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KATALYSIS/USAID COOPERATIVE AGREEMENT

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END-OF-GRANT EVALUATION

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Glossary of Terms
A.I.D. Matching Grant Final Evaluation

A.I.D.	Agency for International Development
BEST	Belize Enterprise for Sustained Technology
CAPS	Caribbean Advisory and Professional Services
CDRO	Cooperative Association for Western Rural Development
DAF	Katalysis Director of Administration and Finance
DDC	Katalysis Director of Development and Communication
DP	Katalysis Director of Programs
DPP	Development Pilot Project
FHIS	Honduran Social Investment Fund
INVA	Honduran Housing Authority
IRD	Integrated Rural Development Program
IVS	International Voluntary Services
MIS	Management Information Systems
MUDE	Women in Business
NGO	Non-Governmental Organization (Southern Agency)
ODEF	Organization for Women's Enterprise Development
PVO	Private Voluntary Organization (Northern Agency)
PVO-CP	Private Voluntary Organization-Community Participation
PYME	Small and Medium Enterprise Agency
SEEP	Small Enterprise Education and Promotion Network
SITA	Shared Internal Technical Assistance
SVF	Sustainability Venture Fund

Executive Summary

Background

Katalysis Foundation, established in 1984, is a registered PVO headquartered in Stockton, California. Its mission is to help poor people become more self-reliant and self-sufficient. Katalysis operates through "North/South Development Partnerships", an innovative organizational arrangement in which Katalysis and independent NGOs in Central America work together to pursue their individual institutional goals.

A.I.D. awarded Katalysis a three-year matching grant of \$600,000 in 1990. The purpose of the Matching Grant is to improve the sustainability of Katalysis and its partners and increase their ability to deliver critical technical assistance services to low-income clients. This report is the final evaluation of the Matching Grant.

Over the life of the grant, Katalysis increased the total number of beneficiaries from 9,000 to 14,542, enhanced its financial and planning systems, and improved its fundraising capacity. Katalysis has been successful in meeting its A.I.D. match: in FY 1991 Katalysis raised \$373,000, in FY 1992 this amount grew to \$433,000 and is projected to grow to \$480,000 for the final year of the grant.

Katalysis now has four southern member agencies: BEST (Belize Enterprise for Sustained Technology), ODEF (Organization for Women's Enterprise Development) in Honduras, and CDRO (Cooperative Association for Western Rural Development) and MUDE (Women in Business) in Guatemala. Katalysis provides technical assistance, institutional development services, strategic planning, and financial support to these agencies which, in turn, provide hands-on development services to their low-income constituents. The partners work in three primary technical areas: women's community banking, microenterprise development, and sustainable agriculture.

The concept of "partnership" is crucial to the Katalysis approach and incorporates many features, the most notable of which is shared governance: all partners have a representative of another partner who serves on their Board. The evaluation identifies a number of features, some fairly common among PVOs, others unique, which in combination have led to an effective development approach.

The evaluation documents a successful performance to date in meeting the requirements of the Matching Grant. The gross conclusions are that Katalysis implementation of the Matching Grant has been reasonably efficient and is improving; has been effective within its stated framework notwithstanding serious unanticipated problems; and is sustainable as an institution within the network framework. In addition, the evaluation indicates the Katalysis approach is an interesting and important one, worthy of further investigation and support.

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Evaluation Process

The evaluation was conducted by a three person team: Charles Blankstein, an independent consultant with extensive experience with A.I.D. who acted as the team leader; Daniel Santo Pietro, an independent consultant with extensive experience in the PVO community; and, Karie Brown, the Katalysis Director of Programs who is responsible for oversight of the Matching Grant program.

Matching Grant Performance

The goal of the Matching Grant is to assist poor farmers, microentrepreneurs, women and youth in Central America to become more self-sufficient through the effective transfer of technical skills and funds. The evaluation documents achievement of this goal in a case study of ODEF. The purpose of the Matching Grant is to assist each partner in building stronger, more sustainable institutions in order to improve and expand field services to low-income clients.

With respect to institution building, with Katalysis assistance, each of the partners designed three year sustainability strategies. These strategies define necessary steps for achieving coherence among programmatic growth, effective planning and management systems, and financial stability. In addition, the partners have developed training and technical assistance plans to meet any identified staff skills deficits. Management and staff of each of the partners have also participated in exchanges with other partners as well as agencies outside the Partnership as a means to increase their visibility and improve their knowledge base. Since the inception of the grant, 28 exchanges have taken place within the Partnership and 57 externally. Finally, the management and financial systems of each of the partners has been analyzed and improved. These and other activities supported by the Matching Grant have allowed the partners to build effective institutions and thereby improve their prospects for sustainability.

In terms of direct field services, the Matching Grant has led to significant growth within the Partnership. A total of 5,083 new participants have been served in the first two years of the grant compared with a goal of 6,000 for the three year life of the grant. In terms of impact, 1,778 new jobs have been created and 1,697 enterprises have been established or expanded. Twenty-two community banks have been successfully started, 19 by ODEF and three by BEST. Katalysis now has close to 1,000 community banking participants in its network.

Major Conclusions and Recommendations

The evaluation examines a number of policy and operational issues under five broad headings: efficiency, effectiveness, sustainability, replicability/transferability, and A.I.D. programmatic considerations. The following paragraphs present some of the major conclusions of the evaluation which reflect the analysis of the issues:

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- 1) **Katalysis is a small, well-managed PVO. It has an excellent regular staff of six supported by interns. However, the staff is thin given the scope of the program. Any increase in complexity, much less an expansion, will require additional staff. Further, existing program quality might be improved with additional staff.**
- 2) **Katalysis has an active Board – led but no longer dominated by the Founder, Bob Graham – which is strongly committed to Katalysis' program.**
- 3) **Katalysis has an efficient and frugal headquarters operation. Installation of management information and other administrative systems is nearing completion. Its fundraising operations appear to be effective.**
- 4) **Katalysis has developed an innovative method of working cooperation between a "North PVO" and "South NGOs". While the approach is characterized by "partnership" and "participatory management", the method incorporates many strands of internal, interpersonal, and inter-organizational behavior which are identified in the text. Some of these strands are common in many PVOs, some are unusual, and some are probably unique. The entire Katalysis "package" of arrangements, techniques, and behaviors is believed to be unique. While replication and transfer of the Katalysis institutional "technology" may be difficult, it is potentially of considerable value. The approach is viewed favorably by U.S. PVOs and NGOs familiar with Katalysis.**
- 5) **Katalysis' partner NGOs, Board and staff members are committed to the Katalysis approach. The programs of Katalysis NGO partners were found to have a significant positive impact on beneficiaries. Partner NGOs are well regarded by USAIDs, other donors, and other organizations with whom they work.**
- 6) **Katalysis has complied faithfully with the programmatic undertakings under its initial matching grant as well as applicable A.I.D. regulations. Katalysis also enjoys a good reputation with other public and private donors.**
- 7) **The Katalysis approach is characterized by high quality technical assistance with high front end costs and high pay-off at the beneficiary level. Katalysis believes that the longer-run costs of helping the poor are lower in a Katalysis-type network than in a traditional institutional arrangement. While there is not yet adequate data available to determine this question, the evaluators believe this may well be correct.**
- 8) **Institutional sustainability is thought to be high based on observations of personal commitment of Katalysis and partner boards and staff, capacity to raise funds, and ability to solve problems and survive crises.**
- 9) **Maintaining coherence among programmatic, financial, and institutional**

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considerations in a partnership network with growing programs may be difficult because of the absence of a central authority. The K-concept invests heavily and fairly successfully in joint planning and communication to manage these problems.

- 10) The existing Katalysis network could be expanded by some small number of additional NGOs preferably in Central America. It is possible that Katalysis could initiate a new network while maintaining the existing one. Transfer of Katalysis partnership "technology" to other PVOs in which Katalysis provides technical assistance but does not participate actively may be feasible, particularly with new and small US PVOs. The Katalysis partnership concept would be difficult to transfer in its entirety to a large traditional PVO. Some of Katalysis' ideas might be attractive to other PVOs but it does not seem likely that selection of a few pieces from the Katalysis behavioral package would have a great deal of impact – nor should it do much harm, however.

Among the recommendations for Katalysis were:

- 1) Katalysis should review its capacity and potential for improving the flow of money and information from large donor organizations to the network, consider taking a more active role in helping partners deal with large donors, and enhance its knowledge of and relations with large donor organizations.
- 2) Katalysis' strongest capacity is in the "institutional technology" of partnership development and strategic planning. It works with partners whose primary interests are microenterprise development, community banking, and sustainable agriculture. Katalysis provides some technical assistance in these areas. Providing consistently high quality technical assistance in three complex "technical" areas in addition to institutional development may be difficult given the complexity of the Katalysis-partner relationship. Katalysis should review and develop a detailed plan for its technical assistance program.
- 3) Katalysis should develop a strategic plan for its future expansion and development taking into account such considerations as its desired balance of private and public funding, technical areas of interest, geographical scope of operations, and optimal size and configuration of partner networks.

A.I.D. programmatic considerations addressed in the report include the following:

- 1) Katalysis is worthy of further PVC support. Katalysis may not have a claim on large A.I.D. resources at this time but it would seem desirable to assure that this very interesting institutional experiment is nurtured. However, in defining future assistance, A.I.D. should consider whether the interests of the agency and the broader PVO community are better served by geographical expansion of Katalysis' program, deepening the existing network in Central America, or experimenting with replication and transfer of Katalysis' methods.
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- 2) It may be useful for A.I.D. to learn more about the potential of the Katalysis approach by monitoring the performance of Katalysis' partners compared with that of other NGOs of similar characteristics but different organizational culture and north-south relationships.
- 3) It is understood that A.I.D. requires a significant portion of PVC matching grant funds to be used in operations directly impacting on ultimate beneficiaries as distinguished from institution-building activity. Katalysis and its partners do not have difficulty raising funds from donors other than A.I.D. for operations directly assisting beneficiaries; however, much-needed institution-building funds can be difficult to obtain. The use of PVC matching grant funds for beneficiary operations in the Katalysis network (and probably many other PVOs as well) is an inefficient use of a precious resource to the extent that institution-building is underfunded or beneficiary-oriented activity can be funded by non-PVC sources. A.I.D. should consider using these funds exclusively for institution building activities in appropriate cases such as Katalysis.
- 4) Within the first two years of receiving its three-year matching grant, Katalysis encountered a number of critical, unanticipated problems which it successfully overcame. However, at the beginning of the third year, Katalysis staff had to produce a new competitive matching grant proposal. Three years was too short a first-grant term for Katalysis and may cause similar problems for other new entrants to the matching grant program. A.I.D. should consider retaining the option to extend three-year matching grants for an additional one or two years when doing so would serve A.I.D.'s interests.

I. INTRODUCTION

Katalysis Foundation is a registered PVO headquartered in Stockton, California. Its mission is to help poor people become more self-reliant and self-sufficient. Katalysis operates through "North/South Development Partnerships", an innovative organizational arrangement in which Katalysis and independent NGOs in Central America work together in a network to pursue their individual institutional goals.

A.I.D. awarded Katalysis a three-year matching grant of \$600,000 in 1990. The purpose of the Matching Grant is to increase the financial and institutional sustainability of Katalysis and its partners and increase their ability to deliver critical technical assistance services to their low-income clients. This report is the final evaluation of that Matching Grant.

The evaluation was conducted by a three person team: Charles Blankstein, the team leader, is an independent consultant with extensive experience with A.I.D. in relevant technical areas including development finance, institutional development, and evaluation. Daniel Santo Pietro is an independent consultant with extensive experience in the PVO community in technical assistance and evaluation. Karie Brown is the Katalysis Director of Programs and is in charge of the Matching Grant program. She has had experience in international banking as well as holding responsible positions in several PVOs. (See Annex A.)

The evaluation was initiated with a three-day team planning meeting in Washington in which primary issues were identified, itineraries developed, and the scope of work revised and approved by A.I.D. (See Annex B.) Because of resource limitations and Matching Grant complexity, the team divided its working days as follows:

Location	Evaluator days:	CSB	DSP	KB
Katalysis Headquarters		4	4	3
Honduras		4	11	11
Belize		2	0	0

Time spent at Katalysis headquarters was optimized by prior documentation review and by Board and staff members making themselves available in Stockton for a tight interview schedule. The largest block of time was expended on the Honduras partner, ODEF, because of its importance as an NGO, the illuminating nature of problems it has experienced, and the opportunity it presented to assess impact. BEST, the Belize partner, was not evaluated due to lack of time. However, BEST and USAID personnel were interviewed in Belize to provide historical perspective and a point of comparison with other partners. (See Annex C.)

The evaluation team conducted 37 interviews with staff and Board members of Katalysis and partners. In addition, the team met with three other organizations and conducted interviews with 26 program participants. The team visited two USAID missions, three partner headquarters and nine field sites. (See Annex D.)

II. DESCRIPTIVE OVERVIEW

A. Description of Katalysis

1. Background

Katalysis Foundation was incorporated as a non-profit organization in 1984 to help low-income people in Latin America become more self-sufficient. To do this, Katalysis works in partnership with indigenous development organizations. Katalysis provides technical assistance, institutional development services, strategic planning, and financial support to its southern member organizations which, in turn, provide hands-on development services to their low-income constituents.

In 1985, Katalysis began its work with a new development organization called BEST (Belize Enterprise for Sustained Technology). Since then, the membership has expanded to include ODEF (Organization for Women's Enterprise Development) in Honduras, and CDRO (Cooperative Association for Western Rural Development) and MUDE (Women in Business) in Guatemala. Katalysis and these four southern agencies form the membership of the Katalysis Partnership. The Partnership serves as a vehicle for equal exchange, decision-making, and shared learning among all members. The Partnership has three primary goals, to:

- 1) support a development process driven by beneficiaries, thus fostering greater self-sufficiency, improved capabilities, and self-respect;
- 2) enhance the growth and stability of local development organizations through the transfer of skills and expertise; and,
- 3) provide a forum for practicing partnership between northern and southern development organizations.

In concert with these goals, Katalysis works in three technical areas namely: women's community banking, microenterprise development, and sustainable agriculture.

2. Staff and Board Configuration

Katalysis staff has grown to meet partners' technical assistance and institutional needs. For the first three years, the staff consisted of Bob Graham, the Founder and Chairman of the Board, a part-time program assistant and a secretary. In 1989, Katalysis hired its first full-time Executive Director, Jerry Hildebrand. In order to

meet growing Partnership funding needs, Jerry soon hired a Director of Development and Communications (DDC), a position currently filled by Mark Ely. The DDC is responsible for raising all headquarters costs, seeking financial support for partner agencies, and training partners in local and international fundraising procedures.

With assistance from the Matching Grant, Katalysis was able to hire Karie Brown as a full-time Director of Programs in late 1990. This position is responsible for oversight of Matching Grant activities including institutional and technical training, monitoring, documentation, and reporting. This position oversees implementation of private grants channelled through Katalysis (13 in 1992) to the partners. It also serves as the primary liaison for the partners and locates or provides any required training. Partnership research, documentation, and dissemination also fall under this position. In early 1992, Maureen Leatherbarrow was hired as program associate to assist in fulfilling these functions; this position became full-time in October.

In 1992, Katalysis replaced its part-time financial controller with Bill Farrand as a full-time Director of Administration and Finance (DAF). This upgrade was based on the growing sophistication of Katalysis' financial and accounting and the expressed needs of the partners for quality technical assistance for improved systems. This position is responsible for office administration plus budgeting, accounting, and financial reporting including Matching Grant requirements. This position also provides direct assistance to partners for systems analysis, development and implementation. While the staff has grown, it remains small with six full-time members. This evaluation indicates the staff has demonstrated its ability to effectively manage the Matching Grant and adequately meet the demands of the Partnership.

The Katalysis Board of Directors is active in policy formation, financial oversight, and operational direction. There are currently nine members, with a maximum possible component of 15. The term of membership is three years; some members are elected to serve two terms. The Board members help Katalysis meet its need for expertise in such areas as business, non-profit management, microenterprise and environment. Important to the concept of partnership is the fact that the Executive Directors of each of the partners are full members of the Board.

3. Financial Base

When Katalysis was started, the founder covered all headquarters' costs, so that fundraising was strictly project-based. Upon hiring an Executive Director these costs rose as did the need to institutionalize and professionalize Katalysis' donor base.

In FY 1992, Katalysis expended \$327,247 for headquarters operations. The total budget for the year, including the \$342,500 passed through to partners, was \$669,747. The total partnership-wide budget, or the sum of partner agency budgets, for 1992 was approximately \$1,723,000. (Note: all figures are pre-audit.) The A.I.D. Matching Grant requires recipient organizations to raise a 100% match. In both FY 1991 and 1992, Katalysis was able to raise the \$200,000 match in private monies; in 1991, Katalysis raised \$373,000 to meet the match and in 1992 it raised \$433,000.

Katalysis Sources and Uses (1992 Pre-audit)

Sources			Uses		
Found/Inst/Churches	\$245,411	37%	ODEF	\$195,985	29%
A.I.D.	211,567	32%	BEST	106,804	16%
Individuals	94,750	14%	CDRO	17,380	3%
Board of Direct.	71,800	11%	MUDE	11,900	2%
Investments	22,717	3%	Program Dev't	73,747	11%
Contract Services	21,645	3%	Comm., Dev., & Ed.	49,272	7%
			General & Admin.	187,591	28%
			Partner Activities	27,066	4%
TOTAL	\$667,890	99%	TOTAL	\$669,747	100%

B. Evolution of the Katalysis Partnership

1. History Prior to the A.I.D. Matching Grant

Katalysis was founded in 1984 by Robert Graham, a California agribusinessman and philanthropist, interested in social service. He was concerned with finding ways to overcome certain perceived tendencies common among service organizations, such as: (1) working with beneficiaries in ways which implied superiority – thus doing psychological damage while providing service; (2) failing to operate in a business-like way – thus wasting resources; and (3) "reinventing the wheel" rather than building on proven methods. Graham believed the optimal approach was to build local NGO capacity to help the poor through assistance based on equality and mutual respect.

Given his own experience as a partner in a major accounting firm and other businesses operated in partnership form, Graham decided to apply the business "partnership" model to Katalysis. In the last eight years, a mode of operation has evolved reflecting the values and characteristics of several forms of organization including business partnership, research network, and management consulting firm.

In collaboration with Carlos Santos, Graham helped found BEST which, in 1985, became Katalysis' first southern partner. For the next three years, Katalysis focussed on its work with BEST. The nature of the relationship was primarily a partnership between the two principals, rather than between the two organizations. Together the two individuals experimented with the dynamics of north/south relations and how a northern organization could best assist a growing southern one. They worked together as friends and colleagues and, without institutional restrictions, were fairly flexible in their ability to solve problems and respond to new situations.

During these initial years, Graham and Santos became convinced, that while

problems still remained, the partnership between Katalysis and BEST should be extended. In early 1989, Katalysis hired a full-time Executive Director, Jerry Hildebrand, and invited CAPS (Caribbean Professional and Advisory Services) to join. Later in 1989, these agencies were joined by ODEF. At this point, Katalysis decided to institutionalize the Partnership and seek matching grant funds from A.I.D.

2. A.I.D. Matching Grant

The Matching Grant has assisted Katalysis in developing its partnership approach. (See Annex E.) Having a full-time Executive Director with two new partners induced Katalysis to professionalize. For example, in 1989 Katalysis formalized positions for the Directors of each of its partners on its Board of Directors. In 1990, Katalysis and its southern partners jointly designed a memorandum of understanding to govern the Partnership. It was at this time that partnership meetings, taking place twice a year and attended by representatives from each partner agency, were instituted.

In 1991, when CAPS dissolved and left the Partnership, another important step was taken: new partner criteria were designed. Later in 1991, Katalysis and the partners took part in the first "partnership training." BEST hosted, and Katalysis facilitated, a workshop on the meaning of partnership. It was during this meeting that the promotion of the partnership methodology was formally adopted as a purpose of Katalysis. This decision allowed Katalysis to invest significant resources in 1992 to document the partnership methodology for dissemination to interested PVOs. Also in 1992, Katalysis and its existing partners jointly selected two new Guatemalan agencies, CDRO and MUDE, thereby completing its current network. (See Annex F.)

C. Partner Overview

1. Belize Enterprise for Sustained Technology (BEST)

a. Background: BEST was established in 1985 as a Belizean non-profit development organization. BEST received initial assistance from Technoserve and became the first partner agency of Katalysis.

b. Program: BEST is a national organization providing development services in all six districts of Belize. BEST provides training and technical assistance to low-income people in three sectors: Business Management and Enterprise Development, Natural Resource Management, and Women's Programs. Business Management/Enterprise Development remains the heart of BEST's work, comprising 65% of its client base. Over the last year, however, the Natural Resource sector has received increased attention due to the critical condition of the environment and increasing economic pressure on small Belizean farmers. For the most part, BEST works with cooperatives and other client groups of low-income people on a contractual basis. In addition, to promote new approaches or technologies, BEST undertakes pilot projects. In 1992, BEST had 20 client groups and four pilot projects underway. This represents a total of 11,242 beneficiaries, of whom 39% are women.

c. **Institution:** BEST has a staff of 13. Field staff are divided according to program sector. In terms of administration, BEST has a financial manager, responsible for accounting, budgeting, and financial oversight, and a resource development officer, for fundraising and communications. A chief operating officer oversees all internal management. Finally, BEST has a managing director. Until July 1992, this position was filled by Carlos Santos who was also the founder of the organization. He was replaced by Bridget Cullerton, a Belizean with significant public management experience in the U.S.

BEST has an active Board of Directors of 11 members. These members serve three-year terms and represent different sectors of Belize. For example, three of the current members are from BEST client groups and five are prominent members of the Belizean business community. In addition, Katalysis has a permanent representative to the Board and USAID has had an observer position throughout the life of its OPG (1986-1992). BEST staff also elects a staff representative to the Board for annual terms.

BEST has developed improved management information systems in the last two years. It now has four computers and two printers; all staff are trained in spreadsheets and wordprocessing. BEST has a computerized accounting system and is phasing out its manual one. In the last year of the Matching Grant, BEST will develop a client data base to better assess program impact.

d. **Financial Base:** Since its inception, BEST has received financial support from USAID Belize through an OPG. BEST's second and final OPG comes to a close at the end of calendar year 1992. A resource development position was designed in 1991 to ease the financial transition and generate increased private sector support. Through the efforts of the Resource Development Officer, with assistance from a Katalysis Board member and the DDC, BEST just received a three-year grant of \$180,000 from the MacArthur Foundation. BEST is also beginning to garner local support. BEST remains donor-reliant. Contracts, and client fees provide between 10% and 20% of the annual budget, with the remainder coming from international agencies and private foundations.

BEST Sources and Uses of Funds (1991)

Sources			Uses		
Foun/Corp/Churches	\$115,834	43%	Small Business	\$74,683	26%
N. Am. Dev't Agen.	64,283	35%	Sust. Agriculture	51,704	18%
European Dev't Agen.	30,000	11%	Community Banking	20,107	7%
Fees-for-Service	13,469	5%	Refugee Assist.	20,107	7%
Contracts	10,775	4%	Special Projects	5,745	2%
Local Bus. Comm.	5,388	2%	Prog. Admin.	114,897	40%
TOTAL	\$269,381	100%	TOTAL	\$287,242	100%

Through its three year sustainability strategy, BEST intends to raise contract fees to 20%, client fees to 10%, and local donations to 10%, reducing donor reliance to 60% by year end 1993.

2. Organización de Desarrollo Empresarial Femenino (ODEF)
Organization for Women's Enterprise Development
(Note: ODEF is analyzed in detail in Section IV.)

a. Background: ODEF was established in 1985 as a Honduran field program of OEF International. In 1987, under the leadership of Francisca de Escoto, ODEF became the first OEF affiliate to become incorporated as a local non-profit development organization. ODEF joined Katalysis in 1989.

b. Program: ODEF, headquartered in San Pedro Sula, provides training, technical assistance and credit to low-income women in the Northern region of Honduras. Its mission is to help incorporate women and their families into the processes of economic, social, cultural, educational, and political change in Honduras. ODEF's programs emphasize microenterprise development and self-employment as a means to combat low paying jobs and persistent underemployment for women. ODEF also provides support for small-scale agriculture, environmental education, solar cooking, handicrafts, housing improvements and an integrated rural development program. The majority of ODEF's economic and social assistance is provided through two credit programs: women in business and community banking.

ODEF has divided its geographic scope into four regions radiating out from San Pedro Sula. ODEF's work is predominantly rural, although in 1992 it introduced an urban program in San Pedro Sula due to demand for and limited availability of credit and other services for low-income women.

Between 1990 and 1992, ODEF experienced rapid growth. In 1990, ODEF worked with 646 participants. In 1991, the number of participants grew by 150% to 1,616 women and in 1992 by 45% to 2,350 participants. In 1991, ODEF's credit outstanding to community banks was \$62,559. In 1992, the amount outstanding rose to \$157,529, or an increase of 149%.

c. Institution: To manage rapid program growth, ODEF has expanded its staff. When ODEF joined the Katalysis Partnership in 1989 it had a staff of ten; this staff has now grown to 58. It is important to note that ODEF has maintained its efficiency by hiring paratechnical staff to provide follow-up services to participants; 14 current staff members are paratechnicians. ODEF's program staff is allocated according to ODEF's four geographic zones, with each zone having one coordinator and several promoters and paratechnicians. ODEF has a credit staff of four and two technical assistants providing these services across zones. ODEF has an administrative staff of 11 responsible for all accounting, budgeting, personnel management, and office administration.

In June 1992, Francisca de Escoto, the Founder and Director, was killed in a car accident. Two Board members became interim directors; they have taken leadership in assessing and restructuring administrative/management systems.

Since the Matching Grant, ODEF has systematized information management. ODEF now has three computers and two printers. All staff are trained in wordprocessing and spreadsheets. Accounting is being computerized. ODEF has a new financial analyst responsible for cost analysis and control.

d. **Financial Base:** Throughout its expansion phase, ODEF received a high level of support from private foundations. To reduce the potential dependence on these relationships, in the last several years ODEF has worked with Honduran Government and private institutions. Most of this domestic support is in the form of technical assistance and credit.

ODEF Sources and Uses of Funds (1991)

Sources			Uses		
Honduran Gov't/Pvt. Inst.	\$129,224	35%	Women in Business	\$42,794	18%
N. Am. Foundations	95,995	26%	Community Banking	28,530	12%
Religious Orgs.	55,382	15%	Int. Rural Dev't/ Youth	28,529	12%
Comm. Bank Sponsors	36,921	10%	Housing	14,265	6%
Fees-for-Service	18,461	5%	Handicrafts	14,265	6%
United Nations	18,461	5%	Sust. Agriculture	7,132	3%
European Fdtns.	14,768	4%	Approp. Tech.	7,132	3%
			Prog. Admin.	95,098	40%
TOTAL	\$369,212	100%	TOTAL	\$237,746	100%

Under ODEF's three year plan, it intends to cover 60% of operational expenses through interest and fees. ODEF plans to run a self-sufficient credit program while continuing to solicit support for other activities. The evaluation shows that interest on community banking loans covers 50% of that program's costs.

**3. Cooperación para el Desarrollo Rural de Occidente (CDRO)
Cooperative Association for Western Rural Development**

a. **Background:** CDRO was established in 1981 as a volunteer effort by a group of local Mayan leaders. As a democratic institution, CDRO assists poor indigenous communities in designing and implementing economic and social development projects. In 1986, CDRO was formally recognized by the government of Guatemala. CDRO joined the Katalysis Partnership in 1992 as a joint venture; CDRO will become a full partner in April 1993.

b. Program: CDRO serves 20 Mayan-Quiche villages, with over 40,000 residents in four departments in Western Guatemala. CDRO is working directly with 280 base groups, comprised of community members organized around specific local issues such as water, women's rights, nutrition, etc. CDRO provides training, technical assistance and organizational assistance to these groups and loans/grants to support selected projects. CDRO has seven sectoral programs, the largest of which are handicrafts, public works and agriculture/reforestation. CDRO also has two promotional programs, women's programs and organizational development, which run across sectors.

Under the joint venture with Katalysis, CDRO is strengthening and expanding its women's program. Currently, CDRO is working with 34 women's groups with a total membership of 950. Of these groups, 15 are actively engaged in a development project for which they have received training as well as a loan or grant from CDRO. Of these projects, 60% are artisan or income-generating projects and 20% are housing improvement efforts.

c. Institution: CDRO has a permanent staff of 32 with support provided by 60 volunteers. The women's program has four full-time staff and four volunteers. Virtually all staff come from communities served by CDRO. The Board, which meets every two weeks and oversees policy decisions, is comprised of five elected officials from CDRO's member communities. CDRO is a democratic institution. Each of CDRO's base groups elect a representative to a local community council; the members of the 20 community councils make up CDRO's general assembly which serves as the governing body.

CDRO has fully computerized financial and administrative systems. It is working to upgrade reporting systems and establish a functional data base.

d. Financial Base: CDRO has developed long-term relationships with several European and North American foundations. It also receives support from the Government of Guatemala. In addition, it generates interest on its credit portfolio and receives fees for services from its communities.

CDRO Sources and Uses of Funds (1991)

Sources			Uses		
European Foundations	\$216,511	38%	Handicrafts	\$199,418	35%
Interest & Client Fees	108,255	19%	Public Works	148,139	26%
Canadian Government	102,558	18%	Agriculture	91,162	16%
North American Fdtns.	74,069	13%	Women's Programs	56,977	10%
Guatemalan Government	68,372	12%	Health	39,884	7%
			Education/Other	34,186	6%
TOTAL	\$569,765	100%	TOTAL	\$569,765	100%

**4. Mujeres en Desarrollo (MUDE)
Women in Business**

a. **Background:** MUDE was formed in 1991 by a group of ladina and indigenous women to foster and integrate women's social, cultural, and economic development. MUDE joined Katalysis in April 1992 as a joint venture affiliate and will become a partner in 1993. Given its small size and relative newness, MUDE does not receive Matching Grant funds.

b. **Program:** MUDE is primarily a credit organization for rural women in four departments of Guatemala including: Guatemala, Esquintla, Sacatepequez, and Chimaltenango. It serves both ladinas (50%) and indigenous women (50%). MUDE began with a microenterprise program for 120 women from its seven member groups. It provides the members with small loans for income generating enterprises supplemented by training and technical assistance. By mid-year 1992, MUDE had approximately \$24,000 outstanding in credit. With assistance from the Katalysis Partnership, MUDE has designed and started a community banking program. It has established three banks with 64 members. Currently \$4,500 is outstanding to the banks and all payments are up to date.

c. **Institution:** MUDE is headquartered in Villa Nueva, just outside of Guatemala City. It has a staff of four; an executive director, a secretary/accountant, a microenterprise promoter, and a community banking promoter. It has an active Board of Directors, consisting of seven members elected from MUDE's seven affiliated communities. MUDE is currently establishing the systems necessary to manage its growing programs. It has developed a community profile to assess community needs and a participant questionnaire to provide baseline data. With assistance from Katalysis and ODEF, MUDE has designed an effective manual system for managing its credit portfolio.

d. **Financial Base:** MUDE was established with financial assistance from the InterAmerican Foundation. The InterAmerican Foundation continues to provide institutional and credit support for the microenterprise program. Through Katalysis, MUDE has received funding from the Threshold and Earth Trust Foundations for community banking. In the future, it plans to generate a significant portion of its budget from interest earned and fees collected on its credit portfolio in order to reduce reliance on external donations.

D. Roles and Responsibilities of Northern and Southern Partners

As the Partnership has evolved, members have defined and revised appropriate roles and responsibilities. The following outline describes these roles and responsibilities.

1. Northern Partner; Katalysis

a. **Partnership Development and Facilitation:** Katalysis has taken the lead in creating and monitoring the Partnership; developing its doctrine; and

documenting its progress. Katalysis is responsible for overseeing the relationship, encouraging adaptations, and administering Partnership business.

b. ***Institutional Strengthening:*** Katalysis provides technical assistance and training to the southern partners with the goal of developing full-scale in-house capabilities in: planning for sustainability, program management and organizational development, and administrative and financial systems.

c. ***Funding:*** Katalysis plays a primary role in raising funds for the partners and the Partnership. These responsibilities include: developing efficient and effective projects and proposals, improving fundraising strategies and capabilities, and designing adequate monitoring and documentation systems.

d. ***Intermediary:*** Katalysis plays a negotiating role for southern partners in the U.S. with other organizations and funding agencies.

e. ***Information Gathering and Dissemination:*** Katalysis provides the partners with access to resources, ideas and innovations in the north and in the international community. Katalysis also serves to document and disseminate the information about the southern partners' work and about the Partnership.

2. Southern Partners; BEST, ODEF, CDRO, MUDE

a. ***Development Work:*** Most fundamentally, the southern partners do the work in the field, including designing and executing programs in microenterprise development, community banking, and sustainable agriculture. The partners provide training, technical assistance and credit to participants in order to carry out these programs. The partners are also responsible for administration, monitoring, and documentation.

b. ***Credibility:*** Katalysis relies on its partners to carry out high quality development programs, demonstrating the neediest can be reached effectively and efficiently. The partners legitimize Katalysis as a "different" U.S. PVO.

c. ***Funding:*** Increasingly, the southern partners are writing Katalysis into their grants, covering a portion of the cost of Katalysis' technical assistance, and assisting with semi-annual general appeals.

d. ***Networking, Outreach and Access to New Ideas:*** The southern partners provide Katalysis and the Partnership with southern representation and connections to southern colleagues, NGOs, government contacts, etc. They provide Katalysis with a presence in the field. The partners also have shared innovations with Katalysis. For example, they taught Katalysis the importance of annual general meetings, staff retreats, and staff representation on the Board. In addition, ODEF has made several adaptations to the community banking model which have benefitted the other partners and have allowed Katalysis to share these innovations with other development agencies.

e. **South/South Exchange:** The southern partners are responsible for creating and maintaining a relationship among themselves. This ongoing relationship allows them to provide timely and appropriate assistance to one another on institutional and programmatic issues. For example, ODEF assisted MUDE in designing its new community bank program by sending one of its accountants to provide advice on credit management systems and two of its promoters to teach training techniques. BEST has provided management counsel to ODEF's new Directors during its recent leadership transition.

3. Joint Contributions of All Partners

a. **Communications:** Partnership requires open and transparent communications to function well. Constant communication enables effective, timely, and appropriate assistance from one partner to another.

b. **Consultation and Support:** All members provide extensive consultation and advice to one another. This includes personal one-on-one consultation and joint problem solving through visits and Partnership meetings.

c. **Commitment:** Partnership requires a commitment of resources. Katalysis' commitment to the southern partners and the Partnership as a whole is essential for sustaining the network. On the other hand, without the southern partner's willingness and commitment to experiment with and participate in the Partnership, it would not exist.

E. The Difference between the Katalysis Partnership Approach and Traditional PVO-NGO Organizational Arrangements

The Katalysis concept of "partnership" is considered by the organization and by the evaluation team to be the crucial characteristic of the Foundation's approach. This "partnership" concept and its institutional corollaries differentiate Katalysis from most if not all other PVOs in its fields of interest and constitutes an institutional arrangement of possible wider interest to A.I.D. Thus, Katalysis and this evaluation report use the words "partner" and "partnership" advisedly: not as a synonym for participation or working together but as a term of art denoting specific organizational behaviors. To maintain a focus on this difference, we refer hereafter to certain key concepts with the prefix "K" such as: K-Partner, K-partnership, and K-approach.

In its matching grant proposal, Katalysis associates its methodology with that advanced in the A.I.D. publication *Accelerating Institutional Development* which advocates an approach which is:

- beneficiary-driven;
- based on a mutually supportive long-term relationship of equals;
- anchored by participation in design and implementation;
- committed to local ownership through fees-for-service; and,
- builds sustainability derived from local needs and local ability to command

resources to meet them.

Katalysis documentation regularly refers to its methodology as a distinguishing characteristic; eg., *Katalysis North/South Development Partnerships: New Insights, Lessons, and Directions* which describes, "a more equitable and effective form of collaboration between northern and southern development organizations". Is this claim based on rhetoric or reality? If there is a distinction between Katalysis' approach and that of other PVOs which promote participatory management, does this approach make a difference in the quality, efficiency, effectiveness, and sustainability of its operations?

There does appear to be something different and desirable about Katalysis' approach. While time and resources precluded a full study, this evaluation attempts a first approximation of an outside articulation of the "difference" and its consequences. The K-Partnership incorporates many values and behaviors not uncommon to the PVO sector as well some elements which are atypical if not unique. In addition to the roles and responsibilities of Katalysis and partners described above, the following paragraphs seek to specify other important characteristics under four headings:

- The rhetoric of partnership
- Characteristics similar to other PVOs
- Characteristics unusual or unique to Katalysis
- Combination of all factors probably is unique

1. Rhetoric

Katalysis' characterization of the values inherent in its partnership approach is similar to those of other PVOs pursuing a "participatory" management approach. For example, some of the words and phrases used by Katalysis describe its approach would also be used by other PVOs, some of which may have methods quite different from Katalysis, such as: partnership, partner, mutual respect, open communications, "openness to learn and change", shared decision-making, consensus, equality, trust, mutual accountability, empowerment, "process as empowerment", "diminish hierarchial structures", and "each person a valued associate within the organization."

While the commitment of Katalysis personnel to these participatory ideals appears to be real enough, the words are not useful to differentiate the behavior of K-network participants from other PVOs. Suffice it to say the extensive use of "participatory" language within Katalysis and among the partners and the actual behavior of K-network personnel appears to be consistent with the generally accepted meanings of these words. Attempting to distinguish one PVO's concept of "trust" or "openness" from another's may not be useful. However, the degree to which the rhetoric is incorporated in doctrine is a differentiating factor as is the way in which Board and staff monitor the application of this doctrine.

2. Modes of Operation Similar to Many Other PVOs

The Katalysis approach incorporates many elements and methods which are similar to participatory arrangements of other PVO-NGO relationships. Among them are:

- Contractual agreements specifying members functions and responsibilities;
- Assistance in partner leadership transition;
- Close personal relations among partner agency board, management, and staff;
- Institutional strengthening incorporating emphasis on management systems, "sustainability" planning, and activities aimed at administrative competence;
- Support for development of "south-south" partner relationships including diffusion of technical innovations;
- Active networking on issues of common interest;
- Consultation with southern partners in development of strategic plans;
- "Beneficiary-driven" definition of partner programs; and,
- Partnership-wide program initiatives.

3. Modes of Operation Atypical of PVOs or Unique to Katalysis

Several aspects of the Katalysis system may be unusual or unique including:

- Shared governance: representative of each partner sits on boards of all other partners and participates in decisions;
- Katalysis Board meetings with rotating north/south venue permit partner board/staff participation, joint agenda development, and bilingual meetings;
- Free exchange of information including financial among all partners;
- Partnership training (see Annex G);
- Joint selection of new partners and partner executive directors;
- Partner roles in Katalysis staff job descriptions, interviews, and selection;
- Participation in Katalysis long-range planning;
- Cross utilization of staff/management of other partners for technical assistance;
- Joint fundraising trips and campaigns with shared costs and revenues;
- Joint proposal preparation and donor reporting;
- Encouragement of staff participation on partner boards;
- Cost sharing by partners required;
- Promoting staff-staff and management-management exchange;
- All Katalysis professional staff, including administrative, provide technical assistance to the partners in their areas of expertise;
- Katalysis commitment to direct funding of South partner by North donors without Katalysis intervention or share in revenue;
- Documentation of board and staff activity fully shared with partners;
- Sustainability is an explicit goal of the network and each of its partners.

4. Combination of Factors

The combination of all these factors – both common and unusual – in a systematic, rigorous participatory management system may be unique. Certainly, the specific methods of network development, institutional strengthening, and ongoing mutual support are not known to the evaluators to be in use in other PVOs.

The agreements, technical assistance, and modes of operation by which Katalysis "teaches partnership by partnering" constitute the institutional environment within which K-network functions. Katalysis considers that it is not a North PVO with money and technical assistance to provide to needy South NGOs. Rather, it is a North PVO with specific expertise in fundraising and organization management which acts as an equal partner with selected NGOs whose specific expertise is primarily in technical fields and ability to work with local people. Katalysis goes to considerable lengths to behave and to be seen as behaving as an equal partner. The partners to a significant degree behave as equal partners notwithstanding what some consider to be inherent paternalism of any north-south relationship.

F. Is the Katalysis Approach Significant for Other PVOs and A.I.D.?

Katalysis is different but is the difference important beyond the network itself? Does the K-approach result in better development projects and enhanced impact on beneficiaries? Does it over time promote more coherent programs and institutional stability for Katalysis and the partners? Is it replicable? Should A.I.D. be interested in the Katalysis approach as an institutional model or source of techniques for PVOs?

The evaluation documents a successful performance to date in completing the Matching Grant. The gross conclusions are that Katalysis implementation of the Matching Grant has been reasonably efficient and is improving; has been effective within its stated framework notwithstanding serious unanticipated problems; and is sustainable as an institution within the network framework.

It is not possible in this evaluation to parse out which elements of the Katalysis approach are "essential". Therefore, we cannot fully address the question of its transferability although some speculations will be offered. If all aspects of Katalysis' approach are essential, it can probably only be cloned or expanded within its network before optimal network size limits apply. If this is the case, Katalysis is an interesting but probably not important case. If on the other hand, the methodology or specific activities can be effectively engrafted on other PVO's, the Katalysis experience may be of great importance.

This report examines these considerations in Section V, after documenting the performance of Katalysis under the Matching Grant (Section III) and examining the experience of one partner, ODEF in some detail (Section IV).

III. A.I.D. MATCHING GRANT PERFORMANCE REVIEW

This section evaluates Katalysis' actual performance compared to planned outcomes outlined in the Logical Framework. Because this final evaluation is taking place at the end of the second year of a three year grant, conservative estimations of activities to be completed in the third year are included where necessary. Any deviations from the Logical Framework are explained. Recommendations for improvements to the Logical Framework, based on experience gained in the last two years, are proposed.

Before describing Katalysis' performance, two major adjustments to the Matching Grant must be explained, notably the demise of CAPS in early 1991 and the selection and introduction of CDRO in 1992. These adjustments are documented thoroughly in the two annual reports submitted to A.I.D., but are also described here briefly.

When the Matching Grant started, CAPS (Caribbean Advisory and Professional Services) was the third southern partner. CAPS was begun as a field program of International Voluntary Services (IVS) in 1984 to provide management services and assistance to low-income beneficiaries and other agencies in the Eastern Caribbean. Due to a period of severe financial retrenchment at IVS, CAPS was spun off by that agency in 1988. CAPS joined Katalysis in January, 1989. By Summer 1990, CAPS had encountered management difficulties. The spin-off from IVS was premature; CAPS lacked the proper systems, program oversight and organizational structure. Its Board was not constituted in a way to provide effective leadership. Katalysis was involved in helping CAPS to solve its increasingly evident problems during Fall 1990.

Katalysis was invited to participate in a CAPS Board of Directors meeting in August 1990 during which institutional concerns were raised. Given the serious nature of these concerns, Katalysis was invited to meet with the Executive Committee of CAPS Board to design a plan to address them. A SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis was authorized by the Board, funded by Katalysis, and carried out by a West Indian consultant in Fall 1990. This analysis was attached to the first A.I.D. annual report. It laid out the problems faced by CAPS and defined the necessary steps for restructuring the organization. Unfortunately these steps were never taken, because the staff and Board lost their ability to work together effectively. Instead, the active members decided to form a new agency called IDEAS. The new agency would benefit from what CAPS had learned but be free of its historical problems. The new associates asked Katalysis for assistance to form IDEAS, but the Katalysis Board deemed this an inappropriate role for the Partnership. The Board decided Katalysis should seek a new partner agency under the Matching Grant.

The Katalysis Board met soon after the CAPS dissolution to develop a new partner strategy. They selected Guatemala as the appropriate country, given its proximity to Belize and Honduras, and defined criteria for new member agencies. The Executive Directors of BEST, ODEF and Katalysis began a search in Guatemala. This process took almost a year, due to the complexity of the Guatemalan NGO sector. The Partnership, with assistance from a local consultant, initially interviewed 38 NGOs. These were narrowed down to four candidates. Of these, in January 1992, the

Executive Directors of the three existing partners selected MUDE and CDRO to become joint venture affiliates. CDRO became the formal partner under the Matching Grant and began receiving funding on April 1, 1992.

A. Inputs

The inputs to this grant were through financial contributions and human resources.

1. Financial Contribution

Through the Matching Grant, Katalysis was to receive \$600,000 over the three year life of the grant, or \$200,000 per year from A.I.D.. Katalysis was to raise a one-for-one match, or \$200,000 per year, bringing the overall grant total to \$1,200,000.

Year (FY)	Planned A.I.D.	Actual A.I.D.	Planned Private Match	Actual Private Match
1991	\$200,000	\$157,370	\$200,000	\$373,000
1992	\$200,000	\$212,630	\$200,000	\$433,000
1993	\$200,000	370,000	\$200,000	800,000

As can be seen, Katalysis was able to match A.I.D. funds by close to two to one in both year one and year two of the grant. Katalysis raised these private monies from individuals, corporations, private foundations, and institutions as described earlier.

2. Human Resources

The Logical Framework states Katalysis was to contribute human resources to achieve the purposes of the Matching Grant according to seven categories.

Inputs (person/months)	1991 Plan	1991 Act.	1992 Plan	1992 Act.	1993 Plan	1993 Act.	Total Plan	To Date Actual
Sustain. Strategies	8	7	7	8	7		22	15
Plan/Mgmt. Syst.	5	5	5	4	4		14	9
Netwk Strengthening	6	8	5	6	5		16	14
Field Support	6	9	6	6	6		18	15
Community Banks	4	8	4	5	4		12	13
Mgmt. and Admin.	21	15	21	20	21		63	35
Finance and Acctng.	10	10	10	11	9		29	21
TOTAL	60	61	58	60	56		174	122

The inputs have varied somewhat based on the configuration of the staff and the needs of the partner agencies. In particular, community banking has required more assistance than projected, because it is a new program and many adaptations to the model are being made throughout the developing world. Finance and accounting resources were lower than projected, because for the first half of the grant the part-time financial controller was doing the minimum required. In the second half of 1992 and into 1993, the full human resource contribution to finance and administration has been and will be available through the Director of Finance and Administration.

These inputs have been monitored and verified through the following primary documents: staff time reports, Board and staff trip reports, personnel records, quarterly monitoring reports, financial budgets and expenditures, and annual audits.

B. Outputs

The outputs of the Matching Grant are comprised of four sections: sustainability, planning and management, network strengthening, and field services. In general, Katalysis has been able to meet its output goals, with some adjustments for timing.

ITEM	FY 1991 Planned	FY 1991 Actual	FY 1992 Planned	FY 1992 Actual	FY 1993 Planned	FY 1993 Actual
Sustainability						
Sustainability Strategies	3	2*	3	3	3	
Training & Tech. Assistance Plans	3	3	3	2*	3	
Network-Wide Workshops	1	2	1	2	1	
Sust. Venture Fund Projects	3	2*	3	3	3	
Planning and Management Systems						
Info. Systems Analysis, Design, Implem.	3	2*	3	2*	3	
Network Strengthening						
Shared Internal Tech. Assistance	9	14	9	14	9	
PVO Community Participation	3	18	3	39	3	
Field Services						
Program Services (# new beneficiaries)	1,900	1,582*	2,000	3,501	2,100	
Development Pilot Projects	3	2*	3	3	3	
Community Banks	9	11**	9	11**	9	

- * Dissolution of CAPS and joining of CDRO
- ** Inclusion of BEST's new community banks

1. Sustainability

a. Sustainability Strategies

Proposed Output: Under the Matching Grant, each partner was to develop a comprehensive sustainability strategy providing a coherent plan for institutional development, programmatic effectiveness, and financial stability. In the first year, one strategy was to be designed for each partner. In the second and third years, these strategies were to be implemented.

Actual Output: In year one, the Katalysis Director of Programs worked with the executive directors of the partners to design appropriate guidelines for the development of sustainability strategies. (See Annex H.) These guidelines were then employed by each partner in designing their strategies.

- **BEST designed its strategy in August 1991. To do so, all staff and management participated in a two-day retreat facilitated by the Katalysis Director of Programs (DP). The sustainability document was produced by BEST in September 1991 and the plan has been implemented since that time. In December 1991, BEST asked the DP to conduct a review to make certain the plan was being followed.**
- **Given the rapid growth it was experiencing, ODEF asked the DP to help design a one-year business plan in FY 1991. This was designed jointly by ODEF management with guidelines and direction provided by the DP. Then, in 1992, ODEF developed a three-year sustainability strategy. This was produced through two workshops with full staff and management participating, and, again facilitated by the DP. The Executive Director asked that the financial portion be designed by the ODEF Board. Due to her tragic death, this section of the strategy was completed later than planned, in August 1992. The organization is currently in the process of implementing the plan. A review workshop will be conducted by the DP in February 1993.**
- **CDRO specifically designed a five-year organizational plan in 1992. Katalysis provided some input, especially with regard to income-generating activities and staffing. The plan focusses predominantly on program goals and targets, rather than on the requisite institutional development and financial support. CDRO has asked Katalysis to assist them in incorporating these elements. This will take place during in February 1993.**

b. Training and Technical Assistance Plans

Proposed Output: Each partner was to design a training and technical assistance plan to identify staff skills deficiencies and chart a course for meeting these deficiencies. Sources could be in-house, local, regional, or international (including Katalysis).

Actual Output: In 1991, Katalysis, with input from the chief operating officer of BEST and the Director of Programs of ODEF, developed guidelines for the training and technical assistance plans.

- Using these guidelines, BEST held a day-long staff meeting in Fall 1991 to design its plan. It is now implementing its plan.
- ODEF designed its plan in January 1992, during the second sustainability strategy retreat. The plan was updated during an August visit by the DP. ODEF is currently implementing its plan.
- During the second half of FY 1992, CDRO identified a training and technical assistance plan for assistance from Katalysis. In February 1993, the DP will work with CDRO to design a more complete plan.

c. Network-Wide Workshops

Proposed Output: One network-wide workshop was to be carried out each year to address common needs of the partners or the partnership.

Actual Output: The Partnership decided to hold one workshop each time the Board of Directors gathered, or twice a year. Thus, two workshops were completed each year, rather than one as proposed.

- In 1991, the Executive Directors of all partner agencies participated in 1) a workshop on the meaning of sustainability and its relevance for NGOs and 2) a day-long session on the promotion of solar cooking technology in developing countries, facilitated by the Executive Director of Solar Box Cookers International.
- In 1992, the Executive Directors and staff representatives from each of the partners participated in 1) two workshops on the evolution, meaning, and purpose of partnership, and 2) a joint meeting on the incorporation of natural resource management into microenterprise programs and how the Katalysis Partnership could best assist with this process.
- In 1993, the partners have asked for network-wide workshops to address board development and time management issues.

d. Sustainability Venture Fund (SVF)

Proposed Output: The Matching Grant provides funds (\$2,000 from A.I.D. and \$2,000 from a private source each year) to allow southern partners to research and develop income-generating activities complementary to their missions.

Actual Output: The southern partners report that SVF projects have been one of the most useful parts of the Matching Grant. The only adaptation made to

this output indicator was explained in the first annual report to A.I.D.. It was proposed that partners could choose to continue a selected project after one year, if the feasibility study was positive and the project was large in scope.

- In 1991, BEST decided to research the income-generating potential of purchasing a shredder/chipper machine (produces organic compost from farm debris) and renting it to agricultural clients. As a result of this project, BEST has purchased one machine and is promoting its use. In the second year, BEST elected to research the feasibility of an agricultural learning and training center. Katalysis contracted an experienced volunteer to design a survey for small farmers as the basis for the study. The survey is currently being conducted with a random sample of small farmers throughout Belize. BEST will use SVF funds in 1993 to complete the feasibility study and to evaluate a proposed site called Parrot Hill Farm.
- After much discussion at a Board and staff level, during the first year ODEF decided to construct an office building as its SVF. With Matching Grant funds, ODEF conducted a study on the cost-saving potential of the office and its income-generating potential through office and meeting room rental. ODEF also used the funds to successfully petition the municipal government of San Pedro Sula for the donation of land for the building. In the second year, ODEF elected to continue this project and used Matching Grant funds to design the building. In 1993, ODEF will use SVF funds to leverage further donations to construct its office.
- CDRO selected a soap production project as its first SVF in 1992. With Matching Grant funds CDRO worked with three of its member women's groups to carry out a pre-feasibility study and market assessment. Next year, CDRO will continue with this project, using SVF monies to explore a site for the small factory and further testing proper production techniques.

2. Management and Planning Systems

a. *Information Systems Analysis, Design and Implementation*

Proposed Output: This element of the Matching Grant was to take place in three stages: analysis, design and implementation. The content of these stages was to be determined by each partners' particular needs. Given the skills available at Katalysis during the first year and a half of the grant, these systems were focussed on communications, human resource development, computerization, documentation, reporting, and evaluation. Based on expressed needs of the southern partners in the mid-term Matching Grant assessment, Katalysis hired a financial specialist capable of managing Katalysis administrative and financial needs as well as providing necessary technical assistance to the partners. As such, the second half of the Matching Grant is more focussed on accounting and financial systems management.

- During FY 1991 and the first half of 1992, Katalysis worked with BEST to analyze, improve and implement several management and information systems. Internal communications and filing systems were analyzed and then put in place in early 1992. In-house computer skills were upgraded through a workshop conducted by the Katalysis DP, with follow-up training in wordprocessing and spreadsheets by BEST's financial manager. BEST reviewed and upgraded its personnel policy in 1991 and again in 1992. A personnel appraisal system was also developed with assistance from Katalysis; using this system BEST conducted personnel evaluations in 1991 and will do so again at the end of 1992 and 1993. The Katalysis' DP conducted a day-long workshop on evaluation for all BEST staff in 1992. As a result of this workshop, BEST decided to establish a database to track program impact. This system is currently being designed, with guidance from Katalysis, and should be in place in 1993.

BEST's Financial Manager worked with Katalysis' DAF in 1992 to debug the newly computerized accounting system. The DAF will continue to work with the Financial Manager in 1993 to upgrade BEST's accounting systems and data base systems..

- Under the Matching Grant, ODEF has worked with the Katalysis DP to analyze and develop adequate management and information systems. In 1991, the DP worked with ODEF to design and implement an objective personnel evaluation system. (Note: this system was selected for inclusion in an upcoming book on institutional development by SEEP.) ODEF also asked for computer training for all administrative and technical staff. Initially, the DP conducted a one-day workshop on wordprocessing, but it was clear that long-term assistance was necessary. Katalysis located and contracted an experienced volunteer to provide computer training to ODEF staff for seven months. In Spring 1992, ODEF asked Katalysis to devise an evaluation workshop. Katalysis contracted a volunteer to research evaluation methodologies; then, the DP conducted a two-day workshop for 20 ODEF staff. The results of the workshop are being incorporated into a comprehensive evaluation plan. Also in 1992, Katalysis conducted a workshop on report writing. This workshop is part of Katalysis strategy for improved sustainability for partners, allowing them to develop relations with Northern donors independent of Katalysis.

After the death of ODEF's director, Katalysis' DAF spent a week analyzing the status of ODEF's financial systems and helping the Board to assess ODEF's fiscal condition. Since that time, the DFA and ODEF's Financial Director have worked to streamline and systemize ODEF's accounting and financial budgeting and reporting. In 1993, the DAF plans to help ODEF standardize income and cash flow statements and financial reporting.

- Katalysis has worked with CDRO's women's programs, specifically to upgrade technical and administrative human resource availability. As a

result of Matching Grant support, a secretary and an accountant for the program have been hired. In addition, four volunteers have been put on a stipend allowing them to work full-time on program activities. Katalysis has also provided training to the staff on fundraising and report writing. CDRO has also received assistance from Katalysis on financial reporting. CDRO's financial systems are professional and highly sophisticated. They will be used as the basis of a partnership-wide training workshop to be carried out in January 1993.

3. Network Strengthening

a. Shared Internal Technical Assistance (SITA)

Proposed Output: SITA activities are designed to help southern partners learn from one another. They consist of activities where one or more partners are training or advising another partner on technical or institutional issues. The Matching Grant requires each partner to participate in three such activities each year, for a total of nine annual exchanges.

Actual Output: The south/south exchange component has been effective. Southern partners interacted more than expected and relations are growing.

- In FY 1991, 14 SITA activities took place. BEST provided assistance or advice in six cases, ODEF in six, and CAPS in two.
- In FY 1992, 14 SITA activities again took place. BEST participated in six activities, ODEF in six, and CDRO in two. CDRO's activities were limited due to the fact that it joined the Partnership mid-year.
- In FY 1993, several partnership-wide technical assistance activities are planned. For example, in December 1992 the four Directors of the member agencies will meet and travel to all three countries. In February, a planning meeting will be held in Belize on an upcoming regional solar cooking conference. Three or four staff members from BEST and ODEF will attend. Prior to that meeting, the staff members will gather to discuss the staff perspective on the Katalysis Partnership.

b. Private Voluntary Organization - Community Participation (PVO-CP)

Proposed Output: Each partner was to participate in at least one conference or interaction in the larger PVO community. This participation could take place at the national, regional or international level. This component was intended to encourage the partners to share their expertise with other organizations and to allow them to learn from the experience of other groups. Each partner was to participate in at least one such activity per year.

Actual Output: In the proposal, Katalysis underestimated the interest of the

partners in such activities. While the funding for this component was small (\$333 per year), the partners funded further activities on their own. The Matching Grant provided an important additional benefit: Katalysis required that in each quarterly report, the partners write a short description of each activity, including the benefits received. In FY 1991, 18 PVO-CP activities took place. BEST participated in seven activities, ODEF in nine, and CAPS in two. In FY 1992, the partners were involved in 39 PVO-CP forums. BEST was active with involvement in 26 activities, ODEF in ten, and CDRO in three. CDRO's activities were limited because it joined the Partnership mid-year.

4. Field Support

This component of the Matching Grant allows the southern partners to provide much needed credit, technical assistance, training and other development services to low income peoples in Belize, Honduras, and Guatemala.

a. Program Services

Through the Matching Grant, each of the partners were able to expand the scope of their work and impact upon program participants.

Indicator	Baseline	FY 1991	FY 1992
BEST			
Participants	8,658	8,775	11,242
Groups/Communities Served	12 Groups	16 Groups	18 Groups
Jobs Created		2 New Jobs	33 New Jobs
New/Expanded Enterprises		24 New Enterprises	22 New Enterprises
ODEF			
Participants	646	1,616	2,350
Groups/Communities Served	28 Communities	45 Communities	66 Communities
Jobs Created	50	328	1,023
New/Expanded Enterprises	447	632	734
CDRO			
Participants	400 Act. Women's Prg.		570 Act. Wom's Prg.
Groups/Communities Served	38 Groups, 11 Active		34 Groups, 20 Active
Jobs Created	131		342
New/Expanded Enterprises	100		285

The one primary indicator tracked by the Matching Grant is number of new participants. It was proposed that over the three year life of the grant 6,000 new participants would be assisted. The first year increase was somewhat lower than expected, due to the dissolution of CAPS. Combining 1991 and 1992, 5,083 new participants were supported through partner programs, or 85% of the total proposed for the three year grant.

Over the first two years of the Matching Grant, 53 new groups or communities were served, as compared with a projection of 50-70. Impact on these participants can be noted through the new jobs and new enterprises created in the first two years. A more complete impact analysis was completed for ODEF's community banking program and is discussed in Section IV.

b. Development Pilot Projects (DPP)

Proposed Output: The Matching Grant provides funds (\$1,250 from A.I.D.; \$1,250 from private sources each year) for partners to experiment with new development models.

Actual Output: The southern partners have introduced several new and innovative development concepts using DPP funds. In the Matching Grant proposal, it states that each partner will introduce one DPP each year. The only adaptation made to this output indicator was explained in the first annual report to A.I.D.. It was proposed that partners could choose to continue with a selected project after one year. This was proposed due to the fact that some of the projects were large in scope and required heavy institutional investment.

- In 1991, BEST selected community banking as its DPP. BEST was the first organization in Belize to introduce this new approach to micro-credit for low-income women. Currently, BEST has three operational community banks and will establish three more in 1993. In 1992, BEST decided to launch a small farmer production costings project to compile, monitor, and disseminate farm input information to small Belizean farmers. BEST is coordinating with several local agencies on the project. In 1993, BEST will undertake a biogas exploration project.
- ODEF selected the Herencia Verde Center. Given the scope of the project, it has continued with it from 1991 to 1993. The center will provide integrated agricultural and environmental training to low-income women, small farmers, and other Honduran institutions. No such center exists in Northern Honduras and one is needed due to the particular climate and terrain of the region. In 1991, ODEF used DPP funds to conduct a pre-feasibility study. In 1992, a program coordinator was hired to study other centers, negotiate donated land from the municipality of San Pedro Sula, and conduct a community survey. In 1993, the monies will be used to leverage additional grants and begin construction.

- CDRO selected an apple drying project as its DFP for 1992. The region where CDRO works is well-suited to fruit crops, no local fruit drying facilities exist thereby limiting market potential. With DFP funds, CDRO has worked several of its women's groups to study different solar drying technology. In 1993, CDRO plans to develop markets and study the possibility of using earthworms to compost the waste from the process.

c. Community Banking

Proposed Output: This component of the Matching Grant was intended to allow the Partnership to experiment with the emerging community banking model. Specifically, ODEF was to establish 27 banks over the life of the grant, or nine per year, with a total of 540 new participants.

Actual Output: When the Matching Grant started, ODEF had ten banks. In 1991, ODEF started nine banks with 188 members; in 1992, ten more banks were opened with 393 members. Community banking has become an increasingly important component of ODEF's work, comprising approximately 40% of credit outstanding.

In FY 1992 ODEF adapted the model to an urban setting. Two of the ten banks opened during the year were urban. These banks typically have higher membership, require less training and technical assistance, and are comprised of already established unions or groups. These banks tend to help ODEF improve its own sustainability; with more members they generate high interest earnings, but require less human resource investment on ODEF's part. The performance of ODEF's overall community bank program is evaluated in detail in Section IV. Due to ODEF's success, BEST has also become involved with community banking. It now has three active banks and will introduce three more in 1993. Katalysis other Guatemalan partner, MUDE, has designed and implemented its own community banking program. With assistance from ODEF through four extensive exchanges of staff and management, MUDE has been able to open three banks in the six months since it joined the Partnership. It is estimated that by the close of the Matching Grant, the Katalysis Partnership will have opened 48 banks.

5. Verification

The verification of these output indicators has taken place through the following primary mechanisms.

- a. **Quarterly narrative reports:** submitted by each partner to Katalysis. In 1991 the DP developed a tailored report format.
- b. **Quarterly financial reports:** submitted by partners to Katalysis.
- c. **Annual reports:** completed by Katalysis with input from the partners.

d. **Field visits:** by the DP, the DAF and the DDC. In 1991 and 1992, the Matching Grant provided partial funding for three trips by the DP. Using privately raised monies, the DP was able to make five trips in 1991 and six in 1992. Private monies also supported two trips by the DAF and two by the DDC. The Board and CEO have made frequent visits throughout the grant.

e. **Partner budgets and financial reports.**

f. **Partner documentation:** including annual plans and reports, client profiles, project reports, staff/Board meeting minutes and other records.

C. Purpose

The purpose of the Matching Grant is to strengthen and institutionalize relevant, affordable, accessible and sustainable technical assistance and training delivery systems for low-income people through three indigenous PVOs.

1. Logframe Indicators

In general, the evaluation shows the partners, with assistance from Katalysis and the Matching Grant, have been able to achieve the purpose indicators.

a. **Partners Are Client- Rather Than Donor-Driven:** This indicator is somewhat difficult to measure in tangible terms. Each partner, however, has taken steps to reduce donor reliance and create mechanisms for client input.

- BEST is not a credit organization but a service delivery agency. Therefore, it can not rely on loan portfolio interest to help meet operational costs. Through its sustainability strategy, BEST determined several means to reduce reliance on donors. Namely, BEST plans to raise 10% of operational costs through client fees (currently 3.5%), 20% through contracts (varies from 10 - 20%) and ten% from local sources. In addition, BEST is exploring several income generating activities, namely through the development of an environmental and ecotourism center. BEST has also instituted and strengthened its mechanism for client participation. For example, a minimum of three client representatives serve on the BEST Board of Directors at any one time. Their terms last two years.
- ODEF is in the process of reducing its donor reliance, based on the identified need to do so in its sustainability strategy and through assistance from PYME (Small and Medium Enterprise agency; funded by the A.I.D. Mission in Honduras). ODEF has established a goal of 60% self-sufficiency through interest and fees generated on its loan portfolio by 1995. In addition, ODEF plans to professionalize and publish several of its training materials to help cover operational costs. While constituting a small portion of the budget, all clients do pay a small fee for all training and technical assistance provided by ODEF.

ODEF has created means for client participation in decision making. In 1990/1991, ODEF opened five field offices, specifically to bring the organization closer to the clients and give clients direct access to ODEF staff. ODEF also holds annual meetings for the leaders of its primary programs to analyze strengths and weaknesses and solicit suggestions for improved service delivery.

- CDRO generates over 20% of its operational budget through interest and client fees and plans to increase the percentage coming from income generating projects. As a democratic membership institution, CDRO is clearly client-driven. Its Board of Directors is elected by and comprised of its members.

b. **Strong Client Base:** The number of partner clients has increased by 5,063 and 53 new groups or communities have been served to date. Client graduation can also be a sign of a strong client base, but the cost of graduating clients can be high from the perspective of organizational sustainability. This issue is discussed in Section IV.

c. **Sustainability Strategies:** The design and implementation of sustainability strategies is central the Matching Grant. The status of each partners sustainability strategies is discussed fully in the Output section. BEST has a functional, coherent sustainability strategy and is taking the necessary steps to achieve the goals outlined in the plan. ODEF's sustainability strategy is in place but its implementation was negatively affected by the death of the Executive Director. The sustainability strategy will be reviewed with Katalysis assistance in February 1993. CDRO has a five year plan in place. The institutional component will be augmented with Katalysis assistance in 1993.

d. **Management Information Systems:** The status of management information systems for the partners is described in the planning and management section under outputs. To summarize, partners' reporting, documentation, personnel, management, and communication systems have been improved through the Matching Grant and Katalysis assistance. Finance and accounting systems are currently being standardized.

e. **Support by Government Entities and Other NGOs:** Relations with other organizations have been enhanced by the Matching Grant, through its emphasis on Private Voluntary Organization-Community Participation and Shared Internal Technical Assistance activities. A total of 57 exchanges with the larger community and 28 within the Partnership took place in 1991 and 1992. Government relations are adequate for partners in their countries, although Government/NGO relations in Guatemala remain tentative. Relations with USAID Missions vary. BEST has a strong alliance with the Belize Mission given its historical OPG support. ODEF and CDRO have had little direct contact with their country Missions, but the USAID Honduras and USAID Guatemala report favorable impressions of the two organizations.

f. **Qualified Staff:** Institutional development, especially human resource capacity, is an essential feature of the Matching Grant and a primary purpose of the north/south relationship between Katalysis and its southern partners.

- BEST designed a technical assistance and training plan for its staff under the Matching Grant which is currently being implemented. For example, one identified need was computer training. This was effectively provided by the BEST Financial Manager. Proposal and report writing skills were also identified as deficient. Relevant BEST staff have since received training from Katalysis with clearly demonstrated improvements in the quality of both proposals and reports. In addition, through the sustainability exercise, BEST decided it was necessary to restructure program activities and staff according to its three primary sectors: business development, natural resource management and women's programs.
- ODEF also designed a training and technical assistance plan. As a result, key staff participated in a workshop on evaluation techniques hosted by Katalysis. ODEF is using the techniques in monitoring programs and will incorporate them into an evaluation strategy currently being designed. Through Katalysis assistance, ODEF decided at the outset of the Matching Grant to restructure staff by geographic zone, to delegate responsibility and improve efficiency of service delivery. This allowed ODEF to manage rapid growth while retaining program quality. ODEF is also working effectively with other local agencies to meet identified skills deficits.
- CDRO has also augmented the capacity of its women's program staff. Because of the Matching Grant, CDRO has contracted four full-time "volunteers" to provide follow-up services to clients. It also hired a secretary and accountant to enhance administrative capabilities. CDRO received training from Katalysis in proposal and report writing.

2. Verification

The verification of the achievement of the purpose indicators by each partner has been carried out primarily through the following mechanisms.

- a. **Sustainability Strategies:** Production, documentation and monitoring of partner sustainability strategies.
- b. **Management Information Systems:** Quality of information generated through planning and management systems.
- c. **Client Interviews:** Informal and more formal surveys with clients.
- d. **Field visits:** Eleven by the DP, one by the DAF and two by the DDC over the first two years of the grant. At an institutional level, the information has been enhanced by several visits by Katalysis Executive Director.

- e. **Matching Grant Reports:** Quarterly/annual narrative/financial reports.
- f. **Matching Grant Performance Review:** An interim performance review conducted by Executive Directors of Katalysis, BEST and ODEF in early 1992.

D. Goal

The goal of the Matching Grant is to assist poor farmers, microentrepreneurs, women and youth in partner countries in Central America and the Eastern Caribbean to become more self-sufficient through the effective local transfer of technical skills and funds. (Note: given the dissolution of CAPS and new membership of CDRO in Guatemala, the Eastern Caribbean should be deleted.) The indicators demonstrating the completion of this goal are based on participant impact. In general, monitoring in 1991 and 1992 and this evaluation show the Matching Grant is achieving its goal.

1. Recommended Changes in Indicators

Some of the proposed indicators have proved irrelevant or difficult to measure.

- a. **Crop Sales Increase:** This information has proven difficult to collect from small farmers. ODEF, BEST and CDRO are currently conducting interviews with selected participants. They are reviewing not only crop sales increases, but changes in productivity, family nutrition levels, and the use of alternative practices. However, no results are yet available.
- b. **Number of Trainees in Jobs:** This has not proven a useful indicator because partners promote, and track, new employees rather than trainees.
- c. **Skills Level Improvement:** While an important factor for each of the partner programs, this indicator is difficult to measure. To facilitate measurement, the partners started tracking the number of people receiving training and technical assistance through their agencies in early FY 1993.

2. Indicators Employed

Each of the partners, with assistance from Katalysis, has set up monitoring mechanisms for the following indicators.

- a. **New Participants:** Since the inception of the grant 5,083 new participants have been served and 53 new groups or communities reached.
- b. **Jobs Created:** Through the Matching Grant, 330 jobs were created in 1991 and 1,398 in 1992, for a total of 1,778 new jobs.
- c. **Enterprises Established or Expanded:** In 1991, 656 enterprises were created or expanded. In 1992, this number grew to 1,041.

d. **Number of Loans:** In 1991, the number of loans made was 562. In 1992, the number of new loans was 594.

e. **Increased Income Levels:** This indicator has proven difficult to track cost-effectively; but partners agree to its importance to measure impact of their programs. Currently, partners rely on case studies, project evaluations and monitoring reports to collect this information. Case studies consistently reveal improved incomes for participants. An evaluation by Katalysis and an external donor of seven ODEF community banks in January 1992 indicates average annual income increases of 69%. In 1993, Katalysis will work with the partners to establish standardized systems to measure income growth. Data bases are a necessary prerequisite and are currently being developed.

3. Verification

To verify that the Matching Grant goal is being achieved, Katalysis uses:

- a. **Quarterly Monitoring Reports.**
- b. **Field Visits** by Katalysis staff, management and Board.
- c. **Client records and partner Program Documentation.**
- d. **Case Studies of Participants.**
- e. **Mid-term Matching Grant Assessment and Final Evaluation.**

E. Monitoring and Evaluation

Monitoring has been performed through extensive field visits. In addition, partners submit quarterly reports to Katalysis which are then translated and distributed to all members. In addition, Katalysis submits detailed annual reports to A.I.D. In these reports, Katalysis uses the evaluation format outlined on page 47 of the matching grant proposal to monitor progress in achieving the stated goals and purpose of the grant. It is the opinion of the evaluation team that this framework is more effective than the purpose and goal level indicators outlined in the LogFrame. As such, we propose that these indicators be replaced with the evaluation format that Katalysis has been using to monitor project progress. This adjustment will be followed in the final report to A.I.D. in Fall 1993. In addition to these monitoring activities, an internal mid-term assessment was completed in January 1992 and this final evaluation has been conducted.

IV. ODEF CASE STUDY

A. Organizational History

ODEF began as part of an OEF plan to clone a number of organizations in Central America dedicated to developing women entrepreneurs. Starting with five women in business clients in 1985-86 and a pig-raising scheme for 75 women, ODEF floundered in making these initial projects an economic success.

Fortunately, ODEF had from the beginning sound local leadership and in 1986 became a legal Honduran NGO which allowed it to undertake its own initiatives. It adapted OEF methodology to place its women in business training and credit program on a sound though modest footing. Its executive director, the first women agronomist graduate from a Honduran university, by 1988-89 had solidified an organization that was helping 210 women "incorporate themselves into the processes of economic, social, cultural, educational, and political change in order to improve their standard of living".

In 1989, ODEF began to attract significant international attention. Seeing the potential for expansion, ODEF made the decision to enter into the Katalysis network. The partnership began in 1989 with a "joint venture" to establish community banks. With the advent of the Katalysis A.I.D. Matching Grant in October, 1990, the partnership extended into various institutional building activities centered around developing a sustainability strategy to put ODEF on a solid institutional footing by 1993.

This case study particularly focuses on the 1989-92 period when ODEF expanded from a program that benefitted about 300 women to one that works directly with 2,350. The credit portfolio grew from about L200,000 to L2,020,000 in annual lending. (Note: exchange rate in 1989 was L2/\$1.00; in 1990 it was devalued to L5.3/\$1.00; in 1992 the average exchange rate was L5.4/\$1.00) Over this period ODEF developed a strong technical assistance program offering women training in diverse topics, experimented in two communities with an integrated rural development project (IRDP) that included health, education and housing activities, started a youth component, and introduced solar oven technology. This phenomenal growth correlated with the support of the Katalysis Partnership as well as the Matching Grant after October 1990. Even though most of the growth was due to ODEF's relatively advantageous position as an Honduran NGO, Katalysis' technical and financial assistance, and ODEF's interaction with the other Katalysis partner, BEST, were particularly important inputs to its planning and management of growth.

A watershed in ODEF's history occurred when its founder and executive director died in June, 1992. The resulting crisis brought out the best in the partnership as Katalysis assisted ODEF in their leadership transition process. The crisis also brought to the forefront organizational problems that affect ODEF's sustainability. The need to control costs and achieve maximum efficiency of staff while managing larger amounts of resources has forced a rethinking that neither partner had foreseen.

B. Program Impacts

The evaluation team concentrated on ODEF to understand how the Katalysis program impacts on people and partners.

1. Program Scope

Reviewing ODEF's program growth from 1989-92 provides a sense of its increased impact. In the following chart, the first four items measure the changes in beneficiaries, the second four items measure the changes in credit, and the last three measure institutional growth. The figures are largely based on data provided by ODEF with some numbers are extrapolated from various Katalysis documents.

ODEF Program Scope

Measurement	1989	1990	1991	1992 (proj).
# loans to micro-enterprises	170	323	410	405
# loans to community banks/# borrowers	7/124	15/211	25/410	42/1429
# housing loans	--	20	83	40
# IRDP communs./# benefic.	--	2/148	2/407	2/407
Amt. lent to MEs (000 lempiras)	150	210	772	1,050
Amt. lent to CBs	50	120	332	900
Amt. lent to housing	--	25	111	70
Total Amt. Lent (000 lempiras)	200	355	1,215	2,020
# staff Jan./Dec.	10/10	10/35	35/46	46/57
Credit Prg. Inc. (000 Lempiras)	NA	NA	210	435
Operating Exp. (000 Lempiras)	276	393	1,289	1,540

Note: In 1990 the Lempira was devalued from 2 to 5 to the dollar, which accounts for a portion of the increase in credit reported above.

2. Participant Perceptions

In addition to gathering data on the scope of the ODEF program, the evaluators learned about its quality and impact by interviewing 26 participants and leaders in community banks. With Matching Grant support, this program has grown to be an important part of ODEF's portfolio; the responses of the participants demonstrate the quality of ODEF's work. Participants from three of ODEF's geographic zones were interviewed. They are involved in activities such as: food production, small local stores, buying and selling clothes and other necessities, and small livestock raising. The majority of the women reported increased incomes and improved living

standards as a result of participating in the program. Some of these women were able to back up their verbal statements with business accounts. All of the women reported timely savings contributions and the value of this component. Participation in a group and assistance from ODEF seemed important factors.

Program effectiveness varies across ODEF's zones. In one zone there are 17 banks; the members interviewed from this zone were satisfied with the program, working well together, and had been able to generate increased incomes. In another zone, there are four banks and results reported by the women interviewed were not consistent. Some were better off, others felt their loans were difficult to repay. Many of the women reported their earnings being highly cyclical because of the dominance of the agricultural cycles in the region. Some banks had experienced difficulty working as groups of women. In the third zone, members of the urban banks were interviewed. Economic results were favorable and savings consistent. Repayment rates to the banks were not as high as in the rural banks; but the urban banks, as legal entities, repayed ODEF out of member savings and are now raising the funds to cover these payments. (For a full description of survey results, see Annex I.)

3. Job Creation/Expansion

Another measure of program impact is job creation, expansion or improvement. Through the Matching Grant, ODEF began to track this impact with some care in 1991. These figures depend on observation of field staff and information provided by participants. Unfortunately, although ODEF has baseline data on participant incomes, it has not tracked changes in income in a reliable fashion. Therefore, it was not possible to systematically quantify income changes, although ODEF plans to have this information available by the end of the Matching Grant.

ODEF Impacts

CATEGORY/ IMPACT	1991	1992 (3 Qtrs)
Micro-Enterprises:		
New Loans	299	237
New Jobs Created	60	23
Jobs Expanded	593	376
Community Banks:		
New Banks	15	6
New Jobs Created	38	421
Jobs Expanded	561	844
Housing Improvements:		
New Housing Loans	79	23
New Jobs Created	83	31

An analysis of the data shows that the ODEF program grew by a factor of 5 to 10 in the four year span from 1989-1992. Even considering the devaluation of the Lempira, the 10 fold growth of the credit portfolio is a remarkable indicator. Credit beneficiaries increased from 300 to 1,500. The operational budget grew by an average of 129% per year, and total staff went from 10 to 57. By any standards, ODEF underwent a transformation that would test any institution. The quality of the program judging by the sample participant interviews and delinquent repayments rates that remain less than 5% (only L2,867 among community banks) remains high. This growth, however, does raise other concerns.

Comparing operational costs to the total credit portfolio indicates that ODEF did not lower its cost of lending significantly until recently. It cost ODEF L1.38 to lend L1.00 in 1989. This figure came down slightly to L1.10 in 1990 and L1.06 in 1991. Due to rising concern about cost control and growth in the community banking program, the figure should come down to L.76 in 1992 based on projections for the last quarter.

Controlling costs largely boils down to getting maximum efficiency from staff. From 1991 to 1992 staff costs rose from 42% to 55% of the total operational budget. Since ODEF does not track costs by programs and only recently started to separate credit management costs from its other diverse activities, it is difficult to analyze cost control issues with precision. There are two trends that are evident:

- Even though 14 of the current 58 staff are low cost paratechnicians, ODEF seems to have a large staff. Its organizational structure developed with Katalysis assistance helped it cope with growth, but now needs rethinking.
- Managing the community banks efficiently is critical for institutional stability. From 1991 to 1992, community banks increased from 27% to 44% of the total credit portfolio. For this reason it is worthwhile to examine more closely this strategy and its implications for ODEF's organizational development.

C. Community Banking Strategy

1. Introduction to Community Banking

A notable result of the Katalysis/ODEF Partnership has been the successful introduction of community banking in northern Honduras. ODEF staff had visited some FINCA banks in early 1989 before it joined the Katalysis Partnership. Soon after, Katalysis facilitated a visit by John Hatch from FINCA that helped ODEF open its first bank in April 1989. The joint venture with Katalysis led to the founding of ten banks that existed before the Matching Grant started in October 1990.

The key to success in this period was ODEF's adaptation of the original FINCA methodology. The four key changes were: 1) extending the length of lending cycles over the life of the banks, 2) charging interest payments at the beginning of each cycle, 3) providing each bank with a 30 hour entrepreneurial training and, 4)

providing all services through an existing NGO. Before the Matching Grant started, ODEF developed a manual for the replication of its program. The Matching Grant planned to add nine banks a year, which ODEF accomplished in the first two years. Two of the banks created in 1992 are urban and have incorporated 329 members.

Profile of ODEF Community Bank Program

Measurement	Oct.90	Oct.91	Oct.92
Community Banks (Cum.)	10	21	29
Loans Outstanding (L/000)	33	87	624
Savings (L/000)	12	59	203
Delinquency (L/000)	0	1	3

Note: The two urban banks had outstanding loans of L/306,000 and savings of L/119,000 in Oct. 1992.

The profile shows ODEF's success in building a major savings and loan program over the past two years using inputs from the Matching Grant. Savings particularly due to the volume offered by urban banks are large enough to represent significant capital. Assuming the success of the urban banks savings should grow rapidly relative to ODEF's capital invested in the banks. Having demonstrated its capability to use credit to generate savings with virtually no delinquency in repayments, ODEF now must answer two vital questions. To what extent can the program pay for itself, and how will it graduate banks to use their own savings.

2. Program Costs/Income

In 1991, ODEF depended on outside grants for 81% of its overall program income. It covered about 16% of its operational costs from payments generated by its credit program (commissions, fees and interest). For the first three quarters of 1992, this percentage increased to 28%. The evaluators with ODEF staff estimated the actual costs of the community banking program for the first three quarters of 1992. The calculations of salaries were based on as close an estimate of actual time spent on the program as possible. The costs of the basic entrepreneurial training are included, but not the other forms of technical assistance ODEF offers to women.

When these costs are compared with community bank income during the same period, amounting to L100,903, some observations become obvious. The community banking program generates 49% of its costs. This fact bodes well for the program reaching a break even point in the next two-three years. A point of concern, however, is that the program costs are only 18% of ODEF's total costs. It appears that the community banking program can achieve self-sufficiency only if ODEF can find other program support for those aspects of its program that go beyond credit management or greatly reduce the cost and hence scope of its overall program.

ODEF Community Banking Operating Expenses (L/000)

Line Items	1992 (Third Quarter)	% of Total
Salaries		
Management	17.7	20
Administration	22.5	20
Field	58.6	--
Benefits 35%	34.6	--
Office Expenditures	20.3	30
Travel	29.2	30
Training	21.0	40
Total	203.9	18

3. Bank Graduation

One of the complicating factors in a sustainable strategy for community banking is graduating banks. Following the FINCA model, ODEF's policy is to graduate banks after four cycles or generally about two and a half years after ODEF gives the bank its first loan. The theory goes that internal savings will be sufficient to allow the bank members to continue making loans either to themselves or to others using their own capital. ODEF has seven banks in their final cycles which should be graduating in early 1993. But, when interviewing members of these banks, the desire to keep their banks going comes through, none of them had clear plans, and all were looking ahead with some apprehension. From ODEF's viewpoint, there are three alternatives:

- 1) Extend the banks for another cycle to build up further their internal savings.
- 2) Graduate the banks, but continue to offer them some assistance.
- 3) Graduate the banks, but allow the best members to move into the Women in Business program where larger individual loans are available.

The first option postpones the problem for another year or so. It increases the odds of the banks continuing on their own since many have not achieved the ideal savings rate, but it slows ODEF's ability to extend the banks to other low-income women.

In second option ODEF will lose its most profitable clients and possibly incur other costs since it is doubtful that the women in the graduated banks will be able to cover the costs of continuing technical assistance. Since starting new banks is the most expensive part of the methodology, this tact means added expenses at both ends.

The third option saves some of the best clients for ODEF's program, but many of the women are reluctant to take on such a larger enterprise involving a loan twice as large as the one they received through the bank. It is also a concern that once some women take this route that the group will continue to work together in the bank.

A fourth option, posed by one of the evaluators, is to consider completely reevaluating the concept of graduation in the ODEF program. (See Section V.C.2.e.)

The backdrop to the graduation issue is the Honduran Government's efforts to set up an apex organization that could utilize excess savings. FHIS (Social Investment Fund) is inviting community bank leaders to discuss this option in a meeting to be held in January 1993. This alternative might mean that an NGO such as ODEF lose its best banks after having invested heavily in their development. The risk in this approach falls mostly on the NGOs whose ability to achieve sustainability will suffer.

ODEF, like many implementors of community banking, is studying the different approaches to graduation but has not yet found the answer. It most likely will have to try a combination of the different alternatives, and together with Katalysis, become active in shaping long term policies which promote organizational sustainability while preserving the goal of extending the program to the lowest-income women.

D. ODEF Sustainability

The Katalysis guide for sustainability strategies stresses coherence among program, institution, and finances. This tripod makes a good framework to comment on ODEF's experience. Throughout the Partnership, Katalysis has acted as a sounding board and management consultant. The Katalysis DP helped ODEF develop a business plan in 1991 incorporating various organizational changes. Katalysis in Fall 1991 and January 1992 facilitated workshops for all ODEF staff to consider issues that create obstacles to sustainability. Issues discussed at that time and recent decisions following the change of leadership are documented in ODEF's sustainability strategy.

1. Program

ODEF's planning process in the past two years provides many lessons. ODEF experienced rapid growth in credit and diversified into new program areas. The tone was expansive as late as January 1992 when ODEF decided to expand its youth program, extend its solar cooker project, and develop an environmental training component while sustaining the growth of its credit programs and IRDP.

The IRDP, started in 1989 through a private donation facilitated by Katalysis, is an instructive case. ODEF defines its mission in holistic terms and the IRDP seemed like an effective program to build on its community bank strategy. In retrospect, nearly all ODEF staff agree the program absorbed more staff time than planned. Not only is the IRDP not sustainable, but detracts from core program activities. Current ODEF leadership has decided to suspend the program in part because donor funding has lapsed, but mostly because of their perception that ODEF needs to focus its program.

2. Institution

At an institutional level, the issues are more complex. The original executive director tended to centralize responsibility to herself. She compensated by making decisions

in a participatory fashion. Katalysis helped by suggesting organizational changes, including establishing zones with coordinators responsible for programs. In January 1992 the ODEF staff identified personnel management (staff development and evaluation) and restructuring administrative systems, especially computerization of accounting and information systems, as highest priorities. Several of the administrative action plans were to be resolved during a June board meeting which was canceled due to the death of the executive director.

The new ODEF leadership was able to act decisively after the initial crisis. Through an intensive agreement with PYME (USAID funded technical assistance to microenterprise programs) in August 1992, ODEF made its computerized credit management fully functional. The administrative department was also reorganized and delegated greater responsibility. In accord with its decision to refocus its programs, ODEF is now reconsidering its entire organizational structure. In agreement with PYME, ODEF has contracted a professional management organization firm to recommend changes needed for greater staff efficiency. PYME has also included ODEF as one of the five NGOs in Honduras with the best chance of achieving sustainability through its microenterprise program. As part of PYME's new approach to concentrate on a few NGOs, it is offering ODEF a comprehensive package of assistance over the next three years.

3. Finances

ODEF has developed a financial strategy to help achieve sustainability. The following table shows the trends in ODEF funding:

ODEF's Funding Trends

Source or Application (All figures in US\$ 000s)	FY 1990	FY 1991	FY 1992 (Oct.)
Private Donations:			
Integrated Rural Dev.	35	62	51
Community Banking	5	65	36
Others	63	114	138
Public Sector Donations:			
A.I.D. (K-Matching Grant)	--	49	45
FHIS	--	15	15
PYME	24	22	25
Subtotal Donations	127	327	310
Loans:			
INVA	19	8	--
FHIS	--	76	189
Subtotal Loans	19	84	189

These figures show two interesting trends: 1) the shift from donations to loans to fuel continued program expansion and, 2) the increasing importance of public sector

funding, especially when the A.I.D. portion of Katalysis' Matching Grant is included. In staff retreats these issues were addressed in general terms only. The difficult financial data questions concerning expanded program cost were postponed until June. The prevailing tone was set by the executive director whose skills as a fundraiser seemed unlimited. The main issue discussed was how to improve ODEF's donor relations and reporting. Marketing materials and services were identified as another area to develop. Katalysis worked with ODEF during 1992 on these issues and has produced major improvements in ODEF's reporting capabilities.

The major new donor on the horizon is the Inter-American Development Bank (IDB). In 1991 ODEF received the green light to develop a \$500,000 small project (soft loan), with an additional grant component of \$146,000. The IDB's conditional approval in mid-1992 required ODEF to hire 15 additional staff to manage the expanded program and to contract a financial analyst to restructure the cost accounting system. The ODEF leadership see this opportunity as critical to reaching the program level they need to approach a self-sufficient credit program. However, they also feel that through greater efficiency using existing staff, they could manage the IDB resources with only a small increase in staff. The management study they are completing will hopefully provide the information necessary to negotiate with IDB.

E. Case Study Summary

In summary, the ODEF case presents a complex situation that more and more NGOs in developing countries have to confront. As governments and major donors recognize the comparative advantage NGOs have in working with the poor, they are often showered with attention and pressures to grow. ODEF now finds itself in the position of dealing with three important international development agencies. Each sees ODEF as an ideal vehicle for managing credit for a marginal population no one else is reaching. They are the World Bank funded FHIS operated by the GOH, USAID funded PYME and the IDB Small Project Division. Each of these donors have their own policy objectives which sometimes conflict with one another. For instance USAID strongly supports the position that microentrepreneurs should pay the costs of credit programs while the World Bank advocates a sharing of these costs among donors and implementors. More immediately, the NGO must deal with three different reporting systems, each requesting somewhat different information to monitor their programs. The costs to the NGO to manage these programs and satisfy donor requirements clearly make sustainability a more expensive goal.

For ODEF the added element is its Partnership with Katalysis largely made possible through the A.I.D. Matching Grant. Ideally, the Partnership makes an NGO like ODEF more able to cope with the realities of its donor world. Katalysis' ability to provide another perspective in its technical assistance is positive. The challenge is for Katalysis to provide its assistance in a way so as to solve problems that expansion will inevitably create. It is a delicate balancing act to help an organization like ODEF to realize its limitations while stimulating its creativity.

V. SELECTED ISSUES

The primary finding of the evaluation team is that Katalysis performed well under the Matching Grant notwithstanding several serious emergent implementation problems such as the necessity to drop one partner, select a new partner, support one partner through the death of its charismatic leader and another partner through a leadership transition from its founder to a new executive style. While the evaluation team has developed a number of questions and comments on Katalysis' program, these observations should be read in the perspective of a strongly favorable overall performance.

The following observations are grouped under five rubrics:

- A. **Efficiency:** has Katalysis carried out its plans well?
- B. **Effectiveness:** has Katalysis' program had the intended effect?
- C. **Sustainability:** can the K-network be maintained over time?
- D. **Replicability:** can all or part of the Katalysis concept be used by other PVOs?
- E. **Programmatic considerations for A.I.D.**

A. Efficiency

1. **Katalysis**

a. **Basic Organizational Functions:** A six person staff supported by an active Board of Directors and interns for special projects is in place. Adequate office space and equipment are in place. Basic accounting and administrative systems have been installed and are being improved. Personnel, travel, and procurement policies have been issued and apparently are followed. Katalysis administration of funds appears to be sound and frugal.

b. **Administrative Systems:** A number of administrative systems have recently been put in place or upgraded after lengthy delays largely attributable first to recruitment of a fully qualified staff person and his catch-up workload once brought on board. For example, early in grant implementation a number of audit exceptions were noted but not cleared until the new DAF was hired.

Most problems concerning the adequacy of Katalysis' management information system appear now to be resolved. The new DAF has installed systems which appear adequate to resolve these problems at the Katalysis level and will help resolve problems in the near future at the partner level. While all the cost and benefit data sought by the evaluators was not available during the evaluation period, it is reasonable to expect a very good management information environment by the end of the Matching Grant term. Katalysis should improve its information systems by developing reliable cost/benefit measurement indicators at the Katalysis, partner, and beneficiary levels. In particular, time series data on beneficiary impact would be useful.

c. **Documentation:** Katalysis documentation appears to be exceptionally good. Board meeting minutes, planning sessions, statements of policy, significant transactions such as partner selection, reports to donors, and so forth are well articulated and readily available. Katalysis' concern with good documentation is reflected in partner operations which also document important organizational activities well – often with Katalysis assistance. Careful documentation is not only valuable for internal management purposes but also makes Katalysis a better subject for study of its managerial approach and a model for other PVOs considering using its methods.

d. **Founder.** At the outset, Katalysis was essentially a charitable instrument of the Founder Bob Graham. Part of the plan for institutionalization of Katalysis was a transition in the role played by Graham from the primary decision maker to an involved advisor and promoter of the organization. Graham is now first among equals on the Board and an especially important contributor to operations and policy development. As such, it appears to the outside evaluators that this objective has been accomplished.

e. **Board of Directors:** The members of the Katalysis Board of Directors are active in K-network activities. Each Board member has been involved in one or more areas of Katalysis operations in addition to normal Board policy making functions. While servicing the Board – which is larger than the staff – absorbs some staff energy, the Board's engagement adds considerably to the overall quantum of human resources available to Katalysis.

f. **Management:** Katalysis employees characterize management as "hard-driving but sensitive", perhaps one of the keys to productivity in a participative environment along with inspired recruitment. Katalysis performance to date demonstrates that its Executive Director understands both participation and management.

g. **Staff:** Katalysis has a hard-working, high quality staff. However, it is difficult for several reasons to assess whether its size and skill mix are appropriate. Unfortunately, achieving the current staffing level was long delayed (e.g. the full-time DAF was not hired until April 1992). "Catch-up" work on systems installation is proceeding but is not completed. The evaluation started just as the staff had completed an intensive effort to prepare a new matching grant proposal and the annual audit was beginning. As a consequence, it was not possible to make a judgement concerning adequacy of staffing for "normal" workload and difficult to consider the appropriateness of staff skill mix for "normal" activity.

The evaluators, nonetheless, were left with the impression that the staff remains thin for the labor-intensive workload generated by a participatory network managing multiple donor operations in a number of technical areas. In particular, providing planning and technical services to southern partners requires a great deal of travel time by staff as does managing donor relations.

Some bases apparently were not covered notwithstanding all the efforts of a dedicated staff. More important, the creative staff probably lost opportunities due to time pressures. Investing in providing experienced staff more time to create would be simultaneously a high payoff and a risk averse strategy.

While staff morale is high, the outside evaluators suggest that the Board review personnel policies from the perspective of longer-term needs of staff members and the competitiveness of Katalysis for recruiting new personnel. The Foundation's forthcoming move to San Francisco Bay Area will result in higher living costs and may lead to staff recruits with higher expectations for benefit packages. Perhaps in connection with a study of projected costs of operating in the Bay Area, a pension plan should be considered and the health and insurance plan reviewed for adequacy.

Staff size and skill mix may or may not be adequate for the current size program. Some efficiencies may be possible as a result of the consolidation of offices in San Francisco and the installation of new administrative arrangements. Any increase in the scope of the program will certainly require consideration of increased staffing.

h. *Dual Roles of Key Staff Members:* The CEO, DP, DAF, and DDC all play dual roles as Katalysis managers and providers of technical assistance to the partners. This approach has important advantages including detailed knowledge of partner problems and programs; close relations which encourage open communication and early and thorough discussion of problems; and challenging, diverse work. The dual roles, however, also place time, travel, and work pressures on key staff. For example, Katalysis' new DAF is emerging as key to improved network administrative performance because of his dual role as system designer/administrator/financial manager at headquarters and technical advisor on partners' systems. However, he may be overloaded. Workload and perhaps job description adjustments should be considered for staff members.

i. *Coordination of the Management/Technical Assistance Team:* Coordination among the CEO, DAF and DP at the Katalysis level appears to be very good. However, they do not appear to work as a closely integrated team in support of partner institutional strengthening and program development. As a result, some problems and opportunities which Katalysis staff might have addressed promptly were left unresolved. For example, ODEF sustainability strategy sessions identified policy and systems requirements but response lagged; policy conflicts among ODEF donors should have been addressed as they emerged by the CEO (see V.A.2.a); and BEST deficiencies in beneficiary impact data might have been dealt with earlier.

The specific problems noted had various causes north and south, but it seems that an important contributory factor may have been conflicting workload considerations among key staff members and excessive workload on the whole

staff. Key staff members should improve coordination of their services to partners so that problems could be resolved more efficiently, especially those related to designing and carrying out sustainability strategies and installing appropriate systems.

A related problem, although not as serious as the need for coordination among CEO, DP, and DAF is coordination among DP, DAF, and DDC to bring the partners fundraising in line with the partners program and financial needs.

j. **User Charges:** To some extent, the utility of internal K-network services is tested through user charges (eg., charges for technical assistance, Katalysis staff travel paid by ODEF over amounts covered by Matching Grant, and joint fundraising campaigns). User charges do not reflect the full cost of Katalysis institutional technical assistance. Katalysis should test the perceived utility of its technical services through network consideration of higher user charges.

In summary, Katalysis has implemented its obligations under the Matching Grant in businesslike, competent, practical manner notwithstanding emergent difficulties which necessitated some changes in plan.

2. Partners

In evaluating how the Katalysis Partnership affects the efficiency of field programs, ODEF was studied in depth. Fortunately, the ODEF case presents a rich experience and is typical of other NGOs with which Katalysis is likely work in the future. It is a safe assumption that Katalysis partners will employ similar credit models, involving community banks, and will face similar issues as they grow. To this extent, the evaluators have generalized from the ODEF experience.

a. **Katalysis Technical Assistance:** In general Katalysis targeted Matching Grant assistance to vital areas of ODEF's organizational development. The most valuable contributions to efficiency were the business plan and sustainability strategy that helped ODEF understand the issues it needed to address in order to grow. There is evidence, though, that Katalysis needs to play a more active role as management consultant to help ODEF discipline its actions and focus on sustainability. Specifically:

- Katalysis contributed early on to a rational management of personnel and distribution of workload by helping ODEF design their organizational structure around four work zones in 1990. However, by 1992 ODEF's continued growth created serious management problems. Originally, ODEF projected that its program would grow similarly in all four zones, but instead the growth was uneven. One zone had no community banks, and another absorbed the city of San Pedro Sula because of the more limited demand in its zone. A third zone far exceeded expectations for organizing banks. ODEF has recognized that the workload of coordinators and promoters is uneven and the system should be reviewed to distribute

responsibilities more rationally. This is made more critical because of the expected expansion the IDB grant will bring to the program. Katalysis should encourage ODEF to establish a more flexible approach to managing its program workload and establishing a careful monitoring of this problem in the future.

- Katalysis facilitated the staff retreats that produced the sustainability strategy. Although the strategy identified key issues such as the need to strengthen management information and restructure the administration department, Katalysis did not press the urgency of these problems. The ODEF executive director deferred the financial analysis of the strategy for six months. The crisis caused by her untimely death spurred the ODEF Board to take many of the corrective steps identified in January, but under more difficult circumstances. Katalysis should encourage its partners commit themselves to working through the sustainability methodology as a whole and to addressing the issues identified in a timely fashion.
- Katalysis devoted considerable time in 1992 to helping ODEF improve its donor reporting. It succeeded in creating a system that has greatly improved the quality of reporting to donors. Implicitly, Katalysis left the strengthening of quantitative reporting on the credit program to USAID funded PYME. ODEF until recently had difficulties arriving at an agreement with PYME. In the case of the IDB, Katalysis has been helpful in planning the proposal and facilitating contacts. However, ODEF faces a major efficiency problem in negotiating the proposal because of IDB's requirement of 15 additional staff to manage the program. Considering these cases, Katalysis should play a more direct role in coordinating with other donors and technical assistance providers, including if necessary to mediate the terms of technical assistance from other donors.

b. *Program Focus and the IRDP:* It is essential for NGOs to maintain program focus. Katalysis has a role to play in helping its partners do so. The Integrated Rural Development Project (IRDP), an area in which neither ODEF nor Katalysis had previous experience, illustrates the risk of taking on new projects. ODEF decided to undertake the project, but Katalysis was instrumental in getting the funding. The program provided sizeable benefits to the communities it affected but caused problems because of the high demands it placed on staff and an unanticipated gap in donor funding. ODEF now is planning to phase out the project in an orderly way. Katalysis should caution its partners 1) concerning the risks of taking on new activities outside their areas of expertise, 2) to be especially wary of projects which are not inherently sustainable, and 3) to avoid generating expectations which are not grounded in assured sources of donor financing.

c. *Overhead and Cost Control:* Katalysis should work with its partners to develop a realistic approach to overhead. The IDB proposal has forced ODEF to analyze its cost information and act on it. The concept that every program

should contribute a fair share to indirect costs, including private donations, is still not clear to ODEF. Katalysis should help its partners understand the concept of overhead and apply it to costing and implementing programs. In this connection, BEST seems to understand the concept of overhead well.

B. Effectiveness

1. Katalysis

a. ***The "Bottom Line":*** Katalysis got the basic job done. It carried out its obligations to A.I.D., its partners, and other donors in a manner consistent with its stated doctrine. With ten months remaining in the grant, the cooperative agreement plan has been largely implemented with certain agreed upon revisions which did not diminish its overall impact. Katalysis maintained and expanded a network perceived by network member boards of directors, staffs, and donors, including USAID missions, as valuable and worth the money and effort invested. Morale appears to be high throughout the network and members display a shared sense of mission and commitment.

b. ***Technology Transfer:*** Katalysis has been effective in transferring to its partners "institutional technologies" such as strategic planning, accounting and control systems, organization, and organization development techniques. Its business-like, entrepreneurial orientation is reflected in the partners organizational behavior. Katalysis has also provided technical assistance in "technical" areas. For example, it has provided some technical assistance in micro-enterprise development and community banking. It has supported efforts by BEST in sustainable agriculture. Although Katalysis itself does not now provide sustainable agriculture technical assistance, it plans to develop technical support capability in that field. (See V.C.1.f)

c. ***Strategic Planning:*** Katalysis developed a sound strategic planning methodology - sustainability planning. (See Annex H.) However, it was only partially implemented in ODEF. The lack of discipline in implementation significantly diminished effectiveness. Similarly good methodologies were developed for training and technical assistance but not systematically followed through. Coordination with other technical assistance providers also was a problem with ODEF. These problems were the joint responsibility of Katalysis and the partners and, in the case of ODEF, were exacerbated by the death of its CEO. Nonetheless, the result was less than optimal performance overall.

d. ***Crisis Support:*** Katalysis was very effective in providing crises support to partner NGOs when the charismatic leader of ODEF was killed in a car accident and in assisting the transition of BEST to a new leader with a different style of operation from her predecessor.

e. ***Fundraising:*** Katalysis was effective in raising funds in the US and in helping the partners to develop their own funding sources. The profile of

fundraising has improved over the Matching Grant term (See generally Annex J.) The amount of funds raised both from private and from public sources, the number of donors, and the percentage of funds for women beneficiaries has steadily increased for the Katalysis partners. Relative dependence on A.I.D. funding, large donors, public donors, and the cost of fundraising per dollar obtained is declining. The K-network idea has been sold effectively to donors in some cases with innovative ideas (such as individual donors supporting a specific community bank). Katalysis fundraising campaigns appear to be well designed and effective. For example, Katalysis has received funds from 40% of its 2,400 person mailing list.

f. *Perceptions of Katalysis by Donor Agencies:* While PVC officials know Katalysis, in the field the image of Katalysis seems to be muted. Key USAID officials in Honduras and Belize, interviewed in November 1992, knew little of Katalysis and its relationships with the partners. PYME and FHIS, key organizations for ODEF in Honduras, knew nothing of Katalysis. A higher Katalysis profile in the field may be useful to the entire network.

In this connection, Katalysis is beginning to participate in policy level discussions involving other PVOs; most notably in SEEP's Poverty Lending Group. Along with CRS, Save the Children, FINCA, World Relief and Freedom from Hunger, Katalysis has been an active participant in the group's seminars on poverty lending methodology. The group is preparing a paper on Standards of Practices including some indicators these agencies will use in common to evaluate community banking programs. Finally, in 1993 the group is organizing an international conference on poverty lending to strengthen methodologies. The SEEP coordinator identified the Katalysis Director of Programs as a major contributor in each of these areas.

g. *Katalysis Posture Vis-a-Vis Large Donor Agencies:* Katalysis has not made it a policy in the past to develop close relations with large international donor agencies. Katalysis probably could attract significant resources for the Partnership if it did cultivate such relationships. Further, Katalysis has great advantages in working with USAID and other large donors to mediate policy and inter-agency coordination problems of partners. Katalysis should consider reviewing its current capacity and potential for improving the flow of money and information from large donor organizations to the network and its role in assisting partners with their relations with these large institutions. Whether or not Katalysis decides to give higher priority to such relations, it should be better informed and further cultivate relations with A.I.D.

h. *Program Expansion:* The record of the K-network in program expansion has been mixed. At network expansion level, CAPS, which was part of the original matching grant proposal, proved to be inappropriate in a number of respects and was finally dropped after some twenty months of effort. At a partner program level, ODEF's pursuit of the IRDP proved to be a mistake. While errors were made, they were recognized, hard decisions taken, losses

cut, and lessons learned. In this connection, the procedure for selection of new partners in Guatemala to replace CAPS was exemplary and implementation of programs with MUDE and CDRO is understood to be proceeding well.

The success of Katalysis and the partners has already led to pressure from donors to accept programs which require perhaps inappropriate risks with respect to technology, location, overhead, staff expansion, and the like. A heightened sensitivity to such risks, informed by careful research such as that supported in the SVF and DPP, and buttressed by a better grasp of costs of operations should help partners take a cautious approach to new enterprises.

Katalysis should develop an expansion plan based on careful consideration of such questions as: what is Katalysis's comparative advantage? what aspects of the K-approach are essential? what is the optimal size for the Katalysis Partnership? how many partners and beneficiaries can be serviced without a loss of communication, personal contact and other "network" benefits? what is an appropriate mix of donors to support Katalysis plans for expansion?

g. *Women in Development:* During the Matching Grant, the network has increased its outreach to women from 35% of 10,000 to 54% of 13,000 (7,020) beneficiaries, a net gain of 3,520. The impact of K-network programs on female beneficiaries appears to be favorable. (See the case study, Section IV).

At the partner level, three of four Executive Directors are female. Twelve female interns have been given opportunities for entry to the development field. In partner organizations, females now account for 70 of 100 positions.

h. *Beneficiary Impact:* From 1989, the last non-Matching Grant year, to 1992 the total number of beneficiaries rose from 9,000 to 13,000. Benefit and cost per beneficiary data is not available which makes it impossible to assess the efficiency of the system much less the leverage which the network provides to beneficiary-oriented donor funds. It is at least possible that when good beneficiary impact data is available, it will turn out that the K-network is a relatively low-cost rather than a high-cost system as it now appears to be.

i. *Is Katalysis Excessively Deferential to Partner Desires?* The overall effectiveness of the network and its component organizations is influenced on the one hand by Katalysis' efforts to empower the partners and support their decisions on programs and operations and on the other by Katalysis' responsibilities for the stewardship of A.I.D. and other donor funds. There is an inherent tension in the situation between empowerment and control.

The optimal resolution of this tension is for the partners to make good decisions which Katalysis can endorse and support without reservation. On some occasions and notwithstanding prior consultation with Katalysis, the partners make decisions which are unsound. For example, ODEF's rate of expansion undertaken without adequate control of costs created a problem.

(See Section V.C.2.a.) The outside evaluators feel a more a proactive if not aggressive involvement by Katalysis in partner problems would be desirable. At a minimum, Katalysis Board and staff should review examples of partner problems to determine whether the current Katalysis staff approach requires some fine-tuning.

In summary, it appears that Katalysis' program has been effective in developing its network and assisting poor people in Central America.

2. Partners

The ODEF case study clearly shows that the Katalysis/ODEF partnership correlates with a period of substantial growth. The impacts since the inception of the Matching Grant are notable; 644 new jobs were created and 2,374 were expanded and 888 new participants were added to the community banking program. In general terms, the quality of ODEF's program is high. Nearly, every women participant interviewed spoke highly of the services they received. They spoke in concrete terms of how the program had improved their attitudes toward themselves, their family and their community. Field staff demonstrated a high morale and competence in their roles. The evaluation identified some areas where Katalysis can be critical in consolidating the strengths of the current ODEF program.

a. *Measuring Economic Benefits:* Community banks do make a difference in women's lives. The social/human resources benefits are clear and result quickly, but proof of significant economic benefits are still lacking. ODEF has gathered useful baseline information, but has not analyzed it sufficiently to present any findings. Katalysis should give priority to helping ODEF develop measurements of income changes as part of its evaluation system.

b. *Developing Profitable Business Alternatives:* In order for the ODEF program to grow and maintain its effectiveness, it must begin to develop profitable alternatives for productive activities for women. The current banks are largely helping women buy and sell traditional products. There is clearly a limited demand for these products and women will start to undercut their fellow women merchants if they do not find ways to undertake production or buy and sell new products. ODEF needs to develop a "research and development" role. The current TA is largely oriented to up-grading traditional products in response to participant requests. ODEF needs to make an effort to involve local business in opening new opportunities for women entrepreneurs. One business, APROHCAFE, successfully introduced a home coffee processing industry for 10-15 women in an ODEF community.

ODEF, it says for cultural reasons, has resisted suggesting partnerships among community bank participants to take on more ambitious productive activities. With the appropriate R&D, ODEF should be able to offer women alternatives for new enterprises. Katalysis should assist ODEF's technical assistance program in developing their research and development role.

c. **Quality of Technical Assistance Materials:** In the past two years, the technical assistance staff have produced 13 useful manuals for participants and for sale to the public. ODEF should up-grade the quality of these products. If the program takes on more ambitious training roles for an ever growing program, a desk-top publishing capability will be necessary. The unit should be self-supporting by charging internally for its services and marketing its excess capacity commercially. Katalysis should help ODEF do a feasibility study for installing a desk-top publishing capacity, and consider a similar study for other interested partners.

d. **Initial Success of Community Banking:** The community banking experience in ODEF should encourage Katalysis to make this methodology a major part of its future program thrust. As Katalysis works through the Honduran experience with ODEF, the network is developing the expertise it needs to assist all partners in organizing community banking programs. Katalysis should analyze its initial success with community banking to assess the utility of this program as a centerpiece of the K-partnership to impact low income participants and contribute to partner sustainability.

e. **Katalysis Style:** The Katalysis style is an important ingredient in achieving its effectiveness. It is difficult to exaggerate the trust and openness that exist between ODEF and Katalysis. This fact has made many of the products achieved easier and in one sense less costly. For instance, the trust ODEF displayed in allowing Katalysis to facilitate its staff retreats made this technical assistance more efficient and effective than an outside management consultant could deliver. This trust involves a level of personal relationship that also can become a constraint. The personal closeness of Katalysis staff to the ODEF staff seems to have made it more difficult to press the hard questions. Katalysis in its technical assistance role with partners must maintain a critical eye. Interacting with other donors (e.g. USAID and FHIS) may help to maintain objectivity.

f. **Shared Participatory Management:** This approach is effective if both partners demand the best from each other. In the ODEF case Katalysis may not have been critical enough of ODEF's management. The current ODEF management team is less participatory, but has decentralized more decision-making and appears ready to make hard decisions necessary to approach sustainability. Katalysis should continue to stress its participatory management approach, but monitor progress toward sustainability carefully.

C. Sustainability

1. Katalysis

a. **Coherence among Program, Finances and Human Resources:** Institutional sustainability is based in significant part on maintaining over time an appropriate relationship among programmatic, financial, and institutional

considerations including Board, management, and staff interests. The present Katalysis program may be sustainable as a financial matter given Katalysis' effective fundraising but, even at its present level, may not be sustainable in terms of programmatic demands on staff energies. Coherence is barely being maintained in Katalysis' program which is small, well-funded, but understaffed. Any increase in complexity of the program, much less an expansion, will require additional staff. Further, existing program quality might be improved with additional staff. (See Section V.A.1.g.)

b. ***Katalysis and Partner Staff Perceptions:*** Partners and Katalysis believe the K-concept is sustainable and want to continue the network. There is a personal commitment by Katalysis and the partners staff to such values as respect for each associate's contributions at all levels. This attitude gives all members a stake in the success of the enterprise which enhances sustainability. While difficult to measure, this commitment is perhaps the most important indicator of institutional sustainability after coherence.

c. ***Communications:*** All participants comment on the openness and excellence of communication within the network. In principle, an institutional culture which emphasizes openness and sharing of information should encourage the prompt identification and airing of problems which should in turn enhance sustainability.

d. ***Network versus Traditional Structures:*** Katalysis believes that its strategy – a US PVO strengthening independent NGOs in a network of mutual support – leads to an inherently more sustainable system (in the sense of continued effectiveness) than a traditional North PVO-South NGO model characterized by North control and South dependency. Where on the spectrum of possible North-South control/dependency or freedom/independence relationships is sustainability optimized? Perhaps Katalysis would be on firmer ground asserting that the Katalysis model is not inherently less sustainable than traditional structures in the short-run and is arguably more sustainable in the longer-run because it accommodates partner role and policy changes over time. The Katalysis model in its present form seems to be institutionally sustainable. However, comparisons with other PVO structures from the perspective of sustainability are difficult to make.

e. ***"Pure Consulting Model" versus "Management Model":*** There is an implicit tension in the K-network concept between a "pure consulting model" (partners as clients of Katalysis which helps them do what they want to) versus a "management model" (Katalysis as steward of Government and donor funds ultimately responsible to assure partners do what they undertake to do.)

Ideally, Katalysis would probably argue, the more a partner is empowered and the more the "pure consulting model" applies the better. However, in several cases of potentially serious problems, partners may have been overambitious while Katalysis, even when it recognized the problem clearly, did not take

vigorous action to cause the condition to be corrected. Katalysis may have leaned too far toward a pure consulting model in these cases.

The "pure consulting" model allows partners to learn by doing and enhance sustainability through a sense of empowerment within the network. However, another important dimension of sustainability is sound decision-making. The "management model" may be desirable particularly as funding increases from international organizations which value error-free implementation highly and are not necessarily attuned to participatory management.

But is it possible to "mix and match" the consulting model and the management model as circumstances dictate? Provided a partner understands and agrees to mixed behavior by Katalysis, it should be workable. If a partner does not agree, a perception of manipulation may follow. The partners themselves should consider encouraging Katalysis to lean more toward the "management model" in certain situations. This may be particularly important in the case of partner problems with large donors and in the case of new partners. When Katalysis is the recipient of funds, it should be careful to assure that donor expectations are not compromised by partner performance. One approach is vigorous stewardship. Another is assuring that donor expectations of partner methods and performance are clear and accurate.

f. *Scope of Technical Areas Addressed:* Is Katalysis attempting to work in too many technical areas? Katalysis' position is that it can and will provide partners "institutional" assistance and technical assistance in three and only three technical areas: microenterprise development, community banking, and sustainable agriculture. Katalysis does not offer technical assistance outside these fields and works only with NGOs primarily oriented to these fields.

While all evaluators agree on the central importance of Katalysis' transfer of institutional technology, the evaluators disagree on the desirable scope of "technical" technical assistance. One outside evaluator believes that Katalysis should give priority to one program area, community banking. (See V.B.2.d) He suggests Katalysis add to the network a southern partner with strong capacity to deliver assistance in institutional and "technical" disciplines. The other outside evaluator, also skeptical about Katalysis' ability to provide consistent, high quality technical assistance directly in a number of areas, suggests Katalysis consider evolving toward a role of network management providing institutional services including management consulting and fundraising, but managing the acquisition of "technical" services rather than delivering such services. The inside evaluator is confident of Katalysis' ability to deliver technical assistance in the three technical areas as well as the institutional field, utilizing outside providers when Katalysis capabilities are not sufficient or time is lacking.

The sustainability of Katalysis and the network are dependent in part on the ability of the staff to deliver high quality services over time within an

institutional framework which maintains the virtues of strong interpersonal relations and outside financial support. It is not clear how expanding the scope of technical services provided by Katalysis -- for example, to sustainable agriculture -- will affect Katalysis and the network. A credible technical assistance plan for the network does not now exist. The Katalysis Board and the Partnership should examine the role of Katalysis and the partners in providing technical assistance: institutional and technical subject matter, assistance to partner organizations and ultimate beneficiaries; Katalysis as direct provider or manager of acquisition of technical assistance; and what fields of technical assistance should be included and excluded. They should define the resources to be committed to the effort, where those resources will be positioned, and how those resources will be financed.

g. *Expansion Strategy:* Sustainability considerations suggest that the K-network should be deepened (eg., improved institutional and technical services and more partners in the Central American region) before it is extended (eg., new technical services and new partners in other regions). Sustainability considerations are not necessarily dispositive of the question, but the high cost and modest payoff of extension may be not be as attractive as strengthening the existing network and testing its potential as a strong, well-entrenched, well-financed institution working on familiar ground.

One means of extending the K-network is to negotiate a partnership with a Latin American NGO with strong technical assistance capabilities both in institutional areas, such as participatory program planning and evaluation, and in Katalysis' three areas of technical interest. This would strengthen the South-South dimension and deepen the network. An arrangement between Katalysis and such an NGO might assist the NGO to build its training approaches and materials that in exchange would be provided to the network. In this scenario Katalysis would facilitate South-South assistance which is cheaper and more effective than trying to expand its own staff to provide such technical assistance from California. Katalysis could then concentrate on areas of comparative advantage, such as the development of sustainability strategies.

h. *Is There an Anchor to Windward?* The positive effect of the commitment and proactive stance of Katalysis Board members was commented on in V.A.i.e. Katalysis appears to have a strong, aggressive Board with substantive interests in various programs and technologies. Katalysis staff has a "can do" attitude. Board and staff appear inclined to support partner initiatives which seem complex and perhaps somewhat adventuresome. The partners' prior success appears to encourage major donors to offer them a good deal of funding (eg., ODEF is operating or developing programs with A.I.D., World Bank, and IDB). Is the Board and management satisfied that they fully grasp the costs, operational complexities, technical difficulties, and policy requirements of these ideas, programs, and donors? Even assuming that each initiative is correctly determined to be sound on its own terms, is there a need for restraint on the technical scope of the institution?

2. Partners

a. **Program/Institutional/Financial Coherence:** The ODEF case study documents how sustainability in terms of coherence among program, institutional systems and finances has been a major challenge. As the organization grew between 1989 and 1992, there was a tendency to expand both the diversity of program activities as well as the size of the credit program. The number of ODEF clients in the credit program grew from 300 to over 1600 by October 1992, staff went from 10 to 59, and the credit portfolio expanded from \$100,000 to nearly \$400,000. By 1992, ODEF's management information systems and financial management lagged behind program development. Financial stability depended on ODEF's ability to raise increasing amount of resources to sustain its growth.

Katalysis identified these problems with ODEF. The crisis caused by the executive director's sudden death in June 1992 accelerated needed actions to correct these problems. As of this evaluation, ODEF had made significant progress in correcting them. ODEF curtailed its program scope, restructured its administrative department, improved MIS, and completed an organizational study. Various key decisions about staff and finances are still pending.

b. **Financial Stability:** In responding to the question of how ODEF measures its progress toward sustainability, key staff agreed that an important indicator was funding 60% of operating costs from credit program generated income. This realistic assessment recognizes two fundamental facts that guide ODEF and most NGOs serving similar clients. One is that it should be possible for credit programs like that managed by ODEF to reach self-sufficiency. The other is that NGOs see the provision of credit as too limited an intervention. They therefore provide other value-added activities that need to be subsidized through fundraising. (Value-added activities refer to those activities that can build on the existence of the credit program at little additional cost.) The target of 60% shows how far ODEF still has to go since in 1992 program income will cover approximately 28% of total operating costs.

c. **Community Banking and Sustainability:** A key for ODEF to reach its goal of sustainability is the community banking program. The program clearly has efficiencies that bode well for it to be able to cover its own operating costs in the next two to three years. In order to reach this objective ODEF will have to double the size of the current program while keeping operating cost increases to less than 50%. In addition, ODEF will probably need to increase the velocity of its money by shortening funding cycles or accelerating repayment terms. Negotiating the best terms regarding cost of capital, particularly with the IDB, will assist in reaching this objective.

d. **Tracking Sustainability:** ODEF should assess its programs in terms of contributing to overall coherence and whether all costs, including overhead costs, are covered. To track its progress ODEF will have to separate program

costs carefully and use this information to discipline its program involvements.

e. Bank Graduation: ODEF developed its community banking program using the FINCA model which requires graduation after four loan cycles. ODEF is now considering three graduation policy options (see Section IV). The evaluators agree that graduation policy is an important issue, that strict application of the restrictive FINCA model is inappropriate for ODEF, and that ODEF and Katalysis should analyze the options carefully.

One outside evaluator suggests a complete reevaluation of the mandatory graduation policy along the lines of the following discussion. Mandatory graduation is a policy driven by two goals: 1) to circulate limited funds to as many low-income beneficiaries as possible, and 2) to create autonomous community-based financial enterprises. Mandatory graduation may be appropriate for credit-focussed NGOs, but not for a women's development organization like ODEF which provides services for women beyond credit and is concerned about individual women as distinguished from women's groups.

ODEF should consider graduation in the perspective of its own and its clients' needs and opportunities. ODEF clients need a number of services - not credit alone and not credit withdrawn after an arbitrarily determined number of loans. Unless community bank members themselves want independence from ODEF, they should be allowed to stay within the ODEF system. ODEF needs a growing clientele and a credit portfolio in which the overall risk profile declines - not a revolving door policy which maximizes risk to ODEF by always servicing new clients.

Katalysis has successfully interested donors in funding individual community banking groups. Building on this idea, Katalysis might raise funds for maintaining these community banking groups in the ODEF system. Indeed, if a volume of such funding can be generated, ODEF and Katalysis might consider bringing tested groups graduated from other NGOs' programs into ODEF's broader-based service environment.

All three evaluators agree ODEF's graduation policy should take into account national policies being developed in Honduras and the conclusions of a PVO/NGO conference organized for October 1993. This conference, organized by SEEP's Poverty Lending Group, will analyze the experience of the most important community banking programs worldwide.

f. PYME Technical Assistance: The needs outlined above will test the effectiveness of the Katalysis Partnership. USAID considers PYME's technical assistance essential to ODEF's sustainability. PYME is planning to concentrate on five NGOs in Honduras and has proposed a new agreement to ODEF covering an extensive range of technical assistance. ODEF needs to negotiate this agreement with PYME in the near future. Katalysis should as soon as possible coordinate its technical assistance with PYME. Both organizations

should work together to help ODEF keep credit program costs down, separate and fully fund other program costs and revise its policy for graduating banks.

g. *Maintaining a Funding Mix:* Katalysis can help ODEF maintain its healthy mix of private and public funding. As part of this effort, ODEF is interested in mobilizing local resources. ODEF has started local fundraising efforts for its new office building, but its contacts with local business and industry are limited. Since ODEF needs to involve local business in providing ideas for new profitable activities for its clients, Katalysis should help ODEF design a fundraising strategy to maintain its mix of private and public funding and develop local sources and assistance from local businesses.

D. Replicability

1. Alternative Approaches to Replication

Following are four options for replication of the Katalysis approach.

a. *Adding Partners to the Existing Network:* Clearly the K-network can expand internally through selection and development of new partners. The selection of the Guatemala partners was a model of careful research, consideration, and negotiation of expansion. Internal growth will be restricted by staff time limitations and reduced personal contact which may stifle the enthusiasm which is important to the K-concept. If there is a path toward broad expansion of the K-concept within the existing framework, it may lie in Katalysis focusing on fundraising, information exchange, technical assistance management (as distinguished from direct provision of technical assistance) and policy and donor coordination issues. (See V.C.1.f.) If Katalysis expands within the network, increased costs of communication and the risk of reduced personal engagement should be considered.

b. *Start a New K-network with Katalysis Participation:* Katalysis might establish a new network, perhaps in another region, in which Katalysis acts as a network center with a new set of partners. Katalysis has gained considerable experience in the selection and development of new partners. A new network replication strategy may be feasible. But, it may prove to be at least as difficult as developing the existing network was. The financial costs and demands on staff may be high - and the opportunity costs may be significant.

c. *K-Partnership Technical Assistance for Replication:* Replication of Katalysis by transfer of the "technology" to other PVOs - where Katalysis and the partners provide technical assistance but do not participate as a key operating components - is a difficult but possibly important mode of replicability. We would speculate that Katalysis methods would transfer more easily to small and new PVOs than large and established PVOs. Since Katalysis in effect "teaches partners to partner by partnering", the active

engagement of Katalysis in a network would seem to be a critical factor. However, key partner associates suggest that under certain circumstances, such a transfer would be possible. (For example, Carlos Santos suggests such circumstances include: a strong core personal relationship, strong new partner leadership, commitment of new partner staff to an empowerment ethos, sufficient start-up financing, and good luck with timing and political climate.)

d. *Transfer of Technology without Full Replication:* Parts of the Katalysis methodology may be usefully transferred to other PVOs without full replication of the K-approach. (See Section V.D.2.)

2. What Elements in the K-approach are Essential to Replication and Transfer?

Katalysis is doing something right. But it is doing many things. It would be useful to know which elements of the K-approach are essential to its performance and which are not. For example, consider the institutional technical assistance function (i.e., sustainability strategy and partnership training). Must institutional technical assistance be provided by Katalysis? Or can an outside organization provide such assistance under Katalysis management? The evaluators' impression left with the evaluators is that the K-network associates view the personal relationships as essential. But is institutional technical assistance an essential vehicle for establishing and maintaining personal relationships? Or is the financing the key? Or is the key starting together -- which would make Katalysis' experience perhaps repeatable but the results not replicable? Further efforts should be made to understand what the essential characteristics of the Katalysis approach are and how they might be replicated or transferred. Ultimately, replication of the K-concept in any form depends on its economic viability. Katalysis should upgrade management information systems at both the Katalysis and partner levels to produce reliable information on costs and benefits. Until better data is available, the replicability issue will remain illusive.

E. A.I.D. Programmatic Considerations

1. A.I.D. Interests in Katalysis

a. *The Katalysis Concept is Potentially Useful to other PVOs and NGOs:* The Katalysis approach has begun to attract attention in the US PVO community. Two small PVOs have approached Katalysis for assistance in establishing Katalysis partnership procedures in their newly formed organizations. Several large PVOs have indicated interest in the Katalysis approach. World Neighbors has met with Katalysis and used Katalysis materials in meetings with its southern associates. Conservation International is discussing a technical assistance association with Katalysis within the K-partnership framework. Conversations with Freedom From Hunger did not lead to application of Katalysis ideas.

Clearly southern partners feel that the Katalysis approach is superior to

traditional PVO-NGO institutional arrangements and relations. They believe that the K-approach should be applied by other PVOs. They report that other local NGOs who know about Katalysis' relationship with the partners share their views. Indeed, K-network associates view Partnership as an end as well as a means. Should A.I.D. take that perceived superiority into account in considering competing claims for limited resources? Selection should be based on objective performance standards such as cost, or sustainability, or ability to reach or impact selected beneficiaries better. However, a qualitative difference in organization culture may well translate into an objectively determinable superiority in performance.

The evaluators have no basis for concluding that Katalysis methods in dealing with its partners necessarily lead to better results than those of other PVOs using traditional methods. But the evaluation has concluded that Katalysis and its partners work together very well, the partners work well with their clients, and K-partnership methods probably contribute to enhanced impact of partner programs on their clients.

Should A.I.D. encourage the dissemination of Katalysis' ideas? At a minimum, A.I.D. should facilitate introducing the Katalysis approach to the PVO community. If some PVOs indicate an interest, Katalysis should be encouraged by means of A.I.D. funding to extend its technology through seminars and pilot technical assistance efforts. If this proves attractive to PVOs, A.I.D. might consider more elaborate support such as formal research, publishing Katalysis materials, and funding institutional technical assistance. In any event, it would be useful to monitor the performance of Katalysis' partners compared with that of other NGOs of similar characteristics but different organizational culture and north-south relationships.

b. *The Katalysis Concept may be Useful to A.I.D. in the Future as an Institutional Model for PVO-NGO Program Implementation Systems:* A.I.D. is giving consideration to placing greater reliance on PVOs and related NGOs for implementation of its development programs. While presumably A.I.D. would work primarily through the large, traditional PVOs, there may be a need for one or more "low-profile" institutional technologies to help marshal the energies of NGOs in developing countries. Thus A.I.D. should consider whether a network model such as Katalysis has a place along with the large, traditional organizations in its longer term plans. It is at least possible that the Katalysis approach -- as distinguished from those of the larger-scale PVOs -- could be a superior organizational arrangement for achieving A.I.D.'s development objectives in some fields, in some countries, in some circumstances. Further, the K-concept may appeal intuitively to some people who may be skeptical about the ability of A.I.D., and perhaps many PVOs as well, to relate effectively to people in developing countries.

c. *Who Should Bear the Risk of Research and Experimentation?* A.I.D. has made a significant contribution to moving the K-network forward. Based on

the considerable success to date, both A.I.D. and Katalysis have interests in the broader application of the ideas that Katalysis has developed. But those interests are not identical. There is some level of risk associated with extending the K-concept beyond what is known to be effective. At a minimum, a significant portion of the energies of key staff members would be directed to work outside the network. Replication within the network would seem to be a risk appropriately shared between A.I.D. and Katalysis -- as it is now in the Matching Grant.

Replication outside the existing K-network would seem to carry risks that primarily benefit organizations outside Katalysis and that therefore A.I.D. should bear. A.I.D. should consider whether it is interested in replication of the K-concept outside the K-network. If so, A.I.D. with Katalysis should explore appropriate sources of funding to carry out research and experimentation to do so.

In summary, while Katalysis may not have a claim on large A.I.D. resources at this time, it would seem desirable to assure that this very interesting institutional experiment is nurtured.

2. Suboptimization of Benefits of A.I.D. Funding

It is understood that A.I.D. requires that a significant portion of PVC matching grant funds are used in operations directly impacting on ultimate beneficiaries as distinguished from institution-building activity. Katalysis and its partners do not have difficulty raising funds from donors other than A.I.D. for operations directly assisting beneficiaries (see Annex I). Indeed, BEST has regularly turned away contributions which do not include adequate coverage of overhead costs and ODEF has arguably accepted such beneficiary-oriented funding in cases where it should not have. In contrast, badly-needed institution-building funds can be difficult to obtain.

The use of PVC matching grant funds for beneficiary operations in the K-network (and probably many other PVOs as well) is an inefficient use of a precious resource to the extent that institution-building is underfunded or beneficiary-oriented activity can be funded by non-PVC sources. Especially is this so when other A.I.D. units such as USAID Missions provide funds directly impacting on beneficiaries. When PVC in effect competes with USAIDs to provide funds for beneficiaries instead of using its funds for institution-building the result is a sub-optimization of the allocation of A.I.D. resources. Not only are USAID mission programs and other donors deprived of the benefits of institution-building funding for PVO/NGOs, but program oversight capacity is also suboptimized. PVC is less able to oversee field operations effectively and more able to monitor PVO institutional activity. A.I.D. should consider maintaining maximum flexibility in using PVC matching grant funds, including the possibility of using those funds exclusively for institution building activities in appropriate cases such as Katalysis.

VI. CONCLUSIONS AND RECOMMENDATIONS

A. Major Conclusions

- 1) **Katalysis is a small, well-managed PVO. It has an excellent regular staff of six supported by interns. However, the staff is thin given the scope of the program. Any increase in complexity, much less an expansion, will require additional staff. Further, existing program quality might be improved with additional staff.**
- 2) **Katalysis has an active Board – led but no longer dominated by the Founder, Bob Graham – which is strongly committed to Katalysis' program.**
- 3) **Katalysis has an efficient and frugal headquarters operation. Installation of management information and other administrative systems is nearing completion. Its fundraising operations appear to be effective.**
- 4) **Katalysis has developed an innovative method of working cooperation between a "North PVO" and "South NGOs". While the approach is characterized by "partnership" and "participatory management", the method incorporates many strands of internal, interpersonal, and inter-organizational behavior which are identified in the text. Some of these strands are common in many PVOs, some are unusual, and some are probably unique. The entire Katalysis "package" of arrangements, techniques, and behaviors is believed to be unique. While replication and transfer of the Katalysis institutional "technology" may be difficult, it is potentially of considerable value. The approach is viewed favorably by U.S. PVOs and NGOs familiar with Katalysis.**

- 5) **Katalysis' partner NGOs, Board and staff members are committed to the Katalysis approach. The programs of Katalysis NGO partners were found to have a significant positive impact on beneficiaries. Partner NGOs are well regarded by USAIDs, other donors, and other organizations with whom they work.**
- 6) **Katalysis has complied faithfully with the programmatic undertakings under its initial matching grant as well as applicable A.I.D. regulations. Katalysis also enjoys a good reputation with other public and private donors.**
- 7) **The Katalysis approach is characterized by high quality technical assistance with high front end costs and high pay-off at the beneficiary level. Katalysis believes that the longer-run costs of helping the poor are lower in a Katalysis-type network than in a traditional institutional arrangement. While there is not yet adequate data available to determine this question, the evaluators believe this may well be correct.**
- 8) **Institutional sustainability is thought to be high based on observations of personal commitment of Katalysis and partner boards and staff, capacity to raise funds, and ability to solve problems and survive crises.**
- 9) **Maintaining coherence among programmatic, financial, and institutional considerations in a partnership network with growing programs may be difficult because of the absence of a central authority. The K-concept invests heavily and fairly successfully in joint planning and communication to manage these problems.**
- 10) **The existing Katalysis network could be expanded by some small number of additional NGOs preferably in Central America. It is possible that Katalysis could initiate a new network while maintaining the existing one. Transfer of Katalysis partnership "technology" to other PVOs in which Katalysis provides technical assistance but does not participate actively may be feasible, particularly with new and small US PVOs. The Katalysis partnership concept would be difficult to transfer in its entirety to a large traditional PVO. Some of Katalysis' ideas might be attractive to other PVOs but it does not seem likely that selection of a few pieces from the Katalysis behavioral package would have a great deal of impact – nor should it do much harm, however.**

B. Recommendations

1. Efficiency

a. *Information Systems:* Katalysis should improve its information systems by developing reliable cost/benefit measurement indicators at the Katalysis, partner, and beneficiary levels. In particular, time series data on beneficiary impact would be useful.

b. Staff Workload Modifications: Workload and perhaps job description adjustments should be considered for all key staff members.

c. Improved Staff Coordination of Partner Services: Key staff members should improve coordination of services to partners, so that problems could be resolved more efficiently, especially those related to designing and carrying out sustainability strategies and installing appropriate systems.

d. Higher User Charges to Partners: Katalysis should test the utility of its technical services through network consideration of higher user charges.

e. Improved Coordination with Large Donor Agencies: Katalysis should review its capacity and potential for improving the flow of money and information from large donor organizations to the network, review its role in assisting partners in managing their problems with large bureaucracies, and enhance its knowledge of and relations with large donor organizations.

f. Optimal Size of the Partnership: As Katalysis contemplates expansion of its small but complex network, it should examine network efficiency, growth, and optimal size issues.

g. Flexibility in Provision of Technical Assistance: Katalysis should work with ODEF to establish a more flexible approach to managing its program workload and establishing a careful monitoring of such problems in the future.

h. Full Adoption of Sustainability Methodology: Katalysis should insist that the partners commit themselves to working through the sustainability methodology as a whole and addressing issues identified in a timely fashion.

i. Coordination of Technical Assistance from other Agencies: Katalysis should play a more direct role in coordinating with other donors and technical assistance providers, including mediation of the terms of assistance.

j. Focus of Partner Services: Katalysis should caution its partners 1) not to take on new activities outside their areas of expertise, 2) to be especially wary of projects which are not inherently sustainable, and 3) to avoid generating expectations which are not grounded in assured sources of donor financing.

k. Overhead Concept: Katalysis should help its partners understand the concept of overhead and apply it when costing and implementing programs.

2. Effectiveness

a. Expansion Plan: Katalysis should develop an expansion plan based on careful consideration of such questions as: what is Katalysis' comparative advantage? what aspects of the K-approach are essential? what is the optimal size for the Katalysis Partnership? how many partners and beneficiaries can

be serviced without a loss of communication, personal contact and other "network" benefits? what is an appropriate mix of donors to support Katalysis plans for expansion?

b. *Develop Indicators of Income Changes:* Katalysis should help partners develop measurements of income changes as part of their evaluation systems.

c. *ODEF's Research and Development Role:* Katalysis should focus a part of its assistance on helping ODEF's technical assistance program to develop their research and development role.

d. *Improved Publishing Capabilities:* Katalysis should help ODEF do a feasibility study for installing a desk-top publishing capacity, and consider a similar study for other interested partners.

e. *Community Banking as a Centerpiece of the Katalysis Program:* Katalysis should analyze its initial success with community banking to assess the utility of this program as a centerpiece of the Partnership to impact low income participants and contribute to partner sustainability.

f. *Objective Technical Assistance:* Katalysis in its technical assistance role with partners must maintain a critical eye. Interacting with other donors (e.g. USAID and FHIS) may help to maintain objectivity.

g. *Monitor Effectiveness of Participatory Management:* Katalysis should continue to stress its participatory management approach, but monitor its results carefully.

3. Sustainability

a. *Need for Additional Staff with Expansion:* Any increase in complexity of the program, much less an expansion, will require additional staff. Further, existing program quality might be improved with additional staff.

b. *Management vs. Consulting Model:* The partners themselves should consider encouraging Katalysis to lean more toward the "management model" in certain situations. This may be particularly important in the case of partner negotiation and implementation with large donors and with new partners. When Katalysis is the recipient of funds, it should be careful to assure that donor expectations of its performance are not compromised by partner performance. One approach is vigorous stewardship. Another is assuring that donor expectations of partner methods and performance are clear and accurate.

c. *Analysis of Katalysis Technical Assistance Role:* The Katalysis Board and the Partnership should examine the role of Katalysis and the partners in providing technical assistance: institutional and technical subject matter, assistance to partner organizations and ultimate beneficiaries; Katalysis as

direct provider or manager of acquisition of technical assistance; and what fields of technical assistance should be included and excluded. They should define the resources to be committed to the effort, where those resources will be positioned, and how those resources will be financed.

d. *Coordination with PYME in Honduras:* Katalysis should as soon as possible coordinate its technical assistance with PYME. Both organizations should work together to help ODEF keep credit program costs down, separate and fully fund other program costs and revise its policy for graduating banks.

e. *Design of a Fundraising Strategy for ODEF:* Katalysis should help ODEF design a fundraising strategy to maintain its mix of private and public funding and develop local sources and assistance from local businesses.

4. Replicability

a. *Determine Essential Partnership Characteristics:* Further efforts should be made to understand what the essential characteristics of the Katalysis approach are and how they might be replicated or transferred.

b. *Upgrade Management Information Systems:* Replication of the K-concept depends on its economic viability. Katalysis should upgrade management information systems at both the Katalysis and partner level to produce reliable information on costs and benefits. Until better data is available, the replicability issue will remain illusive.

5. A.I.D. Programmatic Considerations

a. *Appropriate Sources of Funding for Replication:* A.I.D. should consider whether it is interested in replication of the K-concept outside of Katalysis. If so, A.I.D. with Katalysis should explore appropriate sources of funding to carry out research and experimentation to do so.

b. *Comparison with Katalysis Performance with Other PVOs:* It may be useful to monitor the performance of Katalysis' partners compared with that of other NGOs of similar characteristics but different organizational culture and north-south relationships.

c. *Introduction of the Katalysis Approach to Other PVOs:* A.I.D. should facilitate introducing the K-concept to the PVO community. If some number of PVOs indicate an interest, Katalysis should be encouraged by means of A.I.D. funding to extend the technology through seminars and pilot technical assistance efforts. If such activity proves to be attractive to PVOs, A.I.D. might consider more elaborate support such as formal research, publishing Katalysis materials, and funding institutional technical assistance.

d. Network Approach vs. Traditional, Large PVOs: A.I.D. should consider whether a network model such as Katalysis has a place along with the large, traditional organizations in A.I.D.'s longer term plans.

e. Extension of Three Year Matching Grants: A.I.D. should consider retaining the option to extend three year matching grants for an additional one or two years when doing so would serve A.I.D.'s interests.

f. Institution Building: A.I.D. should consider maintaining maximum flexibility in using PVC matching grant funds, including the possibility of using these funds exclusively for institution building activities in appropriate cases such as Katalysis.

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Education:

- 1988 - 1990 **Massachusetts Institute of Technology, Cambridge, MA**
Master in City Planning (Developing Areas). Emphasis on economic development and poverty alleviation.
- 1979 - 1982 **Stanford University, Stanford, CA**
B.A. in Economics with distinction.
- 1981 **Stanford-in-France, Tours, France**
Study in language, history, and economics.

Work Experience:

- 1990-present **Program Director, Katalysis North/South Development Partnerships, Stockton, CA**
Provide technical assistance and training to non-governmental partner organizations in Central America and the Caribbean. Primary program activities include: small business management training, women's village banking, and environmentally sustainable development.
- 1990
(summer) **Consultant, The Tides Foundation, San Francisco, CA**
Designed and carried out study of Tides' Program-Related Investments to improve portfolio management and increase the social/economic impact of these investments.
- 1990
(winter break) **Research Analyst, The Good Faith Fund, Pine Bluff, AR**
Researched and developed strategy for expanding services to low-income people. Designed and piloted door-to-door survey to assess the potential of improving income and security in poor rural communities through self-employment.
- 1989
(summer) **Research Associate, The World Bank, Washington, DC**
Coordinated final stage of intensive study of the impact of structural adjustment on poverty in Morocco. The report covers four sectors: Health, Nutrition and Food Subsidies, Education, and Employment.
- 1986-1988 **Executive Director, International Development Exchange, San Francisco, CA**
Managed nonprofit organization which sponsors small, self-help projects in less-developed countries and promotes cross-cultural education in the United States. Responsible, as the organization's first director, for internal operations, project evaluation, publicity, fundraising, and staff and volunteer supervision.
- 1984 -1986 **International Credit Analyst, Chase Manhattan Bank, N.A., New York, NY**
Prepared reviews and recommendations on country risk, management strategy, and portfolio credit quality for domestic and overseas subsidiaries and branches. Performed financial, operational, and industry analyses of companies and sectors. International skills broadened through work experience in 14 countries.
- 1983 - 1984 **Participated in intensive training program covering business management, credit, accounting, financial analysis, international trade, and capital markets.**
- 1982 **Advisor - AIESEC, University of Liberia, Monrovia, Liberia**
Assisted in organizing and promoting local chapter of AIESEC (french acronym for the international association of students in economics and management).

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Credit, Self-Employment, and Poverty Alleviation: A Study of the Good Faith Fund in Rural Arkansas. Masters Thesis, Massachusetts Institute of Technology, Cambridge, MA. June 1990.

Morocco--Poverty and Human Capital: Public Social Expenditure Priorities. The World Bank, Washington, DC. September 1989. (six co-authors)

A Participatory Evaluation Manual. International Development Exchange, San Francisco, CA. August 1989.

Awards:

Recipient of the Department of Urban Studies and Planning Award at the Massachusetts Institute of Technology for Best Thesis Proposal (1990).

Recipient of the International AIESEC Scholarship for excellence in leadership and management in international affairs (1982).

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CHARLES SIDNEY BLANKSTEIN

SYNOPSIS

Thirty-two years federal government and private sector experience as operating manager, development planner, consultant, and lawyer. Experience in economic development policy, program, and project formulation, negotiation, implementation, and evaluation in fifty-eight countries.

EDUCATION

A.B. Economics, University of North Carolina, 1956
J.D. (LL.B.), Harvard Law School, 1960
M.S. Management, Massachusetts Institute of Technology, 1972

REPRESENTATIVE CONSULTING ASSIGNMENTS:

Salesian Missions, Inc.: Ricaldone Technical Institute Reconstruction Project, El Salvador; Institutional Development Matching Grant Proposal; Mid-Term Evaluation.

AID Regional Development Office/Caribbean: Evaluation of Investment Promotion & Export Development (PDAP) Project;

USAID/Honduras: Agricultural Export Development and Services Project - FEPROEXAH.

USAID/Guatemala: Private Enterprise Development Project; Micro-enterprise Development Project.

USAID/Jamaica: Crop Diversification/Irrigation Project-AGRO 21

USAID/Panama: Financial Management Reform Project

AID Bureau of Science and Technology: Office of Rural and Institutional Development: Financial Resources Management Project; Dominican Republic Rural Financial Development program evaluation. Directorate of Food and Agriculture: management studies. Office of Agriculture: Soil and Water Management Collaborative Research and Development Network Program;

AID Center for Development Information and Evaluation: Development of Microcomputer Based Information and Data Analysis Support Services for USAID Missions.

Bureau for Latin America and the Caribbean: "Use of Computer Simulation Techniques to Support AID Policy Dialogue Operations and Training"; Agriculture and Rural Development Technical Services Project.

Department of State, Bureau of International Narcotics Matters: Policy analysis and recommendations for multilateral economic assistance initiative on coca control.

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PRIOR GOVERNMENT AND LEGAL EXPERIENCE:

Agency for International Development, 1967-1983

AID Foreign Service Officer; eight years service overseas; experience in a wide range of management and technical positions including:

Director, Office of Rural Development, Technical Assistance Bureau, 1976-1978;

Coordinator, Working Group on the Rural Poor, 1974-1976;

Assistant Director for Economic Development, USAID/Ecuador, 1969-1971;

Chief, Capital Resources Development Office, USAID/Dominican Republic, 1979-82 and USAID/Ecuador, 1968;

Internal Management Consultant, AID/Washington 1972-1974;

Banking and Credit Advisor, USAID/Bolivia, 1967.

National Aeronautics and Space Administration, attorney, Office of General Counsel, 1963-1967

Securities and Exchange Commission, trial attorney and financial analyst, Office of Corporate Regulation, 1962-1963

Private law practice, Greensboro, North Carolina, 1960-1961

REPRESENTATIVE PUBLICATIONS

"Agrarian Reform in Ecuador: An Evaluation of Past Efforts and the Development of a New Approach", (with C. Zuvekas), Economic Development and Social Change, October, 1973.

Higher Management Control of Rural Development Projects, INCAE Monograph, Managua, Nicaragua, 1975

"A Framework for Computer Policy Analysis in Developing Countries", (with M. Munasinghe), keynote paper for National Academy of Sciences - Sri Lanka Computer and Information Technology Council First International Symposium on Micro-Computer Applications in Developing Countries; Colombo, Sri Lanka, November, 1984. Reprinted in Microcomputers for Development, Munasinghe et al., National Academy of Science.

PERSONAL

**Born March 9, 1936, New York, New York
Lived in five countries, worked in fifty-eight countries
Language: Spanish
Address: 204 N. Spring St., Falls Church, VA 22046
Telephone: 703-237-6996**

DANIEL SANTO PIETRO
25 High Street
Metuchen, New Jersey 08840
(908) 549-2972

CAREER OBJECTIVE: Conceive, plan and carry out programs for an organization desiring a leadership role in releasing human resource potential to break the cycles that degrade the quality of life in the developing world.

PROFESSIONAL EXPERIENCE:

1985 - 1991 PRIVATE AGENCIES COLLABORATING TOGETHER (PACT), UN Plaza, New York, NY
Representative for Latin America (1985-87)
Interim Representative for Asia (1986)

PACT recruited me to their four-person program team to manage \$10.5 million over three years from the U. S. Agency for International Development (AID) for funding small projects. PACT is an international consortium of 35 private voluntary organizations (PVOs) with an annual budget that increased from \$4.5 to \$7 million over the time I worked with them. Its mission is to strengthen PVOs that assist low income people in the developing world.

ACCOMPLISHMENTS:

- ◆ Provided communications, analysis and planning assistance for 45 projects. As a result, PACT's expert project committee approved 44 of these projects for over \$3.5 million. These grants initiated micro-enterprise employment programs, management assistance to small farmers, and expanded health care for child survival.
- ◆ Counseled 21 PACT members and 6 other PVOs to improve communications with other private development agencies and government authorities. Solved problems in implementing and evaluating their projects. Assured effective partnerships between U.S. and Latin PVOs.
- ◆ Developed management training approaches that opened up funding for planning and evaluation workshops, initially conducted in Bolivia and Sri Lanka for 90 PVO directors and staff.

Director of Technical and Managerial Services (1987-90)

As funding and needs evolved, I was instrumental in changing PACT's strategy from grant maker to a more diversified technical assistance organization. I assumed a new role to organize training for both U.S. PVOs and local PVO consortia. In both cases, the training aimed at how these organizations could empower local groups to carry out development programs.

- ◆ Together with the program director designed two proposals that AID approved in 1986. Funded for \$9 million over four years, these programs provided grant support and management training to PVOs in Costa Rica and Guatemala.
- ◆ Cultivated key contacts in the World Bank, UNDP and Interamerican Bank to obtain strategic support for local public sector funding of PVO programs.
- ◆ Researched and designed a consultation in 1988 with PACT member SOLIDARIOS that brought together PVO consortia leaders from 13 Latin American countries. The links created among consortia exists today.
- ◆ Initiated and organized innovative training programs, including:
 1. Strategic planning training programs that involved PVOs in joint long range planning within sectoral groups. Over fifty PVOs participated in Guatemala, and 25 in a workshop in Panama;
 2. Participative management workshops organized with World Education in the U.S. and Africa.

3. Institutional development workshop, where 40 U.S. PVOs with varied strategies exchanged experience.
4. Evaluation workshops for PVO practitioners, one of which focussed on measuring institutional development.
5. Rapid rural appraisal planning workshops with the Guatemalan consortium ASINIDES in collaboration with the Center for International Development and Environment of the World Resource Institute.

Director of Latin America Programs (1990-91)

With PACT's funding future uncertain, staff changes required me to concentrate on Latin America programs. A new PACT CEO wanted to give more attention to Africa, so I focussed the IA program on building a Central America regional consortia network, and parallel initiatives in the Andean Region of South America. My primary strategy was to position organized PVO coalitions to have greater influence on local governments.

◆ Successfully concluded technical assistance to ACORIDE, which now manages \$2 million annually in grants and loans for PVOs in Costa Rica. An AID evaluator called it the best managed program of its type.

◆ Directly supervised the critical last year of a \$4.4 million program in Guatemala. Counseled a new ASINIDES' executive director through frequent visits to consolidate the work of the local PVO consortium. In 1990-91 ASINIDES organized over 50 PVOs into sectoral planning groups for micro-enterprise, rural development, health and youth programs, managed \$1 million government funding for PVO projects, and coordinated PVO involvement in a World Bank supported Social Investment Fund.

◆ Convinced the World Bank to contract me to be part of a planning team for a \$20 million Social Investment Fund in Ecuador. Motivated the local PVO consortium to organize a strategic planning workshop in April, 1991 and begin long range planning in key sectoral areas. In the same vein, organized with the Resource Foundation a strategic planning workshop with a similar consortium in Colombia.

The relocation of PACT's international headquarters led me to leave in September, 1991.

1979 - 1985 INDEPENDENT CONSULTANT

Among various short-term assignments, I evaluated a Lutheran World Relief development program in South America's Andean region, and conducted a study for COIDEI, a consortium of church PVOs, involving interviews with PVO leaders in seven African and Latin America countries. In addition I analyzed projects for PACT funding in Bolivia and Brazil.

An inter-agency committee under the aegis of ACVAFS (now INTERACTION) contracted about 60% of my time to coordinate an AID funded project to strengthen evaluation approaches among PVOs. I brought together staff from 55 PVOs in three workshops to survey existing experience. The third workshop hosted by the Wingspread Center in Wisconsin attracted 25 CEOs. To assure a lasting product, I assembled a 13 person task force to write the Evaluation Sourcebook, which I edited and published in 1983. It sold 4000 copies just among PVOs, and is still a leading reference.

In 1984-5, I saw the need for a workshop series to train PVO staff in evaluation, and persuaded AID and 12 PVOs to provide the funding. The six workshops were highly successful "hands-on" events held in the U.S., Thailand, Kenya and Colombia with 250 paid participants.

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1968 - 1979 **CATHOLIC RELIEF SERVICES (CRS), Rio de Janeiro and Recife Brazil, New York, NY**
CRS is the overseas relief and development arm of the U.S. Catholic Church with a program in excess of \$100 million a year during this time.

Program Assistant - CRS recruited me in graduate school to work in Brazil. My first responsibility was to reorganize a suspended 11,000 m.t. PL 480 food program. I succeeded in managing the logistics of the ten port program until AID ended the Brazil program in 1971.

North/Northeast Brazil Program Director - CRS promoted me to Director of the Recife office in 1971 which covered an area half the size of the United States with a ten-person staff. I developed health and agriculture community projects that attracted \$500 thousand a year in funding. I worked closely with church leadership and necessary government authorities. In 1971-2, I coordinated a drought relief program for 200,000 people in Northeast Brazil.

South America Assistant Regional Director - The Regional Director chose me in 1973 to help create a new regional office in the New York headquarters. I had responsibility for the planning and evaluation of eight country programs. In 1974-5, I convinced CRS leadership to fund the costs of planning a large scale integrated project for a community based cooperative movement in Colombia. AID funded this program for \$3 million, one of the first large grants to a private agency development project. The cooperative continues a success story today.

Since CRS had little opportunity for further advancement, I left to seek opportunities that would broaden my experience.

FORMAL EDUCATION:

- 1967-68 *Stanford University, Graduate School Arts and Sciences*
Political Science Concentration
HONORS: NEA Graduate Fellowship
- 1966-67 *Federal University of Pernambuco, Brazil*
Social Sciences Graduate Institute
Rural Development Studies
HONORS: Fulbright Fellowship
- 1962-66 *Harvard College, Cambridge, MA*
Liberal Arts, B.A.
HONORS: Magna Cum Laude in History
Harvard Scholarship, four years

SELECTED PUBLICATIONS:

"Steps Toward a Social Investment Fund" (Guatemala), editor, PACT, 1990.

"Trends in PVO Partnership: The Umbrella Project Experience in Central America", managing editor and contributor, PACT, 1990.

"Participatory Evaluation: A Users Guide" prepared by Jacob Pfohl, editor, PACT, 1987.

Evaluation Sourcebook for Private and Voluntary Organizations: editor, ACVAFS, 1983.

OTHER:

- Place of Birth - New Jersey, USA
Marital Status - Married, four children
Languages - Fluent in Portuguese and Spanish
Interests - Coaching youth soccer traveling teams,
 bio-dynamic gardening

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KATALYSIS: North/South Development Partnerships
A Collaborative Strategy for Sustainability

Scope of Work

Purpose

The purpose of this evaluation is to evaluate the performance of Katalysis under the Matching Grant by:

- 1) Using the Matching Grant logical framework to verify Katalysis' progress toward project inputs, outputs, purposes and goals. To the extent of variance between the stated plan and performance, identify and explain discrepancies.
- 2) Identify and discuss selected issues relating to Matching Grant project performance or future Katalysis operations which in the opinions of the evaluators should be brought to the attention of USAID.
- 3) Prepare recommendations on specific issues as appropriate.

A draft evaluation will be submitted to USAID no later than December 31, 1992.

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Draft Evaluation Report Outline

Executive Summary

I. Introduction

- A. A description of Katalysis**
- B. Matching Grant overview**
- C. Possible significance to USAID**

II. The Evaluation

- A. Purpose/Scope of Work**
- B. Description of the Methodology**

III. Matching Grant Performance Review

- A. The Proposal logical framework and any changes required in the framework to reflect actual experience**
- B. Inputs: budget/staffing plan versus actual**
- C. Outputs**
- D. Purpose**
- E. Goal (impact)**

IV. Issues (in depth discussion of selected issues)

V. Recommendations

VI. Annexes

- A. Scope of Work**
- B. Interviewee List**
- C. Itinerary**
- D. Document Reference List**
- E. Logframe (revised if necessary)**

CALENDAR OF EVALUATION ACTIVITIES

WEEK 1

Nov. 3-5	Team Planning Meeting	CB/DSP/KB
Nov. 6	DSP/KB to California for Katalysis Admin Review	
Nov. 7	Katalysis Administrative Review	DSP/KB

WEEK 2

Nov. 9-10	Katalysis Administrative Review	CB/DSP/KB
Nov. 11	DSP/KB to Honduras	
Nov. 11-14	Katalysis Administrative Review	CB
Nov. 11-14	ODEF Field Review	DSP/KB

WEEK 3

Nov. 16	CB to Honduras	
Nov. 16-21	ODEF Field Review	CB/DSP/KB

WEEK 4

Nov. 23-28	Prepare Draft Report	CB/DSP/KB
Nov. 26	Thanksgiving Holiday	

PVC Debriefing

Complete Draft Report
by December 31, 1992

Annex D

USAID Evaluation Interviews

Interviews in California (Katalysis)

Jerry Hildebrand - Katalysis President and CEO, California

Bill Farrand - Katalysis Director of Finance and Administration, California

Mark Ely - Katalysis Resource and Development Director, California

Karie Brown - Katalysis Director of Programs

Maureen Leatherbarrow - Associate Director of Programs

Bob Graham - Founder and President of Katalysis Board of Directors, California

Dave Brown - Vice President of Katalysis Board of Directors, California

John Perkins - Member of Katalysis Board of Directors, Florida

Jim Tischer - Katalysis Donor, California

Matthew Connors - Auditor for Deloitte and Toriche

Interviews in Belize (BEST)

Bridget Cullerton - Managing Director BEST

Anselmo Castaneda - Natural Resource Management Officer BEST

Glenn Huff - Co-Owner of Parrot Hill Farm

Jean Schanen - Co-Owner of Parrot Hill Farm

Elias Sanchez - Loma Linda Learning and Training Center, Honduras

Carlos Santos - Past Managing Director BEST

Belize USAID Program Office

Ray Fuller - President of BEST Board of Directors

Interviews in Honduras (ODEF)

Santa de Euceda - Acting Co-Director, ODEF

Reginaldo Sheran - Acting Co-Director, ODEF

Selma Estrada - President ODEF Board of Directors

Gloria Sarmiento - Director of Programs, ODEF

Sergio Fernandez - Financial Manager, ODEF

Eldi Amaya - Zone Coordinator, ODEF

Bianca Canales - Zone Coordinator, ODEF

Lorena Montiel - Zone Coordinator, ODEF

Nereyda Padilla - Technical Assistant, ODEF

• **Jacqueline Mendoza - Director of Credit Programs, ODEF**

Jorge Cabrera - Technical Consultant, FHIS

Margaret Harritt - Environmental Advisor, USAID Honduras

Thomas Johnson - Financial Development Office, USAID Honduras

Bernal Villaverde - Project Officer for Small Business, USAID Honduras

Julio Cesar Urquia - Sub-Director Technical Unit, PYME

Annex F

Milestones of the Development of the Katalysis Partnership

This timeline presents the highlights of the process of developing and institutionalizing the partnership approach within the Katalysis network.

1989

- Katalysis develops and receives approval for a three-year Matching Grant from USAID to build the sustainability of partner agencies.
- Executive Directors from partner agencies are asked to join the Katalysis Board of Directors.
- Partnership meetings are instituted; a separate meeting dealing with southern partner issues is established following semi-annual board meetings.

1990

- Memorandum of Understanding between partner agencies is drafted and circulated among partners. This document defines the principles and requirements of the Partnership.
- First south/south exchange takes place, creating a new dimension of partnership.
- Katalysis hires Director of Programs to serve as primary liaison to Partners.
- All partners agree to jointly cover direct costs of Katalysis semi-annual general appeal and to allocate proceeds evenly among partners.
- CAPS begins to experience management difficulties. Katalysis Partnership commissions SWOT analysis.

1991

- Memorandum of Understanding is signed between Katalysis, BEST, and ODEF.
- CAPS members decide to disband. Partnership decides to seek new partner in Guatemala, which is closer geographically and culturally to Belize and Honduras.
- Criteria for new partner selection are designed by Katalysis Board of Directors.
- Partnership decides to hold every other Board meeting in Central America. The first such meeting is held in Belize.
- Partnership Concept Paper is drafted and circulated to Board and all partners.
- First Partnership review session is held to discuss the tenets of partnership and the strengths and weaknesses of the existing network. Katalysis Board participated in this session with representatives from Katalysis and BEST staff as well as an ODEF Board member.

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- Sustainability strategies for partners are designed and implemented under the USAID MG. This leads to formal recognition of Katalysis' role in organizational development and strategic planning for partners.
- Partnership is brought to the staff level of the partner agencies through staff/staff exchanges of Katalysis Director of Programs and Director of Development.

1992

- After working together for more than a year to locate an appropriate new partner, Katalysis, BEST and ODEF select two new Guatemalan agencies, CDRO and MUDE, to join the partnership.
- Concept of bringing agencies into the Partnership as joint venture affiliates for new member agencies is formalized, thereby allowing all parties to experiment with, and understand, the requirements and benefits of partnership before entering a long-term relationship. Joint Venture Agreement drafted and signed with CDRO and MUDE.
- Second full-day meeting on the meaning of partnership is held. Katalysis Board and full staff as well as staff from partner agencies participate.
- Partnership Concept Paper is revised, improved, and circulated to other interested agencies and individuals for comments.
- Other agencies express interest in the Katalysis approach to partnership. Katalysis conducts preliminary discussions about the concept with four northern organizations.
- Partnership decides to undertake a joint effort to promote environmental education and sustainable development. Discussions and workshops lead to the decision to hire a Central American-based environmental specialist.
- Katalysis begins its own strategic planning process. It is decided that all partner agencies must participate in this process.

**Summary of the Partnership Training
April 22, 1992
Nicasio, California**

Intended Outcomes

The intended outcomes of the Partnership Training were:

1. A clear definition of partnership
2. Possibilities/vision of what the partnership can be
3. Agreement on values that are held by the partners about partnership
4. Clarification of roles within the partnership
5. Commitment to partnership by members
6. Concrete next steps

Partnership Definition

The meeting began with a review of the definitions of partnership which people had written on their questionnaires. The group discussed these definitions and contributed additional ideas.

The common elements in the discussion were that:

Partnership is a process built on a relationship of equality, mutual respect, responsibility, commitment, and trust, where the partners are working together to accomplish a shared vision and produce a final result. A partnership is built on open communication, sharing, and listening. In a partnership, the members contribute to each other in an equal exchange according to their own unique strengths. The partners cooperate on joint endeavors. The relationship is characterized by interdependence between the organizations while respecting and supporting the independence of each organization.

As a method of working together, partnership offers hands-on democratic participation at all levels of the partnership from the beneficiaries and staff to the board members. As such, working in partnership has the ability to be empowering to all the people involved in the partnership.

Because a partnership is founded in a commitment not a contract, it should be enduring and supportive in good times as well as bad. In partnership, conflicts will inevitably arise. Flexibility is needed to successfully reconcile differences.

Finally, partnership is not necessarily something which can be touched. The sharing between cultures is important. The Guatemalans felt that it was their moral duty to share what they learn and do and to share about their peoples' lives with the other partners. At the same time they want to learn from the other partners in order to strengthen their own organizations.

The concept of partnership is very powerful, but the word "partnership" lacks a clear definition because it is used to mean so many different things by different organizations. A new word may need to be invented to accurately capture what the partners are now practicing. "Companerismo" was suggested as one alternative.

Values Important to Building Partnership

The group members were then asked to write down the three values which were most important to them in building partnership. The results were tallied. The following ten values emerged as having the highest number of advocates:

Mutual respect	6 advocates
Equality in all respects	5 advocates
Trust	5 advocates
Shared vision	4 advocates
Commitment	4 advocates
Interdependence	3 advocates
Mutual accountability	2 advocates
Mutual understanding	2 advocates
Vehicle for learning	2 advocates
Spiritual	2 advocates

Visions of the Partnership

The meeting participants divided into three groups - southern partners, Katalysis Board members, and Katalysis staff members - and were asked to develop their vision of what the partnership would look like in three years. The following is a summary of these visions:

Katalysis Staff Vision

The Katalysis staff developed the following vision: The partnership would include two other partners. Each partner would have its own Board of Directors. There would be no additional Board to oversee the Partnership as a whole. The Katalysis Board would increase the number of representatives from the south to include both representatives from the southern partners as well as people who are unaffiliated with the partners. Katalysis would continue to support the partners as its main focus of work but would also undertake a domestic initiative linked to the activities of the southern partners.

There would be a clearer definition of partnership-wide objectives, needs and programs. More staff would be hired to fulfill these needs (particularly for programs), but the new staff members could be based with the southern partners rather than at Katalysis. For these new staff members, their salaries could be shared among all the partners. The programs of the partnership would evolve based on the priorities of the southern partners.

Katalysis would continue to increase its fundraising for itself and the partners through increased individual donors, in-country fundraising, multi-year foundation support, and alternative income generating projects. More cost effective and efficient administrative systems would be developed for both Katalysis and the southern partners.

Southern Partners' Vision

The southern partners' vision for the partnership was the following: No more partners would be added. Instead, activities with existing partners would be consolidated. Each partner would have its own autonomous Board of Directors. In addition, there would be a Board of Directors to govern the partnership as a whole which would be made up of an equal number of representatives from each partner. Katalysis would be a separate and equal partner among a total of five partners with the freedom to undertake whatever program it desired - be it supporting the southern partners and/or undertaking domestic initiatives. The five partners would identify the resources and needs of each partner.

make a decision to help each other meet those needs, and support the parallel growth and development of the five partner organizations

The Katalysis Board's Vision

The Board's vision for the partnership was the following: The partnership would expand to include one to two additional partners for a total of six to seven partners based in Central America and the US. Each partner would be financially stable. Katalysis would cease to be a separate partner and would become an organization "owned" by all the other partners. It would exist to serve the partners and would function as a catalyst for the formation and development of the partnership. The Katalysis Board therefore would evolve into the Board which would serve and govern the whole partnership. Members of the new partnership-wide Board would be selected by the southern partners. The Katalysis staff would be accountable to this new Board.

The process of building partnership would help all the partners move beyond a hierarchical structure. Relationships would become horizontal not vertical. The partnership process would be practiced throughout the partnership from top to bottom, within and without the organization. Through partnership all would be manifesting their inner essential beings in harmony with the natural world. Ritual and tradition would be incorporated into the partnership process. The partnership process would be better defined and renamed -- companerismo? The partnership would become a model for the development community.

Discussion

The participants in the meeting then agreed that:

- Katalysis exists to serve the partners and the partnership.
- All of us, all partners, are committed to partnership and evolving its future.

They then suggested as possibilities that:

- The composition of the future partnership board would be determined by the partners, and could include existing Katalysis Board members.
- The Katalysis staff continue to function but support a reconstituted partnership board. The Katalysis staff would be accountable to the new partnership board.

The group also noted that:

- Katalysis needs to understand the priorities and needs of the partners as clearly as possible.
- Katalysis needs to understand its own needs, priorities and constraints.

Candelaria then led the group in a terrific "dinamica" or "ice-breaker."

Obstacles and Contributions to the Partnership Process

The meeting participants then formed small groups to examine what impedes and what enhances the building of partnership. The primary impediments to building partnership were seen to be: language; geographic distance; culture; conflicting deadlines, agendas and priorities; the large amount of time, energy and financial resources required; lack of clear articulation of the partnership process and lack of full participation in it; and attachment to fixed ideas.

The primary factors which assist the building of partnership were seen to be: respect and friendship; joint activities and funding; learning from each other and with each other; unconditional support and advice; sharing, listening, and communicating; cultural exchange; common commitment to learning how to do development better; mutual representation to the public and cross board representation.

What Concrete Steps can be Taken to Enhance Partnership?

The same groups then address what concrete steps they could take to enhance partnership. The primary steps discussed were: learning each others languages and cultures; having more exchanges between the partners (home stays, visits, etc.); building friendship and personal relationships; constant on-going communication; more participation at all levels of the partnership; technical assistance in administration and accounting; standardized management systems throughout the partnership; planning deadlines together and assigning priorities to requests made of each other; clarifying which decisions require extensive consultation with all the partners and which do not; creating a monthly in-house newsletter; translating existing newsletter into Spanish.

Concluding Remarks

The meeting participants then discussed what they had learned from the day's events. People felt they had learned something new, met new people and gained insights into people; that the meeting had been enlightening because of the valuable interchange between the participants; that the level of trust had helped people to participate; that it was surprising to see the level of consensus about the vision for the partnership; that partnership is a way of being which you take home with you - not only something to practice at work; and that the partnership has in fact already come along way through uncharted territory.

Additional Comments

Although much was accomplished in this meeting, several issues remain to be clarified. These include the following:

One of the central issues was the control and governance of the partnership as a whole. What board structure and organizational structure should be set up to govern the partnership? Should there be a separate Board for the partnership or should the Katalysis Board evolve to fulfill this function? What needs to be done to manage and develop the partnership as a whole? Who should take responsibility for these duties? Who should make the daily management decisions on behalf of the partnership? How should policy decisions be made for the partnership? Should a specific partner (Katalysis?) or specific staff members working for different partners be designated to take on these responsibilities?

What should Katalysis role be with regards to the partners and with regards to the partnership as a whole? Katalysis is currently strengthening the partners and serving as the manager/keeper of the partnership. Should Katalysis remain as an independent partner, or should it become fully owned by the partners as the organization designed to support the whole partnership?

Can equality be maintained between all the partners, including Katalysis, if the organizations have different programs and make different contributions to the partners

and the whole partnership. For example, can Katalysis be an equal partner without a domestic program? And does the south contribute an equal amount to the north?

What should the role of each partner be with regards to the other partners and with regards to the partnership as a whole?

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Sustainability Strategy Guidelines

Institution

Organizational Development

Current Status

- Do you have competent staff and good leadership? Have you experienced much growth in your staff and program recently? Are you able to retain staff?
- What is your organizational structure? What does your organizational chart look like? Who are the key staff members? What would happen one of them left?
- Do you have a clear development ethos: program focus, goals?
- Are you able to adapt to changes in environment and to learn from your experiences?
- Describe your Board of Directors and how they assist the organization.

Goals

- In three years, what do you want your organization look like? How will the organization chart be different?
- How would you clarify your development ethos?
- How would you become more adaptable?
- How could your Board of Directors be more effective?

Obstacles

- What obstacles do you see in achieving your desired organizational development in the short and long term?

Action Plans

- How can you overcome the obstacles outlined above? What resources will you need? What staff assistance? What training and technical assistance? How can the Katalysis Network help?
- What steps will you take during the next three years to help achieve your desired organizational development and structure?

Administrative Skills

Current Status

- What are your staff's skills? Are these the proper skills to meet the needs of their particular program or assignment? Are their skills sufficient to meet these needs as the organization grows and changes over the next several years?

Goals

- Based on the goals of the organization, and its efforts to become self-sustaining, what types of skills will your staff need to possess?

Obstacles

- What obstacles do you foresee in training your staff or finding new staff with the proper skills? For example, what effect would hiring new staff have on your organizational structure and staff morale?

Action Plans

- How can you overcome the obstacles outlined above? What resources will you need? What staff assistance? What training and technical assistance? How can the Katalysis Network help?
- What steps will you take during the next three years to create the proper skills level and balance within your personnel?

Management Information Systems

(For this section, the more specific you can be the better.)

Current Status

- What type of computerized and manual systems do you have now?
- Please describe the types of programs you manage with these systems, e.g. accounting, evaluation, monitoring of fees, client services, credit management, payroll, etc.
- What current problems do you face with these systems?

Goals

- What types of systems do you need over the next three years? What specifically should these systems do? How would they help you?
- How will new systems help you improve organizational management?

Obstacles

- What are the major problems you might encounter in setting up new management information systems? Is the staff capable of managing the new systems? Will training be necessary? Will you need to hire new staff with specific skills? Do you have sufficient equipment?

Action Plans

- How can you overcome the obstacles outlined above? What resources will you need? What staff assistance? What training and technical assistance? How can the Katalysis Network help?
- What steps will you take during the next three years to establish appropriate management information systems?

Long Range Strategic Planning

Current Status

- What systems are in place for organizational strategic planning?
- What are some examples of previous strategic planning exercises?

Goals

- What types of planning systems would you like to put in place over the next three years? This could include documents to be produced, workshops to be held, training to be undertaken.

- How would such planning assist you with the oversight of your organization?

Obstacles

- What barriers do you see to achieving these goals? For instance, how will it affect your programs when the staff participates in a planning workshop? Can you obtain funding to support such planning activities?

Action Plans

- How can you overcome the obstacles outlined above? What resources will you need? What staff assistance? What training and technical assistance? How can the Katalysis Network help?
- What steps will you take during the next three years to improve strategic planning capabilities?

Program

Field Level Effectiveness

Current Status

- Please describe each of your field programs. How much funding and staff time do you devote to each of these programs? What are the primary strengths and weaknesses of these programs?
- How well do the skills of your field staff meet the needs of these programs?

Goals

- Based on the strengths and weaknesses outlined above, how should you change your field programs over the next three years?

Obstacles

- What are the main obstacles to achieving these changes? Such obstacles could be environmental, political, cultural, institutional, etc.

Action Plans

- How can you overcome the obstacles outlined above? What resources will you need? What staff assistance? What training and technical assistance? How can the Katalysis Network help?
- What steps will you take during the next three years to achieve your desired field program structure?

Assistance According to Need and Potential for Impact

Current Status

- Who are the beneficiaries of each of your programs?
- What is the level of need of the clients in each of your programs?
- What is the potential for social change/impact in each of these programs?

Goals

- Who are the most appropriate beneficiaries for the organization, both in terms of need and in terms of potential impact?

- How can you reach these beneficiaries? Would this mean changing your geographic scope? Would it mean changing your personnel?

Obstacles

- What are the major obstacle to reaching and servicing your desired client population?
- Often development organizations need to balance two divergent goals, one is to reach the poorest of the poor and another is to create a sustainable institution -- how will your organization balance these goals?
- If you have worked with a group of individuals for a long time, should these individuals graduate from your program so that you can reach less fortunate people?
- Do you have sufficient funding sources to support your field services? Can you maintain this support over the long-run?

Action Plans

- How can you overcome the obstacles outlined above? What resources will you need? What staff assistance? What training and technical assistance? How can the Katalysis Network help?
- What steps will you take during the next three years to make certain you are reaching the population group with the highest level of need and the greatest potential for benefit?

Technical Skills

Current Status

- What technical skills are needed for each of your field programs? Does your staff have sufficient skills?
- How well are these skills integrated across programs? For example, can the staff effectively bring environmental issues into a small business development program?

Goals

- What kinds of skills would improve your current field services? What about expanded field services?
- How might the skills of your current staff be improved?
- How can you insure that learning is integrated across programs?

Obstacles

- What do you think are the primary obstacles to achieving improved technical ability in your organization and for your staff? Is funding a problem? Are there resources (i.e. books, manuals, articles, training seminars) available for the kinds of technical skills needed?
- Often hiring staff members with sufficient technical skills is expensive, thus many organizations choose to train staff in-house. How will you deal with this difficult balance?
- How do insure that any 'new' technology is appropriate for your clients?

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Action Plans

- How can you overcome the obstacles outlined above? What resources will you need? What staff assistance? What training and technical assistance? How can the Katalysis Network help?
- What steps will you take during the next three years to make certain that your staff has the appropriate level of technical expertise?

Monitoring and Evaluation Capabilities

Current Status

- What kinds of data do you currently collect for the beneficiaries in each of your programs? For example, do you collect information on income levels, gender participation, baseline data? Do you then monitor change in these data over the life of the program?
- What kinds of manual and computerized systems do you have to monitor and evaluate your programs? Please describe any major evaluation your organization has undertaken.
- How much time does your staff spend on monitoring and evaluation?
- How is data used in planning future programs?
- How does the information gathered help you in obtaining funding and in reporting to donors? Have you ever had trouble in compiling the necessary data for a grant proposal?

Goals

- Describe the information you feel it is essential to collect for each of your programs.
- Describe the systems you would like to put in place in order to gather useful data and monitor progress.
- Describe how you would then use this information to improve your future programs.
- Describe how this would be helpful in obtaining funding and reporting to donors.

Obstacles

- What are the major obstacles to improving your monitoring and evaluation systems?
- Monitoring and evaluation take a great deal of time, if you increased your information-gathering how would this affect other aspects of your organization?
- Computerization can facilitate information gathering, do you have the computers and the staff experience to computerize your data collection and review?
- Are your staff members willing and interested in collecting and evaluating program data?
- One problem with extensive quantitative evaluation, is that it might undermine the intangible impact of a program (i.e. empowerment). How will you make certain that important, but intangible benefits, are equally recognized?

Action Plans

- How can you overcome the obstacles outlined above? What resources will you need? What staff assistance? What training and technical assistance? How can the Katalysis Network help?
- What steps will you take during the next three years to insure that you establish effective monitoring and evaluation systems?

Networking

Current Status

- Describe your current interaction with other domestic and international organizations and how this interaction assists you.
- What is the level of community support you receive?

Goals

- How would you like to increase or improve this interaction? What types of networking would be most useful to you?
- Which staff members would benefit most from such interaction?
- What type of community support would you hope for?

Obstacles

- Describe any obstacles that you think might hinder such interaction or support.

Action Plans

- How can you overcome the obstacles above? What resources will you need? The Katalysis Partnership could be particularly helpful on this issue.

Financial Strength

Diversity of Funding Portfolio

Current Status

- Who are your current donors? What type of donors are they: private, multilateral, government, domestic or international? How diversified is your funding base? Is this financing in the form of credit or loans?
- What gaps do you have in your funding base?
- What percentage of your budget has already been funded for this year? For the next two years?
- What types of other income-generating capabilities do you have: contractual agreements, fees-for-services, program/project administration, commercial ventures?

Goals

- How do you hope to fill your funding gaps?
- What types of income-generating activities would be of most benefit and most feasible for your organization?
- What would you like your funding portfolio to look like at the end of the Matching Grant?

Obstacles

- What obstacles do you think will hinder you in creating a stable, diverse funding portfolio?
- Income-generating activities require different resources and skills to manage; how will you handle this issue?

Action Plans

- How can you overcome the obstacles outlined above? What resources will you need? What staff assistance? What training and technical assistance? How can the Katalysis Network help?
- What steps will you take during the next three years to insure that you create a stable, diverse funding portfolio?

Reporting and Management

Current Status

- Please describe your current systems for managing grants/loans and reporting to funders. Are there any problems with these systems?

Goals

- To manage an increasingly large and complicated funding portfolio, you will need sophisticated systems; what will these look like? What equipment will you need?
- Who will be the staff and what will be their skills?

Obstacles

- What are the major obstacles to achieving an adequate grant management and reporting system?

Action Plans

- How can you overcome the obstacles outlined above? What resources will you need? What staff assistance? What training and technical assistance? How can the Katalysis Network help?
- What steps will you take during the next three years to insure adequate monitoring and evaluation systems and staff capabilities?

Cost Effectiveness and Cost Control

Current Status

- What is your current cost per beneficiary? Does this vary across programs?
- Who is responsible for overseeing your program expenditures?
- How do you now measure program costs and benefits?

Goals

- What would be a realistic goal for cost per beneficiary? How would you achieve this goal?
- What systems or training could you undertake to improve cost oversight and improved benefit measurement.

Obstacles

- What major problems do you think you would have in becoming a more cost-effective organization?

- Reaching and assisting poorer individuals often costs more, how would you balance your goals of assisting low-income individuals with trying to reduce your costs?
- It is often difficult to break out costs on a program or beneficiary basis, and it is even more difficult to measure benefits, especially intangible benefits.

Action Plans

- How can you overcome the obstacles outlined above? What resources will you need? What staff assistance? What training and technical assistance? How can the Katalysis Network help?
- What steps will you take during the next three years to control your costs and become a more cost effective organization?

Fiscal Skills

Current Status

- Who is responsible for fiscal management of your organization? What type of skills do they have? Are these skills sufficient?
- What systems do you use for fiscal management of your organization? Are they adequate?

Goals

- What types of skills will you need among your staff to manage your increasingly sophisticated finances?
- How would you improve your fiscal management systems?

Obstacles

- What are the primary obstacles to meeting any deficits your organization has in fiscal management?

Action Plans

- How can you overcome the obstacles outlined above? What resources will you need? What staff assistance? What training and technical assistance? How can the Katalysis Network help?
- What steps will you take during the next three years to improve the fiscal management of your organization?

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Annex I

ODEF Community Bank Visits

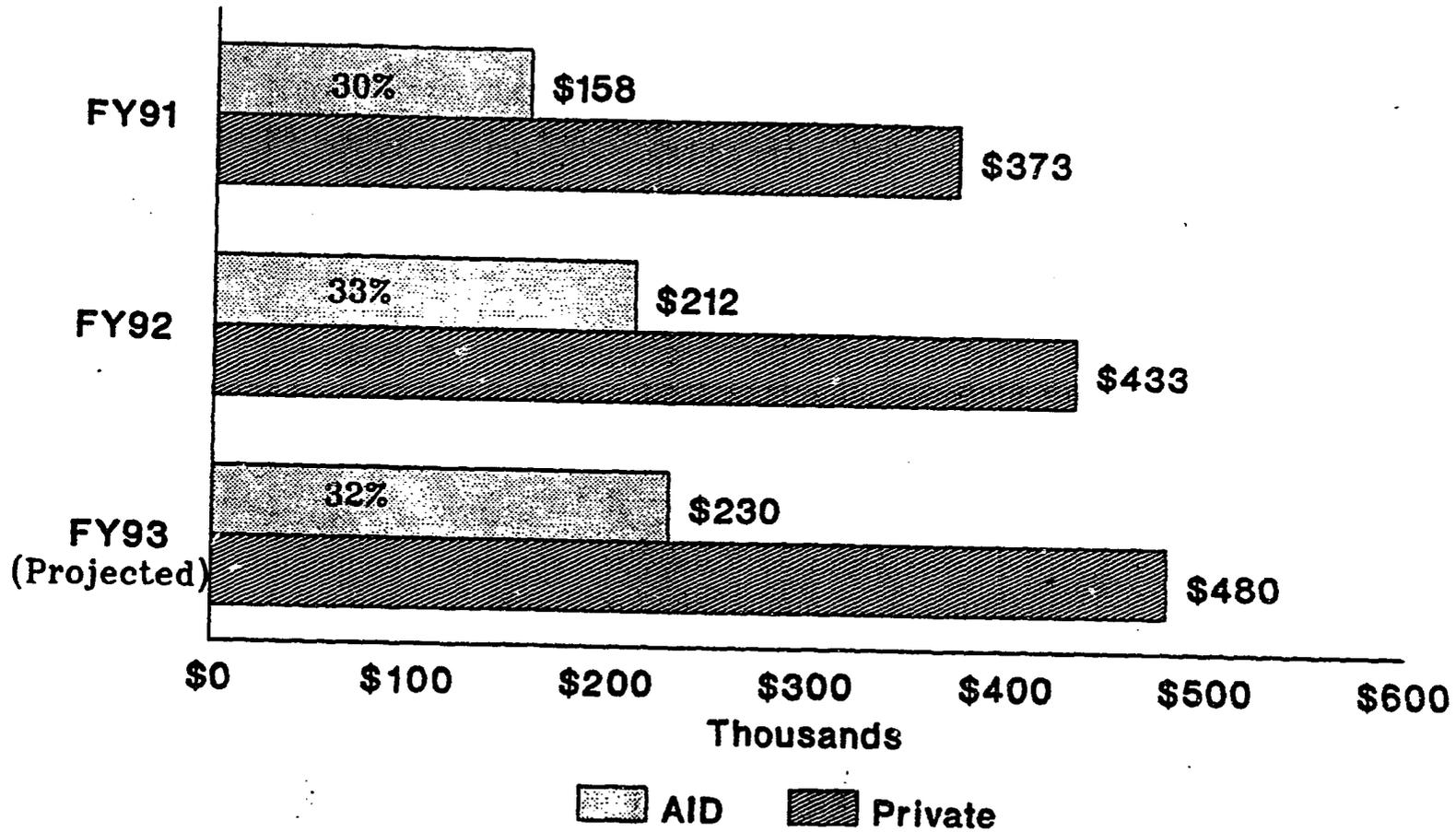
Name (Zone, Bank, Participant)	Activity	Amount of Current Loan	Comments
ZONE 1			<ul style="list-style-type: none"> - ODEF has had trouble promoting community banking in this region because people are more individualistic and resist group organization. - The region is oriented to the agricultural production cycle of coffee; most of the men are involved in agriculture not commerce. Local economy is cyclical. - These communities are within easy reach of Morazan where ODEF has a strong women in business program. Most bank members would prefer the larger individual loans available through that program. - There appears to be more "machismo" in the community; the husbands are not nearly as supportive as they seem for example in Yojna. - While the groups in Mojiman have suffered and the groups in Camalote and Nueva Esperanza are fairly small, there are still some strong business women that have benefitted a great deal from the program. Some characteristics of successful participants seem to be: <ul style="list-style-type: none"> *unique activities (medicine, fertilizer) *several activities (small store and clothes repairs) - Majority of women saving well. Universal benefit. - Paratechnician responsible for banks appears weak. Many beneficiaries said she did not visit enough. - ODEF's only delinquent banks are in Mojiman. The women said because of bad season and new monthly payment requirement. All delinquent women said they will pay at the cycle end.
<i>Seguridad y Confianza (Camalote)</i>			
Petrona Martinez Cuba	Milk, cheese, and butter production	LR50	
Rosalina Minas	Buying/selling fertilizer / chemicals	LR50	
<i>Nuevo Despertar (Mojiman)</i>			
Silvia Degas	Buying/selling medicine	LR50	
Maria Rosa Lemos	Handicrafts/corn/coffee	LR50	
<i>Recursos Femeninos (Mojiman)</i>			
Maria Lidia Mejia	Small store for basic food products and grains	L1,025	
Antonia Cavarette Alberto	Buying/repairing/selling used clothes	L1,025	
<i>Luz de la Esperanza (Nueva Esperanza)</i>			
Carmita Gomez	Small store	LR50	
Concepcion Sales	Small store and repairing/selling used clothes	LR50	

ZONE 2			<ul style="list-style-type: none"> - Bank program in this zone is the strongest; 17 of ODEF's 28 banks. - Some attrition from the banks over the cycles, but in general groups are working well together. - Husbands appeared supportive. Helped women to make weekly payments when sales were down. - Every one in these banks was making savings payments in full and on time. - None of these banks have ever been in delinquency with ODEF. Minimal amount of delinquency internally, but all the women insisted that these are only minor aberrations due to health or market issues. - Many of these banks have become active in making loans from accumulated savings to community members at 5% monthly interest. So far there have been no losses and the high interest rates allow the banks to increase their savings rapidly. - In one bank, the women decided to pay an additional tempira each week and as a result will complete their payments one month in advance of the close of the cycle. - We interviewed several members of graduating banks plus one of the promoters regarding bank graduation. All graduating banks in this zone (5 are graduating in the next two months) plan to continue as groups, collecting savings and making loans to members and the community at large. Several have raised the possibility of graduating into the women in business program. ODEF has approved this in principle, but hasn't yet implemented this new idea. This will allow the most successful members (who must have been consistent in loan and savings payments as well as meeting attendance) to receive much larger individual loans to grow their businesses. They will continue as members of their bank.
<i>Union y Esfuerzo (Yojoa)</i>			
Lidia Cruz	Buying/selling meat	L1,025	
Victorina Sanchez	Prod/sales of chocolate	L1,025	
Magdalena Dias	Prod/sales of tamales		
<i>Fe y Esperanza (Yojoa)</i>			
Felipa Flores	Preparing/selling trips	L1,025	
<i>El Triunfo (Yojoa)</i>			
Vicenta Gallo	Buying/selling meat	L850	
<i>Union Social (Orrendola)</i>			
María Tránsito Paz	Small store, meal prep/sale	L850	
<i>Arbol de la Vida (Orrendola)</i>			
María Esperanza Ayala	Pig production	L850	
Lucila Beatrice Duarte	Juice production and sales; vegetable growing/selling	L850	
Juana Leiba Cerral	Tamale production/sales	L850	
Isabel Limas	Tamale production/sales	L850	
<i>Semero Laz (Rio Lirio)</i>			
Hermena Rivera Paz	Selling clothes/tupperware	L1,025	
ZONE 4			<ul style="list-style-type: none"> - The urban banks are relatively new. The first was started in November 1991. The second, whose members we interviewed opened in February 1992. - These banks are the first in which men and women participate together. - These banks were started with in already established unions of vendors in San Pedro Sula. The one whose members we interviewed has over 1,400 members; of these close to 350 are members of the bank. 239 members are borrowing and the rest are only saving. - Training time is much less because groups are already organized. Also, union has issued a formal guarantee of all payments to ODEF. - Overall the bank seems to work well. 17 members did not make full payments in last cycle—the bank covered payments out of savings. Both ODEF and bank leadership are following up with delinquent members. - One issue is that bank members do not feel sense of solidarity with other members.
<i>De el Surubh (SPS)</i>			
Jorge Alberto Triches	Clothes/sm. machine repair	L1,500	
Marlen Amador	Buying/selling used clothes	L1,500	
Amador Duarte	Buying/selling toys & bags	L1,500	
Gregorina Garcia	Buying/selling clothes	L1,500	
Rosina Rosales	Buying/selling clothes	L1,500	
Morilda Cruz	Buying/selling make-up	L1,500	
Wilfreda Frente	Buying/selling shoes	L1,500	
TOTAL 11 Banks 26 Participants		L26,850	

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Katalysis Foundation

AID versus Private Funding



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KATSLYSIS FUNDING PROFILE

1. Number of Katalysis Donors

Katalysis tracks donated income in two ways:

- A. *donors* (all individual donors, exclusive of foundations, churches, institutions, governments etc).
- B. *donations* (all individual donations. This is a larger figure, and more accurately reflects the success of various donor appeals in attracting funds. An individual, for example, might donate two or three times per year, in direct response to a donor appeal).

Fiscal Year	1990	1991	1992	1993 to date
Number of donors by year	276	338	344	60
Number of donations by year	323	440	430	60
Cumulative number of donors	760	880	950	970
Size of mailing base	1,500	1,650	1,750	2,350
Donations % response to mail appeals	11%	13%	12%	just mailed

- Note:*
- i) The number of donors per year are both existing and new donors
 - ii) Donations as a percentage response to mail appeals is calculated by taking the number of donations per year, divided into the mailbase multiplied by two (two appeals per year). For example, for 1990 the formula will be $323/1,500 * 2 = 11\%$
 - iii) The Matching Grant began in 1991

2. Number of Beneficiaries

Fiscal Year	1990	1991	1992
Number of female beneficiaries (% of total)	2,973 (33%)	4,720 (38%)	7,684 (53%)
Number of male beneficiaries (% of total)	6,033 (67%)	7,600 (62%)	6,858 (47%)
Total number of beneficiaries	9,006	12,320	14,542

3. Relative expenses incurred in fundraising

Prior to 1990 there was no full time professional position with Katalysis dedicated to fundraising. Throughout the early years, when Katalysis was a two-person office with only one Central American affiliate (BEST/Belize), Chairman Bob Graham underwrote the lion's share of Katalysis expenses. As the Partnership grew and more staff were hired, Bob Graham reduced the scale of his annual donation under an explicit plan to diversify Katalysis' funding portfolio. Fundraising expenses have therefore commensurately increased as a proportion of the annual budget.

Fiscal Year	1990	1991	1992
Fundraising expenses/percentage of G & A	\$9,660/9.7%	\$20,248/17.2%	17,900/11.8%*
Fundraising expenses as a % of private dollars raised	4.6%	5.4%	4.1%
Private sector funds raised	\$209,000	\$373,000	\$433,000
Donor foundations, churches and institutions	6	11	16
Public funds received	---	\$157,000	\$212,000

Katalysis' fundraising expenses increased substantially in 1992 in direct relation to Katalysis' preparation to submit the USAID Matching Grant application (submitted November 2nd). The Development and Communications Department (to which fundraising expenses are charged) expanded with the hiring of a second staff member in order to more fully prepare the application to USAID.

* Pre-audit figure, November 1992

Katalysis Donor Foundations and Institutions

1990	1991	1992
Foundations Atkinson Foundation Earth Trust Foundation General Service Foundation Homeland Foundation W. Alton Jones Foundation Marion Rose Foundation	Foundations Catalyst Foundation Conservation International Earth Trust Foundation General Service Foundation W. Alton Jones Foundation MacArthur Foundation Santa Ynez Valley Foundation Thrasher Research Fund	Foundations Conservation, Food & Health Earth Trust Foundation General Service Foundation FICAH Food For All Freedom From Hunger Homeland Foundation W. Alton Jones Foundation Ludwick Family Foundation MacArthur Foundation Mertz-Gilmore Foundation Santa Ynez Valley Foundation Thrasher Research Fund Threshold Foundation Tides Foundation
Churches Latter Day Saints	Churches Latter Day Saints	Churches Latter Day Saints
Institutions PACT Bank of Stockton	Institutions PACT Bank of Stockton Union Safe Deposit Bank	Institutions Bank of Stockton Union Safe Deposit Bank
Total 9	Total 12	Total 18

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Annex K

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 - a) **Financial Program Monitoring**
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 - d) **Personnel Policies and Procedures Manual**
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 - b) Request for Support: Ecuador, Bolivia (2)
 - c) Donors (9)
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 - b) Guatemala Search Packet: March 1992
 - c) Guatemala Briefing Book: June 1992
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- **Mark: Fund-raising Documents (to be named later)**
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- **Budget Narrative for Unexpended Funds for CAPS (Report to Mary Herbert, June 1992)**
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- **Report Writing Guidelines (Karie)**
- **Evaluation Training (BEST)**
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- **Partnership Donor Appeals (BEST, ODEF)**
- **Partner Profiles (BEST, ODEF, MUDE, CDRO)**
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 - 1) **Katalysis: Income by Source**
 - 2) **U.S. Private Funds Raised by Katalysis (1990-1992)**
 - 3) **Katalysis Staff Profile (Gender)**
 - 4) **Partner Staff Profiles (Gender)**
 - 5) **Growth of Community Banks and Beneficiaries (1989-1992)**
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