance of the organization. Projections call for a staff of 10 field officers at the present time.

Staff and Management

Personnel turnover has been high at EDT. This has negatively impacted on the performance of the institution. Upper management is perceived to be unable to motivate employees to achieve the goals of the organization. Staff and management problems are hindering growth and the needed expansion of operations. Staff do not seem to have a deep commitment to the achievement of the quantitative goals of the organization, and higher management is frustrated at the unsuccessful attempts to rekindle that spirit.

Increased commitment and expertise are required for EDT to continue on its path of development. Most probably, the "streetwise" abilities of lending officers are no longer enough to keep up with a growing portfolio of quality. Business skills and credit training that were really not needed in the beginning are now a requirement. Management weaknesses and poor personnel attitudes and skills seem to be the main problems facing EDT, and ones that have to be promptly addressed.

Credit Delivery System

EDT is primarily a credit institution aimed at the microenterprise sector. Training is given to microentrepreneurs solely at the time of application; technical assistance is given through regular, short visits by the lending officers.

EDT currently has a loan ceiling of J$80,000 for individual loans and J$150,000 for group or partnership loans. There is no maximum for an initial loan to a new borrower and, if conditions are met, a first loan may be of any size within the maximum limits. Loans are categorized as either working capital loans, which may be granted for up to 12 months, and fixed asset loans, with terms up to 36 months. Mixed purpose loans are granted according to cash flow projections. The average life of the portfolio as a whole stands, according to the Credit Manager, at about 15 months.

The interest rate currently charged is 23 percent per annum flat on the initial balance with a 5 percent up-front closing fee, for an effective interest rate of 50.6 percent. This is a substantial variation from the 36.8 percent APR being charged when the Agreement was signed.

Borrowers at EDT are also required to purchase a life insurance policy, endorsed to EDT, on the amount of the loan. Since March 1992, borrowers are also required to save the equivalent of 10 percent of their loan amount over the life of the loan by depositing 10 percent of their monthly installment. This Business Development Fund is saved at EDT and may not be returned until the full loan is paid. Once the loan is paid, an 8 percent bonus is paid on the amount saved. This mechanism increases the effective interest rate by increasing the monthly flow of payments to EDT. EDT has in the past used a Partner Savings Club, based on the Jamaican practice of "Partners," whereby a group of people save on a regular basis, each receiving a "draw" equivalent to the saving of all the participants for one of the periods.[7]

All potential borrowers must fill out a loan application form at EDT's office. Applicants must then attend a six-hour training course given at EDT on basic accounting and loan conditions. The training also makes sure that applicants understand the role of EDT and what is expected from them. A lending officer then visits the applicant at the site of the business for the assessment of the loan. The analyzed proposal is processed by a Senior Field officer and a Credit Manager and must be approved by a committee comprised of the Credit Manager, the General Manager, and the head of Loan Administration.

[7] Like a rotating savings and credit association (ROSCA).

All borrowers in the Kingston area are required to come to EDT to make loan payments. Borrowers in St. Thomas make payments at the National Commercial Bank (NCB) by depositing their monthly installments in an EDT account.

Since mid-1992, EDT has had a comprehensive *Credit Guideline and Policies Manual* that contains the loan eligibility criteria. It contains detailed information on loans use and conditions (amounts, charges, repayments), security, application procedures, determination of loan size, loan approval, documentation and disbursement, and loan supervision and collection. These guidelines were the result of a MEDA consultancy to EDT. EDT is not using a minimalist credit approach of incremental, consecutive working capital loans, but rather a tailored credit system within the bounds of the eligibility criteria. The determination of the loan size has to comply with five basic indicators, which are presented in Annex 1. Although the criteria for approval allow certain exceptions, the credit judgement becomes largely an automatic process: if the borrower is of "good character" and honest, and the initial and financial criteria are met, the loans are approved. The indicators are nevertheless very weak "at the source," given that the lending officer must, by interviewing the applicant, create the balance sheet on which the criteria are to be applied. Loan officers lack the business experience to conduct accurate business appraisal and cash flow projections.

In summary, the traditional approach to extending loans commensurate with appraised needs used by EDT is not the most agile or adequate one for delivering loans to microenterprises with no track record and little or no business records.

Credit Activities

The targets set by EDT for its credit activities and their achievement to date is presented in Table 2.

Of the 557 loans approved, 533 were disbursed during the period for a total of J$7.8 million with an average loan size of J$17,500. The average loan disbursed is J$20,385 considering only the loans disbursed in the last 9 months.

The principal factor contributing to EDT lagging behind benchmarks is that the targets were based on having 10 field officers. EDT had 5-6 active officers for most of 1992, and only 2 full-time lending officers were in place by early May 1993.

TABLE 2

LOAN TARGETS AND ACCOMPLISHMENTS OF EDT

	May 1991 - June 1992	July 92 - March 93	TOTAL
Loans Approved Targeted	380	418	798
Loans Approved Actual	311	246	557
Disbursement Targeted	J$3.8 million	J$8.7 Million	J$12.5 Million
Disbursement Actual	J$4.1 Million	J$5.1 Million	J$9.2 Million

Of the 533 loans disbursed during the period analyzed, 332 or 62.2 percent of the total were granted to female microentrepreneurs, and 201 or 37.3 percent were granted to male microentrepreneurs. A breakdown by gender is shown in Table 3.

TABLE 3

LOANS DISBURSED BY GENDER
AUGUST 1991-MARCH 1993

	Manufacturing	Commerce	Services	TOTAL
Female	80	173	79	332
Male	66	90	45	201
TOTAL	146	263	124	533

A sample conducted by the evaluation team of 150 credit files at EDT, representing approximately 32.8 percent of the active files, yielded the following information on their credit activity (the F/M category reflects partnerships of females and males):

TABLE 4

NUMBER AND J$ DISBURSED BY GENDER
AVERAGE LOAN AND ASSET SIZE PER BORROWER

	# LOANS	TOTAL AMOUNT J$000s	AVG LOAN J$000s	LOANS UNDER J$20,000	LOANS OVER J$20,000	AVERAGE ASSETS OF BORROWER J$
FEMALE	103	1,563	15.17	73	30	24,375
MALE	43	934	22.25	22	21	38,513
F/M	4	48	11.98	3	1	29,791
TOTAL	150	2,546	16.2	98	52	28,570

The distribution between male and female borrowers, in terms of loan numbers, are consistent with the percentages presented for the overall portfolio. The difference between the average loan to women and to men resembles the difference in average size of assets and is most probably explained by the types of activities that are carried on by female or male borrowers. Moreover, 98 loans out of 150 sampled were below J$20,000, representing 65 percent of the loans sampled. The 150 loan files sampled were analyzed to ascertain the size of the businesses as measured by the number of employees. The following table presents these findings.

TABLE 5

SIZE OF THE ENTERPRISE LOANS GRANTED BY
GENDER OF OWNER AND NUMBER OF EMPLOYEES INCLUDING OWNER

GENDER OF EMPLOYEES	1	2-5	6-10	Over 10	Total
FEMALE	60	40	2	0	102
MALE	22	20	1	1	44
FEMALE/MALE	4	0	0	0	4
TOTAL	86	60	3	1	150

Of the loans sampled, 57.3 percent were granted to "Self Only" businesses, and 40 percent to units with 2-5 employees.

If asset size is considered, the loan files examined produce the following information:

TABLE 6

NUMBER OF LOANS BY ASSET SIZE
(J$000s)

	0-20	20+50	50+100	101+200	Over 200
FEMALE	51	44	7	0	0
MALE	18	17	6	2	1
FEMALE/MALE	2	2	0	0	0
TOTAL	71	63	13	2	1

Of all loans sampled, 89.3 percent were granted to firms with less than J$50,000 in assets, whereas 47.3 percent were approved for firms with less than J$20,000 in assets.

Approximately 12.8 percent of the number of loans granted by EDT were placed in the "Food Preparation" sector with 49.8 percent going to "Retail" businesses, and 11.2 percent for the "Service" sector. About 26.2 percent of the loans went to "Manufacturing and Production." About 48.8 percent of the loans were granted for working capital; 16.9 percent went to the purchase of fixed assets; and 34.3 percent for a combination of both uses.

EDT provided the status of arrears of principal on the portfolio as of May 1993, as outlined in Table 7. These figures could not be verified for accuracy, because they were manually produced especially for the evaluation team. As such, they indicate that about 13.5 percent of the portfolio was in arrears, which would not be considered an extremely high rate, although it should be brought down to lower levels. The methodology for computing arrears could not be verified by the evaluation team.

TABLE 7

STATUS OF ARREARS - MAY 1993

Days in Arrears	0-30	31-60	61-90	91-120	120+	TOTAL
Principal in arrears (J$000)	122.8	118.4	134.4	115.9	308.6	800.0
Percentage of Total	15.4%	14.8%	16.8%	14.5%	38.5%	100.0%

Accounting and MIS

The loan activity of EDT is accounted for manually. The organization does not have a computerized system for accounting, loan management, or general management information purposes. Accounting is up to date, although several problems were detected in the recent past through an audit performed by Coopers & Lybrand Associates for the period May 1 to June 30, 1992. Weaknesses surfaced mostly in the procedural aspects of accounting. Many of these have been resolved since the new Accountant was hired but others are still pending. We were informed that EDT management has asked the auditors to present a plan of action to correct the deficiencies that still continue. The auditors have already submitted an accounting manual touching upon the deficiencies encountered but it has yet to be reviewed and implemented by EDT.

It is very important for EDT to have a loan management software or procedure that would give the organization timely reports on total arrears, arrears by lending officer, collections due each month, portfolio by size, and other reports that become integral tools for effective management. EDT is looking at systems in operation in local institutions, but it seems very optimistic to suppose that they will have them in place before year end. The accounting and MIS systems require strengthening to upscale the institution in an orderly fashion.

Financial Sustainability

Financial performance for the period July 1 1991 to March 31, 1993 was reviewed to assess EDT's financial viability. Annex 4 shows Balance Sheets and Profit and Loss Statements for this period as well as a set of financial indicators generated from the financial information. EDT has no balance sheet available for the period July-September of 1992 although a Profit and Loss statement was provided. Severe personnel shortages seem to have caused this problem until the new Accountant was hired.

Growth and Profits

EDT's gross loan portfolio was registered at J$810,000 at the end of August 1991 and recorded at J$5.8 million at the end of March 1993. This J$5.0 million increase, which represents a growth of 517 percent, was financed by USAID's grant. This grant provided J$7.4 million for the loan portfolio over the period.

Profit and loss statements for the first nine months of the fiscal year July 1992-June 1993 show an accumulated loss of J$2 million. This figure includes a "Devaluation Expense" of J$797 thousand to account for the loss in purchasing power of its J$ portfolio value. Reversing this entry results in losses of J$1,228,000. We have excluded this devaluation expense from the presentation of financial statements and the associated indicators.

The performance for the current fiscal year may be summarized as follows:

TABLE 8

SUMMARY OF CURRENT FISCAL YEAR PERFORMANCE
(000)

Interest Income	572
Fees and Commissions	264
Other Financial Income	108
Total Financial Income	944
Interest Expense	0
Net Financial Income	944
G+A Expenses	1,447
Depreciation	63
Gross Operational Income	(566)
Other Expenses	390
Loan Loss Reserve	272
Net Operational Income	(1,228)

It must be noted that up until July 1992, all interest income for a given loan was received up front at the time of disbursement. Since then, income has been allocated over the life of the loan. The figures above mostly reflect this new methodology. EDT has not achieved break-even. The portfolio is not large enough to earn revenues sufficient to cover expenses.

Basic Selected Financial Indicators

The financial sustainability analysis will examine a select number of key indicators. Because certain balance sheet items are lacking for July through September 1992, the analytical indicators are based on the six-month average for October 1992 to March 1993. The indicators are presented in Table 9.

The cost per J$ loaned, which was J$0.295 as an average for fiscal 1992, has actually deteriorated for the period October 1992 to March 1993. This is because of the declining loan activity with increasing overhead. Although total expenses averaged J$75,000 per month for the last five months of 1991, expenses averaged J$220,000 per month for the five months ending March 1993, not including the "devaluation reserve." During the last five months of 1991, loans disbursed amounted to J$1.41 million compared with J$2.67 million in the recent period. Expenses tripled while loan activity barely doubled.

TABLE 9

BASIC FINANCIAL INDICATORS

Indicator	Six months, October 1992 to March 1993
Total Cost per J$1 loaned	J$0.325
Return on Portfolio, interest	15.22%
Return on Portfolio, interest and up front commissions	21.67%
Total costs/Average Portfolio	60.46%
Total Income/Total Expense	40.5%

The full return on the portfolio (interest and commission) of 21.67 percent, with a total cost/average portfolio of 60.46 percent, means that structurally, and on the average (not on the margin), EDT loses J$0.39 on every average J$ in its portfolio. It must be noted that this actual return reflects lower interest rates contracted in the past and still booked as active loans. In the case of EDT, because of its cash basis for accounting income, it also reflects arrears not collected that would have been recorded as income had they been paid or had the accounting been carried on a full accrual basis. Nevertheless, with an effective interest rate of 50.6 percent at the margin (new loans granted), it would be unlikely for EDT to break even at the current level of operations.

Self-sufficiency, defined as total income over total expense, of 40.5 percent reflects in turn the void between income and expense levels. This indicator includes general and administrative expenses, depreciation of fixed assets, financial expenses (as recorded on a cash basis), and the loan loss reserve. It does not include the "devaluation reserve."

EDT's financial performance is comparable with that of similar NGOs around the world in the early stages of a program.[8] EDT is in transition; its current level of performance should not lead to undue concern. Given the right set of decisions and institutional commitment, EDT can overcome its problems in a short time.

The combination of indicators discussed must, however, serve as a warning that the level of the portfolio must be increased at the current levels of expenses/staffing (or a little higher), and arrears should be brought under control. The productivity of lending officers, currently at 5.6 loans per officer per month, need to be increased and monitored. At the current level of arrears, portfolio, and productivity, EDT would not be viable.

Matching Funds

Under the terms of the Cooperative Agreement, EDT was to raise J$1.25 million in nondonor funds by May 1993. As of March 1993, EDT achieved J$888,230 in matching funds, a little above the target for October 1992. The matching funds originated from the following sources: grants (J$168,550),

[8] Jim Boomgard: Stocktaking study.

savings (J$234,715), a loan from Partners Merchant Bank at 18 percent (J$362,000), and other sources (J$123,055).

External Factors Affecting Sustainability

Although macropolicy and special issues are discussed elsewhere in this document, two special external issues must be considered in analyzing EDT's viability. One issue is the "Inner Kingston" issue, which refers to the high level of social violence and criminal activity in the geographical area where EDT conducts a substantial part of its business. EDT management says that given the levels of violence and instability in the Inner Kingston area (where EDT places approximately 75 percent of its loans), it needs to review its options and decide whether to branch out into rural areas where there is more cultural willingness to repay loans and more stability in the population.

A peaceful, progressive environment is both a requirement and an effect of the conduct of business. The economic environment present in the inner city of Kingston is a hindering element in developing the institution, especially given the fragility implicit in its current size of operations. Because EDT alone would surely be unable to reverse or even substantially affect this external situation, attention should be given to expanding its operations in other impoverished areas with more acceptable environments for conducting business and delivering credit.

Achievement of USAID Targets

The Cooperative Agreement between EDT and USAID provides several targets that would be indicative of the achievement of the project. Table 10 summarizes the achievement of such targets set in the Cooperative Agreement, some of which have already been discussed.

TABLE 10

ACHIEVEMENT OF COA TARGETS

Category	Target	Achieved
Operating Revenues/Operating costs	1.20	0.41
Cost per J$ loaned	0.17	0.33
Matching Funds	J$1,250,000	J$888,320
Loans made	800 - 1,000	557
Arrears	12%	13.5%
Bad Debt as % of Dues	5% or less	NA
Percentage of the Number of Loans under J$20,000 *	90%	65%
Percentage of Value of Loans under J$20,000 *	50%	62.4%

* Based on sample of 150 files.

Most targets have not been achieved to date. EDT has encountered difficulties, especially in the last six months. The slow rate of growth in the portfolio, the control of arrears, personnel problems and their impact on the portfolio have prevented EDT from achieving the goals set out in the Cooperative Agreement. Many of these difficulties are common in other programs and reflect the difficulty of developing financially sustainable programs to alleviate poverty. It should also be remembered that inflation rates of 80.2 percent for 1991 and 40.5 percent for 1992 have taken their toll on the Agreement benchmark of loans under J$20,000.

ASSIST

ASSIST is a nonprofit, nondenominational limited guarantee microenterprise development agency, chartered under the Companies Act on July 19, 1985. Its focus is the generation of employment among the poor and unemployed through the development of MSEs. It is affiliated to an American NGO, Opportunity International, and currently operates in most of Jamaica through seven regional offices and two suboffices.

In 1988, Paul Miller became Chief Executive Officer, marking the start of a period of growth. A basic shift in its internal credit culture occurred in 1991 when ASSIST embarked on expanding its portfolio.

In 1992, J$8.8 million were disbursed in 354 loans. Until the Cooperative Agreement was signed with USAID in July 1992, most of the funding for the loan fund and operational expenses came from Opportunity International, which also provided technical assistance to start the program.

The Cooperative Agreement with USAID

On July 2, 1992, ASSIST entered into a Cooperative Agreement with USAID for US$751,625 for a two and a half year period ending on October 30, 1994. The involvement of USAID with ASSIST was primarily aimed at supporting ASSIST's expansion into the rural parishes where credit for microenterprises was limited or nonexistent. Under the Agreement, grant funds would be provided for a Revolving Loan Fund (US$625,000), reimbursement of Operating Costs (US$111,625), training performed in-house or overseas (US$10,000), and Audit (US$5,000). Opportunity International was to provide technical assistance.

"Substantial Involvement" Provisions

The Cooperative Agreement called for ASSIST to raise nondonor funds of J$3 million and borrowed funds of J$40 million during the life of the project as a requisite to receiving a revolving fund grant by USAID. Again, the thrust behind this format was to have ASSIST leverage grant resources to increase its portfolio size through a basket of funds.

By July 1992, ASSIST's portfolio amounted to J$2.0 million. At the current foreign exchange rate, the forecasted loan portfolio at the end of USAID involvement would be J$57 million, if ASSIST were to achieve the goals set and invest the funds in its portfolio. This would mean increasing its loan portfolio size 12 times by July 1993 and by roughly 28 times the original size by the end of the project in mid-1994. These goals seem unrealistic, given the time it takes to develop the institutional strength and capacity for such an endeavor. Most probably, these goals were influenced by the rapid devaluation and inflation rates prevailing when the Agreement with ASSIST was being prepared.

Operating Performance Targets

ASSIST and USAID agreed that sustainability was a key objective of the program. The following performance targets were established to measure ASSIST's success by the end of the grant:

- Financial self-sufficiency (percentage of operating revenues over operating costs plus cost of capital + bad debt + inflation) would increase from 18 to 100 percent;

- Operating cost per loan reduced by more than 50 percent from approximately J$0.34 to J$ 0.15 or less;

- USAID input for the revolving fund capitalization would be supplemented by ASSIST with at least J$3 million in new nondonor funds and J$40 million in borrowed funds;

- 3,000 loans would be originated during the life of the Agreement;

- Arrearages as a percentage of dues (loans and interest payments due) remain below 15 percent;

- Bad debt as a percentage of loans plus interest would equal 5 percent or less; and

- At least 90 percent of the total number of loans available would be for J$60,000 or less and represent at least 50 percent of total J$ amounts loaned, although this ceiling could be revised because of inflation and devaluation of the J$.

Interest Rate Policy and Operating Costs

ASSIST should, under the terms of the agreement, provide financing at the lowest cost possible, with interest rates reflecting the true cost of delivering the credit services. ASSIST would review the interest rate at least twice a year. At the date of signing, ASSIST was on the average charging its credit costumers an effective rate of 33.4 percent.

Organizational Sustainability

ASSIST has seven Regional Offices, each with a Regional Board of 3 to 9 members. The Chairman of each of these Boards is a member of the National Board composed of 16 members and the Executive Director and approves all loans over J$75,000. Although members of the National Board are quite active, there is no doubt that it is the charismatic personality of the Executive Director that pulls the group together.

Five additional committees complete the governing and advisory structure of ASSIST: a three-member National Credit Committee reviews and approves all loans over J$40,000 and up to J$75,000; an Executive Board of five members of the Board meets on a regular basis to attend to matters that cannot wait for the quarterly meetings of the National Board; a Financial Committee, mostly composed of non-

Board members, serves as financial consultant to the organization; a Finance Committee of the Board; and a five-member Board of bankers and financiers who advise the National Board. The structure provides representation from all the offices throughout the island but provides, at the same time, the ability to respond to matters as needs demand. Regional Boards at each office approve loans up to J$40,000. This provides ASSIST with a decentralized credit approval scheme that should improve its approval time but may also depress the general quality of the portfolio.

Internally ASSIST is structured around three management areas. The *Financial and Planning Manager* covers the accounting department, data entry, and a new department called "Revenue Enhancement" which is a special unit for collecting loans in arrears. The *Training and Communications Manager* is in charge of human resources, compensation, publications, and the internal communications between different operating levels of the organization. The *National Field Operations Manager* is the credit manager supervising all regional offices, which for the most part are composed of two lending officers, a secretary, and an office attendant.

ASSIST operates with a very strong and well-defined corporate culture, inspired by a visionary and hard working Executive Director. In late 1992 ASSIST formulated its mission statement as follows: "To empower the poor through the provision of financial and managerial services and support, as an expression of Christ's love."

ASSIST is currently in a rapid-growth mode with a solid corporate culture and a clear vision of its target group. It provides credit preferably to the poor who earn around J$750 a week or less, although it fully understands the need for higher loans to offset the high transaction costs of lending micro-size loans to the poor. Its target population includes not only the urban but also the rural poor.

In its strategy for the future, ASSIST is considering the creation of two related foundations to provide technical assistance and training to microentrepreneurs: JOBS Ltd. (Jamaicans Organized for a Better Society), a Jamaican business "Peace Corps" group, privately funded, that would recruit college graduates for one year of service at minimum wage; and ASSIST Foundation that would raise funds for ASSIST activities.

ASSIST is also in a transition mode especially since the beginning of 1993, when it discovered, after visiting similar institutions in the Dominican Republic, that its mission can be accomplished with financial efficiency. ASSIST intends to be self-sufficient and fully computerized in two years. The organization does not want to "throw money at poverty" but to cooperate with entrepreneurs with the capacity to develop. They strive to deliver viable credit in a consistent manner. Paul Miller, the CEO, indicated that ASSIST "is not social work but developmental work. We want to release the potential of economic growth in the population."

The sense of purpose and vision and the accomplishment of goals are clearly strong assets in ASSIST and should sustain the institution in its growth pattern if coupled with effective methodologies to convert the philosophic position into sustained cash flows.

Staff and Management

Staff is committed to the organization and has demonstrated an ability to learn and grow. Turnover is low. All managerial staff have at least a bachelor's degree, and senior credit officers in the regional offices hold diplomas in business administration or the equivalent. Each employee understands her/his role in aiding in the success of the organization, and the Training and Communications Department supports this spirit.

Although the organizational structure is sound, with approximately 35 employees nationwide, lending officers are currently substantially underused, carrying only about 35 percent of the work load they could carry if the strategy for delivering credit were improved, the acute problem of transportation (especially in the rural offices) were solved, and loan funds became available in a timely fashion. Some of these matters are being resolved: ASSIST has acquired some secondhand vehicles for the regional offices and is in the process of improving its credit delivery mechanisms.

Although staff and management are in place for growth, intensive training is required, especially to increase the level of expertise among lending officers. The goal of expanding the portfolio to J$75 million by calendar year end 1993 and J$200 million by 1994 is overly ambitious. If transportation problems are solved, and credit methodologies improved, the 9 lending officers currently in place should be able to handle a portfolio of about J$3 million each for an aggregate portfolio balance of J$27 million before requiring additional staff.

Credit Delivery Systems

Credit is disbursed through 9 lending officers and 5 assistants in the regional offices. Loans are granted for 12 months for working capital purposes and 24 months for the purchase of fixed assets. Interest rates vary according to the type of activity. The rate for agricultural loans is 16 percent nominal on the initial balance with a 4 percent commission up front; 20 percent nominal for manufacturing, services, and the food business with a 4 percent commission; and 25 percent nominal with a 4 percent commission for trading. The effective interest rate for a 12-month, 20.33 percent nominal rate loan is 43.9 percent

Marketing is done by word of mouth, or through church activities. Applicants go to the regional offices for a three-hour introductory course on the organization, its policies and requirements, and the need for record keeping and other basic business practices. To get a loan, the borrowers must lack the collateral necessary for bank loans, be honest, have some experience in the business being developed, work full-time in the business, and have a recommendation from a Minister of Religion, a Justice of the Peace, or a police officer. A lending officer visits the applicant at the business site where the application is completed and a balance sheet, profit and loss statement, and cash flow are worked out. Prospective borrowers are required to have a guarantor and, if possible, collateral, mainly household appliances. Guarantors are accepted based on their earning power. ASSIST has recently changed its guarantor policy, allowing that guarantors can be part of the same household as the client, in order to provide better access for women entrepreneurs. All borrowers are required to save an amount equivalent to 10 percent of their regular installment.

Since April 1993, ASSIST has been providing new borrowers with 3 to 4 month J$8,000 working capital uncollateralized loans, at an effective rate of 49 percent APR under a typical minimalist credit approach. This should cut back on analysis time and produce a track record for the clients. The effects of this new policy do not yet show up in balance sheets and profit and loss statements, but it should be traceable in the near future. Lending officers need more business skills to analyze the future possibilities of business development of their prospective clients.

ASSIST has designed and implemented a variation of the local Partner System as a loan marketing tool.[9] Groups of 5-8 people are formed under the regular partner system to save a given amount per week. The "banker" collects the weekly deposit but instead of a draw, deposits the amount at the nearest NCB bank in an ASSIST account. An 8 percent p.a. interest rate is paid on the minimum monthly balance, but only after subsequent loans are repaid. After saving for eight weeks, partners individually apply for loans of up to 15 times the amount each would have saved for a year. The group members co-guarantee each other.

To increase the productivity of lending officers, ASSIST is currently studying an incentive mechanism to grant commissions inversely proportionate to the arrears of individual portfolios, and directly proportionate to their loan disbursements, active clients, and similar indicators. To save transaction costs while diversifying risks, ASSIST is also considering the "cluster" approach, which would group loans in several diverse areas rather than spreading out through vast geographical areas.

The credit delivery mechanism is in transition with the organization experimenting with minimalist credit while keeping the traditional way of lending.

Credit Activities

As mentioned before, the original budget presented in connection with the Cooperative Agreement has proved to be highly optimistic. What follows in Table 11 is the target budget for 1992 and the revised budget for the first three months of 1993.

TABLE 11

TARGET AND REVISED BUDGET FOR 1992
AND THE FIRST QUARTER OF 1993

CATEGORY	1992	JAN-MAR 1993 (Revised)
Loans Targeted	2,895	660
Actual Loans Made	347	126
Disbursements Targeted	J$16.9 million	J$18.3 million
Actual Disbursements	J$8.2 million	J$2.8 million
Loans Per Officer Per Months Targeted	12	19
Actual Loans Per Officer Per Month	4	4
Targeted Lending Officers	18	12
Actual Lending Officers	7	9

[9] Antonio Salas, Robert Wieland, and Katherine Stearns, 1991.

ASSIST acknowledges that they have had problems in expanding loan activity, even with idle installed capacity throughout the island. Management indicated that during the thrust of expansion in 1992 credit officers were hired with no experience and little training. In addition, their productivity levels were affected because, in large part, of a lack of mobility. It was also acknowledged quite openly, although not explicitly, that they have yet to find a mechanism to truly translate the enthusiasm of personnel into productive action.

Since the signing of the Cooperative Agreement, ASSIST has disbursed 378 loans. During the course of this evaluation we surveyed a computerized list of 219 files, representing approximately 39 percent of active files at the time and 100 percent of USAID-funded loans. The percentages distributed between females and males was consistent with the data from the previous table. The sample results are shown in Tables 12 and 13.

TABLE 12

LOANS BY GENDER

LOANS GRANTED	FEMALES	MALES
378	165	213
100%	43.7%	56.3%

TABLE 13

LOAN SIZE BY GENDER

	# LOANS	TOTAL AMOUNT J$000s	AVG LOAN J$000s	LOANS UNDER J$60,000	LOANS OVER J$60,000
FEMALE	91 41.6%	1,963	21.57	91	0
MALE	125 57.1%	5,063	40.51	122	3
F/M	3 1.4%	121	40.3	3	0
TOTAL	219 100%	7,147	32.7	216	3

The average loan size to females is roughly half of the average loan size to males. It was not possible to compare these numbers against the average asset size of the business requesting loans, because that information is kept at the regional offices. The following analysis shows the distribution of the number of loans granted by gender of the borrower and by size of the firm, measured by the number of employees. Because of the way ASSIST keeps records, the number of employees reported include current and projected new jobs in the business financed.

TABLE 14

SIZE OF ASSISTED FIRMS, NUMBER OF EMPLOYEES BY GENDER

GENDER OF OWNER — SIZE OF FIRM - NUMBER OF EMPLOYEES

	1	2-5	6-10	Over 10	Total
FEMALE	6	82	3	0	91
MALE	12	106	7	0	125
FEMALE/MALE	0	3	0	0	3
TOTAL	18	191	10	0	219

As may be observed, 100 percent of the loans sampled were made to firms with less than 10 employees, in line with ASSIST's philosophy of lending at the lower end of the microbusiness sector.

ASSIST has been struggling with arrears that are quite high, although many past due loans refer to loans granted in 1990 and 1991. The following tables describe arrearages as of the end of April of 1993 on 711 loans with an outstanding balance of J$11.2 million.

TABLE 15

ARREARS AS OF APRIL 1993 (J$)

	PRINCIPAL %	INTEREST %	TOTAL %
1-30 DAYS	333,054 11.8%	87,875 13.4%	420,929 12.1%
31- 60 DAYS	285,434 10.2%	69,525 10.6%	354,959 10.2%
61-90 DAYS	254,928 9.1%	80,715 9.3%	335,634 9.6%
91-120 DAYS	195,291 6.9%	50,375 7.7%	245,666 7.0%
OVER 120 DAYS	1,744,556 62.0%	385,929 60.0%	2,130,485 61.1%
TOTAL	2,813,263 100.0%	654,419 100.0%	3,467,683 100.0%

Total principal in arrears/total portfolio stands at 25.2 percent. Loans have not been written off in the past as ASSIST is only now establishing a loan loss reserve which had a balance of J$481 thousand at the end of March of 1993. Of the interest in arrears, approximately 50 percent has been taken into income.

According to reports reviewed, 648 jobs have been secured or created since May of 1992. This figure must be read with caution since that number is derived from the actual number of employees at the time of the loan, including the owner, plus the forecasted number of jobs to be created under the assumption that a job should be created per every J$10,000 loaned.

ASSIST has become a nationwide NGO with ample coverage. As a consequence, a great part of its outstanding portfolio as of April 30, 1993 is outside the Kingston area.

TABLE 16

NUMBER AND VALUE OF LOANS - KINGSTON AND REST OF THE ISLAND

AREA	# OF LOANS OUTSTANDING	J$ OUTSTANDING
Metropolitan Kingston	259 36.4%	3,351,540 29.9%
Outside Kingston	452 63.6%	7,849,319 70.1%
Total	711	11,200,859

It is obvious that ASSIST's activities are reaching mainly the low end of the population in line with its policy of "empowerment of the poor."

Accounting and MIS

Accounting at ASSIST has been carried under the accrual method since January 1992 and accrual is stopped on nonperforming loans on a case-by-case basis. ASSIST is regularly audited by Coopers & Lybrand, but has not received the 1992 audit. It is also currently being audited by USAID under the Cooperative Agreement.

Three different software packages service ASSIST's information needs. The general ledger is carried on Dac Easy Accounting, while a software package was designed especially for ASSIST for its loan management needs. This program has been running well, although a few glitches remain in its reporting applications. These have been identified, are being corrected, and present no special concern. Lastly, a cash book software package tracks revenues and expenditures. Expansion of the institution to the level projected would require a better integrated information system.

The accounting records seem reasonably adequate, although ASSIST has had some difficulty in hiring and keeping a quality accountant. It has addressed certain issues raised in the Pre Award audit.

Financial Sustainability

ASSIST has shown dramatic growth during 1992. Total Assets at Fiscal Year End (FYE) 1991 were registered at J$2.9 million; they were recorded at J$15.7 million for Fiscal Year 1992. The main component of growth was the loan portfolio, which increased by 300 percent to J$9.7 million. This change was financed primarily by J$2.2 million in bank loans and J$4.8 million disbursed by USAID under the Agreement. ASSIST currently has a line of credit from MIDA of J$2.4 million at 8 percent, but this is sure to increase in the near future. This uncollateralized facility is for 5 years with a 1-year grace period and 4 years to repay. The institution also enjoys a similar facility from Trafalgar Development Bank (TDB), under the Government of Jamaica/Government of the Netherlands Microenterprise Project. This credit facility was granted for J$5 million in October 1992 at 19.5 percent with a 6-month grace period and 2 years to repay. ASSIST has already drawn J$2 millon. The cost of the basket of funds currently stands at an average rate of 13 percent but should increase to about 18.5 percent. Annex 5 shows ASSIST's Balance Sheet and P&L for various periods. During Fiscal Year 1992 ASSIST achieved the following results:

TABLE 17

ASSIST RESULTS FOR FISCAL YEAR 1992
J$(000)

Interest Income	1,070
Other Fees	132
Other Financial Income	30
Total Financial Income	1,232
Interest Expense	130
Net Financial Income	1,102
G+A Expenses	(4,118)
Gross Operational Income	(3,016)
Net Other Income and Expense	397
Loan Loss Reserve	152
Net Results	(2,853)
Donations	3,118
Net Results After Donations	365

ASSIST has net financial income of J$1.2 million represented by interest from portfolio yielding on the average 21.05 percent with no recorded financial expense. Nevertheless, G+A expenses of J$4.2 million and loan loss reserve of J$152 thousand are pressuring the average portfolio to an equivalent of 77.1 percent resulting in a net loss of J$2.9 million, which was covered by grants and donations.

Basic Selected Financial Indicators

The basic indicators for 1992 and the first three months of 1993 show the following values:

TABLE 18

BASIC INDICATORS FOR 1992

INDICATOR	FISCAL YEAR 1992	JANUARY-MARCH 1993
Total Cost per J$1 loaned	0.69	0.47
Return on Portfolio, interest	18.74%	18.37%
Return on Portfolio, interest and up front commissions	21.05%	19.93%
Total Cost/ Average Portfolio	0.774	0.4679
Total Income/Total Expense	0.37	0.54

Comparing the average for 1992 with the results for the first three months of 1993, ASSIST has improved its overall efficiency although net results are still negative. Return on portfolio has decreased from 21.05 percent to 19.93 percent. The ratio of total income to total expense, or self-sufficiency, has increased from 37 percent to 54 percent. Total cost/average portfolio has also improved; the portfolio now has to yield only 46.8 percent to cover expenses whereas it had to yield 77.4 percent in 1992. All the "cost" indicators have improved, but the "income" indicator, represented by the return on the portfolio, has decreased slightly. These improvements, however, do not necessarily reflect an improvement in the profit and loss statement, because indicators are just a relative measure of proportion. But because they are now applied to a larger base and a larger portfolio, the loss incurred in net dollar terms for the first three months of 1993 is at J$602 thousand before donations, about 5 times the net loss for the same period in 1992.

The joint reading of indicators, balance sheet, and profit and loss statement would seem to confirm that ASSIST has the installed capacity to increase its portfolio with minimal additional expenses, thus improving its marginal return on the new portfolio. The increase in the level of G+A expenses reflects the cost of installing and maintaining branches and officers who are not performing at full capacity. By increasing the productivity of officers, ASSIST would improve its financial condition even if financial costs increased. With the current and expected level of borrowing at cost, net return on the portfolio has to be enhanced to cover these additional expenses. Monitoring returns and arrears is an important task to be performed in the near future to increase viability.

Matching Funds

When the target was set for matching funds under the Agreement, the length of time it usually takes for NGOs to install a sensible absorptive capacity to grow was not sufficiently acknowledged. The numbers placed in that document may also have been influenced by the spiralling inflation in Jamaica at that time. Nevertheless, for the first six months of the Agreement, ASSIST has achieved close to 90 percent of the target for borrowed funds, and about 67 percent of nondonor capital. As of April 1993, ASSIST has commitments of loan funds of J$9.4 million, with J$4.4 million disbursed (MIDA and TDB), and nondonor capital of J$336 thousand.

External Factors Affecting Sustainability

The national coverage for ASSIST does not make it so sensitive to the Inner Kingston issue discussed above. There seems to be no special concern in this area although macropolicies must be closely monitored so adjustments can be made in advance of any adverse changes.

Complying with USAID's Targets

The initial targets of the Cooperative Agreement are compared below with actual performance.

TABLE 19

COA TARGETS AND ACTUAL PERFORMANCE

Category	Target	Achieved April 1993
Self-Sufficiency	1.00	0.54
Cost per J$1 loaned	0.15	0.47
Matching Funds (To Date)	J$5.5 MM	J$4.7 MM
Loans originated, Year One	1,000	378
Arrearages as % of dues	Below 15%	25.2%
Bad Debt as % of Loans	Equal or below 5%	NA
Loans under J$60 thousand	90%	98.7%
Loans under J%60 thousand as % of amounts loaned	50%	98.8% Approx.

CHAPTER THREE

STRENGTHENING INSTITUTIONS

THE INSTITUTIONAL STRENGTHENING COMPONENT OF MDP

The Project Paper of the Microenterprise Development Project recognized that organizations like the Credit Organization for Pre-Micro Enterprises (COPE), ASSIST, and EDT had had limited operational experience and had used a transformational approach to credit.[10] The Paper also acknowledged that the National Development Foundation of Jamaica (NDF/J) and the City of Kingston Credit Union were then the strongest organizationally, with considerable lending experience — though not primarily to the microbusiness sector. Under the generalized lending practice in Jamaica at the time the Project Paper was written, NGOs implemented modified transformational approaches with only COPE using some incremental lending. Under transformational practices, NGOs provided a mix of credit, training, and technical assistance to a select group of clients. Loans were generally larger than under a minimalist approach with screening based on project feasibility and the obligatory attendance in a training program prior to receiving loans. Because of this mix, the costs per beneficiary were usually higher than in the minimalist approach.

Many of these features are still identifiable in the organizations. The credit strategy is still one of mandatory training, coupled with a credit assessment that includes a business plan, cash flows, collateral, and medium term lending. This has increased costs and, with a portfolio expansion slower than expected, has prevented the achievement of project goals such as cost per beneficiary and other indicators. But this is starting to change.

MDP provided funds for institutional strengthening of credit delivering institutions under the Credit Component. It readily acknowledged that the achievement of sustainable lending strategies and an educational and promotional program had to be implemented.

Under the terms of the Project Paper, managers from various institutions have attended workshops in Jamaica and the United States, computers and other support commodities were provided to facilitate operations, and advice was given by the Project Manager on a continuing basis. Improvements have been significant but there is still need for more change.

TECHNICAL ASSISTANCE ARRANGEMENTS UNDER THE COOPERATIVE AGREEMENTS

Under the currently existing Cooperative Agreement with EDT, USAID funding was provided to enable the organization to contract and receive technical assistance from MEDA. A monitoring visit, a credit consultancy, and a credit evaluation were carried out under a short-term format. The credit consultancy carried out in February-March 1992 produced valuable credit guidelines for the institution, although under a nonminimalist approach to credit. In the case of ASSIST, a small amount was provided

[10] An approach that strives to "graduate" microenterprises into larger, more sophisticated units as opposed to the expansionist or minimalist approach that simply seeks to encourage and finance small

by USAID for training, whereas technical assistance for institutional development was not directly provided on the understanding that Opportunity International would provide this.

EFFECTS OF AN OBSERVATION VISIT

After many theoretical discussions among practitioners and policy makers, both private and governmental, about the viability or impossibility of applying minimalist lending practices in Jamaica and of higher interest rates in an inflationary economy, an observation trip was made to the Dominican Republic (D.R.) in January 1993 to give participants from EDT, ASSIST, COPE, MIDA, NDF/J, TDB, Self Start Fund, the Women's Bureau, and OPM first-hand exposure to a successful minimalist approach to microenterprise lending. Visits were made to ADEMI and to a viable wholesaler to the sector, FondoMicro.

During the course of the present evaluation it became obvious that the observation trip has had a significant impact on the sector in Jamaica. Many of the important changes taking place in recent months in NGOs and governmental agencies can be traced back to that experience.

In the past, organizations that lend to microenterprises at the retail or wholesale level had not been willing to charge borrowers market rates. Since the D.R. visit, EDT, ASSIST, MIDA, and COPE have raised interest rates to approach market rates. The Jamaican Government's Self Start Fund and NDF/J are also reconsidering interest rate policies for their microenterprise loans. Although the observation visit may not have been wholly responsible for this change — the topic had been under discussion for many months — it played an important role in converting practitioners and policy makers to a method that had been so widely discussed.

NGOs and other local institutions have had serious doubts about the possibility of becoming self sustaining with the high level of transaction costs associated with lending to microbusinesses. It has now been realized that given the right set of strategies, procedures and methodologies this is an attainable goal that has been reached in a nearby Caribbean country where many cultural traits are similar.

Transforming the thought processes into plans, strategies, methodologies, procedures, and practices is an educational process. Changing attitudes and beliefs is not always a matter of providing substantive material, manuals, or methodologies but ongoing learning over time. The generation of a self-sustaining credit institution involves not only the formation of a quality portfolio but also the development of performing strategies, policies, and procedures as part of the process. For this reason, the training and advisory function, so well enunciated in the Project Paper, should continue to play an important role as a tool to strengthen institutions so they can survive beyond the life of projects that assist them.

NONCREDIT COMPONENT

The second component of MDP was to pilot-test sustainable means of delivering noncredit assistance. The objective of this component was to establish a small matching grant fund of US$100,000 to provide technical grants amounting to US$10,000 per grant or other kinds of assistance to organizations providing noncredit assistance to microenterprises. This component was intended to replicate the craft markets program all over the island (Annex 10).

Although there were lengthy dialogues with several agencies including JAMPRO's Entrepreneurial Centre, Jamaica Higgler and Vendor Association, and Peace Corps, no activities meeting the guidelines of MDP were implemented.

Effective noncredit assistance requires significantly larger amounts of funds than the obligated US$100,000. As demonstrated in the craft markets project, such assistance requires skills and absorbs large amounts of time, especially for those who have to walk to meetings several miles away. Bringing 20 people together for a two-hour planning/training session would probably cost one person-month of an extension/credit officer. Returns are not necessarily tangible, and the stream of expected benefits needs to be discounted at rates that take account of inflation, which has been very high in Jamaica. Therefore, the noncredit assistance component should be discontinued. It is better to confine MDP to enhancing the delivery capacity of credit agencies and not to lose focus.

ABOUT THE FUTURE

Some urgent needs have been identified during the course of the evaluation.

- **Credit Delivery Mechanisms.** NGOs and credit unions interested in lending to the MSE sector in Jamaica on a self-sustaining basis should develop credit delivery mechanisms that are expansive in reach, cost-effective in implementation, and allow for proper monitoring of performance by both borrowers and institutions. Costs incurred should be commensurate with the level of risk, while bureaucracy is reduced. The implementation of such strategies is easier said than done. Even if a local institution were to import as a "package" all the policies, internal regulations, forms, and procedures from other successful organizations, there is the need to change attitudes, and to institutionally internalize changes — a time-consuming process.

- **Management Information Systems and Financial Awareness.** The transition from a socially oriented organization to a financially oriented lender is not easy. It requires skills, tools, and financial perspectives that NGOs that start out from a solely social mindset often lack. NGOs visited through the course of this evaluation need to strengthen their accounting policies and procedures, not only for the sake of correctness and transparency, but mostly as a management tool for monitoring their own performance. The development of an integrated accounting and loan management software package is probable the most urgent need in this respect. Without timely, updated information, the possibilities of successfully upscaling under a minimalist approach are not high. It might not be easy to find such a package that accommodates the needs of the institutions in the sector. But its existence is a requisite for upscaling the institutions on their road to sustainability. A good operating MIS is necessary to create financial awareness in both higher and middle management and in lending officers.

- **Training in Credit Judgment.** Lending officers require credit training. Under any credit approach, minimalist or otherwise, a lending officer needs to be able to evaluate the possibilities of repayment of funds borrowed. Levels of certainty should be commensurate with the level of risk. In traditional lending at higher levels, this credit judgment may be developed through extensive interviews, and analysis of audited financial statements, business plans, cash flows, projections, and the like. Most of the same variables that play into the viability of big loans apply to small loans as well. Nevertheless, the appraisal methodology, and the relative importance and size of numbers vary substantially. Whereas in formal credit appraisal numbers play a more important role, in microlending the ability to evaluate the entrepreneurial skills of the borrower becomes of utmost importance. Lending officers need business skills to understand businesses and how numbers flow through them, even in the absence of financial statements. A well-trained lending officer should be able to determine this in a directed, short conversation with prospective borrowers. Officers should be trained to evaluate risk, not to ignore it.

- **Exposure to other NGOs**. Board members and upper and middle management should be exposed to other successful experiences outside the island. This is recognized by the Project Paper and shown by experience, such as the trip to the Dominican Republic.

RECOMMENDATIONS

An active technical assistance program to NGOs and participating credit unions should accompany any future extension of the MDP. Given the educational nature of this process, we would recommend the following format:

- A technical expert, at least for one year, for NGOs assisted by Cooperative Agreements. The role of such an expert would be to cooperate with NGO management in creating and nurturing the culture, expertise, practices, and strategic plans that lead to self-sufficiency through the minimalist credit approach. The main purpose of this advisor would be to help format and implement consistent and coherent policies and credit delivery mechanisms. The quality of the expert and her/his understanding of business and credit are very important, and will make the difference between success and failure. This advisor should not be an employee of the NGO, nor report directly to its management. She/he should be an outsider who is received in-house as a resource, rather than as an employee that happens to be paid by an outside source. Successful credit programs or institutions worldwide have had a resident advisor. Effective programs such as ADEMI, BKK, and BRI have long-term resident advisors.

- Outside short-term technical assistance should also be made available to deal with those issues not within the reach of the assigned advisor. This expertise would most probably be available for reviewing accounting policies and procedures, setting up information systems, and other more technical matters regarding accounting and finance. It should also be used to bring expert or successful practitioners from other countries on an ad hoc basis to serve as an outside monitoring source.

- In-country training courses on credit, collateral appraisal, business planning, and other tools must be given to loan officers, so they can better assess potential borrowers. This must be a continuous process during this first stage of NGO life. By understanding what to look for in assessing microbusiness, lending officers also acquire the tools to give effective technical assistance to borrowers. These could be developed by local educational centers, and could serve as a mechanism for linking institutions of higher learning with the microbusiness sector. Also, foreign experts in given topics could be invited for specific courses, thus maximizing effectiveness and reducing the cost of sending participants offshore.

- An offshore training fund should be established to provide training to Board members, mainly by visiting successful programs in other countries that embody what USAID believes are the most effective set of strategies and formats for credit delivery. This training should also be made available to top and near-top management of the institutions, so first-hand experience in other places enhances the ongoing advice of resident advisors.

- Under the current terms of MDP, there is a budget element for commodity support. This line item should include computer hardware as a required tool for upgrading the quality and effectiveness of participating institutions.

This comprehensive approach composed of a resident advisor, short-term technical assistance, in-country and offshore training, and computer support provides an integrated approach together with the credit grant fund to be matched by participating organizations.

CHAPTER FOUR

POLICY INFORMATION AND RESEARCH

An objective of the Policy Information and Research component (PIRC) of MDP is to encourage a better understanding of the nature and evolution of the MSE sector through statistical surveys and policy analysis. Insights provided through research can create a more supportive environment for assisting the sector and pursuing policy reforms.

Policy-led problems, which are external to microenterprises, can constrain MSE access to credit and, often, as in Jamaica, sufficient statistical data are not available to differentiate the potential impacts of a policy stance. One aim of PIRC activity, therefore, is to improve the database on microenterprises and the environment in which they operate to inform policy making. Further, an enhanced database will contribute to improved national planning capacity and intensify the focus on women-in-development issues within the context of promoting an enabling environment. This chapter examines the data collection and analysis component of MDP, its current status, and the potential of research activities.

AGREEMENT WITH THE OFFICE OF THE PRIME MINISTER

In February 1992 USAID signed a two-year Memorandum of Understanding with the Government of Jamaica, the Government of Netherlands, and the United Nations Fund For Women to improve:

- Macro-policies for the MSE sector in Jamaica through a process of policy dialogue that will involve studies of the policy environment;
- National planning capacity for the sector by strengthening the data collection, reporting, and coordination functions of the agencies involved including collection of national statistical data on the sector;
- Understanding of the constraints faced by women microentrepreneurs through a number of studies and through the support of organizations and agencies supporting the microsector.

The Memorandum is illustrative of the collaborative style among leading donors in Jamaica that emerged as a result of frequent consultations. The involvement of the Policy Review Unit of OPM facilitated government participation because OPM has the requisite understanding and official status with the other offices of the GOJ to make the collaboration beneficial for both the donors and the GOJ.

The Memorandum also prescribed involving the Statistical Institute of Jamaica and the University of the West Indies, the premier institutions in the country for implementing PIRC. In addition, two well-known overseas institutions, Michigan State University and International Institute of Social Studies, the Hague, were involved at various stages from setting the research/policy agenda to its implementation.[11] In the process of identifying research issues and researchers, designing the questionnaires, training for administering the questionnaires, data processing, and interpreting data, a coalition of resources developed

[11] Working on behalf of GON.

among STATIN, UWI, MSU, and ISS that has often been helpful, if labor intensive. With the involvement of OPM at the research, design, and studies stage, it is hoped that this positive development will facilitate follow-on policy reform steps.

IMPROVING NATIONAL STATISTICS ON THE MICROENTERPRISE SECTOR: STATISTICAL INSTITUTE OF JAMAICA

AS per the Memorandum of Understanding, STATIN would conduct a detailed national survey on MSEs and, for two years as of September 1992, a quarterly survey of a small sample of MSEs. The quarterly survey is usually referred to as "the Panel Survey."[12]

The National Survey

STATIN in association with the Institute of Social and Economic Research/UWI and MSU is implementing a detailed National Survey on the MSE sector. The survey instrument and sampling methodology were developed jointly. The National Survey, which is a one-shot exercise, focuses on the socioeconomic and business aspects of MSEs. A census carried out by STATIN in 1990 was used as a basis for sample selection for the 1992 survey. Data on the sample size of about 2,400 businesses have been collected, processed, and tabulated. Dr. Pat Anderson and Peter Espeut of UWI are in the process of analyzing the data.

Quarterly Panel Survey (QPS)

The Panel Survey seeks to study select establishments and analyze changes within the same subset of respondents. The process of launching QPS can be broken down into three phases: designing, testing, and training; implementation of field work; and analysis of data.

With the visit of Dr. Yacob Fisseha in December 1992 and trips by Todd Gustafson from MSU to STATIN, STATIN and MSU firmed up the questionnaire, and the design issues were resolved by April 1993, before the questionnaires were administered in April 1993. To test, a limited sample was collected in February 1993.

Delayed from January, the first full round of data was collected in April 1993. Because the QPS started one quarter late, STATIN plans to do only 7 quarters rather than 8, treating the first quarter as

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[12] Sponsored by the World Bank and Bank of Jamaica, STATIN had conducted a survey of small businesses in 1983. This survey examined the asset and ownership structure of small businesses together with their method and source of financing, both at the start-up and operational stages. In 1983 the issues about financing were different. Sixty-eight percent of the small establishments surveyed never sought a loan. Of these, 44.3 percent said they did not need a loan and 19.9 percent were sure that it would not be granted if sought; 19.7 percent were uncertain on how to get a loan, and 2.6 percent thought that it took too much time to get one; 13.5 percent could not specify a reason for not seeking a loan. Among the sources of funds, personal savings of the proprietor and other family savings comprised the most important sources. In 1993, a decade later, the change in attitudes toward financial agencies is dramatic. ASSIST staff at a branch office opined that they receive 500 requests, 300 of which are serious, for every 100 loans disbursed.

a pilot. STATIN would like to continue this survey beyond 7 quarters but does not yet have financial sponsorship.

The analysis will consist of data cleaning procedures and estimates for the sector. Analysis for the first quarter panel survey will not be ready until July 1993. Depending upon the results of the first round of data, changes will be made in the design, training, or implementation stages. If needed, data that provide indicators of beneficiary impact can be added. The results of QPS are to be published in the *Statistical Quarterly*.

Parallel Panel Surveys with EDT and ASSIST

A parallel panel survey of EDT/ASSIST clients is being designed to systematically compare the performance of EDT/ASSIST clients (in other words, those who receive credit) with that of nonclients (those who do not receive credit). Most of the data for this performance evaluation are collected by EDT/ASSIST in the course of their normal operations. It is recommended that beneficiary impact questions be added at this stage, and that this parallel panel surveys exercise be institutionalized in both EDT and ASSIST.[13] Because the national, QPS, and parallel surveys are to be linked by the end of MDP, there should be a rich database on MSEs in Jamaica.

UNIVERSITY OF WEST INDIES: RESEARCH STUDIES

The Memorandum with OPM identifies six studies related to macroeconomic and institutional policies affecting the MSE sector. The studies are being financed by a consortium of donors and OPM. They are at various stages of completion, and are briefly described.

Dynamics of Microenterprises in Jamaica

The Omar Davis/Yacob Fesseha Study (1979-80) was the first of several. Most microenterprises eluded the standard statistical nets and existed in the unobserved economy, and witnessed growth rates higher than the mainstream economy in Jamaica. The purpose of this "dynamics study" is to study expansion or contraction of existing enterprises as well as their births and disappearances. The re-examination of firms surveyed in 1979-80 was completed by MSU researchers. The first draft of the study has been circulated.

Another leg of the dynamics study seeks to research the process of decision making, and the adjustment strategies used by small firms in their survival and development. This study, conducted by UWI-ISER, proposed to use a participant observation approach with six-monthly interviews to monitor a group of 20 small enterprises over a three-year period.

[13] Compiled from notes by Todd W. Gustafson (USAID files).

Marketing, Subcontracting, and Interfirm and Intersectoral Linkages

Besides causality of MSE failures/successes, this study focused on ways to improve economic and social performance of the sector through cooperative efforts within sectors and within geographic areas.

Legislative Environment of the Sector and Efficiency of Public Services

The study's macropolicy concerns related to the following two areas: macro demand analysis and aggregate factor price distortions, particularly in the capital and labor markets; and policy interventions with regard to investment promotion, provision of financial services, fostering of technological innovations, and the enhancement of skills through education and training.

Gender Issues in Microenterprises

Hermione Mckenzie's study assesses gender issues based on the practices of microcredit agencies. The questions raised are on the types of enterprises funded, whether credit methodology is the key determinant of women's access to credit, gender considerations in enterprise selection, women's credit use patterns and if they differ from men's, training needs and gender-specific requirements, and movement from informal sources of finance to formal ones. One of the areas examined was on gender-specific management styles and networking among women owner/managers in businesses.

Another study, Women In Small Business, examines characteristics that women managers exhibit with staff, clients, and suppliers. The study seeks to ascertain whether these characteristics lead to participative/democratic styles leading to a more committed workforce or whether the female manager has to be more autocratic to achieve organizational goals. The study is confined to two nontraditional industries: architecture and data processing.

Social Conditions and Social Relations in Small Enterprises in Jamaica

The purpose of this study is to analyze social conditions and social relations in the workplace in selected industries. Based on a review of complaints received by the Ministry of Labor and NGOs from persons working in the small sector, the study will assess the level of organization in this sector and consider some of the obstacles to organization.

Clustering, Networking Linkages: A Study of the Collaborative Arrangements Between Small Firms for Enhanced Economic Growth

This study is designed to examine the potential for improving productivity and hence competitiveness of small firms through collaborative arrangements between firms. The two types of arrangements included in the study are the Japanese-type subcontracting relationships and the Italian-type cooperatives and the potential to replicate such arrangements in Jamaica in the small enterprise sector.

Policy Dialogue

A seminar is designed to take place during the last week of June 1993 on policy issues arising out of the studies. This seminar is intended to disseminate information to policy makers and the general public regarding MSE development issues. Results of the studies will be presented to guide policy makers on how to create a more hospitable environment, or "level the playing field" so that MSEs can compete with large firms on an equal footing. This workshop will draw on lessons from the large international laboratory by including presenters and researchers form other countries involved in similar efforts.

A workshop was organized in February 1993 for which Pedro Jimenez, the Chief Executive of ADEMI in the Dominican Republic, Jaime Mezzara from PREALC in Chile, and Matthew Gamser, Director of the A.I.D.-financed GEMINI project were invited to Jamaica. The 1993 workshop followed a visit to the D.R. by chief executives of several micro credit agencies in Jamaica. This trip was organized by USAID in Jamaica at the request of OPM. The visits were to ADEMI, a worldwide success story in microenterprise lending, and FondoMicro, an innovative wholesaler of microenterprise credit. The two exchanges led to revisions in the microcredit practices in Jamaica. Jamaican practitioners feel that these visits were critical to changing their vision of the MSE sector. Charging market-led interest rates was one such change. Other changes included an appreciation of incremental lending practices, and an increase in agency borrowing from wholesale institutions at market-driven interest rates. MIDA increased its rate from 8 to 19 percent. Based on the change in perceptions and practices that one visit to D.R. introduced, such exchanges should continue to take place. PRODEM and BancoSol in Bolivia offer interesting insights on methodologies to assist the sector.

CHAPTER FIVE

PROJECT IMPACT

This evaluation did not include a comprehensive impact assessment, given the short duration of the assignment and the lack of data available at this preliminary stage to assess impact at the enterprise level. However, there are indications of positive impact to date — at the policy level, the institutional level, and the enterprise level.

At the policy level, the project has been instrumental in creating an enabling environment for MSEs in Jamaica. Many will argue that demand-led interventions at the policy level have far more leverage in bringing about positive change than smaller one-on-one forms of interventions. Policy makers and practitioners have been educated about better program policies and methodologies through workshops and field visits organized under the project. As mentioned in Chapter Four, participants in these activities changed their organizations' interest rate polices to make them market-driven because they had seen other regional successes.

At the institutional level, the project has strengthened the capacity of two organizations that, ideally, will continue to support the sector post-MDP. The creation of sound, viable financial institutions that sell services demanded by MSEs is an indicator of impact. Without adequately serving their market niche, these institutions would shrivel and die — therefore, their existence and survival based on service income is indicative of enterprise growth and development. MDP has been instrumental in strengthening two such institutions.

At the enterprise or beneficiary household level, the ground is being paved to conduct impact analysis systematically. Typically, an impact assessment of a project must demonstrate improved performance of microenterprises to be considered successful. Furthermore, these benefits should ideally be net gains to the economy rather than redistributions. USAID is taking great strides under MDP to ensure the collection of data necessary for beneficiary impact assessment — something rarely available for development projects. The surveys planned and financed under MDP will permit "with" and "without" and "before" and "after" analyses rarely performable for microenterprise projects. The data are also being collected on a gender-disaggregated basis, thus allowing assessments of differential impact by gender, if any, to be conducted.

In the meantime, there are preliminary indications of impact, or proxy variables, that indicate impact. A study done in early March 1993 by Todd W. Gustafson of 25 firms in EDT's portfolio showed a 6.9 percent yearly real rate of growth in sales, 10.8 percent growth in equity, and 4.23 percent growth in salary.[14] The author warns that this data needs to be treated with caution because of the small sample size and comparability difficulty.

Existing data on impact must be interpreted cautiously. EDT claims to have "secured and/or sustained" approximately 1,156 jobs between August 1, 1991 and March 31, 1993. However, EDT, as others, attributes jobs "secured/sustained" to the loan it disbursed, when, in reality, the variables and factors affecting enterprise performance and employment patterns are much more complex. The number of new jobs created is forecast at the time of loan application, and is overstated. They should be verified through the data being collected by the quarterly panel surveys instituted in April 1993.

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[14] Todd W. Gustafson, "Report on Firm Performance from EDT Loan Portfolio," unpublished, March 1993.

CONTRIBUTION TO MISSION'S STRATEGIC OBJECTIVE

USAID/Jamaica's most important strategic objective is to increase foreign exchange earnings and employment. MDP directs assistance to the MSE sector, which according to both STATIN surveys and Planning Institute of Jamaica studies contributes as much as 50 percent to Jamaica's GDP and creates up to 75 percent of new employment. Microenterprises have gone from employing an average of only two workers per firm in the late 1970s to 3.71 by October 1989.[15] MSE support has a direct positive impact on employment creation, and is thus directly linked to meeting the Mission's key strategic objective.

GENDER ISSUES IN MDP

MDP has incorporated gender considerations effectively at the design, appraisal, and implementation phases. This in part is in recognition of women's high participation rates in the sector. At the design phase, the project took a pro-active rather than neutral stance on gender considerations. In social cost-benefit analysis, women were assigned higher priority. Two-thirds of the credit component were targeted to women-owned enterprises. This was revised upward from the original target of one-third, based on performance of the portfolio.

The inclusion of gender-specific concerns in the Project Paper was influenced by several documents on the subject.[16] These studies identified several constraints to the participation by women in microenterprise activities and recommended that programs supporting these activities include features that would encourage their participation. The constraints typically were:

- The multiple economic and reproductive roles of women and the disregard shown for the value of their domestic labor;
- The small size of women-owned enterprises and higher transactional costs associated with lending to this group; and
- The fact that women are less able to meet collateral requirements.

Microenterprise Project Paper Recommendations

To overcome these constraints the Project Paper instituted the following recommendations and mechanisms:

- A project lending strategy with the following characteristics developed to resolve the access-to-credit problem consistent with guidance prepared by A.I.D. regarding gender concerns:

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[15] Fisseha and Davis, 1979; THA survey, 1989.

[16] Gender Considerations in USAID/Jamaica's Projects (International Center for research on Women, Mehra and Burns); USAID Microenterprise Development Project: Social Soundness Analysis (Intermedia Associates, Gardner and Royes); Integrating Women into Small Scale Enterprise Projects (Maria Otero).

- Small loan sizes (average US$1,000);
- Limited or no collateral requirements;
- Low transactional costs and uncomplicated loan procedures;
- Loans available for trading, where women predominate; and
- Repayment terms based on the use of loan;

- All monitoring information systems and evaluations should gather gender-disaggregated data; and

- Study at least one case to analyze the commercial space and related property and titling laws constraining women MSEs access to resources and services.

Gender Issues and Project Implementation

Although the Project Paper proposed adequate mechanisms to address gender concerns, it stopped short of stating particular project goals or measurable indicators at the implementation stage. The program documents of EDT and ASSIST reflected few gender-specific objectives or policies and procedures. Despite this lack of explicit and overt mention and focus on WID issues, both institutions have been effective in reaching women. Sixty-two percent of EDT's and 44 percent of ASSIST's loans are to women. Aside from gender-sensitive loan criteria, high female participation rates can be attributed to the high number of female loan officers at EDT.

Gender-specific analysis is permitted by the fact that both EDT and ASSIST collect and maintain gender-disaggregated data on loan disbursement and client training. ASSIST does not maintain gender-disaggregated information on savings accounts.

The assessment of legal and regulatory constraints faced by women entrepreneurs proposed by the Project Paper has not been conducted to date.

POVERTY ALLEVIATION

Although it is difficult to quantify MDP's impact on poverty alleviation, the project appears to have had a positive impact. The project appears to be assisting those who fall within the ranks of the estimated one-third of Jamaican households living in poverty. There is no current definition of the poverty line, and earlier definitions cannot be used given the high inflation and severe devaluation of the Jamaican dollar over the last four years.

However, using proxy variables, it appears that the majority of EDT's and ASSIST's clients are from the poorest one-third of the population. Prior to participation in MDP, ASSIST operated exclusively in Kingston. ASSIST subsequently opened offices to service rural parishes where 70 percent of Jamaica's poor reside. In addition, ASSIST group lending practices are rooted in the Jamaican "partner" concept, which the poor find culturally familiar and acceptable. ASSIST targets MSEs at the poorer end of the spectrum (those with an income of J$750 or less per week) despite the higher transactions costs of reaching this niche.

The average loan sizes of J$20,385 and J$22,450 disbursed by EDT and ASSIST, respectively, are small enough to exclude the less-than-poor. The mandatory training requirement and relatively low loan ceilings are also effective mechanisms used around the world to exclude less disadvantaged borrowers who find these restrictions too cumbersome. The surveys instituted for EDT and ASSIST by MSU under the PIRC component that are in early stages of development will help answer the question more precisely.

Of all firms assisted, 89 percent had assets of less than J$50,000 with 47.3 percent having asset sizes of less than J$20,000. It can be inferred by the size of these firms that the majority of EDT's clients are from the poorer section of the population. About 65.4 percent of the loans sampled at EDT were under J$20,000. The average asset size of the businesses financed was J$28,570, or roughly US$1,287. This figure is equivalent to approximately 92 percent of the 1991 per capita GDP of Jamaica.

Another indicator of poverty orientation is the average number of employees in the assisted firms — the smaller the number, the poorer and smaller the enterprise. Thus, of a sample of 150 firms in EDT's portfolio, 97 percent had 5 or fewer employees, indicating that the project is reaching the lower rungs of the economic ladder. The majority of ASSIST borrowers had 2 to 5 employees also.

To target the very poor directly, USAID is adding a poverty lending component to the project, which will extend loans not to exceed US$300. In the case of Jamaica, this size may be really too small and may require careful selection of target clients.

INNER KINGSTON

The nexus between poverty and violence is well known. Inner Kingston has been suffering from a high degree of violence and crime that has made economic activity and program implementation difficult to sustain.

The Kingston Restoration Company (KRC) was established in 1983 to redevelop the business district of downtown Kingston. KRC is a privately held public-interest company, which has gained experience and national recognition not only as primary developers but as facilitators and catalysts for development. KRC is currently considering the establishment of a guarantee fund to motivate lending agencies who are currently hesitant, if not unwilling, to provide loans to MSEs in the inner Kingston area. Of the financial NGOs, EDT and COPE have some experience of lending in the area.[17] KRC is exploring the possibility of working with ASSIST and EDT in Inner Kingston.

It should be cautioned that microenterprise lending agencies cannot be expected to be the panacea pill for all social and economic ills. The complex host of structural and systemic economic ills that lead to inner city decay cannot be solved by small business loans alone. Unless the economic incentive to invest in these blighted areas is strong for the institution, or the objective of financial sustainability is lifted, a microcredit lending agency cannot be expected to have a quality portfolio in these areas.

[17] Of the number of loans on EDT's portfolio, 75 percent were disbursed to microentrepreneurs in Inner Kingston.

However, one possibility would be to target a portion of the portfolio on a pilot basis to Inner Kingston, with less stringent portfolio quality indicators applied to this segment of the portfolio.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

The policy reforms that Jamaica has undertaken in the past few years have eliminated many of the distortions that prevailed in the economy. Jamaican entrepreneurs, including microentrepreneurs, are now more competitive and the freedom to charge market interest rates has encouraged lending agencies to finance MSEs. The number of institutions now prepared to lend to MSEs has expanded. The advent of MIDA and TDB as wholesalers of finance has begun to stimulate the interest of other potential financial institutions — in particular, the credit unions.

THE ACCOMPLISHMENTS OF MDP

MDP was designed to promote microenterprises and simultaneously build institutional capacity within select credit, planning, and policy-making agencies in Jamaica. Implementation of the project is in its second year and at this stage should be viewed as a vehicle for disseminating the following lessons regarding MSEs: MSEs are viable, MSE finance can be profitable, and MSE development contributes to economic development.

1. MDP has and continues to play an important role in educating policy makers and practitioners on proven microcredit methodologies. It is the catalyst for drawing attention to an important sector of the economy, which, in Jamaica, is just beginning to receive recognition.

2. By encouraging financial NGOs to lend to MSEs cost-effectively and sustainably, MDP has catalyzed the development of a microcredit industry. The development and dissemination of agile methodologies that reduce the transactions costs of both borrowers and lenders have increased the flow of financial services to MSEs.

3. MDP has strengthened the institutional capacities of two important NGOs that are likely to continue to offer financial services to MSEs long after the project ends. The project has also created a demonstration effect and begun to attract other entrants into the microcredit industry. At the policy level, the project has gained attention at the highest levels. The Office of the Prime Minister and its cooperating agencies, STATIN, UWI, and MSU, play an important role in project implementation.

4. Besides the directly assisted institutions, institutional skills have been created within the microcredit industry as a whole. Other agencies like COPE, TDB, SSF, and MIDA have benefited, and there are plans to utilize these skills during the remaining period of the project to strengthen service delivery capacities further.

5. By incorporating gender issues at the appraisal and design stage, MDP has succeeded in reaching large numbers of women entrepreneurs at the implementation stage. This has had an important demonstration effect — in introducing women to lenders as an important client segment. MDP is almost unique among many microenterprise programs in having addressed gender issues at the outset.

6. MDP is one of a handful of A.I.D. worldwide microenterprise projects that is investing in baseline data collection to be able to document impact issues systematically at a later stage of the project.

7. At OPM's request, USAID organized a successful trip for executives of Jamaican microenterprise lending agencies to visit ADEMI, a worldwide microenterprise lending success story, and FondoMicro, an innovative wholesaler of finance to the MSE sector. The impact of these two exchanges continues to ripple through the nascent Jamaican microenterprise lending sector — practitioners feel that these visits were critical to changing their vision of the MSE sector. Charging market-led interest rates was one such change. Other changes included an appreciation of incremental lending practices, and agencies began to increase borrowing from wholesale institutions at market-driven interest rates. MIDA subsequently increased its rate from 8 to 19 percent.

RECOMMENDATIONS

The MDP Credit Component

Recommendations to EDT

Despite some divergence in performance from targets, EDT did very well in the first 15-18 months; however, it currently shows a need for urgent and major restructuring. EDT must improve the following aspects of its credit strategy and organizational operations to attain future growth and sustainability:

- Substantially improve the overall quality of higher and middle management. The General Manager and the Credit Manager should have a clear strategic plan to develop the institution with measurable targets to be accomplished. Develop personnel strategies to improve staff morale so that the goals and objectives of the organization can be achieved;

- Review loan delivery mechanisms. Lending strategies should include short-term working capital loans on an incremental basis to produce a track record for borrowers. Lending officers should be appraised and compensated based on their performance and achievement of assigned goals regarding arrears, monthly placement of new loans, and active loan portfolio;

- Establish a maximum size for a first loan, which would allow the borrower to establish a track record and reduce potential losses for the agency;

- Include plans for scaling-up in the strategic plan. Increase the level of performing assets with the least additional administrative costs to attain break-even. At the current level of loan operations, the yield on the portfolio is hard pressed to cover expenses;

- Make computerization of the accounting system an organizational priority. The accounting procedures should be reviewed and the recommendations of Coopers & Lybrand implemented. Procedures should be in place for balancing individual loan balances with the

General Ledger, accruing interest expense on a monthly basis, and controlling the flow of documents and accounting entries throughout the institution;

- Install a loan management software program to track arrears, the quality of portfolio by officer, number and size of loans booked monthly, and other indicators; and
- Train loan officers in business skills and minimalist credit practices to improve their ability to evaluate client enterprises and entrepreneurs. Loan officers should monitor clients for 30-45 minutes every three weeks to identify potential problems.

Recommendations to ASSIST

Operations at ASSIST are picking up momentum following a slow start after signing the Cooperative Agreement. Indications are that ASSIST is well positioned for future growth and development. The commitment of management and staff is an asset to the organization, and its network of offices throughout the island lets it diffuse operational risks. With technical assistance, credit training, and a review of its MIS accompanied by the growth in its portfolio, ASSIST could be a solid institution within three to five years. ASSIST should:

- Continue to adapt the credit methodology to the minimalist and cluster approaches to maximize both reach and financial viability. Develop a coherent and well-integrated strategy and approach;
- Increase the number and amount of monthly loans disbursed to cover overheads and enhance portfolio return and financial viability;
- Conduct an in-depth review of accounting procedures and software to minimize the incremental cost of scaling-up;
- Actively preserve the spirit and sense of belonging of personnel coupling it with adequate compensation based on performance and targets achieved; and
- Train loan officers in sustainable lending methodologies to fully service the needs of clients and optimize institutional output.

Recommendations to USAID/Jamaica on Credit Promotion and Program Development

- Continue to support workshops and study tours to successful microenterprise programs overseas. The tremendous success of these activities to date warrants their continuation. Training workshops for lending officers, accountants, managers, and policy makers are substantive educational tools. They increase the awareness of the need for appropriate lending and recovery practices and financial expertise and create a network linking the institutions;
- Continue to expand assistance to the MSE sector by supporting institutions with demonstrated commitment to MSE development, a willingness to adopt sustainable microcredit practices, and well-thought-out plans for achieving sustainability. Several possibilities include MIDA, TDB, City of Kingston Credit Union, NDFJ, and the Workers Bank. USAID could provide

grant funds to leverage loan portfolios under a matching fund scheme to one additional institution; and

- Consider ASSIST as a likely implementing institution for the poverty lending component being introduced. Other institutions should be considered only if they meet the participation criteria to be specified by USAID.

Recommendations to USAID/Jamaica and OPM on Policy Information and Research Component

- Finance a study on financial regulation and prudential supervision issues, particularly with regard to savings mobilization;

- Consider financing the continuation of the panel surveys for two more years to generate a more accurate picture of the sector, given the transitional stage of the Jamaican economy;

- Update the panels each year with newly established firms to study MSE birth and death rates, given high firm attrition rate. This additional step will maintain the representative nature of the panel;

- Make additional funding available to institutionalize the parallel panels at EDT and ASSIST and to expand the numbers on the panel from the planned 120 for ASSIST and 90 for EDT to about 25 percent of their portfolio at any point of time. The panel surveys should be for four years to coincide with STATIN's time line; and

- Consider paying for an individual to develop and maintain the data collection and analysis systems in the implementing institutions, and making this information available upon request, given the high resource requirements and heavy burden placed on implementing institutions to comply with USAID-requested impact data and other information collection, particularly under the survey activities.

Gender Issues

- Conduct the study recommended by the Project Paper on documenting policy and legal constraints to women's economic participation — to address structural constraints if any; and

- Seek ways to upgrade women's economic activities by upgrading skills through training. Although the project is to be commended for achieving high female participation rates — the majority of women participants are concentrated in lower income, lower productivity sectors. Training is one way to graduate women into more value-added employment, and into more productive sectors. The unused noncredit component could be used for this purpose.

Dissemination

- Disseminate widely. Given MDP's role as catalyst — results from MDP research, surveys, findings on impact, and program performance must be widely shared. Make survey results available to the GOJ and lending institutions both in the micro and the wider financial sector. Publish excerpts and summaries of the studies conducted by UWI in newspaper and journal articles. Although a relatively low-cost activity, this will disseminate information to a much wider audience than currently being reached.

Recommendations to USAID/Jamaica on the Proposed Amendment

- Continue current activities in credit and policy and research. The overall basic assumptions and approach of MDP are sound and remain valid. The best way to implement the project and reach its objectives is to continue with what has been initiated: strengthening institutions through technical assistance, training, and MIS and loan portfolio management systems — so that they better serve the MSE market;

- Provide operational cost support to EDT and ASSIST on a declining basis. This is to spur a sense of urgency to realize the institutional goals of sustainability;

- Establish quantifiable targets in number of loans disbursed, level of recoveries, and overall portfolio quality, to monitor a steady progression toward financial sustainability. Targets for recovering arrears and provision for doubtful loans should also be emphasized in the upcoming amendment. Both EDT and ASSIST have been operating for less than two years under the Cooperative Agreements. A realistic target for break-even is five years;

- Provide in-country training courses for loan officers on credit, collateral appraisal, monitoring to enhance recoveries, management of arrears, and business planning, among others, so they can better service borrowers. These courses could be developed by local educational institutions and could serve as a mechanism for linking these institutions to the MSE sector. In addition, overseas-based experts could be invited for specific courses to complement local expertise and introduce new perspectives and examples from other regions of the world;

- Develop an integrated accounting and loan management software package for use by all microenterprise lending agencies to enable them to more effectively and consistently monitor their performance. Computer hardware and software, possibly tailored to the needs of the institution, should also be made available. The establishment of management information systems is a priority to ensure standardization of accounting and reporting practices; and

- Encourage microenterprise lending agencies to become more than just lenders — savings mobilization permits greater program flexibility and increases the prospects for long-term sustainability. Microenterprise finance should not be insulated from the mainstream capital market. Explore innovative ways to link financial NGOs and commercial banks — NGOs can operate as the extended arms of commercial banks to expand their reach to grassroots levels.

Program Management

The project implementation unit at USAID should remain as a core management, advisory, and guiding unit rather than become a direct source of technical assistance and training. At least one full-time Project Manager, a Project Assistant, and a Secretary should be assigned to this Unit. This Unit should be supplemented by a technical expert contracted to work directly with the MDP implementing lending agencies for an initial period of one year. This expert would assist the institutions to develop the strategy, vision, expertise, and practices necessary for sustainable microcredit delivery. This expert should not be employed by any single NGO nor report directly to its management.

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ANNEX 1

SUBSTANTIAL INVOLVEMENT UNDERSTANDING

55

SUBSTANTIAL INVOLVEMENT UNDERSTANDING

MATCHING FUNDS AGREEMENT BETWEEN EDT AND USAID

DATE	TOTAL CUMULATIVE J$ NON DONOR FUNDS RAISED	CUMULATIVE MAXIMUM US$ AVAILABLE UNDER THE GRANT FOR THE LOAN FUND
Signing + 6 months	150,000	150,000
Signing + 12 months	300,000	350,000
Signing + 18 months	800,000	475,000
Signing + 24 months	1,250,000	572,000

DESCRIPTION OF ORGANIZATIONAL SUSTAINABILITY FINANCIAL SUSTAINABILITY AND EXTERNAL SUSTAINABILITY.

Organizational sustainability refers to the capacity of an organization to manage its operations independently, and to the level of the managerial skills and practices that make it grow in a consistent manner. It includes the rationality and efficiency of its organizational structure, the ability to make wise decisions at the right time, and the ability to forecast the future and take remedial action if needed. It also includes the quality of the corporate culture, the quality of staff and management, and, in general, all the organizational elements that strive for the achievement of the mission and purpose of the organization. It includes its approach to credit to microenterprises, as well as the general format under which credit and other services are delivered. It also includes the adequacy of the requisites for credit approval with the target population, and the setting of conditions (rate, term, purpose, collateral required, and so on) for a successful credit activity as a going concern.

Financial sustainability depends on the capacity of the organization to fund itself on an ongoing basis either from external or internal sources. It reflects some of the organizational decisions, as translated into cash flows. The credit delivery format, of which setting the interest rate is a part, bears its obvious consequences on the return on the portfolio, just as the level of operational expenses reflects the credit delivery mechanism and goals. To be financially sustainable, the institution should be able to cover its operational costs and preserve its capital base from inflation and the erosion of bad debt. Self-sustainability achieved from internal earnings enhances the independence of the organization and induces efficiency and rational financial management. Self-sustainability may benefit from donations or grants which may complement the core strategy but not take its place.

Finally, external sustainability refers to the interaction between external factors and the organization, as they affect its survivability. It covers not only political acceptability, but also the consistency of its political and economic agenda with that of the government. Particular cultural or socioeconomic conditions of the environment can also enhance or detract from the chances of becoming sustainable.

EDT LOAN CRITERIA INDICATORS

The determination of the loan size at EDT has to comply with 5 basic indicators:

- Leverage: The existing liabilities of the applicant's business plus the loan requested, over the net equity of the borrower may not exceed 0.75, although in special cases it may go up to 1.25.

- Working Capital Increase: The working capital after the loan divided over the working capital before the loan must not be over 2.0. At times, the indicator may be waived.

- Working Capital Turnover: The working capital after the loan divided by the projected monthly sales and then multiplied by 30 should normally be under 30 days.

- Loan collateral: The estimated value of the collateral divided by the loan amount should be at least 2.0.

- Repayment Capacity: The average monthly payment to service the loan divided by the current monthly sales should exceed 0.08.

BASIC SELECTED FINANCIAL INDICATORS

Cost per J$1 loaned: a measure of efficiency, arrived at by dividing costs over a given period by the amount disbursed in the same period. This indicator is a measure of efficiency and, although it bears association with other financial indicators, it will not tell, per se, whether a given institution is producing a positive net result.

Return on Portfolio: measures the actual yield of the portfolio in any given period, by dividing the income generated from the portfolio during that period, by the average portfolio in that period. It tells what "in fact" has been the yield of the portfolio, and usually differs substantially from the effective interest rate or other theoretical measures. Two indicators are widely used: interest over average portfolio, and interest plus closing commissions over average portfolio. The differential between both indicators in turn reveals the level of pressure to which an organization is subject in granting new additional loans that would generate a closing fee.

Cost Pressure on Portfolio: which divides several and then all expenses of a given period over the average portfolio of the period. It measures the yield the portfolio must render in order to cover the costs that were included in the generation of the indicator. It must be emphasized that this indicator IS NOT a pricing tool, and that it only refers to an ex post analysis of the profit and loss statement components. It represents the yield the portfolio should have rendered to fully cover the costs included.

Total Income/Total Expense: a measure of sufficiency, which relates the degree to which every J$1 of expense is covered by income. Its components should be defined since it may or may not include certain expenses.

MATCHING FUNDS AGREEMENT BETWEEN ASSIST AND USAID
SUBSTANTIAL INVOLVEMENT UNDERSTANDING

DATE	TOTAL CUMULATIVE J$ BORROWED FUNDS	TOTAL CUMULATIVE J$ NON DONOR FUNDS	CUMULATIVE MAXIMUM US$ AVAILABLE UNDER THE GRANT FOR THE LOAN FUND
Signing + 6 months	5,000,000	550,000	275,000
Signing + 12 months	15,000,000	1,000,000	425,000
Signing + 18 months	25,000,000	2,000,000	550,000
Signing + 24 months	40,000,000	3,000,000	625,000

CREDIT ORGANIZATION FOR PRE-MICRO ENTERPRISES

The Credit Organization for Pre-Micro Enterprises Ltd. (COPE) was established and funded by the Canadian Save the Children (CANSAVE) in 1989 to support the poorest levels of the population, making small loans available to vendors and other pre-micro entrepreneurs in the areas of Hannah Town, Kingston, Majestic garden, and the markets of downtown Kingston.

COPE is governed by a Board of Directors that includes local bankers, and currently has an Executive Director, an Accountant, a Cashier, 2 Field Officers, a Field Supervisor, a loan clerk, and an office assistant.

COPE Limited has been chartered under the Companies Act, but does not enjoy nonprofit status, although it has applied for such. The CANSAVE/COPE project serves, then, as a related institution where all funds from CIDA are booked as income, and transferred to COPE as a receivable. Operational funds are also transferred to cover expenses.

COPE is the poverty-alleviating lending activity, with about 85 percent of its portfolio going to street vendors and 15 percent to manufacture. Under the Pre-Micro lending window, loans range from J$2,000 to J$20,000, while in the microbusiness loan window they may go up to J$50,000. Since April 1993, the interest rate is 2 percent a month flat on initial balance and 3 percent up front commission for an effective rate of 50.3 percent in an average 7-month loan. Around 72 percent of COPE's loans go to women. Loans applications are really directed interviews with prospective borrowers, who receive a three-hour training session before receiving the loan. Since its inception and up to March 1993, COPE had granted 2,457 loans to 1,209 clients. Their active portfolio as of March 1993 includes 683 loans with a balance of J$1.2 million. Officers are granting about 14 new loans a month, or seven per officer per month.

As of the end of March 1993, COPE had total arrears of J$415 thousand, representing 33.7 percent of the outstanding portfolio of J$1.23 million at the same date. In the past, they have written off about J$106 thousand. Their current loan loss reserve stands at J$132 thousand. Information is basically computerized, and their MIS system is adequate for the size of the operation, although processing is not being done in-house.

COPE has enough resources to lend with a cash and investment position of J$8.3 million as of March 1993. It is the delivery mechanism that is holding growth back, because COPE has not been able to put the loans in the street because of the a lack of additional lending officers to market and service the clientele and the difficulties encountered in lending in the communities they serve. Management has indicated that in order to grow they must expand their operation beyond the Kingston area, and are planning to open an office in St. Elizabeth in the near future.

COPE is a small organization, with the advantages and fragility of small size. They are charging positive interest rates and seem committed to their activity. Although they do not require at this point any financial assistance for the loan fund, they would benefit from technical assistance to review the current strategy and aid them in planning the future without giving up their target population.

NATIONAL DEVELOPMENT FOUNDATION OF JAMAICA-NDF/J

The National Development Foundation of Jamaica is a private, nonprofit organization registered in 1981 under the companies Act. Its purpose is to develop and strengthen the economic base of small business by providing credit and technical assistance to micro- and small-scale business.

Over the year, NDFJ has been funded by many institutions, such as Pan American Development Foundation, USAID, Canadian International Development Agency, German Agency for Technical Cooperation, International Development Bank, International Fund for Agricultural Development, National Development Bank, and Jamaican Agricultural Development Foundation.

Since its beginning and up until December 1992, NDF has granted well over 5,250 loans (682 in 1992) for an aggregate amount of J$195.1 million (J$52.2 million in 1992). Loans are disbursed and services provided through its branch offices in Mandeville Montego Bay, Ocho Rios, and Kingston. NDF has three windows for their lending activity. Under the microbusiness program, loans are granted up to J$150 thousand and comprise about 50 percent of their portfolio, in terms of units. The Small business window has two tranches, the first one going up to J$299 thousand, and the higher one up to J$1 million. It was reported that their current average cost of funds is about 10 percent, with the marginal cost standing at between 19 percent and 24 percent depending on the source. NDF keeps and adjusts a Loan Loss Reserve to 5 percent of its outstanding loan portfolio. Terms vary up to 10 years, but average life of a loan was reported at 3.5 years.

NDF's interest rate policy varies according to the type of activity being funded. Currently, agricultural loans are set at between 28 percent and 35 percent nominal, while manufacture loans are booked between 29 percent and 36 percent, and service oriented loans at between 30 percent and 39 percent. Loans are granted on an installment basis, with a charge of between 5 and 6 percent up front to cover the expenses. Due to the average life of the loans, this charge does not significantly change the nominal interest rate, which is charged on declining balance.

Loans are approved according to increasing levels of authority. Branch managers will be able to approve (starting June 1993) up to J$50 thousand through their sole signature. A Branch Credit Committee has authority up to J$200 thousand. Management Review Committee at the Head Office approves loans up to J$500 thousand and anything over that amount and up to J$1 million goes to the Credit Review Committee. Arrears are declared to be 4.6 percent although we were not able to analyze an aging of receivables.

Besides their "Banking Services" activities, NDFJ operates an intensive training and technical assistance program, totally funded by an Endowment Fund of J$22.8 million, booked as a different company. A Technical Service Coordinator at every branch is in charge of the six-hour pre-loan training. He also develops the Focus Groups, composed of clients with similar businesses, and the Business Counseling Program, specially designed for business undergoing difficulties. For this last service they charge J$350 per hour.

An audited unqualified statement for the fiscal year ending December 1991 show that NDF has total assets of J$78.1 million, with a portfolio of J$66.6 million and Net Worth of J$45.6 million. Average yield on the portfolio was 26.9 percent and self-sufficiency stood at 110 percent. The management statement for fiscal year ending december 1992, show total assets of J$107.6 million, with a portfolio of J$84.6 million and J$10.9 million in short-term liabilities and J$30.9 million in long-term liabilities. Net Results for the year were registered at J$8.6 million.

62

NDFJ has in the past shown substantial interest in microenterprise, and in 1992 had a study done by their research unit on their microenterprise lending experience, forming a nucleus of a database and developing a profile of the typical microentrepreneur they were serving.

Although it cannot be said that, as a whole, NDF is a microbusiness lender, but rather caters to upper micro, small, and medium-size business, recently they have expressed their interest in expanding the microbusiness sector, and have declared their intention to participate in credit programs for the sector. NDF has expressed their willingness to place a microbusiness officer at every branch, in order to develop a micro business portfolio. Nevertheless, NDF has also expressed that this "cost center" would have to cover its own costs, once start-up costs have been paid.

Given the coverage and reach of NDFJ, we recommend that conversations continue between USAID and the institution in order to format joint programs in favor of the microbusiness sector.

67

CITY OF KINGSTON CREDIT UNION

City of Kingston Credit Union was established in 1967 and is a member of the Jamaica Cooperative Credit Union League. It was established to provide services to members for provident and productive purposes. CoK provides a wide array of services such as savings, credit, credit card, discount card, and others.

CoK has its main office in Kingston, serving only the city area. It currently has about 70 employees, including a staff of 5 travelling lending officers, but excluding 286 liaison volunteer officers provided by companies whose employees are served by CoK. Membership is a requirement to access loans, and CoK now has approximately 60,000 members with capital shares amounting to J$128 million as of December 1992. These shares are paid dividends depending on the yearly performance of the union, and they constitute the cheapest source of funds for the organization. CoK lost J$515 thousand in 1990 and J$414 thousand in 1991, but reversed the trend by making a profit of J$3.5 million in fiscal 1992.

Total portfolio as of December 1992 was at J$106.9, comprised of approximately 14,000 loans. According to management, approximately 50 percent is for "developmental" purposes, and 40 percent for consumer lending, in line with one of the traditional purposes of credit unions. Total savings and deposits stood at J$11.2 millon at year end 1992. Savings are paid 12 percent on passbook savings, while CDs receive a negotiable rate that has been as high as 21 percent.

Two basic credit windows are available at CoK. Over the counter loans refer to those collateralized by savings at a loan to savings ratio of 3:1. These loans are now being granted at an effective rate of 21 percent. "Special" loans, mostly for working capital purposes of business members, are granted at effective rates of up to 33 percent. Although no numbers were provided on arrears, they are quoted as "minimal" in the business lending portfolio. Audited 1991 FYE statements were qualified on the grounds that CoK had not written off bad debt over the year. This qualification has been removed for 1992, due to write-offs amounting to J$1.7 million, mostly taken against reserves. During 1992, CoK disbursed loans to members amounting to J$82.1 million.

Credit approvals are made according to approval levels, with 18 persons authorized to lend on their sole signature up to J$100 thousand. Over that amount and up to J$150 thousand, there is an in-house credit committee, where about 5 loans a week are approved.

Lending officers have a target of 10 new loans per week, and loans take between 5 and 15 days to process. We were informed that the average loan size is J$50 to J$80 thousand, while the average savings size is J$22.6 thousand. Average loan life has been quoted at about 3 years, and rates are not adjustable over the life of loans. They do not encourage "small" loans due to transaction costs, although there is no set "floor" on loan amounts.

CoK has received borrowed funds from both MIDA and Trafalgar Development Bank. MIDA-funded loans average J$50 thousand with a ceiling of J$200 thousand. These funds for which CoK pays 19 percent are loaned at 30 percent. When pricing these funds, CoK calculates their operating cost at 8 percent, which includes both normal operating cost (6 percent) and a loan loss reserve of 2 percent.

CoK seems to have excellent management information systems through which they can readily track costs and performance.

More detailed conversations between USAID and CoK are encouraged as a possible vehicle in delivering credit to small business. The Jamaica Cooperative Credit Union League Ltd. has reported that, during 1992, their 85 members, of which CoK is the largest, granted 5,827 "business loans" for a total of J$57.5 million and an average of J$9,860. "Business loans" granted by all the credit unions represented about 12.67 percent of all loans granted by the member unions in 1992.

ANNEX 2

COMPARATIVE PERFORMANCE

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COMPARATIVE SCHEDULE OF INSTITUTIONS REVIEWED

	EDT	ASSIST	COPE	CoK CU	NDF/J
Started Operations	1987	1985	1989	1967	1981
Type of Institution	NGO	NGO	NGO	CREDIT UNION	NGO
Date of Information	MARCH 93	MARCH 93	DEC 92	DEC 92	DEC 92
Primary International Affiliation	MEDA	OPPORT. INTNL	CANSAVE	WOCCU	NONE
Total Assets -Millions J$	J$9.1	J$19.3	J$6.3	J$157	J$107.5
Total Portfolio Millions J$	J$5.8	J$12.1	J$1.2	J$107	J$84.6
Total Net Worth Millions J$	J$6.9	J$13.6	J$6.3	J$131.8	J$61.3
APR	50.6%	43.9%	50.5%	21.8% to 33.0%	29.1%
Return on Portfolio	21.57%	19.94%	42.4%	12.1%	20.9%
Full Cost Pressure on Portfolio	60.4%	46.8%	137.4%	16.8%	19.2%
Cost of Lending J$1	0.325	0.465	0.602	0.19	0.225
Average Loan	J$20,385	J$22,450	J$6,000	NA	J$70,023
Maximum Loan Size	J$80,000	J$250,000	J$30,000	J$15,000	J$ 1 Million
Average Loan Life Months	15	15	7	36	48
Number of current credit clients	457	558	700	14,500	2,100
Number of Loans granted last 12 months	197	522	366	NA	600
Amounts disbursed last 12 months	J$4.7 Million	J$9.2 Million	J$2.2 Million	J$82.1 Million	J$42.02 Million
Number of Employees	13	35	8	70	86
Number of branches or units	2	10	1	1	6
% of loans to women last 12 months	68%	47%	72%	35%	40%
Arrears less than 30 days as % of Total Portfolio	NA	2.9% April 93	7.0% March 93	NA	1.2% Apr.93
Arrears more than 30 days as % of Total Portfolio	NA	22.2% April 93	26.7% March 93	NA	10.5% Apr 93

COMPARATIVE SCHEDULE OF INSTITUTIONS REVIEWED

	EDT	ASSIST	COPE	CoK CU	NDF/J
Clarity and effectiveness of Mission and Purpose	Medium	Very Strong	Strong	Very Strong	Strong
Commitment to Microenterprise Lending	Very Strong	Very Strong	Very Strong	Weak	Medium
Leadership & Vision	Weak	Very Strong	Medium	Strong	Strong
Strategic Planning	Medium	Strong	Weak	Strong	Strong
Organizational Structure	Weak	Strong	Weak	Very Strong	Very Strong
Quality of Management	Weak	Strong	Medium	Strong	Strong
Quality of Staff	Weak	Medium	Weak	Strong	Strong
Credit Methodology	Medium	Medium	Medium	Strong	Strong
Aggressive Marketing	No	Medium	No	Yes	Yes
Strength of Corporate Culture	Weak	Strong	Medium	Very Strong	Very Strong
Accounting know-how & skills	Medium	Medium	Medium	Very Strong	Very Strong
Financial Management	Weak	Medium	Medium	Strong	Strong
Management Information System	Weak	Medium	Medium	Very Strong	Strong

ANNEX 3

PERSONS INTERVIEWED

PERSONS INTERVIEWD

1. Bas M. van Noordenne, First Secretary (Development Cooperation), Royal Netherlands Embassy, 53 Knutsford Boulevard, Kingston 5.

2. Fons Feekes, Economist, Netherlands Economic Institute, Rotterdam. (member of the Dutch evaluation mission on microenterprises project in jamaica.)

3. Ayesha Akin, World Bank, Washington D.C.

4. Maureen F. Webber, Executive Director, Policy Review Unit, Office of the Prime Minister, Government of Jamaica.

5. Bruce Harrison, Project Officer, GOJ/GON Microenterprise Project, Policy Review Unit, Office of the Prime Minister, Government of Jamaica.

6. Mark W. Fleming, Operations Officer, Microenterprise Division, Inter-American development Bank, Washington D.C.

7. Ross L. Noble, First Secretary (Development), The Canadian High Commission, Kingston.

8. Glenworth Francis, General Manager, Jamaica Co-operative Credit Union League, Kingston.

9. Dr. Keith L. Roache, President, Chen-Young, Roache and associates Ltd. Kingston.

10. Sheila Martin, Manager, Financial and Corporate Planning, Trafalgar Development Bank, Kingston.

11. W. Billy Heaven, Deputy Executive Director, National Development Foundation of Jamaica, kingston.

12. Waldon Smith, National Development Foundation of Jamaica, kingston.

13. Waldon Wright, Manager, Banking Services, National Development Foundation of Jamaica, kingston.

14. Desmond Smith, National Development Foundation of Jamaica, kingston.

15. Dr. Blossom O'Meally Nelson, Executive Director, National Development Foundation of Jamaica, kingston.

16. O'Neil Cyffe, Research and Program Development, Kingston.

18. Morin Seymour, Executive Director, Kingston Restoration Co., Kingston.

19. Vivian Chin, Managing Director, Micro Investment Development Agency (MIDA), Kingston.

20. Dr. Pat Anderson, University of West Indies, Kingston.

21. Sandra Glasgow, College of Arts and Sciences, Kingston.

22. E. Bernard, STATIN, Kingston.

23. Martin Brown, STATIN, Kingston.

24. B.V.K. Murthy, STATIN, Kingston

25. Trevor Spence, Kingston Restoration Co., Kingston.

26. Florette Blackwood, Manager, EDT

27. Judith Samuels, Accountant, EDT

28. Denver Holt, Credit Manager, EDT

29. Paul Miller , Executive Director, ASSIST

30. Clive Grosset, Field Operations Manager, ASSIST

31. Franzia Edwards, Financial Manager, ASSIST

32. Faye Davidson, Training and Human Resources Manager, ASSIST

33. Philip McKain, Field Officer and Regional Manager, St. James, ASSIST

34. Paul Nicholson, Field Officer and Regional Manager, St. Ann ASSIST

35. Esmeralda Campbell, General Manager, Credit Organization for Pre Micro Enterprises, Ltd.

36. Austin Mitchell, Accountant, COPE

37. Trevor Blake, Treasure, City of Kingston Credit Union

38. Aloun Assamba, DGM Administration, COK Credit Union

USAID/Jamaica:

1. Marilyn A. Zak

2. William C. Craddock

3. Mike Kaiser

4. Charles M. Mohan

5. John Owens

6. Shirley Hunter

7. Bob Queener

8. Ken Kopstein

9. Jerry Wood

10. Kirk Dahlgren

Telephonic Interviews:

1. Carl Liedholm, MSU, U.S.A.

ANNEX 4

ENTERPRISE DEVELOPMENT TRUST LIMITED

ELOPMENT TRUST LIMITED

	Aug-91	Sep-91	Oct-91	Nov-91	Dec-91	Jan-92	Feb-92	Mar-92	Apr-92	May-92	Jun-92	AVG AG91-JUN92
ET												
	796	681	402	72	287	1,225	1,604	1,800	2,290	2,002	1,517	1,169
S	1,118	1,237	1,630	2,082	1,997	2,067	2,299	2,660	2,916	3,115	3,495	2,226
						(40)	(40)	0	(25)	(25)	(25)	(26)
	1,118	1,237	1,630	2,082	1,997	2,027	2,259	2,560	2,894	3,090	3,470	2,212
	87	88	107	111	115							102
	90	89	88	87	86	93	97	97	470	464	490	196
	10	9	13	14	12	148	190	185	189	182	261	110
	2,100	2,104	2,240	2,348	2,497	3,483	4,150	4,731	5,843	5,828	5,738	3,734
VALENTS												
	43	47	44	47	44	498	1,169	1,460	2,269	2,256	2,209	922
LITIES												
						7						7
	809	809	809	809	809	804	811	810	809	809	809	809
	727	597	665	471	483							549
	1,579	1,453	1,518	1,327	1,336	1,309	1,980	2,270	3,078	3,094	3,078	1,999
	27	(12)	(48)	(39)	(48)	(348)	(372)	(406)	(457)	(490)	(504)	(253)
PITAL AND OTHER NET WORTH	494	663	770	1,058	1,209	2,321	2,331	2,656	3,011	3,043	3,043	1,873
						211	211	211	211	211	211	161
WORTH	521	651	722	1,019	1,161	2,184	2,170	2,461	2,765	2,764	2,660	1,734
NET WORTH	2,100	2,104	2,240	2,348	2,497	3,483	4,150	4,731	5,843	5,828	5,738	3,734
	0	0	0	0	0	0	0	0	0	0	0	0
TEMENT												11 MONTHS
COMMISIONS	27	27	27	47	66	50	43	54	61	72	64	638
NCOME	6	15	22	26	2	10	13	25	22	13	29	183
												0
L INCOME	33	42	49	73	68	60	56	79	83	85	93	721
XPENSE												
EXPENSE	0	0	0	0	0	0	0	0	0	0	0	0
INCOME	33	42	49	73	68	60	56	79	83	85	93	721
	57	80	74	87	76	84	80	128	107	113	192	1,078
			1	1	1			1	6	6	6	22
AL INCOME	(24)	(38)	(26)	(15)	(9)	(24)	(24)	(48)	(30)	(34)	(105)	(377)
L INCOME	(24)	(38)	(26)	(15)	(9)	(24)	(24)	(48)	(30)	(34)	(105)	(377)
PERIOD												0
	(24)	(38)	(26)	(15)	(9)	(24)	(24)	(48)	(30)	(34)	(105)	(377)
	(24)	(62)	(88)	(103)	(112)	(136)	(160)	(208)	(238)	(272)	(377)	(1,760)

4-3

...SE DEVELOPMENT TRUST LIMITED

	Aug-91	Sep-91	Oct-91	Nov-91	Dec-91	Jan-92	Feb-92	Mar-92	Apr-92	May-92	Jun-92	AVG AG91-JUN92
IELECTED INDICATORS												AVG
H/ASSETS	37.86%	32.37%	17.65%	8.07%	11.49%	35.07%	38.65%	40.14%	30.19%	35.60%	26.44%	31.32%
SS PORTFOLIO/ASSETS	63.24%	58.70%	72.77%	87.89%	79.88%	59.18%	55.40%	53.90%	49.96%	53.45%	60.91%	59.93%
PORTFOLIO/ASSETS	63.24%	58.70%	72.77%	87.89%	79.88%	58.03%	54.43%	53.90%	49.53%	53.02%	60.47%	59.26%
RECEIVABLE/ASSETS	7.76%	7.11%	6.56%	5.38%	5.76%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.86%
D ASSETS/ASSETS	4.20%	4.23%	3.93%	3.71%	3.44%	2.86%	2.34%	2.05%	8.94%	7.98%	8.64%	5.24%
WORTH/ASSETS	24.81%	30.94%	32.23%	43.44%	46.50%	62.53%	52.29%	52.02%	47.32%	47.43%	46.36%	46.45%
& DEPREC/GROSS PORTFOLIO	0.6118	0.7761	0.5521	0.5121	0.4027	0.4877	0.4176	0.5976	0.4645	0.4584	0.6798	0.5380
& DEPREC/AMOUNT OF LOANS DISBURSED	0.3508	0.3990	0.1463	0.1743	2.7500	0.5106	0.2382	0.2561	0.2261	0.3552	0.4136	0.2953
EXPENSES/AMOUNT OF LOANS DISBURSED	0.3508	0.3990	0.1463	0.1743	2.7500	0.5106	0.2382	0.2561	0.2261	0.3552	0.4136	0.2953
DEPREC/# OF LOANS DISBURSED	5,500.0	6,500.0	3,968.8	4,242.4	64,500.0	13,700.0	4,290.3	5,424.2	5,333.3	9,222.2	8,750.0	4,374.5
GE COST OF FUNDS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AL EXPENSE / PORTFOLIO	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
DEP/PORTFOLIO	0.6118	0.7761	0.5521	0.5121	0.4027	0.4877	0.4176	0.5976	0.4645	0.4584	0.6798	0.5380
+FE+BDR / PORTFOLIO	0.6118	0.7761	0.5521	0.5121	0.4027	0.4877	0.4176	0.5976	0.4645	0.4584	0.6798	0.5380
NEL COMPENSATION/$ LOANS DISBURSED	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NEL COMPENSATION/# LOANS DISBURSED	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ANCIAL INCOME / NET RESULTS FROM PERIO	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
ICOME/TOTAL EXPENSE(GA+FE+BDR+dP)	0.670	0.525	0.653	0.630	0.803	0.714	0.700	0.622	0.736	0.714	0.470	0.657
YIELD ON PORTFOLIO												
INCOME/GROSS PORTOFLIO	25.98%	26.19%	19.86%	27.35%	39.66%	29.03%	22.44%	25.41%	25.08%	27.74%	21.07%	22.15%
COMMISIONS/GROSS PORTFOLIO	9.44%	14.55%	16.20%	15.13%	1.20%	5.81%	6.79%	11.76%	9.04%	5.01%	9.96%	7.54%
+ COMMISIONS/LOAN PORTFOLIO	35.42%	40.74%	36.07%	42.48%	40.86%	34.83%	29.23%	37.18%	34.12%	32.74%	31.93%	29.69%
G SPREAD: YIELD-FULL PRESSURE	-25.76%	-36.86%	-19.14%	-8.73%	-5.41%	-13.93%	-12.53%	-22.59%	-12.33%	-13.10%	-36.05%	-24.12%
RN ON TOTAL ASSETS	-1.14%	-1.81%	-1.16%	-0.64%	-0.36%	-0.69%	-0.58%	-1.01%	-0.51%	-0.58%	-1.83%	-10.10%
RN ON FIXED ASSETS	-26.07%	-42.70%	-29.55%	-17.24%	-10.47%	-25.81%	-24.74%	-49.48%	-6.38%	-7.33%	-21.33%	-192.79%
RN ON NET WORTH	NA	-7.29%	-3.09%	-2.08%	-0.88%	-2.07%	-1.10%	-2.21%	-1.22%	-1.23%	-3.80%	-14.17%
IRAGE (TOTAL LIABILITIES/NET WORTH)	3.031	2.232	2.102	1.302	1.151	0.599	0.912	0.922	1.113	1.109	1.157	1.153
PORFOLIO/TOTAL LIABILITIES	0.708	0.851	1.074	1.864	1.465	1.549	1.141	1.123	0.940	1.008	1.127	1.106
POTFOLIO/NET WORTH	2.146	1.900	2.256	2.024	1.730	0.928	1.041	1.036	1.047	1.119	1.303	1.276

EDT

ENTERPRISE DEVELOPMENT TRUST LIMITED

	Jul-92	Aug-92	Sep-92	Oct-92	Nov-92	Dec-92	Jan-93	Feb-93	Mar-93	AVG OCT92 MAR93	
BALANCE SHEET											
CASH & EQUIVALENTS				1,305	869	1,392	1,002	1,665	1,725	1,341	
LOAN PORTFOLIO-GROSS				4,749	5,298	5,738	5,539	5,819	5,806	5,492	
(LOAN LOSS RESERVE)				(174)	(216)	(253)	(256)	(286)	(301)	(248)	
LOAN PORTFOLIO-NET	0	0	0	4,575	5,082	5,485	5,283	5,533	5,505	5,244	
INTEREST RECEIVABLE				133	179	179	165	181	168	176	
INVESTMENTS				640	640	642	1,144	1,148	1,107	897	
FIXED ASSETS-NET				468	461	456	474	485	495	473	
OTHER ASSETS				83	87	87	86	84	63	83	
TOTAL ASSETS	NA	NA	NA	7,354	7,318	8,241	8,154	9,094	9,123	8,214	
SAVINGS OR EQUIVALENTS				99	130	139	165	205	230	163	
LOANS TAKEN				132	132	132	132	132	362	170	
OTHER PAYABLES				133	189	182	187	164	176	169	
ACCRUALS											
OTHER SHORT TERM LIABILITIES											
LONG TERM LIABILITIES				809	809	809	809	809	809	809	
DEFERRED CREDIT				1,015	780	1,018	1,018	1,240	673	957	
TOTAL LIABILITIES	NA	NA	NA	2,188	2,040	2,280	2,291	2,550	2,250	2,268	
RESERVES				(1,210)	(1,303)	(1,599)	(2,083)	(2,313)	(2,514)	(1,837)	
DONATIONS TO CAPITAL AND OTHER NET WORTH				6,376	6,420	7,258	7,469	8,218	8,573	7,387	
OTHER RESERVES					143	302	477	639	814	475	
TOTAL NET WORTH	NA	NA	NA	5,166	5,260	5,961	5,863	6,544	6,873	5,946	
TOTAL LIABILITIES AND NET WORTH	NA	NA	NA	7,354	7,318	8,241	8,154	9,094	9,123	8,214	
Proof of Balance	NA	NA	NA	0	0	0	0	0	0	0	
PROFIT AND LOSS STATEMENT										OCT MAR	JUL-MAR
INTEREST INCOME	52	55	47	35	61	65	90	88	80	418	572
OTHER FEES AND COMMISIONS	35	30	22	40	47	42	4	29	15	177	264
OTHER FINANCIAL INCOME	5	10	16	30	5	6	12	12	12	77	108
TOTAL FINANCIAL INCOME	92	95	85	106	113	113	106	129	107	672	944
INTEREST EXPENSE										0	0
OTHER FINANCIAL EXPENSE										0	0
TOTAL FINANCIAL EXPENSE	0	0	0	0	0	0	0	0	0	0	0
NET FINANCIAL INCOME	92	95	85	106	113	113	106	129	107	672	944
G+A EXPENSES	127	157	135	123	124	122	173	157	329	1,028	1,447
DEPRECIATION	7	7	7	7	7	7	7	7	7	42	63
GROSS OPERATIONAL INCOME	(42)	(69)	(57)	(25)	(18)	(16)	(75)	(35)	(229)	(398)	(566)
OTHER INCOME											
OTHER EXPENSE	32	22	19	300		22	25	20	23	300	390
LOAN LOSS RESERVE				36	41	41	37	30	14	199	272
DEVALUATION					142	142	159	166	175	764	764
NET OPERATIONAL INCOME	(74)	(91)	(76)	(361)	(201)	(221)	(296)	(251)	(441)	(1,771)	(2,012)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
NET PYTD RESULTS	(74)	(165)	(241)	(602)	(803)	(1,024)	(1,320)	(1,571)	(2,012)	(1,771)	(2,012)

ERPRISE DEVELOPMENT TRUST LIMITED

	Jul-92	Aug-92	Sep-92	Oct-92	Nov-92	Dec-92	Jan-93	Feb-93	Mar-93	AVG OCT92 MAR93
SELECTED INDICATORS										
SH/ASSETS	NA	NA	NA	18.97%	11.67%	16.89%	12.29%	18.31%	18.91%	16.33%
OSS PORTFOLIO/ASSETS	NA	NA	NA	64.58%	72.40%	[illegible].63%	67.93%	63.99%	63.64%	66.66%
T PORTFOLIO/ASSETS	NA	NA	NA	62.21%	69.45%	66.56%	64.79%	60.84%	60.34%	63.64%
RECEIVABLE/ASSETS	NA	NA	NA	3.65%	3.38%	3.12%	2.96%	3.11%	2.69%	3.20%
ED ASSETS/ASSETS	NA	NA	NA	6.36%	6.30%	5.53%	5.81%	5.33%	5.43%	5.76%
T WORTH/ASSETS	NA	NA	NA	70.25%	72.00%	72.33%	71.90%	71.96%	75.34%	72.39%
+A & DEPREC/GROSS PORTFOLIO	NA	NA	NA	0.3285	0.2967	0.2698	0.3900	0.3382	0.6945	0.3897
+A & DEPREC/AMOUNT OF LOANS DISBURSED	0.2027	0.2760	0.3341	0.1724	0.1543	0.2426	0.5463	0.4568	0.5535	0.2096
EXPENSES/AMOUNT OF LOANS DISBURSED	0.2511	0.3153	0.3768	0.6180	0.2026	0.3611	0.7371	0.5961	0.6145	0.3250
DEPREC/# OF LOANS DISBURSED	5,142.9	8,076.9	6,963.0	5,028.6	5,057.1	9,722.2	11,694.7	10,500.0	12,322.6	4,349.6
GE COST OF FUNDS	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
IAL EXPENSE / PORTFOLIO	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
+DEP/PORTFOLIO	NA	NA	NA	32.85%	29.67%	26.98%	39.00%	33.82%	69.45%	0.3897
P+FE+BDR / PORTFOLIO	NA	NA	NA	117.75%	38.96%	40.15%	52.43%	44.13%	77.09%	0.6042
NNEL COMPENSATION/$ LOANS DISBURSED	2,657.14	4,692.31	3,518.52	2,971.43	3,142.86	6,777.78	5,842.11	6,200.00	5,387.10	3,000.00
NNEL COMPENSATION/# LOANS DISBURSED	140.70	206.78	223.53	137.93	129.56	229.45	338.11	345.40	275.12	144.56
NET FINANCIAL INCOME / NET RESULTS FROM PERIOD	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
TOTAL INCOME/TOTAL EXPENSE(GA+FE+BDR+dP)	0.554	0.511	0.520	0.225	0.657	0.589	0.434	0.603	0.287	0.405
YIELD ON PORTFOLIO										
INTEREST INCOME/GROSS PORTOFLIO	NA	NA	NA	8.84%	13.82%	13.59%	19.28%	18.15%	16.53%	15.22%
FEES AND COMMISIONS/GROSS PORTFOLIO	NA	NA	NA	10.11%	10.65%	8.78%	0.87%	5.98%	3.10%	6.45%
INTEREST + COMMISIONS/LOAN PORTFOLIO	NA	NA	NA	18.95%	24.46%	22.38%	20.15%	24.13%	19.63%	21.67%
OPERATING SPREAD:YIELD-FULL PRESSURE	NA	NA	NA	-98.80%	-14.50%	-17.78%	-32.28%	-20.00%	-57.46%	-38.75%
RETURN ON TOTAL ASSETS	NA	NA	NA	-4.91%	-2.75%	-2.68%	-3.63%	-2.76%	-4.83%	-21.56%
RETURN ON FIXED ASSETS	NA	NA	NA	-925.64%	-523.21%	-581.58%	-749.37%	-621.03%	-1069.09%	-374.29%
RETURN ON NET WORTH	NA	NA	NA	NA	-46.69%	-50.33%	-59.59%	-51.37%	-80.67%	-29.78%
LEVERAGE (TOTAL LIABILITIES/NET WORTH)	NA	NA	NA	0.4235	0.3889	0.3825	0.3908	0.3897	0.3274	0.3814
NET PORTFOLIO/LIABILITIES	NA	NA	NA	2.0910	2.4802	2.4057	2.3060	2.1698	2.4467	2.3121
NET PORTFOLIO/NET WORTH	NA	NA	NA	0.8856	0.9645	0.9201	0.9011	0.8455	0.8010	0.8819

ANNEX 5

ASSIST

ASSIST

ASSIST LTD

	Dec-86	Dec-87	Dec-88	Dec-89	Dec-90	Dec-91
	Dec-86	Dec-87	Dec-88	Dec-89	Dec-90	Dec-91
BALANCE SHEET						
CASH & EQUIVALENTS	40	25	25	53	266	282
LOAN PORTFOLIO-GROSS	60	40	41	602	1.400	2.392
(LOAN LOSS RESERVE)				(81)	(202)	(330)
LOAN PORTFOLIO-NET	60	40	41	521	1.198	2.062
INTEREST RECEIVABLE						
INVESTMENTS						
FIXED ASSETS-NET	63	51	41	68	81	288
OTHER ASSETS	2	2	6	10	120	263
TOTAL ASSETS	165	118	113	652	1.665	2.895
SAVINGS OR EQUIVALENTS						
LOANS TAKEN						
OTHER PAYABLES	13	13	21	34	81	236
ACCRUALS						
OTHER SHORT TERM LIABILITIES						
LONG TERM LIABILITIES						
DEFERRED CREDIT	155	82	22			
TOTAL LIABILITIES	168	95	43	34	81	236
RESERVES & ACCUMULATED SURPLUS		(3)	26	44	(51)	35
DONATIONS TO CAPITAL AND LOAN FUND				757	1,549	2.707
OTHER RESERVES & ADJUSTMENTS				(67)		20
SURPLUS FROM PERIOD	(3)	26	44	(116)	86	(103)
TOTAL NET WORTH	(3)	23	70	618	1,584	2.659
TOTAL LIABILITIES AND NET WORTH	165	118	113	652	1,665	2.895
Proof of Balance	0	0	0	0	0	0
PROFIT AND LOSS STATEMENT						
INTEREST INCOME	1	9	6	41	201	380
OTHER FEES AND COMMISIONS						
OTHER FINANCIAL INCOME						
TOTAL FINANCIAL INCOME	1	9	6	41	201	380
INTEREST EXPENSE						
OTHER FINANCIAL EXPENSE						
TOTAL FINANCIAL EXPENSE	0	0	0	0	0	0
NET FINANCIAL INCOME	1	9	6	41	201	380
G+A EXPENSES	168	72	137	335	644	1,301
DEPRECIATION	8	11	11	17	21	48
GROSS OPERATIONAL INCOME	(175)	(74)	(142)	(311)	(464)	(969)
OTHER INCOME & FX	3	1	1		14	309
OTHER EXPENSE AND FX						
LOAN LOSS RESERVE				81	133	202
DEVALUATION						
NET OPERATIONAL INCOME	(172)	(73)	(141)	(392)	(583)	(862)
GRANTS & DONATIONS	169	99	188	276	670	758
NET RESULT FROM PERIOD	(3)	26	47	(116)	87	(104)
NET FYTD RESULTS						

ASSIST

ASSIST LTD

	Dec-86	Dec-87	Dec-88	Dec-89	Dec-90	Dec-9[illegible]
SELECTED INDICATORS						
CASH/ASSETS	24.24%	21.19%	22.12%	8.13%	15.98%	9.74%
GROSS PORTFOLIO/ASSETS	36.36%	33.90%	36.28%	92.33%	84.08%	82.6[illegible]%
NET PORTFOLIO/ASSETS	36.36%	33.90%	36.28%	79.91%	71.95%	71.2[illegible]%
INT RECEIVABLE/ASSETS	0.00%	0.00%	0.00%	0.00%	0.00%	0.0[illegible]%
FIXED ASSETS/ASSETS	38.18%	43.22%	36.28%	10.43%	4.86%	9.95%
NET WORTH/ASSETS	-1.82%	19.49%	61.95%	94.79%	95.14%	91.85%
G+A & DEPREC/GROSS PORTFOLIO	2.9333	2.0750	3.6098	0.5847	0.4750	0.56[illegible]
G+A & DEPREC/AMOUNT OF LOANS DISBURSED	NA	NA	NA	NA	NA	NA
TOTAL EXPENSES/AMOUNT OF LOANS DISBURSED	NA	NA	NA	NA	NA	NA
G+A & DEP /# OF LOANS DISBURSED	NA	NA	NA	NA	NA	NA
AVERAGE COST OF FUNDS	NA	NA	NA	NA	NA	NA
FINANCIAL EXPENSE / PORTFOLIO	0.00%	0.00%	0.00%	0.00%	0.00%	0.0[illegible]%
GA+FE+DEP / PORTFOLIO	2.9333	2.0750	3.6098	0.5847	0.4750	0.56[illegible]
GA+FE+DEP+BDR/PORTFOLIO	2.9333	2.0750	3.6098	0.7193	0.5700	0.6454
PERSONNEL COMPENSATION/$ LOANS DISBURSED	NA	NA	NA	NA	NA	NA
PERSONNEL COMPENSATION/# LOANS DISBURSED	NA	NA	NA	NA	NA	NA
NET FINANCIAL INCOME / NET RESULTS FROM PERIOD	NA	0.35	0.13	NA	2.31	NA
TOTAL INCOME/TOTAL EXPENSE(GA+FE+BDR+dP)	0.023	0.120	0.047	0.095	0.269	0.[illegible]
YIELD ON PORTFOLIO						
INTEREST INCOME/GROSS PORTOFLIO	1.67%	22.50%	14.63%	6.81%	14.36%	15.8[illegible]%
FEES AND COMMISIONS/GROSS PORTFOLIO	0.00%	0.00%	0.00%	0.00%	0.00%	0.0[illegible]%
INTEREST + COMMISIONS/LOAN PORTFOLIO	1.67%	22.50%	14.63%	6.81%	14.36%	1[illegible]%
OPERATING SPREAD: YIELD - FULL PRESSURE	-291.67%	-185.00%	-346.34%	-65.12%	-42.64%	-48.95%
RETURN ON TOTAL ASSETS	-1.82%	22.03%	41.59%	-17.79%	5.23%	-3.5[illegible]%
RETURN ON FIXED ASSETS	-4.76%	50.98%	114.63%	-170.59%	107.41%	-36.1[illegible]%
RETURN ON NET WORTH	NA	NA	NA	NA	NA	NA
LEVERAGE (TOTAL LIABILITIES/NET WORTH)	(56.000)	4.130	0.614	0.055	0.051	0.069
NET PORFOLIO/TOTAL LIABILITIES	0.357	0.421	0.953	15.324	14.790	8.737
NET POTFOLIO/NET WORTH	(20.000)	1.739	0.586	0.843	0.756	0.775

ASSIST

ASSIST LTD

	Jan-92	Feb-92	Mar-92	Apr-92	May-92	Jun-92	Jul-92	Aug-92	Sep-92	Oct-92	Nov-92	Dec-92	AVG FY 1992
BALANCE SHEET													
CASH & EQUIVALENTS	10	290	848	158	40	386	140	841	552	528	2,281	4,017	840
LOAN PORTFOLIO-GROSS	2,914	3,265	3,940	4,047	4,369	4,934	5,174	7,196	7,411	7,643	8,004	9,627	5,711
(LOAN LOSS RESERVE)	(202)	(202)	(202)	(202)	(202)	(202)	(202)	(202)	(202)	(202)	(202)	(481)	(225)
LOAN PORTFOLIO-NET	2,712	3,063	3,738	3,845	4,167	4,732	4,972	6,993	7,209	7,441	7,802	9,146	5,486
INTEREST RECEIVABLE	72	103	131	164	187	224	264	280	344	368	403	402	253
INVESTMENTS			194	194	194	194	101	101	300	900	714	901	307
FIXED ASSETS-NET	449	617	561	1,063	1,066	1,138	1,189	1,285	1,294	1,294	1,294	1,150	1,024
OTHER ASSETS	146	137	159	164	164	164	171	238	240	251	271	260	197
TOTAL ASSETS	3,388	4,130	5,821	5,588	5,808	6,838	6,543	9,742	10,029	10,872	12,745	15,966	8,131
SAVINGS OR EQUIVALENTS					9	133	171	306	442	503	590	768	378
LOANS TAKEN	113	113	864	750	750	1,400	1,400	1,400	1,400	2,231	2,231	2,231	1,240
OTHER PAYABLES	122	122	122	122	122	122	122	122	122	122	122	159	125
ACCRUALS													
OTHER SHORT TERM LIABILITIES												364	364
LONG TERM LIABILITIES													
DEFERRED CREDIT													
TOTAL LIABILITIES	236	236	986	872	881	1,655	1,693	1,918	1,964	2,856	2,952	3,522	1,647
RESERVES	542	541	541	541	541	541	541	541	541	541	541	(148)	484
DONATIONS TO CAPITAL AND LOAN FUND	2,168	2,368	2,368	2,368	2,368	2,368	2,368	4,866	4,916	4,916	6,916	11,203	4,000
OTHER RESERVES & ADJUSTMENTS	73	73	836	836	836	910	910	910	910	910	910	934	764
SURPLUS FROM PERIOD	370	913	891	972	1,183	1,364	1,331	1,707	1,698	1,649	1,428	365	1,166
TOTAL NET WORTH	3,153	3,895	4,636	4,716	4,927	5,183	5,150	7,824	8,065	8,016	9,793	12,444	6,413
TOTAL LIABILITIES AND NET WORTH	3,388	4,130	5,621	5,588	5,808	6,838	6,843	9,742	10,029	10,872	12,745	15,966	8,131
Proof of Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

	Jan-92	Feb-92	Mar-92	Apr-92	May-92	Jun-92	Jul-92	Aug-92	Sep-92	Oct-92	Nov-92	Dec-92	ACUM 1992
PROFIT AND LOSS STATEMENT													
INTEREST INCOME	43	52	73	72	72	78	85	90	121	121	127	136	1,070
OTHER FEES AND COMMISIONS	0	1	3	5	8	17	4	38	15	11	11	19	132
OTHER FINANCIAL INCOME	0	0	0	1	1	3	2	7	1	8	5	2	30
TOTAL FINANCIAL INCOME	43	53	76	78	81	98	91	135	137	140	143	157	1,232
INTEREST EXPENSE						15			29			56	100
OTHER FINANCIAL EXPENSE							30						30
TOTAL FINANCIAL EXPENSE	0	0	0	0	0	15	30	0	29	0	0	56	130
NET FINANCIAL INCOME	43	53	76	78	81	83	61	135	108	140	143	101	1,102
G+A EXPENSES	130	207	174	224	181	201	293	299	471	263	365	1,290	4,118
DEPRECIATION													0
GROSS OPERATIONAL INCOME	(87)	(154)	(98)	(146)	(100)	(118)	(232)	(164)	(363)	(123)	(242)	(1,189)	(3,016)
OTHER INCOME & FX	77	72	77	24	41	10	45			5	19	27	307
OTHER EXPENSE AND FX													
LOAN LOSS RESERVE							(2)		(16)				(18)
DEVALUATION												152	152
													0
NET OPERATIONAL INCOME	(10)	(82)	(21)	(122)	(59)	(108)	(185)	(164)	(347)	(118)	(223)	(1,314)	(2,753)
GRANTS & DONATIONS	380	624	0	208	270	289	152	540	338	69	0	253	3,118
NET RESULT FROM PERIOD	370	542	(21)	81	211	181	(33)	376	(9)	(49)	(223)	(1,061)	365
NET FYTD RESULTS	370	912	891	972	1,183	1,364	1,331	1,707	1,698	1,649	1,428	365	
Proof vs BSheet YTD	0	(1)	0	0	0	0	0	0	0	0	0	0	

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IST LTD

	Jan-92	Feb-92	Mar-92	Apr-92	May-92	Jun-92	Jul-92	Aug-92	Sep-92	Oct-92	Nov-92	Dec-92	AVG FY 1992
ECTED INDICATORS													1992
H/ASSETS	0.30%	7.02%	15.00%	2.83%	0.60%	5.64%	2.13%	8.63%	5.50%	4.86%	17.74%	25.16%	10.33%
SS PORTFOLIO/ASSETS	86.01%	79.54%	70.00%	72.42%	75.05%	72.16%	75.61%	73.86%	73.00%	70.30%	62.80%	60.30%	70.24%
PORTFOLIO/ASSETS	80.05%	74.65%	66.50%	66.81%	71.57%	69.20%	72.66%	71.78%	71.88%	66.44%	61.22%	57.28%	67.47%
RECEIVABLE/ASSETS	2.47%	3.14%	3.32%	4.06%	4.20%	4.54%	5.10%	3.97%	4.64%	4.81%	6.03%	5.11%	4.43%
D ASSETS/ASSETS	13.25%	12.52%	8.80%	10.02%	18.35%	16.64%	17.36%	13.10%	12.80%	11.80%	10.15%	7.20%	12.00%
WORTH/ASSETS	83.06%	84.31%	82.46%	84.40%	84.83%	76.80%	75.26%	80.31%	80.42%	73.73%	76.84%	77.94%	79.74%
A & DEPREC/GROSS PORTFOLIO	0.5353	0.7562	0.5290	0.6642	0.4063	0.4880	0.6796	0.4087	0.7627	0.4129	0.5772	1.0060	0.7211
A & DEPREC/AMOUNT OF LOANS DISBURSED	NA	NA	NA	NA	0.4081	0.3017	2.0547	0.1320	1.7200	0.7858	0.7764	0.6878	0.6491
EXPENSES/AMOUNT OF LOANS DISBURSED	NA	NA	NA	NA	0.4081	0.4210	2.2511	0.1320	1.7737	0.7858	0.7764	0.7980	0.6907
DEP /# OF LOANS DISBURSED	NA	NA	NA	NA	16,454.5	10,578.9	48,833.3	3,436.8	30,250.0	16,437.5	14,807.7	17,200.0	18,341.3
T OF FUNDS	0.00%	0.00%	0.00%	0.00%	0.00%	11.74%	0.00%	0.00%	18.89%	0.00%	0.00%	22.41%	6.18%
ENSE / PORTFOLIO	0.00%	0.00%	0.00%	0.00%	0.00%	3.65%	0.00%	0.00%	4.70%	0.00%	0.00%	8.98%	1.75%
PORTFOLIO	0.5353	0.7562	0.5290	0.6642	0.4063	0.5253	0.7491	0.4087	0.8096	0.4129	0.5772	1.0778	0.7438
BDR/PORTFOLIO	0.5353	0.7562	0.5290	0.6642	0.4063	0.5253	0.7491	0.4087	0.8096	0.4129	0.5772	1.8672	0.7704
COMPENSATION/$ LOANS DISBURSED	NA	NA	NA	NA	7,000.00	4,842.11	29,500.00	1,586.21	14,666.67	7,687.50	4,769.23	8,003.33	7,301.60
COMPENSATION/# LOANS DISBURSED	NA	NA	NA	NA	173.6	179.3	1,241.2	60.9	645.0	387.6	250.1	323.6	290.0
FINANCIAL INCOME / NET RESULTS FROM PERIOD	0.12	0.10	NA	0.96	0.38	0.48	NA	0.36	NA	NA	NA	NA	3.02
L INCOME/TOTAL EXPENSE(GA+FE+BDR+dP)	0.823	0.604	0.678	0.455	0.674	0.500	0.467	0.452	0.283	0.561	0.421	0.123	0.374
YIELD ON PORTFOLIO													
T INCOME/GROSS PORTOFLIO	17.71%	19.00%	22.23%	21.35%	19.82%	18.97%	19.71%	15.01%	19.59%	19.00%	19.04%	16.95%	18.74%
D COMMISIONS/GROSS PORTFOLIO	0.00%	0.37%	0.91%	1.48%	2.20%	4.13%	0.93%	6.34%	2.43%	1.73%	1.65%	2.37%	2.31%
T + COMMISIONS/LOAN PORTFOLIO	17.71%	19.36%	23.15%	22.83%	22.02%	23.10%	20.64%	21.35%	22.02%	20.72%	20.69%	19.32%	21.06%
NG SPREAD: YIELD – FULL PRESSURE	–35.83%	–56.38%	–80.86%	–43.50%	–27.80%	–29.43%	–54.27%	–28.52%	–58.04%	–30.67%	–37.03%	–167.40%	–66.00%
ON TOTAL ASSETS	10.82%	13.12%	–0.37%	1.45%	3.83%	2.65%	–0.48%	3.80%	–0.00%	–0.45%	–1.75%	–8.65%	4.40%
ON FIXED ASSETS	82.41%	104.84%	–3.81%	7.62%	18.79%	15.91%	–2.78%	29.20%	–0.70%	–3.79%	–17.23%	–92.20%	36.64%
ON NET WORTH	13.02%	17.19%	–0.54%	1.75%	4.47%	3.07%	–0.84%	7.30%	–0.12%	–0.81%	–2.78%	–10.83%	NA
AL LIABILITIES/NET WORTH)	0.075	0.060	0.213	0.185	0.170	0.319	0.329	0.245	0.244	0.356	0.301	0.283	0.264
TOTAL LIABILITIES	11.540	13.119	3.791	4.409	4.719	2.869	2.937	3.646	3.671	2.806	2.843	2.607	3.330
NET WORTH	0.860	0.792	0.806	0.815	0.844	0.813	0.965	0.894	0.884	0.826	0.797	0.735	0.846

5-6

ASSIST LTD

	Jan-92	Feb-92	Mar-92	Apr-92	May-92	Jun-92	Jul-92	Aug-92	Sep-92	Oct-92	Nov-92	Dec-92	AVG FY 1992
TOTAL G+A EXPENSES	130	207	174	224	181	201	293	299	471	263	385	1,290	4,114
STAFF	57	109	66	94	77	92	177	138	176	123	124	607	1,840
OCCUPANCY	9	37	27	48	41	9	36	64	107	19	67	241	705
VEHICLES & TRANSPORTATION	12	19	48	23	32	30	37	66	76	59	25	9	430
TRAINING	7	0	0	0	0	0	0	0	0	0	0	70	77
LEGAL AND PROFESSIONAL SERVICES	30	31	28	28	28	28	36	28	62	39	54	181	582
TOTAL SELECTED	124	196	169	193	178	159	286	296	421	237	270	1,105	3,834
PERCENTAGE SELECTED	95.38%	94.69%	97.13%	86.16%	98.34%	79.10%	97.61%	99.00%	89.38%	90.11%	70.13%	85.66%	93.25%
LOANS DISBURSED IN PERIOD					11	19	6	87	12	16	28	75	252
AMOUNTS DISBURSED IN PERIOD J$000s					444	513	143	2,266	273	336	496	1,878	6,344
AVERAGE LOAN SIZE					40.32	27.01	23.77	26.04	22.74	20.92	18.07	25.01	25.17
NUMBER OF LOAN OFFICERS													0
LOANS PER OFFICER													0
LOANS OUTSTANDING													0
NEW LOANS					10	19	6	81	8	14	26	74	237
REPEAT LOANS					1	0	0	6	4	2	1	1	15
LOANS TO MALES					9	11	4	56	5	12	76	40	212
LOANS TO FEMALES					2	8	2	31	7	4	98	35	187
JOBS CREATED/SECURED					25	35	18	184	26	33	49	88	458
NUMBER OF LOANS WRITTEN OFF													
AMOUNTS WRITTEN OFF													

ASSIST

ASSIST LTD

	Jan-93	Feb-93	Mar-93	AVG JAN-MAR 93
BALANCE SHEET				
CASH & EQUIVALENTS	3,232	993	1,397	1,874
LOAN PORTFOLIO-GROSS	10,120	10,723	12,087	10,977
(LOAN LOSS RESERVE)	(481)	(481)	(481)	(481)
LOAN PORTFOLIO-NET	9,639	10,242	11,606	10,496
INTEREST RECEIVABLE	576	647	693	639
INVESTMENTS	1,124	2,124	4,024	2,424
FIXED ASSETS-NET	1,155	1,177	1,202	1,178
OTHER ASSETS	259	288	373	307
TOTAL ASSETS	15,985	15,471	19,295	16,917
SAVINGS OR EQUIVALENTS	846	956	1,158	987
LOANS TAKEN	2,231	2,231	4,400	2,954
OTHER PAYABLES	97	62	62	74
ACCRUALS				
OTHER SHORT TERM LIABILITIES	347	42	100	163
LONG TERM LIABILITIES				
DEFERRED CREDIT				
TOTAL LIABILITIES	3,521	3,291	5,720	4,177
RESERVES	218	218	218	218
DONATIONS TO CAPITAL AND LOAN FUND	11,293	11,293	12,661	11,749
OTHER RESERVES & ADJUSTMENTS	934	934	934	934
SURPLUS FROM PERIOD	19	(265)	(238)	(161)
TOTAL NET WORTH	12,464	12,180	13,575	12,740
TOTAL LIABILITIES AND NET WORTH	15,985	15,471	19,295	16,917
Proof of Balance	0	0	0	0
PROFIT AND LOSS STATEMENT				ACUM 1993
INTEREST INCOME	159	166	179	504
OTHER FEES AND COMMISIONS	5	14	24	43
OTHER FINANCIAL INCOME				0
TOTAL FINANCIAL INCOME	164	180	203	547
INTEREST EXPENSE		14	110	124
OTHER FINANCIAL EXPENSE				0
TOTAL FINANCIAL EXPENSE	0	14	110	124
NET FINANCIAL INCOME	164	166	93	423
G+A EXPENSES	243	447	429	1,119
DEPRECIATION			41	41
GROSS OPERATIONAL INCOME	(79)	(281)	(377)	(737)
OTHER INCOME & FX	119	8	40	167
OTHER EXPENSE AND FX	21	11		32
LOAN LOSS RESERVE				0
DEVALUATION				0
NET OPERATIONAL INCOME	19	(284)	(337)	(602)
GRANTS & DONATIONS			364	364
NET RESULT FROM PERIOD	19	(284)	27	(238)
NET FYTD RESULTS	19	(265)	(238)	(484)
Proof vs BSheet YTD	0	0	0	

ASSIST

ASSIST LTD

SELECTED INDICATORS	Jan-93	Feb-93	Mar-93	AVG JAN-MAR 93 1993
CASH/ASSETS	20.22%	6.42%	7.24%	11.08%
GROSS PORTFOLIO/ASSETS	63.31%	69.31%	62.64%	64.89%
NET PORTFOLIO/ASSETS	60.30%	66.20%	60.15%	62.04%
INT RECEIVABLE/ASSETS	5.69%	6.03%	5.73%	5.82%
FIXED ASSETS/ASSETS	7.23%	7.61%	6.23%	6.96%
NET WORTH/ASSETS	77.97%	78.73%	70.36%	75.31%
G+A & DEPREC/GROSS PORTFOLIO	0.2881	0.5002	0.4666	0.4078
G+A & DEPREC/AMOUNT OF LOANS DISBURSED	0.5473	0.5446	0.3005	0.3956
TOTAL EXPENSES/AMOUNT OF LOANS DISBURSED	0.5946	0.5751	0.3709	0.4653
G+A & DEP /# OF LOANS DISBURSED	12,789.5	13,968.8	6,266.7	9,206.3
AVERAGE COST OF FUNDS	0.00%	5.27%	23.75%	12.59%
FINANCIAL EXPENSE / PORTFOLIO	0.00%	1.57%	10.92%	4.52%
GA+FE+DEP / PORTFOLIO	0.2881	0.5159	0.5758	0.4679
GA+FE+DEP+BDR/PORTFOLIO	0.2881	0.5159	0.5758	0.4679
PERSONNEL COMPENSATION/$ LOANS DISBURSED	6,157.89	6,781.25	2,386.67	4,071.43
PERSONNEL COMPENSATION/# LOANS DISBURSED	263.5	264.4	114.5	181.4
NET FINANCIAL INCOME / NET RESULTS FROM PERIOD	8.63	NA	3.44	NA
TOTAL INCOME/TOTAL EXPENSE(GA+FE+BDR+dP)	1.072	0.398	0.419	0.543
YIELD ON PORTFOLIO				
INTEREST INCOME/GROSS PORTOFLIO	18.85%	18.58%	17.77%	18.37%
FEES AND COMMISIONS/GROSS PORTFOLIO	0.59%	1.57%	2.38%	1.57%
INTEREST + COMMISIONS/LOAN PORTFOLIO	19.45%	20.14%	20.15%	19.93%
OPERATING SPREAD: YIELD - FULL PRESSURE	-9.37%	-31.45%	-37.43%	-26.86%
RETURN ON TOTAL ASSETS	0.12%	-1.84%	0.14%	-5.63%
RETURN ON FIXED ASSETS	1.65%	-24.13%	2.25%	-80.81%
RETURN ON NET WORTH	0.15%	-2.28%	0.22%	NA
LEVERAGE (TOTAL LIABILITIES/NET WORTH)	0.282	0.270	0.421	0.328
NET PORFOLIO/TOTAL LIABILITIES	2.738	3.112	2.029	2.513
NET POTFOLIO/NET WORTH	0.773	0.841	0.855	0.824

ASSIST

ASSIST LTD

	Jan-93	Feb-93	Mar-93	AVG JAN-MAR 93
TOTAL G+A EXPENSES	243	447	429	1,119
STAFF	117	217	179	513
OCCUPANCY	19	53	55	127
VEHICLES & TRANSPORTATION	15	60	39	114
TRAINING	0	67	0	67
LEGAL AND PROFESSIONAL SERVICES	57	18	69	144
TOTAL SELECTED	208	415	342	965
PERCENTAGE SELECTED	85.60%	92.84%	79.72%	86.24%
LOANS DISBURSED IN PERIOD	19	32	75	126
AMOUNTS DISBURSED IN PERIOD J$000s	444	821	1,564	2,829
AVERAGE LOAN SIZE	23.37	25.65	20.85	22.45
NUMBER OF LOAN OFFICERS				0
LOANS PER OFFICER				0
LOANS OUTSTANDING				0
NEW LOANS	18	31	71	120
REPEAT LOANS	1	1	4	6
LOANS TO MALES	10	17	39	66
LOANS TO FEMALES	9	12	36	57
JOBS CREATED/SECURED	34	45	111	190

ANNEX 6

COPE LIMITED AND CANSAVE/COPE PROJECT

ex 6
ne: COPE LIMITED AND CANSAVE/COPE PROJECT
ounts in J$000s
DITED/MANAGEMENT:
INION:
RIOD ENDED:

	AUDITOR: PEAT MARWICK CONSOLIDATED BY ANALYST				COPE LTD MANAGEMENT	
	AUDITED		AUDITED		UNCONSOLIDATED	
	UNQUALIFIED		UNQUALIFIED		SELECTED ITEMS	
	31-Mar-91		31-Mar-92		31-Mar-93	
ASSETS	J$000s	%	J$000s		J$000s	
1 -Cash & Cash Equivalent	1,659	69.9%	4,569	72.9%	8,333	82.0%
2 -Credit Portfolio	502				1,233	
3 -						
4 -						
5 -GROSS CREDIT PORTFOLIO	502	21.2%	748	11.9%	1,233	12.1%
6 -Bad Debt Reserve		0.0%		0.0%	(132)	-1.3%
7 -NET CREDIT PORTFOLIO	502	21.2%	748	11.9%	1,101	10.8%
8 -Interest Receivable					26	
9						
10 -TOTAL INTEREST RECEIVABLE	0	0.0%	0	0.0%	26	0.3%
11 -Other Receivable	73		558			
12 -Computer Equipment						
13 -Buildings & Land						
14 -Office Equipment						
15 -Transportation Equipment						
16 -Other Fixed Assets						
17 -Depreciation Reserve (-)						
18 -NET FIXED ASSETS	139	5.9%	392	6.3%	388	3.8%
19 -Prepaid & Deferred Expenses						
20 -Other Assets			3		314	
21 -Investments						
22 -TOTAL ASSETS	2,373	100.0%	6,270	100.0%	10,162	100.0%
LIABILTIES						
-Bank Loans-Short Term						
-Past Due & Current Maturity Long Term Debt						
-Bonds Issued or Savings Received					52	
26 -Other Liabilities						
27 -TOTAL INTEREST BEARING LIABILITIES	0	0.00%	0	0.00%	52	0.51%
28 -Accruals & Payables	38		33			
29 -TOTAL LIABILITIES	38	1.60%	33	0.53%	52	0.51%
30 - Deferred Credits				0.00%		0.00%
NET WORTH						
31 FUND ACCOUNT	2,335		6,237		10,110	
32 -Grants						
33 -Accumulated Surplus			0			
34 -FINAL NET WORTH	2,335	98.40%	6,237	99.47%	10,110	99.49%
35 TOTAL LIABILITIES AND NET WORTH	2,373	100.00%	6,270	100.00%	10,162	100.00%
36 Proof of Balance	0		0		0	
37 -Interest Income-Credit	330		265		350	
38 -Interest Income-Deposits	10		693		2,057	
39 -TOTAL RECURRENT INTEREST INCOME	340	100.00%	958	381.51	2,407	687.71
40 -						
41 -Interest Paid on Loans taken		0.00%		0.00		0.00
42 -FX paid on Loans						
43 -TOTAL RECURRENT INTEREST EXPENSE	0	0.00%	0	0.00	0	0.00
44 -RECURRENT FINANCIAL RESULTS	340	100.00%	958	381.51	2,407	687.71
45 -Other Income						
46 -NET RESULTS FROM FINANCIAL OPERATION	340	100.00%	958	100.00%	2,407	100.00%
47 -G+A Expenses	818	240.59%	859	89.67%	1,535	63.77%
48 -Depreciation and Amortizations		0.00%		0.00%		0.00%
49 -Income from Endowment Fund		0.00%		0.00%		0.00%
50 -Tech. Assist. & Training Expense		0.00%		0.00%		0.00%
51 -RESULTS FROM OPERATIONS	(478)	-140.59%	99	10.33%	872	36.23%
52 -Grants Received		0.00%	3,804	397.08%	3,158	131.20%
53 -Loan Loss Reserve			95	35.85	119	4.94%
54 -						
	(478)	-140.			3,911	
	[illegible]				3,911	

58 -Transfer to Grant Fund						
59 -Transfer From Revolving Loan Fund						
60 -NET DISPOSABLE RESULTS	(478)	-140.59%	3,808	397.49%	3,911	162.48%

RECONCILIATION OF NET WORTH

61 -Initial Net Worth	0	2,335	NA	
62 -Plus: Net Disposable Results	(478)	3,808	NA	
63 -Adjustments from Prior Periods		0	NA	
64 -Final Net Worth	2,335	6,143	NA	
65 -CHANGE in Net Worth	(478)	3,808	NA	
66 -UNIDENTIFIED MOVEMENTS	0	94 <<<<<<<<	NA <<<<<<<<	

FINANCIAL RATIOS

LIQUIDITY

67 -Cash/(Cash+Portfolio)	0.77	0.86	0.87
68 -(Cash+Portfolio)/Int. Bearing Liabilit.	- -	NA	183.96
69 -Credit Portfolio/Int. Bearing Liabilit.	- -	NA	23.71
70 -Cash / Total Assets	0.70	0.73	0.82
71 -Total Liabilities/Net Worth	0.02	0.01	0.01
72 -Int. Bearing Liab./Net Worth	0.00	0.00	0.01

EVALUATION OF OPERATIONS

73 -Int. on Portfolio/Average Portfolio	- -	0.424	0.353
74 -Int+Com On Portfolio/Avg. Portfolio	- -	0.424	0.353
75 -Int. Paid/Int. Bearing Liabilit.	- -	NA	0.000
76 -G+A & Depreciation/Average Portfolio	- -	1.374	1.550
77 -G+A & Depreciation/Loan Amount Disbursed	- -	NA	0.059
78 -G+A & Deprec.J$000s /# of Loans Disbursed	- -	NA	2.541
79 -(GA+Dep+FE+)/Average portfolio	- -	1.374	1.550
80 -G+A/Total Financial Income	2.408	0.897	0.638
81 -Total Income/Total Expense	0.416	1.004	1.455
82 -Financial Income/Financial Expense	- -	NA	NA
83 -Financial Income/Total Expense	0.416	1.004	1.455
84 -Return on Average Total Assets	- -	0.881	0.476
85 -Return on Average Net Worth	- -	0.888	0.478
86 -Return on Productive Assets	- -	1.018	0.526
87 -Past Due Portfolio/Total Portfolio	0.000	0.000	0.000
88 -Bad Loan Reserve/Credit Portfolio	0.000	0.000	0.107
89 -Average Credit Portfolio	- -	625	991
90 -Amount Disbursed in the Period	- -		25,896
91 -Number of Loans Disbursed in the Period	- -		604
92 -Marginal Income/Marginal Portfolio	- -	251.22%	296.76%
93 -Marginal G+A/Marginal Portfolio	- -	16.67%	139.38%
94 -Marg.Finan.Exp./Marg.Int.Brng.Liab.	- -	NA	0.00%
95 -Change% G+A / Change % Portfolio	- -	3.36%	47.74%
96 -Change % Income / Change % Portfolio	- -	1.9815	1.5304
97 -Change %FExp./Change %Int.Bearng.Liab.	- -	NA	NA

ANNEX 7

NATIONAL DEVELOPMENT FOUNDATION OF JAMAICA

ON OF AUDITOR: PEAT MARWICK

Amounts in J$000s

AUDITED/MANAGEMENT:	** AUDITED		* AUDITED		* AUDITED		* AUDITED	
OPINION:	**UNQUALIFIED		*UNQUALIFIED		*UNQUALIFIED		*UNQUALIFIED	
PERIOD ENDED:	**31-Dec-88		*31-Dec-89		*31-Dec-90		*31-Dec-91	
ASSETS	J$000	%	J$000		J$000		J$000	
1 -Cash & Cash Equivalent	4,448	18.7%	5,822	13.7%	4,982	8.5%	9,592	12.3%
2 -Credit Portfolio	18,760		33,964		50,451		65,596	
3 -								
4 -								
5 -GROSS CREDIT PORTFOLIO	18,760	78.8%	33,964	80.0%	50,451	85.7%	65,596	84.0%
6 -Bad Debt Reserve	(918)	-3.9%	(1,040)	-2.4%	(2,386)	-4.1%	(3,770)	-4.8%
7 -NET CREDIT PORTFOLIO	17,842	75.0%	32,924	77.6%	48,065	81.6%	61,826	79.2%
8 -Interest Receivable	606		925		1,490		1,827	
9								
10 -TOTAL INTEREST RECEIVABLE	606	2.5%	925	2.2%	1,490	2.5%	1,827	2.3%
11 -Other Receivable	370		1,073		2,905		2,006	
12 -Computer Equipment	115		410		422		534	
13 -Buildings & Land								
14 -Office Equipment	305		650		773		1,360	
15 -Transportation Equipment	595		1,322		1,312		1,819	
16 -Other Fixed Assets								
17 -Depreciation Reserve (-)	(486)		(673)		(1,048)		(1,433)	
18 -NET FIXED ASSETS	529	2.2%	1,709	4.0%	1,459	2.5%	2,280	2.9%
19 -Prepaid & Deferred Expenses								
20 -Adjudged Property								
21 -Investments							522	
22 -TOTAL ASSETS	23,795	100.0%	42,453	100.0%	58,901	100.0%	78,053	100.0%
LIABILITIES								
23 -Bank Loans-Short Term								
24 -Past Due & Current Maturity Long Term Debt	478		1,009		1,111		2,948	
25 -Bonds Issued or Savings Received								
26 -Long Term Interest Bearing Liabilities	13,914		17,404		21,131		25,137	
27 -TOTAL INTEREST BEARING LIABILITIES	14,392	60.48%	18,413	43.37%	22,242	37.76%	28,085	35.98%
28 -Accruals & Payables	1,658		1,422		2,465		4,324	
29 -TOTAL LIABILITIES	16,050	67.45%	19,835	46.72%	24,707	41.95%	32,409	41.52%
30 - Deferred Credits				0.00%		0.00%		0.00%
NET WORTH								
31 -Revolving Loan Fund	664		664		664		0	
32 -Grants	7,081		21,954		32,765		41,437	
33 -Accumulated Surplus			0		765		4,207	
34 -FINAL NET WORTH	7,745	32.55%	22,618	53.28%	34,194	58.05%	45,644	58.48%
35 TOTAL LIABILITIES AND NET WORTH	23,795	100.00%	42,453	100.00%	58,901	100.00%	78,053	100.00%
36 Proof of Balance	0		0		0		0	
37 -Interest Income-Credit	2,289		4,584		8,117		11,293	
38 -Interest Income-Deposits	137		43		567		915	
39 -TOTAL RECURRENT INTEREST INCOME	2,426	100.00%	4,627	100.00%	8,634	100.00%	12,208	100.00%
40 -								
41 -Interest Paid on Loans taken	704	29.02%	887	19.17%	1,241	14.29%	1,554	12.73%
42 -FX paid on Loans								
43 -TOTAL RECURRENT INTEREST EXPENSE	704	29.02%	887	19.17%	1,241	14.29%	1,554	12.73%
44 -RECURRENT FINANCIAL RESULTS	1,722	70.98%	3,740	80.83%	7,443	85.71%	10,654	87.27%
45 -Other Income			496		764		799	
46 -NET RESULTS FROM FINANCIAL OPERATION	1,722	70.98%	4,236	91.55%	8,207	94.51%	11,453	93.82%
47 -G+A Expenses	2,689	110.84%	3,091	66.80%	4,194	48.30%	6,989	57.25%
48 -Depreciation and Amortizations	119	4.91%	187	4.04%	379	4.36%	466	3.82%
49 -Income from Endowment Fund	135	5.56%	699	15.11%	1,720	19.81%	4,398	36.03%
50 -Tech. Assist. & Training Expense	1,352	55.73%	1,994	43.09%	2,489	28.66%	3,573	29.27%
51 -RESULTS FROM OPERATIONS	(2,303)	-94.93%	(337)	-7.28%	2,865	32.99%	4,823	39.51%
52 -Grants Received	6,940	286.07%	15,635	337.91%	11,889	136.91%	8,010	65.61%
53 -Loan Loss Reserve	(233)		425	9.19%	2,099	24.17%	1,383	11.33%
54 -								
55 -NET RESULTS AFTER GRANTS	4,870	200.74%	14,873	321.44%	12,655	145.73%	11,450	93.79%
56 -Extraordinary Charges					1,079			
57 -RESULTS AFTER EXTR. CHARGES	4,870	200.74%	14,873	321.44%	11,576	133.30%	11,450	93.79%
58 -Transfer to Grant Fund							~~664~~	
~~59 -Transfer From Revolving Loan Fund~~							(664)	
60 -NET DISPOSABLE RESULTS	4,870	200.74%	14,873	321.44%	11,576	133.30%	11,450	93.79%

RECONCILIATION OF NET WORTH

61 -Initial Net Worth	0	7,745	22,618	34,194
62 -Plus: Net Disposable Results	4,870	14,873	11,576	11,450
63 -Adjustments from Prior Periods				
64 -Final Net Worth	7,745	22,618	34,194	45,644
65 -CHANGE in Net Worth	4,870	14,873	11,576	11,450
66 -UNIDENTIFIED MOVEMENTS	0	0 <<<<<<<	0 <<<<<<<	0 <<<<<<<

AUDITED/MANAGEMENT: OPINION: PERIOD ENDED:	AUDITED UNQUALIFIED 31-Mar-91		AUDITED UNQUALIFIED 31-Mar-92		NT UNCONSOLIDATED SELECTED ITEMS 31-Mar-93	
1 - Cash & Cash Equivalent	1,659	69.9%	4,569	72.9%	8,333	82.0%
2 - Credit Portfolio	502				1,233	
3 -						
4 -						
5 - GROSS CREDIT PORTFOLIO	502	21.2%	748	11.9%	1,233	12.1%
6 - Bad Debt Reserve		0.0%		0.0%	(132)	-1.3%
7 - NET CREDIT PORTFOLIO	502	21.2%	748	11.9%	1,101	10.8%
8 - Interest Receivable					26	
9						
10 - TOTAL INTEREST RECEIVABLE	0	0.0%	0	0.0%	26	0.3%
11 - Other Receivable	73		558			
12 - Computer Equipment						
13 - Buildings & Land						
14 - Office Equipment						
15 - Transportation Equipment						
16 - Other Fixed Assets						
17 - Depreciation Reserve (-)						
18 - NET FIXED ASSETS	139	5.9%	392	6.3%	388	3.8%
19 - Prepaid & Deferred Expenses						
20 - Other Assets			3		314	
21 - Investments						
22 - TOTAL ASSETS	2,373	100.0%	6,270	100.0%	10,162	100.0%
LIABILTIES						
23 - Bank Loans - Short Term						
24 - Past Due & Current Maturity Long Term Debt						
25 - Bonds Issued or Savings Received					52	
26 - Other Liabilities						
27 - TOTAL INTEREST BEARING LIABILITIES	0	0.00%	0	0.00%	52	0.51%
28 - Accruals & Payables	38		33			
29 - TOTAL LIABILITIES	38	1.60%	33	0.53%	52	0.51%
30 - Deferred Credits				0.00%		0.00%
NET WORTH						
31 FUND ACCOUNT	2,335		6,237		10,110	
32 - Grants						
33 - Accumulated Surplus			0			
34 - FINAL NET WORTH	2,335	98.40%	6,237	99.47%	10,110	99.49%
35 TOTAL LIABILITIES AND NET WORTH	2,373	100.00%	6,270	100.00%	10,162	100.00%
36 Proof of Balance	0		0		0	
37 - Interest Income - Credit	330		265		350	
38 - Interest Income - Deposits	10		693		2,057	
39 - TOTAL RECURRENT INTEREST INCOME	340	100.00%	958	100.00%	2,407	100.00%
40 -						
41 - Interest Paid on Loans taken		0.00%		0.00%		0.00%
42 - FX paid on Loans						
43 - TOTAL RECURRENT INTEREST EXPENSE	0	0.00%	0	0.00%	0	0.00%
44 - RECURRENT FINANCIAL RESULTS	340	100.00%	958	100.00%	2,407	100.00%
45 - Other Income						
46 - NET RESULTS FROM FINANCIAL OPERATION	340	100.00%	958	100.00%	2,407	100.00%
47 - G+A Expenses	818	240.59%	[illegible]	89.67%	1,535	63.77%
48 - Depreciation and Amortizations		0.00%		0.00%		0.00%
49 - Income from Endowment Fund		0.00%		0.00%		0.00%
50 - Tech. Assist. & Training Expense		0.00%		0.00%		0.00%
51 - RESULTS FROM OPERATIONS	(478)	-140.59%	99	10.33%	872	36.23%
52 - Grants Received		0.00%	3,804	397.08%	3,158	131.20%
53 - Loan Loss Reserve			95	9.92%	119	4.94%
54 -						
55 - NET RESULTS AFTER GRANTS	(478)	-140.59%	3,808	397.49%	3,911	162.48%
56 - Extraordinary Charges						
57 - RESULTS AFTER EXTR. CHARGES	(478)	-140.59%	3,808	397.49%	3,911	162.48%
58 - Transfer to Grant Fund						
59 - Transfer From Revolving Loan Fund						
60 - NET DISPOSABLE RESULTS	(478)	-140.59%	3,808	397.49%	3,911	162.48%

RECONCILIATION OF NET WORTH

61 - Initial Net Worth	0	2,335	NA	
62 - Plus: Net Disposable Results	(478)	3,808	NA	
63 - Adjustments from Prior Periods		0	NA	
64 - Final Net Worth	2,335	6,143	NA	
65 - CHANGE in Net Worth	(478)	3,808	NA	
66 - UNIDENTIFIED MOVEMENTS	0	94 <<<<<<<	NA <<<<<<<	

ANNEX 8

CITY OF KINGSTON CREDIT UNION

COK Annex 8													
Name: CITY OF KINGSTON CREDIT UNION													
AUDITED/MANAGEMENT:		AUDITED		AUDITED		AUDITED							
OPINION:		NA		QUALIFIED		UNQUALIFIED							
PERIOD ENDED:		31-Dec-90		31-Dec-91		31-Dec-92							
	ASSETS	J$000s	%	J$000s		RD$		RD$		RD$		RD$	
1	-Cash & Cash Equivalent	2,621	3.0%	7,873	7.4%	27,714	17.6%		ERR		ERR		ERR
2	-Credit Portfolio-Members	65,030		49,552		79,437							
3	-Mortgage Loans			12398		11627							
4	-Past Due Items			16972		15820							
5	-GROSS CREDIT PORTFOLIO	65,030	74.6%	78,922	73.8%	106,884	68.1%	0	ERR	0	ERR	0	ERR
6	-Bad Debt Reserve		0.0%		0.0%		0.0%		ERR		ERR		ERR
7	-NET CREDIT PORTFOLIO	65,030	74.6%	78,922	73.8%	106,884	68.1%	0	ERR	0	ERR	0	ERR
8	-Interest Receivable												
9													
10	-TOTAL INTEREST RECEIVABLE	0	0.0%	0	0.0%	0	0.0%	0	ERR	0	ERR	0	ERR
11	-Other Receivable	7,450		5,676		4,844							
12	-Leasehold Improvements												
13	-Buildings & Land			7,245		8,468							
14	-Office Equipment			4729		6186							
15	-Transportation Equipment												
16	-Other Fixed Assets												
17	-Depreciation Reserve (-)			-2634		-3414							
18	-NET FIXED ASSETS	7,491	8.6%	9,340	8.7%	11,240	7.2%	0	ERR	0	ERR	0	ERR
19	-Prepaid & Deferred Expenses	754		963		1062							
20	-Investments	3,516		3,654		4,103							
21	-Other Assets	277		567		1,198							
22	-TOTAL ASSETS	87,139	100.0%	106,995	100.0%	157,045	100.0%	0	ERR	0	ERR	0	ERR

	LIABILTIES												
23	-Bank Overdrafts	1,061		1,883		698							
24	-Fixed deposits	5,158		4,341		7,783							
25	-On Call Deposits & Other	2,427		2,578		3,477							
26	-Long Term Loan	5,942		6,751		11,526							
27	-TOTAL INTEREST BEARING LIABILITIES	14,588	16.74%	15,553	14.54%	23,484	14.95%	0	ERR	0	ERR	0	ERR
28	-Accruals & Payables	1,869		2,165		1,685							
29	-TOTAL LIABILITIES	16,457	18.89%	17,718	16.56%	25,169	16.03%	0	ERR	0	ERR	0	ERR
30	- Deferred Credits				0.00%		0.00%		0.00%		ERR		ERR
	NET WORTH												
31	-							131,876		131,876		131,87 6	
32	-Share Capital	69,447		87,896		128,202				0			
33	-Reserves	1,750		1,795		1,626							
	-Accumulated Results	-515		-414		2048							
34	FINAL NET WORTH	70,682	81.11%	89,277	83.44%	131,876	83.97%	131,876	ERR	131,876	ERR	131,87 6	ERR
35	TOTAL LIABILITIES AND NET WORTH	87,139	100.00%	106,995	100.00 %	157,045	100.00%	131,876	100.0 0%	131,876	100.00 %	131,87 6	100.00 %
36	Proof of Balance	0		0		0		131876		131876		13187 6	
37	-Interest Income-Credit	6,671		9,286		11,258							
38	-Investments & Deposits	907		1225		8470							
39	-TOTAL RECURRENT INTEREST INCOME	7,578	100.00%	10,511	100.00 %	19,728	100.00%	0	ERR	0	ERR	0	ERR
40	-												
41	-Interest Paid & Other Financial	475	6.27%	534	5.08%	1,120	5.68%		ERR		ERR		ERR
42	-FX paid on Loans												
43	-TOTAL RECURRENT INTEREST EXPENSE	475	6.27%	534	5.08%	1,120	5.68%	0	ERR	0	ERR	0	ERR
44	-RECURRENT FINANCIAL RESULTS	7,103	93.73%	9,977	94.92%	18,608	94.32%	0	ERR	0	ERR	0	ERR
45	-Penalty Charges												

46	-NET RESULTS FROM FINANCIAL OPERATION	7,103	93.73%	9,977	94.92%	18,608	94.32%	0	ERR	0	ERR	0	ERR
47	-G + A Expenses	8,296	109.47%	11,082	105.43 %	15,604	79.10%		ERR		ERR		ERR
48	-Depreciation and Amortizations		0.00%		0.00%		0.00%		ERR		ERR		ERR
49	-Other Income	683	9.01%	1,250	11.89%	1,634	8.28%		ERR		ERR		ERR
50	-Other Expense	5	0.07%		0.00%	1,121	5.68%		ERR		ERR		ERR
51	-RESULTS FROM OPERATIONS	(515)	-6.80%	145	1.38%	3,517	17.83%	0	ERR	0	ERR	0	ERR
52	-Donations		0.00%		0.00%		0.00%		ERR		ERR		ERR
53	-Bad Loan Reserve				0.00%		0.00%		ERR		ERR		ERR
54													
55	-NET RESULTS	(515)	-6.80%	145	1.38%	3,517	17.83%	0	ERR	0	ERR	0	ERR
56	-Extraordinary Charges												
57	-RESULTS AFTER EXTR. CHARGES	(515)	-6.80%	145	1.38%	3,517	17.83%	0	ERR	0	ERR	0	ERR
58	-Transfer to Reserves			43		1,055	5.35%						
59	-Transfer to Reserves												
60	-NET DISPOSABLE RESULTS	(515)	-6.80%	102	0.97%	2,462	12.48%	0	ERR	0	ERR	0	ERR
	RECONCILIATION OF NET WORTH												
61	-Initial Net Worth			70682		89277		133100		133100		133100	
62	-Plus: Net Results	-515		145		3517		0		0		0	
63	-Increase in Shares			18,450		40,306							
64	-Resulting Final Net Worth	70682		89277		133100		133100		133100		133100	
65	-CHANGE in Net Worth	-515		18595		43823		0		0		0	
66	-UNIDENTIFIED MOVEMENTS	0		0	< < < < < < < <	(1,224)	< < < < < < < <	0	< < < < < < < <	0	< < < < < < < <	0	< < < < < < < <
	FINANCIAL RATIOS					Against Reserves							
	LIQUIDITY												

67	-Cash/(Cash + Portfolio)	0.04		0.09		0.21		ERR		ERR		ERR	
68	-(Cash + Portfolio)/Int. Bearing Liabilit.	4.64		5.58		5.73		ERR		ERR		ERR	
69	-Credit Portfolio/Int. Bearing Liabilit.	4.46		5.07		4.55		ERR		ERR		ERR	
70	-Cash / Total Assets	0.03		0.07		0.18		ERR		ERR		ERR	
71	-Total Liabilities/Net Worth	0.23		0.20		0.19		0.00		0.00		0.00	
72	-Int. Bearing Liab./Net Worth	0.21		0.17		0.18		0.00		0.00		0.00	
	EVALUATION OF OPERATIONS												
73	-Int. on Portfolio/Average Portfolio	- -		0.129		0.121		ERR		ERR		ERR	
74	-Int + Com On Portfolio/Avg. Portfolio	- -		0.129		0.121		ERR		ERR		ERR	
75	-Int. Paid/Int. Bearing Liabilit.	- -		0.035		0.057		0.000		ERR		ERR	
76	-G + A/Average Portfolio	- -		0.154		0.168		ERR		ERR		ERR	
77	G + A/ Loan Amount Disbursed in Period	- -		NA		0.190		ERR		ERR		ERR	
78	-G + A/# of Loans Disbursed in Period	- -		NA		NA		ERR		ERR		ERR	
79	-G + A/Total Financial Income	1.095		1.054		0.791		ERR		ERR		ERR	
80	-Total Income/Total Expense	0.941		1.012		1.197		ERR		ERR		ERR	
81	-Financial Income/Financial Expense	15.954		19.684		17.614		ERR		ERR		ERR	
82	-Financial Income/Total Expense	0.863		0.905		1.106		ERR		ERR		ERR	
83	-Return on Average Total Assets	- -		0.001		0.027		0.000		ERR		ERR	
84	-Return on Average Net Worth	- -		0.002		0.032		0.000		0.000		0.000	
85	-Return on Productive Assets	- -		0.002		0.032		0.000		ERR		ERR	
86	-Past Due Portfolio/Total Portfolio	0.000		0.215		0.148		ERR		ERR		ERR	
87	-Bad Loan Reserve/Credit Portfolio	0.000		0.000		0.000		ERR		ERR		ERR	
88	-Average Credit Portfolio	- -		NA		92903							
89	-Amount Disbursed in the Period			NA		82157							
90	-Number of Loans Disbursed in the Period	- -		NA		NA							
91	-Marginal Income/Marginal Portfolio	- -		21.11%		32.96%		18.46%		ERR		ERR	
92	-Marginal G + A/Marginal Portfolio	- -		20.05%		16.17%		14.60%		ERR		ERR	
93	-Marg.Finan.Exp./Marg.Int.Brng.Liab.	- -		6.11%		7.39%		4.77%		ERR		ERR	
94	-Change% G + A / Change % Portfolio	- -		27.67%		30.13%		ERR		ERR		ERR	

95	-Change % Income / Change % Portfolio	- -		1.5853		1.7859		ERR		ERR		ERR	
96	-Change %FExp./Change %Int.Bearng.Liab.	- -		1.7807		1.5493		ERR		ERR		ERR	

ANNEX 9

PROFILE OF UNEMPLOYED WOMEN IN JAMAICA

PROFILE OF UNEMPLOYED WOMEN IN JAMAICA

Women under the age of 26 (14-25) experience the highest level of unemployment of all other groups, the current unemployment rate for this group being 42.7 percent. Thus any initiative aimed at addressing unemployment with a gender perspective would need to look at targeting this group for intervention. In a study completed by Erna Brodber (1990) titled "Profile of the Unemployed Women in Jamaica aged 14-24," this description is presented:

- A person desirous of gaining employment ("although reluctant to integrate themselves into the existing patterns of employment in their villages");

- Literate and numerate, having passed through the sixth grade, but lacking technical, marketable skills; and

- Seeing group activity as a possible solution to their unemployment problems and their lack of qualifications for the labor market.

Among areas of possible employment for this group identified by the Brodber study are crafts, animal and poultry rearing, dressmaking, hairdressing, the growing of grass and vegetables, and the processing of food. The need for outside help in marketing was also identified.

These views are also supported by Harris and Dixon in a study titled "Employment opportunities for Women in Formal/Informal Sectors" (1991), in which issues facing the microenterprise sector are identified as :

- Upgrading the technological inputs in, for example, the craft industry;

- Linking products with proximal markets;

- Enhancing the role of traders and higglers to move goods to more distant markets including tourist markets;

- Eliminating duplication between service agencies;

- Reintroducing a formal islandwide apprenticeship craft program;

- Management training, including pricing and costing; and

- Streamlining export marketing procedures so that promotional material (portfolios) can reflect quality and reliable craft production.

What both these studies seem to indicate is that if Jamaican women (and especially the most marginal, those 14-25), are to benefit from a project such as the one being evaluated, support has to go beyond the provision of credit because the needs of this group suggest the need for other levels of noncredit services.

To target women and to impact on their employment condition in a positive way, the focus has to be on both increasing employment opportunities and on improving their earning capacity.

Women in Jamaica earn less than men do. One reason for this is that, traditionally, women have engaged in lower paying productive activities. For example, dressmakers earn less than furniture makers: most dressmakers are women, most furniture makers are men. It, however, goes further than that, as Derek Gordon in a study titled "Women, Work and Social Mobility in Post War Jamaica" (1987) found, women receive less income than men for broadly equivalent categories of work in the formal sector.

To quote Gordon: "Regardless of the level of education attained, men consistently take home more income than women." Initiatives are needed aimed at reorienting women in choosing an economic activity.

ANNEX 10

CRAFT MARKETS: AN EXPERIMENT IN PARTICIPATORY DEVELOPMENT

CRAFT MARKETS: AN EXPERIMENT IN PARTICIPATORY DEVELOPMENT

To identify the needs of microenterprise sector that could provide us the potential material for defining the noncredit component, we spoke to several microbusinesses and relevant agencies, visited craft markets in Ocho Rios, and referred to several documents. This annex sums up our impressions of the visit to the craft markets project of USAID and Peace Corps.

Among the lessons that development policy has brought home over the last three decades is that development assistance programs, if they are to be sustained, must be both effective and efficient. We know by now that the achievement of these twin objectives is not merely a function of the technological or economic viability of projects; it transcends viability considerations. What is critical to the success of a development assistance project is that the poor are actively involved in alleviating their own poverty. Though the superiority of an approach that places accent on building the capacities of the poor to produce more in their own behalf is established, the approach was internalized in the craft markets project in Jamaica. The central theme of craft markets project was a change of the value-premises:

- It treats vendors/microentrepreneurs as people "knowledgeable about doing business" in the context of "street" or community economies;
- Treated vendors not as marginal businesses that need supplanting but grading up; and
- It was designed to serve work styles, requirements, hopes, and aspirations of vendors, and not the sponsoring donor agencies.

The volunteers from Peace Corp and the technical assistance from USAID worked with the poor vendors rather than for or to the poor vendors. In the design and implementation of craft vendors markets, the poor vendors were not mere beneficiaries, they were participants in change, and, in fact, were the decision makers. Now that the assistance has been discontinued, they carry on the change.

The purpose of this project is to demonstrate that poor can be productive, that they can help themselves even when it concerns selling to foreigners, and that they absorb and assimilate the requisite management if encouraged to develop self-help skills. Essentially, the project encourages vendors to participate in the market system of the Jamaican economy. By developing and establishing a commercially viable craft market the project seeks to:

- Increase the incomes of the poor vendors partnering with them in identification, minimization, and management of production or marketing risks;
- Demonstrate that the vendors can co-exist along with large business houses; and
- Enhance vendor associations' influence with key decision makers on policies supporting microbusinesses and vendors.

The first two objectives seek to strengthen the vendors' role in the market place. The third is helping the vendors to organize into associations that could serve a multitude of interests including vendors privately running the market themselves as opposed to government operation, joint marketing, and lobbying local and national policy makers.

The efficiency of this project originates from its choice to undertake expensive and painstaking participatory skills of the Peace Corp volunteers. At the design level, it is evident that the project ensures a participatory role for vendors in decision making.

As far as implementation is concerned, the craft vendors have expanded their reach by working out a partnership; vendors built their own market, for example in Ocho Rios and Montego Bay, each contributing time and labor, taking their wares to hotels in the neighborhood and procuring orders, and marketing their goods. The craft market project is helping strengthen the community production systems in terms of impact on the credit users, and in terms of their linkage with the rural physical and financial systems.

ANNEX 11

OTHER DONOR ACTIVITIES

OTHER DONOR ACTIVITIES

EUROPEAN ECONOMIC COMMUNITY (EEC)

STATUS:	Approved. Pending initiation
IMPLEMENTING AGENCY:	Government of Jamaica
PURPOSE:	Aid to support economic growth and employment by making finance available to micro and small enterprises; make a contribution to the development of agricultural production capacity and reduce dependency on imports while stimulating exports. Improve the macropolicy environment. Provide management support to address the problem of sporadic availability of raw materials. Provide institutional support to strengthen financial institutions that lend to the sector.
TERMS & AMOUNTS:	For the financing component: 6.95 million ECUs, of which 6.05 million ECUs is a soft loan at 1% per year for 40 years with a 10 year grace period. For technical assistance, training, supervision and monitoring, 0.9 million ECUs.
TARGET GROUP:	Micro and small enterprises engaged in productive operations and services with fixed assets, including land and buildings, of less than J$2.2 million.
DELIVERY:	Through a wholesaler who would deliver to all relevant agencies and institutions meeting eligibility criteria.
TERMS FOR LENDING:	At the weighted average passbook savings rate as regularly published by BoJ.
TERMS FOR ONLENDING:	Fixed or variable rate, as decided by the primary credit institutions.

GOVERNMENT OF THE NETHERLANDS

STATUS:	Agreement signed August 1991 and being implemented for two years.
IMPLEMENTING AGENCY:	GOJ through the Office of the Prime Minister. Trafalgar Development Bank is the wholesaling agent for the credit component.
PURPOSE:	Improving the economic and social environment and the institutional infrastructure. Increase the provision of financial services to the micro and small microenterprise sector, providing new employment, and especially absorbing women in the under-25 age category. Establish a system for the transfer of technology and the development of entrepreneurial centers.
TERMS & AMOUNTS:	Two-year grant with a budget of J$35 million from GON. GOJ will contribute J$19 million for a total of J$54 million. The Financial services component is J$23.3 million for credit and leasing activities. There is J$16.9 million for strengthening institutional infrastructure. TDB has been allocated J$16.6 million.
TARGET GROUP:	Microenterprises and household activities with a maximum annual income of J$15,000, requiring maximum credit of J$5,000. Small scale enterprises which require loans from J$5,000 to J$500,000. Special concern for environmental and WID issues.
DELIVERY:	Through a matrix of several institutions, each participating in one of the main components. Main players are OPM, STATIN, JAMPRO, NGOs, and TDB. TDB currently has facilities to ASSIST.
PARTICIPANTS:	Trafalgar Development Bank, NDB, NDF, approved lending agencies, People's Cooperative Bank, Chambers of Commerce, JAMPRO, SSF, CAST, STATIN.
ANTICIPATED SERVICES	Short- and medium-term financing, lease purchases, convertible equity participation, revenue participation, pre-investment counseling, customized development plans, development of new or improved technology. Baseline and comparative studies. Jamaica Policy Studies, Seminars, Audio and video programs, travel grants, MIS implementation.

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY (CIDA)

STATUS:	Two projects with NDF and COPE. COPE signed November 1988 and extended to March of 1994.
IMPLEMENTING AGENCIES:	National Development Foundation of Jamaica (NDF/J) and Credit Organization for Pre-Microenterprise (COPE).
PURPOSE:	NDF/J: encourage the development of micro and small scale enterprises in the country by assisting NDF/J to become a more sustainable financial institution, providing credit and endowment funds, and technical assistance and commodities. COPE: to assist in supporting very small enterprises by supporting activities in the pre-micro groups through the NGO channel.
TERMS & AMOUNTS:	NDF/J: grant of C$2.28 million from CIDA and a contribution of J$20 million from GOJ from counterpart funds generated by the sale of Canadian supplies from past CIDA projects in Jamaica. From GOJ resources, J$10 million would go to fund the credit portfolio, while J$10 million would supplement an endowment fund to cover training and technical assistance to micro and small entrepreneurs. C$2.28 million from CIDA would go for vehicles, computers, technical assistance, monitoring and evaluation, and contingencies. COPE: grant of C$1.35 million (of which C$801,000 was for the loan fund) with counterpart contributions by CANSAVE of C$150,000 and Save the Children Jamaica of C$88,459.
TARGET GROUP:	NDF/J: Borrowers of NDF/J under the micro and small credit window maximum loan size was J$100,000 (currently at NDF/J J$150,000), and the small business window was to a maximum of J$150,000 (currently divided at NDF/J in two segments of loans up to J$300,000 and J$1 million). COPE: About 1,500 existing pre-microentrepreneurs with credit needs as low as J$500, mostly women and retailers.
OTHER AGENCIES: INVOLVED:	NDF/J: The Development Banking Technical Assistance team would provide technical assistance. COPE: CANSAVE and Save the Children Jamaica.

OBSERVATIONS:

NDF/J: no known requirement of market interest rates to borrowers. In 1990, Project was anticipating 400 new loans at an average of J$25,000.

COPE: Mostly using incremental short term working capital loan to microentrepreneurs.

GESSELCHAFT FUR TECHNISCHEN ZUSAMMENARBEITEN (GTZ)

Very little information was made available by GTZ. It is known that the GTZ Cooperation Program provided support to NDF/J to develop agricultural credit operations and develop business accounting and loan monitoring based on banking practices.

In October 1992 GTZ hosted a joint ZOPP planning workshop which brought together NDF/J management and donors including CIDA, USAID, and the EEC. Following the workshop, GTZ entered into a memorandum of understanding with NDF/J in order to provide technical support, vehicles, computer software and hardware, travelling grants, and a fund for local training. Short-term consultancies were to assist NDF/J with mobilizing savings, appropriate technology, microenterprise lending, and agriculture. This assistance was based on the underlying principle that NDF/J needed to develop a more market driven approach which would allow the organization to become sustainable. This MOU was subject to final approval by Jamaican and German authorities.

INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

Under a USA Presidential Initiative, IDB will be establishing a proposed US$1.5 billion Multilateral Investment Fund to be paid in at US$300 million per year over 5 years, of which the US would contribute US$100 million per year.

The MIF complements and strengthens the efforts of multilateral and bilateral agencies, eliminating investment constraints in Latin American and Caribbean countries. A large portion of this fund is to be a grant fund for technical assistance for opening up the policy environment and for education and training in human resources. Also, institutional building will be augmented by a non-grant Investment Fund of "revolving" loans and equity investments to support enterprise development.

The Technical Assistance Facility will include grants for country diagnoses to identify constraints, advisory services for legislation and regulatory reform, design and implementation of privatization programs, financial systems development, and business infrastructure development.

The Human Resource Facility will provide grant assistance in the areas of restructuring work forces, vocational education and management training.

Finally, the Enterprise Development Facility will provide grant resources to strengthen the capacity of the smaller enterprises for business development and broaden financial services available to them. It will also provide a portfolio of revolving loans and equity investments to create and expand smaller enterprises and develop the financial institutions servicing them. Under the Facility, IDB will provide financing directly to NGOs and financial intermediaries or indirectly to smaller businesses, through onlending by NGOs and financial intermediaries, or directly to specific businesses where this would be more efficient.

ANNEX 12

SCOPE OF WORK

SCOPE OF WORK

ACTIVITY TO BE EVALUATED

Name of Project:	Microenterprise Development Project (MDP)
USAID Number:	532-0156
Authorized Life of Project Funding:	US$2,000,000
Authorized Date:	August 24, 1990
Planned Completion Date:	August 31, 1994
Estimated Evaluation Dates:	

BACKGROUND

SUMMARY

The Microenterprise Development Project (MDP) was signed in August, 1990 for a planned four-year life-of-project with a funding level of US$2 million.

The goal of the project is to increase employment opportunities for the entrepreneurial poor in Jamaica, thereby increasing their income and quality of life. This goal is to be accomplished mainly by increasing the access to credit for microenterprises. It was expected that one or more credit programs would adopt sustainable practices during the life of the project and mobilize additional resources, such as savings, equity investments or other commercial and donor funds, thereby leveraging A.I.D.'s limited funds. The project began full operations in 1991 after the project advisor was hired in June.

PROJECT COMPONENTS AND OTHER EVALUATION ISSUES

Credit Component-Sustainable Lending Program

Enterprise Development Trust (EDT)

Under this component the project's first Cooperative Agreement with a microenterprise credit institution was signed in May 1991. This agreement for US$866,000 was signed with Enterprise Development Trust (EDT) which came into existence in December 1990. The new organization took over the portfolio of Mini-Enterprise Services (MES) which began in 1987 as a project of the Mennonite Economic Development Associates of Canada (MEDA).

USAID's grant to EDT is aimed at increasing its capacity to provide business and financial services to microenterprise clients and microenterprise promotion organizations. Funds were provided to capitalize a revolving loan fund, reimburse a percentage of operating costs, finance technical assistance and system development costs, and purchase office equipment.

MEDA was to provide overall program direction, review program performance, and upgrade EDT's ability to institute new programs and procedures to improve program efficiency, effectiveness and sustainability. The performance targets which were set for EDT include an increase in operational self-sufficiency from 30% to 120%, a 50% reduction in the cost per Jamaican dollar loaned, raising J$1.25 million in new non-donor funds to supplement A.I.D. funds available for the revolving loan fund, make 800-1000 loans, contain the arrears rate at 12%, and bad debts to 5% or less, and ensure that 90% of total loans be awarded for under J$20,000.

THE AGENCY FOR THE SELECTION AND SUPPORT FOR INDIVIDUALS STARTING TRADE (ASSIST)

The second Cooperative Agreement for US$750,625 was signed with the Agency for the Selection and Support for Individuals Starting Trade (ASSIST) in July 1992. ASSIST was founded in December 1985 as a Christian microenterprise development agency geared primarily towards generating employment among the poor and marginalized through the development of micro and small businesses. ASSIST operated in Kingston exclusively until 1992 when it opened offices to service several rural parishes to provide business guidance, technical assistance, and credit services to microenterprises. USAID's grant was primarily aimed at supporting ASSIST's expansion into the rural parishes of Jamaica. ASSIST was one of the first institutions to develop group lending practices using an adaptation of the current Jamaican practice of "partners savings schemes" whereby groups of borrowers save for a period of time before they receive loans. ASSIST has also developed a working arrangement with the National Commercial Bank (NCB) for disbursements and collections which has greatly enhanced the speed and ability of ASSIST to make loans and capture savings. ASSIST's strategy is to provide services to microenterprises at the lowest cost possible, while seeking to become fully self-sufficient over the next 2 to 3 years. The operating performance targets for ASSIST include: increase financial self-sufficiency from 18% to 100%, reduce operating cost per J$ loan by 50%, supplement A.I.D. funds for revolving fund capitalization by ASSIST with at least J$3 million in new non-donor funds and J$40 million in borrowed funds, issue 3,000 loans, keep arrears below 15%, contain bad debt to 5% or less, and ensure that at least 90% of the total number of loans awarded will be for J$60,000 or less.

Noncredit Assistance

The second component of the MDP project is to pilot test sustainable means of delivering noncredit assistance. The objective of this component is to establish a small matching grant fund of US$100,000 to provide technical grants amounting to US$10,000 per grant or other kinds of assistance to organizations providing noncredit assistance to microenterprises.

Although there has been lengthy dialogue with several institutions and organizations including the Jamaica Higgler and Vendor Association (JHVA), JAMPRO's Entrepreneurial Centre, and Peace Corps, no activities meeting the guidelines outlined in the Project Paper have been implemented. Identifying, negotiating, and monitoring such small activities have been difficult. The project advisor, however, has continually monitored the progress of the Craft Arcade Project which is being financed under a grant from USAID's Export Development and Investment Project Promotion (EDIP) (532-0135). This successful project has supported numerous craft associations representing over 2,000 vendors during the past 5 years. The associations and their members have benefitted from mobilizing savings, investing, improving business practices, and becoming more self reliant.

Research and Policy Reform

The third component of the MDP project is to improve the knowledge base on microenterprises and to foster policy reforms. The project has entered into a two-year agreement with the Government of Jamaica (GOJ), the Government of the Netherlands and the United Nations Development Fund for Women (UNIFEM) to improve macro-policies for the micro and small enterprise sector through a process of dialogue. This agreement involves carrying out studies of the policy environment; improving the national planning capacity for the sector by strengthening data collection; reporting and coordinating of involved agencies; including the collection of national statistical data on the sector; improving the understanding of the constraints faced by women-owned microenterprises. To date, the Statistical Institute of Jamaica has implemented a detailed national survey on the micro and small enterprise sub-sectors and is currently preparing to administer a two-year quarterly survey which will be published in the Statistical Quarterly. A dynamics study updating the 1979/80 University of the West Indies/Michigan State (UWI/MSU) sample survey of small and micro enterprises was conducted during 1992. Several other studies being coordinated by UWI are also underway.

Other Evaluation Factors

The following other important factors will be considered in the evaluation:

Multilateral Investment Fund (MIF)

An additional factor that could have significant impact on the Jamaican small and microenterprise sub-sector is the January 11, 1992 establishment of the Multilateral Investment Fund (MIF) which is administered by the Inter-American Development Bank (IDB). One aspect of the MIF will be an Enterprise Development Facility aimed at supporting the development of micro and small enterprise. The facility will provide grant resources to strengthen the capacity of smaller enterprises for business development and broaden the financial services available to them. It would also finance an investment fund which will be made available to financial institutions servicing small entrepreneurs and significantly expand the amount of capital available to this sector. Jamaica could very well be an early beneficiary of the MIF and its Enterprise Development Fund.

Other Donors

The Government of Jamaica, the Government of the Netherlands (GON), the German Development Agency (GTZ), the Canadian International Development Agency (CIDA) and the European Economic Community (EEC) among others all have programs that affect the microenterprise sub-sector in Jamaica.

Impact on the Poor

The microenterprise subsector is the principal source of employment of the unskilled and economically disadvantaged in Jamaica. In addition, the sector provides employment for a large number of poor and unskilled women. Women account for approximately half of the microenterprise owner/operators and about 40% of the employees of microenterprises in Jamaica. They also generally have fewer assets and because of their inability to provide collateral have unequal access to resources.

Therefore, to date the Microenterprise Development Project plays a large role in providing credit and non-credit assistance to a large number of the unemployed or underemployed, and in so doing, advances the goal of contributing to poverty alleviation by increasing employment of urban and rural entrepreneurs, as well as encouraging indigenous investment.

OBJECTIVES

The purpose of this midterm evaluation is to assess and analyze project impact and progress to date, and make specific recommendations for the design and scope of the planned project amendment that will be authorized in FY 93. Responsibilities of the evaluation team include:

- Assessing progress to date for all project components based on the objectives laid out in the MDP project paper;
- Analyzing the capacity of the Jamaican microenterprise assistance agencies to provide credit on a self-sustaining basis;
- Determining the project's effectiveness in pilot testing methods of delivering sustainable legal, marketing, technological, management, production or other kinds of non-credit assistance;
- Assessing the project's impact in supporting policy reform through analysis and dialogue; and
- Assessing the project methodology in developing an updated baseline of microenterprise information.

The evaluation will also measure the impact of the Project components on the Mission's strategic objective of increased foreign exchange earnings and employment and the appropriateness of the project's performance indicators as found in USAID/Jamaica's Program Performance Assessment System document. In addition, the evaluation will provide guidance on the methodology to be used in determining and disaggregating by gender the project's effects on both men and women entrepreneurs, particularly the impact of credit and non-credit assistance on the improvement in the economic status of borrowers, income levels and repeat borrowing among microentrepreneurs. The evaluators will also provide the text for the Project Paper Supplement with recommendations for follow-up actions and activities to be included in the amendment.

TASKS

This evaluation will ascertain the progress of the project in meeting project objectives; identify significant problem areas or constraints which may inhibit such attainment; assess participating organizations effectiveness; and assess the utility of technical assistance being offered. The contractors will also assess the impact of other donors' activities on the Microenterprise Development Project. Corrective actions, as necessary, will be recommended.

The contractor will review all relevant material pertaining to the MDP project (PP, Cooperative Agreements, MOUs, PILs, correspondence, etc.) and meet with representatives of all implementing agencies so as to become fully familiar with the overall project strategy and project components.

The contractor will then specifically examine, and address the following:

Project Implementation

- Ascertain the overall progress in meeting project objectives. Prepare an analysis of each project element highlighting strengths and weaknesses, assessing the ways and extent to which each element has alleviated constraints to the development of microenterprises in Jamaica, and provide specific suggestions on ways to improve each element's contributions towards meeting the project's goals.

- Identify significant problems or constraints which may inhibit attainment of project objectives and propose means to resolve them.

- Assess participating organizations' effectiveness in carrying out program objectives.

Credit Component

- Determine the extent to which workshops, seminars and other promotional work have established a cadre of well-informed policy-makers and practitioners in microenterprise financing strategies. Suggest specific measures which may be taken to foster improved policy formulation for the microenterprise sector.

- Determine the extent to which the project has established working relationships with promising programs which are likely to expand and grow. Recommend the steps which can be taken to facilitate their development.

- Assess to what extent participating organizations have mobilized resources in addition to AID's project resources?

- Determine the extent to which the prospect for self-sufficient lending programs have been improved with specific regard to EDT and ASSIST.

- With the passing of an amendment to the Credit Union Act which released the 12% ceiling on interest rates for lending, analyze the potential and make recommendations with regard to providing technical assistance and support to credit unions in an effort to expand microenterprise lending practices in Jamaica.

Noncredit Assistance

- Based on the difficulty of identifying, negotiating, and monitoring noncredit assistance and the project's overall emphasis on credit development and policy issues, identify any future role of the noncredit assistance element. Discuss this element's implications for project management and provide recommendations on how to best structure implementation under the upcoming amendment.

- Assess the responsiveness and utility of technical assistance provided to the needs of participating organizations. Make recommendations for ways to improve this assistance.

Research and Policy Reform

- Assess the impact of the Project on the Government of Jamaica's microenterprise policy. Identify additional reforms which are needed.

- Review the research work prepared under the auspices of the Statistical Institute of Jamaica including the National Survey on the micro and small enterprise sector and the dynamics study updating the 1979/80 UWI/MSU survey of small and microenterprises. Identify any problems or weaknesses with the methodology or work generated and propose specific measures to correct or alleviate them.

- Review the methodology planned to evaluate the projects impact on the productive, economic and employment growth of assisted firms.

Other Evaluation Factors

- Discuss the implications of the MIF for microenterprise support in Jamaica. In particular, the effects on the system if significant amounts of funds are made available through the Enterprise Development Facility. Identify the steps which should be taken to make the proposed funding most productive and beneficial to the sector and the institutions which support it.

- Determine the extent to which MDP is assisting in the development of Inner Kingston.

- Assess the project's impact on both men and women entrepreneurs, particularly the impact on credit and non-credit assistance on the improved economic status of borrowers, income levels and repeat borrowing.

- Identify success stories which may be used in publicizing project success as well as for directing the upcoming project amendment.

- Discuss the impact of other donor activities being and/or planned to be implemented for the microenterprise sub-sector. These would include efforts by the European Economic Community (EEC), the Inter American Development Bank (IDB), the Government of Jamaica, the Government of the Netherlands (GON/GOJ Microenterprise Project), Microenterprise Investment Development Agency (MIDA), the Canadian International Development Agency (CIDA), the German Development Agency (GTZ), and others.

- Recommend revisions to the project as appropriate to deal with problems and issues covered in the evaluation.

WID ISSUES

As part of an Agency-wide evaluation, Mission has been directed to task evaluation teams to address the following questions:

- Design, Appraisal and Implementation
  - How were the interests and role of women (compared to men) taken into account in each of the design, appraisal and implementation stages of the project?
  - In what ways did women (compared to men) participate in these processes?
- Effects and Impacts
  - What were the effects, positive or negative, of the project concerning women's (compared to men's) income, education and training, and with respect to workloads, role in household and community, and health conditions?
  - How were the interests and role of women (compared to men) taken into account in the evaluation stage?
  - Were significant interest and role of women (compared to men) overlooked at the appraisal stage?
- Data Availability
  - Were gender-specific data available for each of the project stages e.g. Design, Appraisal/Approval, Implementation, Monitoring, Evaluation?
- Sustainability
  - How did women's integration in A.I.D activities affect the sustainability of the project outcome? Were outcomes sustained (or less sustained) when women are taken into account?
  - Are the results achieved by the project equally sustainable between men and women beneficiaries?

PROJECT PAPER SUPPLEMENT

The project design specialist will provide the following sections for the Project Paper Supplement:

- Project Rationale and Description
  - Project Progress to Date
  - Proposed Project Description as amended

- Rational for Amendment

  - The need for revised project outputs
  - Relations to other Donor Activities
  - Support of USAID Strategic Objectives
  - Analysis of technical and administrative feasibility of proposed changes

- Project Purpose and outputs including logical framework

- Discussion of Project impacts and beneficiaries

- Revised Project Budget and Financial Plan

- Revised Implementation Plan

- Annexes as required

PERSONNEL

The evaluation will be conducted by a team consisting of an expert in evaluation of microenterprise projects supported by a technical expert in a discipline relevant to the project. A project design specialist will also be a member of the team. All team members are required to have at least five years work experience in developing countries, Previous work experience in Jamaica with the microenterprise sector would be beneficial.

- **Team Leader:** The evaluation team will be lead by a senior evaluator with at least five years experience in evaluation of small and microenterprise projects and two years of team-leading experience. This person should have a broad vision on the issues and constraints affecting microenterprises, and should have significant work experience in policy development. He/she will also review and evaluate the Mission's efforts to improve the knowledge base on microenterprises and foster policy reforms. (Estimated number of days required: 24).

- **Microenterprise Credit Expert:** This person should have at least three years of small or microenterprise development experience, and some experience with project evaluation. He/she will assess the project activities relating to microenterprise credit and will review prospects for strengthening additional organizations such as the numerous credit unions in Jamaica. (Estimated number of days required: 21).

- **Project Design Specialist:** This person should have a minimum of three years recent experience with A.I.D. project design work and should have strong analytical and writing skills. (Estimated number of days required: 17).

\120

REPORTS AND DELIVERABLES

The evaluation findings should be based on empirical results whenever possible, and all opinions and recommendations should be justified based on a rational assessment of the facts involved. The team will have access to all records kept on the project by USAID, the Ministry of Finance and all project element counterparts and implementors.

The final report should contain at a minimum the following sections:

Executive Summary
A.I.D. Evaluation Summary Form
Table of Contents
Body of Report
Appendices

The body of the report should contain sections on (1) the purpose of the evaluation; (2) the economic, political, and social context of the project; (3) team composition and study methods; (4) evidence/findings of the study concerning the evaluation's questions/issues; (5) conclusions and recommendations based on the findings. The main report should not exceed 50 pages, excluding appendices. The PP Supplement will be submitted separately and should not exceed 25 pages, excluding appendices.

The team will present a written work plan for approval of USAID/Jamaica during the first three days of the consultancy to present methodology, interview schedules and work activities to clarify outstanding/special issues relative to the Scope of Work. The team will make an oral presentation on their findings to Mission staff at the beginning of their third week in country and present the Mission with a draft report at a debriefing session with USAID and counterpart representatives two days prior to departure. USAID will submit its comments to the draft in writing which will be incorporated into the final report.

Ten copies of the final report must be submitted to USAID/Jamaica within one week of completion of assignment.

The Project Design Specialist will arrive in country during the third week of the evaluation. He/she will spend three weeks in-country and will prepare the Project Paper Supplement (see Article IV) for the Microenterprise Development Project. He/she will present a draft of the PP Supplement for Mission review and comments five working days prior to departure. The Project Design Specialist will incorporate Mission's comments into the final PP Supplement which will be presented prior to departure.

WORK WEEK AND LOGISTIC SUPPORT

A six-day work week will be authorized with no premium pay for Sundays and holidays. One day may be allocated to the team to review documents prior to arrival in Jamaica. The team leader will have five days and the Microenterprise Credit Expert will have two days after the evaluation visit in Jamaica to prepare the final report. Office space will be provided by the Mission but the team will be responsible for its own logistical arrangements including local transportation and word processing.

GEMINI PUBLICATION SERIES

GEMINI Working Papers:

1. "Growth and Equity through Microenterprise Investments and Institutions Project (GEMINI): Overview of the Project and Implementation Plan, October 1, 1989-September 30, 1990." GEMINI Working Paper No. 1. December 1989. [not for general circulation]

*2. "The Dynamics of Small-Scale Industry in Africa and the Role of Policy." Carl Liedholm. GEMINI Working Paper No. 2. January 1990. $5.50

3. "Prospects for Enhancing the Performance of Micro- and Small-Scale Nonfarm Enterprises in Niger." Donald C. Mead, Thomas Dichter, Yacob Fisseha, and Steven Haggblade. GEMINI Working Paper No. 3. February 1990. $6.00

4. "Agenda Paper: Seminar on the Private Sector in the Sahel, Abidjan, July 1990." William Grant. GEMINI Working Paper No. 4. August 1990. $3.00

*5. "Gender and the Growth and Dynamics of Microenterprises." Jeanne Downing. GEMINI Working Paper No. 5. October 1990. $10.50

6. "Banking on the Rural Poor in Malaysia: Project Ikhtiar." David Lucock. GEMINI Working Paper No. 6. October 1990. $3.30

7. "Options for Updating AskARIES." Larry Reed. GEMINI Working Paper No. 7. October 1990. $3.50

*8. "Technology — The Key to Increasing the Productivity of Microenterprises." Andy Jeans, Eric Hyman, and Mike O'Donnell. GEMINI Working Paper No. 8. November 1990. $3.60

9. "Lesotho Small and Microenterprise Strategy — Phase II: Subsector Analysis." Bill Grant. GEMINI Working Paper No. 9. November 1990. $15.50

*10. "A Subsector Approach to Small Enterprise Promotion and Research." James J. Boomgard, Stephen P. Davies, Steven J. Haggblade, and Donald C. Mead. GEMINI Working Paper No. 10. January 1991. $3.10

11. "Data Collection Strategies for Small-Scale Industry Surveys." Carl Liedholm. GEMINI Working Paper No. 11. January 1991. $1.30

12. "Dynamics of Microenterprises: Research Issues and Approaches." Carl Liedholm and Donald C. Mead. GEMINI Working Paper No. 12. January 1991. $6.50

13. "Dynamics of Microenterprises: Research Priorities and Research Plan." Carl Liedholm and Donald C. Mead. GEMINI Working Paper No. 13. August 1990. [not for general circulation]

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*Publications of general interest

14. "Review of Year One Activities (October 1, 1989 to September 30, 1990) and Year Two Work Plan (October 1 to November 30, 1990)." GEMINI Working Paper No. 14. January 1991. [not for general circulation]

*15. "The Process of Institutional Development: Assisting Small Enterprise Institutions to Become More Effective." Elaine Edgcomb and James Cawley. GEMINI Working Paper No. 15. February 1991. $9.70

16. "Baseline Surveys of Micro and Small Enterprises: An Overview." Donald C. Mead, Yacob Fisseha, and Michael McPherson. GEMINI Working Paper No. 16. March 1991. $2.60

17. "Kenya: Kibera's Small Enterprise Sector — Baseline Survey Report." Joan Parker and C. Aleke Dondo. GEMINI Working Paper No. 17. April 1991. $6.40

*18. "A Financial Systems Approach to Microenterprises." Elisabeth Rhyne and Maria Otero. GEMINI Working Paper No. 18. April 1991. $3.00

*19. "Agriculture, Rural Labor Markets, and the Evolution of the Rural Nonfarm Economy." Steve Haggblade and Carl Liedholm. GEMINI Working Paper No. 19. May 1991. $2.50

*20. "The Microenterprise Finance Institutions of Indonesia and Their Implications for Donors." Elisabeth Rhyne. GEMINI Working Paper No. 20. June 1991. $3.40

21. "Microenterprise Growth Dynamics in the Dominican Republic: The ADEMI Case." Frank F. Rubio. GEMINI Working Paper No. 21. June 1991. $3.10

*22. "Credit Unions: A Formal Sector Alternative for Financing Microenterprise Development." John H. Magill. GEMINI Working Paper No. 22. September 1991. $3.80

23. "A Proposed Subsector-Based Monitoring and Evaluation System for CARE/Thailand's Silk Promotion Efforts." Steven Haggblade. GEMINI Working Paper No. 23. September 1991. $3.60

24. "Steps to the Creation of a Viable Financial Institution for Microenterprise Development in the Philippines: Notes on a Process for the Staff and Board of Tulay sa Pag-Unlad, Inc." Doug Salloum and Nan Borton. GEMINI Working Paper No. 24. November 1991. $2.00

*25. "Village Banking: A Cross-Country Study of a Community-Based Lending Methodology." Sharon L. Holt. GEMINI Working Paper No. 25. December 1991. $12.60

26. "Dynamics of Small- and Micro-scale Enterprises and the Evolving Role of Finance." Carl Liedholm. GEMINI Working Paper No. 26. December 1991. $3.00

*27. "Opportunities for Intervention in Thailand's Silk Subsector." Steven Haggblade and Nick Ritchie. GEMINI Working Paper No. 27. January 1992. $3.20

*28. "Apex Study of the Asociación de Grupos Solidarios de Colombia." Arelis Gomez Alfonso, with Nan Borton and Carlos Castello. GEMINI Working Paper No. 28. April 1992. $4.60. [See Technical Reports No. 36 and No. 39 for apex studies in Senegal and Thailand.]

29. "The Subsector Methodology, A Field Orientation for CARE/Egypt, January 20-February 7, 1992." William Grant. GEMINI Working Paper No. 29. April 1992. $9.50

30. "'Poverty Lending' and Microenterprise Development: A Clarification of the Issues." Mohini Malhotra. GEMINI Working Paper No. 30. May 1992. $3.60

31. "The Solidarity Group Experience." Shari Berenbach and Diego Guzman. GEMINI Working Paper No. 31. June 1992. $5.80

32. "A New View of Finance Program Evaluation." Elisabeth Rhyne. GEMINI Working Paper No. 32. November 1992. $1.50

33. "The Role of Savings in Local Financial Markets: The Indonesian Experience." Marguerite S. Robinson. GEMINI Working Paper No. 33. November 1992. $3.50

34. "Assessment of Policy Issues and Constraints in the Construction Sector in Poland." Adam Saffer, Miroslaw Zielinski, Jerzy Zielinski, Tadeusz Marek, and Matthew Gamser. GEMINI Working Paper No. 34. February 1993. $5.20

35. "BancoSol: A Private Commercial Bank. A Case Study in Profitable Microenterprise Development in Bolivia." Amy J. Glosser. GEMINI Working Paper No. 35. February 1993. $8.60

36. "The Structure and Growth of Microenterprise in Southern and Eastern Africa: Evidence from Recent Surveys." Carl Liedholm and Donald Mead. GEMINI Working Paper No. 36. March 1993. $5.60

37. "Transformation Lending: Helping Microenterprises Become Small Businesses." Larry Reed and David Befus. GEMINI Working Paper No. 37. April 1993. $4.80

38. "Should Principles of Regulation and Prudential Supervision be Different for Microenterprise Finance Organizations?" Rodrigo A. Chaves and Claudio Gonzalez-Vega. GEMINI Working Paper No. 38. April 1993. $3.40

39. "Application of the GEMINI Methodology for Subsector Analysis to MSE Export Activities: A Case Study in Ecuador." Gary D. Kilmer. GEMINI Working Paper No. 39. June 1993. $2.80

40. "Private Business Organizations and the Legislative Process." Tom Gray. GEMINI Working Paper No. 40. July 1993. $4.20

41. "Financial Institutions Development Project in Indonesia: Developing Financial Institutions to Serve Small Enterprises." Roland Pearson and Dallas Garland. GEMINI Working Paper No. 41. July 1993. $13.90

42. "Review of Years 1-3 Activities and Workplan for Years 4 and 5 (December 1, 1991 to November 30, 1992)." GEMINI Working Paper No. 42. June 1993. [not for general circulation]

GEMINI Technical Reports:

1. "Jamaica Microenterprise Development Project: Technical, Administrative, Economic, and Financial Analyses." Paul Guenette, Surendra K. Gupta, Katherine Stearns, and James Boomgard. GEMINI Technical Report No. 1. June 1990. [not for general circulation]

2. "Bangladesh Women's Enterprise Development Project: PID Excerpts and Background Papers." Shari Berenbach, Katherine Stearns, and Syed M. Hashemi. GEMINI Technical Report No. 2. October 1990. $13.00

3. "Maroc: Conception d'une Enquête pour une Etude du Secteur Informel." Eric R. Nelson and Housni El Ghazi. GEMINI Technical Report No. 3. November 1990. $12.50

4. "Small Enterprise Assistance Project II in the Eastern Caribbean: Project Paper." James Cotter, Bruce Tippet, and Danielle Heinen. GEMINI Technical Report No. 4. October 1990. [not for general circulation]

5. "Technical Assessment: Rural Small-Scale Enterprise Pilot Credit Activity in Egypt." John W. Gardner and Jack E. Proctor. GEMINI Technical Report No. 5. October 1990. $4.00

*6. "Developing Financial Services for Microenterprises: An Evaluation of USAID Assistance to the BRI Unit Desa System in Indonesia." James J. Boomgard and Kenneth J. Angell. GEMINI Technical Report No. 6. October 1990. $9.00

7. "A Review of the Indigenous Small Scale Enterprises Sector in Swaziland." David A. Schrier. GEMINI Technical Report No. 7. October 1990. [not for general circulation]

8. "Ecuador Micro-Enterprise Sector Assessment: Summary Report." John H. Magill and Donald A. Swanson. GEMINI Technical Report No. 8. April 1991. $10.20

9. "Ecuador Micro-Enterprise Sector Assessment: Financial Markets and the Micro- and Small-scale Enterprise Sector." Richard Meyer, John Porges, Martha Rose, and Jean Gilson. GEMINI Technical Report No. 9. March 1991. $16.00

10. "Ecuador Micro-Enterprise Sector Assessment: Policy Framework." Bruce H. Herrick, Gustavo A. Marquez, and Joseph F. Burke. GEMINI Technical Report No. 10. March 1991. $11.30

11. "Ecuador Micro-Enterprise Sector Assessment: Institutional Analysis." Peter H. Fraser, Arelis Gomez Alfonso, Miguel A. Rivarola, Donald A. Swanson, and Fernando Cruz-Villalba. GEMINI Technical Report No. 11. March 1991. $25.00

12. "Ecuador Micro-Enterprise Sector Assessment: Key Characteristics of the Micro-Enterprise Sector." John H. Magill, Robert Blaney, Joseph F. Burke, Rae Blumberg, and Jennifer Santer. GEMINI Technical Report No. 12. March 1991. $19.60

13. "A Monitoring and Evaluation System for Peace Corps' Small Business Development Program." David M. Callihan. GEMINI Technical Report No. 13. [not available for general circulation]

14. "Small-Scale Enterprises in Lesotho: Summary of a Country-Wide Survey." Yacob Fisseha. GEMINI Technical Report No. 14. February 1991. $6.40

*15. "An Evaluation of the Institutional Aspects of Financial Institutions Development Project, Phase I in Indonesia." John F. Gadway, Tantri M. H. Gadway, and Jacob Sardi. GEMINI Technical Report No. 15. March 1991. $8.80

*16. "Small-Scale Enterprises in Mamelodi and Kwazakhele Townships, South Africa: Survey Findings." Carl Liedholm and Michael A. McPherson. GEMINI Technical Report No. 16. March 1991. $4.60

17. "Growth and Change in Malawi's Small and Medium Enterprise Sector." Michael A. McPherson. GEMINI Technical Report No. 17. June 1991. $2.20

18. "Burkina Faso Microenterprise Sector Assessment and Strategy." William Grant, Matthew Gamser, Jim Herne, Karen McKay, Abdoulaye Sow, and Sibry Jean-Marie Tapsoba. GEMINI Technical Report No. 18. August 1991. Volume One, Main Report, $7.60; Volume Two, Annexes, $14.20

*19. "Women in the BPD and Unit Desa Financial Services Programs: Lessons from Two Impact Studies in Indonesia." Sharon L. Holt. GEMINI Technical Report No. 19. September 1991. $3.80

20. "Mali Microenterprise Sector Assessment and Strategy." William Grant, Kim Aldridge, James Bell, Ann Duval, Maria Keita, and Steve Haggblade. GEMINI Technical Report No. 20. October 1991. Volume One, Main Report, $6.70; Volume Two, Annexes, $13.00

21. "A Microenterprise Sector Assessment and Development Strategy for A.I.D. in Zambia." Eric L. Hyman, Robert Strauss, and Richard Crayne. GEMINI Technical Report No. 21. November 1991. $10.00

22. "Bangladesh: Women's Enterprise Development Project Paper." GEMINI Technical Report No. 22. August 1991. [not for general circulation]

23. "Peru: Small Business and Employment Expansion Project Paper." GEMINI Technical Report No. 23. November 1991. [not for general circulation]

24. "A Country-wide Study of Small-Scale Enterprises in Swaziland." Yacob Fisseha and Michael A. McPherson. GEMINI Technical Report No. 24. December 1991. $5.40

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26. "The Development Impact of Financing the Smallest Enterprises in Indonesia." GEMINI Technical Report No. 26. January 1992. [not for general circulation]

27. "Midterm Evaluation of the ASEPADE Component of the Small Business II Project, Honduras." Arelis Gomez Alfonso, Wesley Boles, and Donald L. Richardson. GEMINI Technical Report No. 27. February 1992. $5.80. Also available in Spanish.

28. "Midterm Evaluation of the ANDI/PYME Component of the Small Business II Project, Honduras." Arelis Gomez Alfonso, Wesley Boles, and Donald L. Richardson. GEMINI Technical Report No. 28. February 1992. $6.60. Also available in Spanish.

29. "The Role of Financial Institutions in the Promotion of Micro and Small Enterprises in Burkina Faso." John McKenzie. GEMINI Technical Report No. 29. February 1992. $10.40

30. "Small and Micro Enterprise Development Project No. 262-0212, Egypt. Midterm Evaluation." Katherine Stearns. GEMINI Technical Report No. 30. March 1992. $7.60

31. "A Review of the Prospects for Rural Financial Development in Bolivia." James J. Boomgard, James Kern, Calvin Miller, and Richard H. Patten. GEMINI Technical Report No. 31. March 1992. $4.60

32. "The Role of Private Sector Advocacy Groups in the Sahel." William Grant. GEMINI Technical Report No. 32. March 1992. $2.40

*33. "Access to Credit for Poor Women: A Scale-up Study of Projects Carried Out by Freedom from Hunger in Mali and Ghana." Jeffrey Ashe, Madeline Hirschland, Jill Burnett, Kathleen Stack, Marcy Eiland, and Mark Gizzi. GEMINI Technical Report No. 33. March 1992. $11.80

*34. "Egyptian Women and Microenterprise: the Invisible Entrepreneurs." C. Jean Weidemann. GEMINI Technical Report No. 34. March 1992. $11.20

*35. "A Pre-Project Identification Document Analysis of the Lesotho Agricultural Enterprise Initiatives Project." Mike Bess, Don Henry, Donald Mead, and Eugene Miller. GEMINI Technical Report No. 35. April 1992. $20.00

36. "Apex Study of the Small Enterprise Development Program of Catholic Relief Services, Senegal." Arelis Gomez Alfonso. GEMINI Technical Report No. 36. May 1992. $3.00

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58. "Attitudes and Practices of Credit Union Members and Non-Members in Malawi and Grenada: Synthesis Report." John Magill. GEMINI Technical Report No. 58. [forthcoming]

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Technical Notes:

Financial Assistance to Microenterprise Section:

*1. Series Notebook: Tools for Microenterprise Programs (a three-ring binder, 1 and 1/2 inches in diameter, for organizing technical notes and training materials) and "Methods for Managing Delinquency" by Katherine Stearns. April 1991. $7.50. Also available in Spanish and in French.

*2. "Interest Rates and Self-Sufficiency." Katherine Stearns. December 1991. $6.50. Also available in Spanish and in French.

*3. "Financial Services for Women." C. Jean Weidemann. March 1992. $5.00. Also available in Spanish and in French.

*4. "Designing for Financial Viability of Microenterprise Programs." Charles Waterfield. March 1993. $10.00 with diskette

*5. "Monetary Incentive Schemes for Staff." Katherine Stearns, ACCION International. April 1993. $3.80.

Nonfinancial Assistance to Microenterprise Section:

*1. "A Field Manual for Subsector Practitioners." Steven J. Haggblade and Matthew Gamser. November 1991. $4.65. Also available in Spanish and in French.

*2. "Facilitator's Guide for Training in Subsector Analysis." Marshall A. Bear, Cathy Gibbons, Steven J. Haggblade, and Nick Ritchie. December 1992. $35.00

Field Research Section:

*1. "A Manual for Conducting Baseline Surveys of Micro- and Small-scale Enterprises." Michael A. McPherson and Joan C. Parker. February 1993. $13.60

Special Publications:

*1. *Training Resources for Small Enterprise Development.* Small Enterprise Education and Promotion Network. Special Publication No. 1. 1992. $11.00

*2. *Financial Management of Micro-Credit Programs: A Guidebook for NGOs.* Robert Peck Christen. ACCION International. Special Publication No. 2. 1990. $19.00

*3. *The ADEMI Approach to Microenterprise Credit.* A. Christopher Lewin. Special Publication No. 3. 1991. $15.00

*4. *Microempresas y Pequeñas Empresas en la República Dominicana. Resultados de una Encuesta Nacional.* Miguel Cabal. Michigan State University and FondoMicro. Special Publication No. 4. 1992. $9.00

*5. "GEMINI in a Nutshell: Abstracts of Selected Publications." Compiled by eugenia Carey and Michael Mccord. Special Publication No. 5. 1993. $10.00

Other Publications of General Interest:

1. "Expansion with Quality: Building Capacity in American Microenterprise Programs." Elisabeth Rhyne. Development Alternatives, Inc. July 1993. $3.30.

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9/93