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Third Annual Report
October 1, 1995 - September 30, 1996

Katalysis North/South Development Partnership

in conjunction with

Belize Enterprise for Sustainable Technology (BEST)
Organization for Women's Enterprise Development (ODEF)
Cooperative Association for Western Rural Development (CDRO)
Association of Women in Development (MUDE)

Katalysis/US AID FY 1996 Annual Report

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GLOSSARY OF TERMS

AGTE	Agricultural Training and Extension Program
BEST	Belize Enterprise for Sustainable Technology
CDRO	Cooperative Association for Western Rural Development (<i>Cooperación para el Desarrollo Rural Occidental</i>)
CGAP	Consultative Group to Assist the Poorest sponsored by the World Bank
DIP	Detailed Implementation Plan
EC	Executive Committee of the Katalysis Board of Directors
FASS	Fund Accounting Software System -- non-profit software accounting package
FD	Finance Director
FOPRIDEH	<i>Federación de Organizaciones Privadas de Desarrollo de Honduras</i> --Honduran Federation of Private Non-Profit Development Organizations
FY	Fiscal Year
GEMAH	<i>Gerentes y Empresarios Asociados de Honduras</i> --Associated Managers and Entrepreneurs of Honduras
HV	<i>Herencia Verde</i> Agricultural Training and Learning Center (Green Legacy)
IDB	Inter-American Development Bank
MEM	Microenterprise Program Manager
MG	Matching Grant
MIF	Multilateral Investment Fund of IDB
MIP	Microenterprise Innovation Project sponsored by AID
MUDE	Association of Women in Development (<i>Asociación de Mujeres en Desarrollo</i>)
NGO	Non-governmental Organizations
NRM	Natural Resource Program Manager
ODC	Organizational Development Coordinator
ODEF	Organization for Women's Enterprise Development (<i>Organización de Desarrollo Empresarial Femenino</i>)
PDAS	Program Development and Support
PEBD	Business Development and Promotion Program
Q	Quarter



RDD	Resource Development Director
RFD	Regional Field Director
RFO	Regional Field Office
SEEP	Small Enterprise Education and Promotion Network
TA	Technical Assistance
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

Fiscal year 1996, the third year of the USAID MG for the Katalysis Partnership, was characterized by institutional strengthening efforts at all levels of the Partnership. The challenge-turned-goal that faced all segments was sustainability – sustainability of the quality of programs to meet the mission of each member of the Partnership, sustainability as organizations. Hence, every opportunity for members of the Partnership to address this challenge was used.

Katalysis/Honduras staff provided extensive training on business planning for all Partner staffs through its first partnership exchange event in the year. The staff continue to do follow-up at Partner sites to complete those plans. The plans are an indispensable part of seeking a more diversified funding base for the Partners. Persisting difficulties in finding qualified bilingual program staff in the area of microenterprise became the source of a creative solution to providing project-specific technical assistance. The regional field director worked closely with the Partner directors identifying the need for assistance, defining the terms of reference for appropriate consultants and working through the contracting process with the directors. Oversight and monitoring took on new meaning and significant progress was made in strengthening PEBD at MUDE and ODEF. Adequate financial systems, too, were indispensable to the immediate and future needs of the Partners. The finance director at Katalysis spent a great deal of time in the field assisting Partners with transitions to new software selection, installation and training.

Katalysis/USA shared the need for examining all operations and fundamental assumptions about its service. The MG midterm evaluation provided an excellent review of current programs and progress on meeting existing commitments. In spite of difficulties in FY95 and FY96 in establishing and stabilizing the new field office, Katalysis program staff have continued to meet existing commitments, and in most cases exceed original projected outputs. The work of the midterm evaluation, plus an intensive process of refining the organizational focus of Katalysis' programs (known as Focus Quest), resulted in revisions to the logical framework and the detailed implementation plan that will reflect the refined organizational and programmatic focus of Katalysis for the remaining two years of the grant. Katalysis' intention is to complete its own business plan in light of working solely in the future with its Partners in the area of micro-credit. FY97 and FY98 will be transition years phasing in the full focus on a Partnership-driven model of community banking and micro-credit lending and phasing out of natural resource management. There is broad organizational support for this refined direction, and exploration for adding new Partners who share this vision and commitment is underway.

The year was full of its own lessons, many of which are noted in Section VII of this report. One of the greatest challenges was working closely with BEST through issues of organizational need and support that resulted ultimately in BEST's separation from the Partnership. BEST continues to serve the people of Belize and has in place a new strategic plan. The report reflects that not only Katalysis staff, but also the other Partner directors played an important role in urging BEST to face its problems clearly and make necessary changes. Important outcomes from this process are reflected in various partnership management documents appended to the report.

The abiding challenge throughout FY96 for Katalysis was to operate with a balanced budget, which it did. The balance was sometimes constraining as funding difficulties with VIDA hampered operations at Herencia Verde. Also, the delay in approvals for two new major initiatives impacted expected revenues. Both of these initiatives, USAID/MIP and IDB/MIF, are now operative for FY97. MIF benefits all existing Partners; MIP will strengthen ODEF to a point of full sustainability. Each of these funders helps diversify not only Katalysis' funding base, but that of each of the Partners as well.

The themes of institutional strengthening, diversification of funding, and sustainability will continue to color the Partnership's landscape in the new year. The work of FY96 definitely moved the Partnership forward in each of those areas and positions the Katalysis Partnership for a stronger, clearer direction in the years ahead.

I. BACKGROUND TO THE GRANT

Mission

Katalysis North/South Development Partnership was founded in 1984 to assist low-income people in developing countries in their efforts to improve their economic, social, cultural and environmental conditions. To do this, Katalysis pioneered a new model of development assistance which derives from a fundamental belief that participation is the key to sustainable change. The model is based upon Partnership with several non-governmental organizations (NGOs) in Central America, and capitalizes on the strengths of both northern and southern organizations, allowing for maximum learning and impact. Katalysis' four goals in pursuit of this mission are to:

- Strengthen the management, financial and service-delivery capabilities of non-government organizations through the transfer of skills, resources and appropriate technologies.
- Unite selected organizations in a multilateral Partnership that fully supports the right of southerners to self-determination and control of their own development.
- Work closely with the Partners to improve continually both the development methodology and the collaborative technology of the Partnership in a spirit of mutual learning.
- Develop and disseminate the partnership model as a holistic approach to global development.

Programs

Katalysis has had four southern Partners: Belize Enterprise for Sustainable Technology (BEST) in Belize, Organización de Desarrollo Empresarial Femenino (ODEF, Organization for Women's Enterprise Development) in Honduras, Cooperación para el Desarrollo Rural de Occidente (CDRO, Cooperative Association for Western Rural Development) and Asociación de Mujeres en Desarrollo (MUDE, Women in Development) in Guatemala.

All Katalysis partner organizations are incorporated as non-profit, non-governmental agencies within their respective countries. These organizations work with low-income participants including small farmers, women, youth, and microentrepreneurs through programs in microenterprise development, natural resource management, women's community banking. All Partners share a commitment to legitimizing the role of women in development; ODEF and MUDE focus exclusively on women.

The Matching Grant (MG) supports both institutional strengthening and partner program strengthening. The Program Development and Support (PDAS) portion of funding supports Katalysis in its work to provide services to strengthen the institutions of the Partners and the Partnership network. Partner program strengthening is divided into two MG program areas, Agricultural Training and Extension (AGTE) and Business Development and Promotion (PEBD).

PDAS activities focus on three areas: training and technical assistance to meet the institutional needs of the Partners, activities to build and strengthen the Partnership, and documentation of specific aspects such as outcomes, tools, the partnership process and evaluation. AGTE aims to build locally identified sustainable development projects which bridge the economic needs of the beneficiaries with environmental preservation and management. PEBD focuses on community banking, microenterprise credit, and training programs, all of which aim to extend credit to the poor. These programs allow for both improved productivity and for the expansion of small businesses, which are often the economic main-stay of the very poor.

II. PROGRAM METHODOLOGY

Program Goal

The USAID Matching Grant (MG) supports Katalysis in achieving its goal of helping low-income people in economically marginal and environmentally threatened areas in Central America to develop their own financial self-sufficiency and improve family well-being by adopting microenterprise credit programs and sound natural resource management practices that result in economic development and environmental preservation.

Program Purpose

The purpose of the MG is to strengthen the institutional, programmatic and financial development of Katalysis, its partner organizations and the partnership model, in order to develop the capacity to expand and sustain essential self-help services to low-income people, particularly women, in Guatemala, Belize and Honduras.

Program Objectives

- To strengthen the organizational capabilities of Katalysis' southern Partners.
- To strengthen and develop the Katalysis Partnership, providing for the extension of the partnership model.
- To improve and expand program services offered by each Partner in natural resource management.
- To improve and expand program services offered by each Partner in microenterprise development and community lending.

Methodology

The Katalysis approach to development assistance derives from a fundamental belief that participation is a key factor in achieving sustainable change. Therefore, in fostering this participation, Katalysis works in partnership with four non-governmental organizations which use a participatory methodology to provide direct field assistance to low-income people. Through this Partnership, Katalysis seeks to create a vehicle for equal exchange, decision-making and shared learning.

A unique aspect of this approach is that it capitalizes on the strengths of both northern and southern organizations, allowing for maximum learning and impact. The Northern Partner provides technical assistance, organizational development services, long-term strategic planning, and financial and administrative training. The southern Partners provide hands-on knowledge of the needs of low-income constituents, direct program experience, familiarity with cultural and societal norms and access to local resources and expertise.

The first two objectives of the MG focus on strengthening institutional capacity through providing program development and support (PDAS). Katalysis PDAS activities aim to build planning, fundraising, administrative and project management skills of each organization and of the Partnership as a whole.

The third objective of the MG is to improve and expand Partner natural resource management programs through agricultural training and extension (AGTE). Each Partner is active in developing and implementing programs to assist the local poor in meeting their basic needs while simultaneously conserving the resource base. An integral part of Partner planning involves actively seeking out projects which bridge the gap between economic development and environmental conservation.

The fourth objective of the MG is to improve and expand Partner microenterprise development and community lending programs through business development promotion (PEBD). Partner organizations work

to provide opportunities for economic development for those who have traditionally been denied access to credit and business training programs, focusing on the rural poor - particularly women.

The activities supporting the accomplishment of these objectives are identified briefly in the logframe and in more specificity in the detailed implementation plan (DIP). The revisions suggested for each of these documents, completed in light of the midterm evaluation executed in FY96, are attached to this annual report. See Attachments C and D.

Program Outputs and Activities

The following chart summarizes the activities and outputs of the Partners for each of the program areas: PDAS, AGTE, and PEBD. The activities are taken from the detailed implementation plan (DIP) for the five years of the grant. Column one illustrates the expected output of each activity in each program area over the five years. Column two illustrates the cumulated actual outputs of years one through 3. Column three illustrates the expected output according to the DIP for year three, and column four illustrates the actual output for year three.

Program Outputs and Activities (based on 5 yr. DIP)			Year 3 performance	
Type of activity	5 yr. expected output	Cumulative (yr. 1, 2 and 3 actual)	Expected (3 - DIP)	Actual (year 3)
PDAS				
Long Range Planning activities	6	7	1	5
MIS/Proj. Mon. Database activities	7	7	1	5
Fund-raising Training activities	6	4	2	2
Participatory Mgt./Admin.System trngs.	11	2	4	0
Monitoring, Evaluation, Impact Analysis	34	6	2	2
Partnership Exchange activities	60	43	12	8
Partnership Training activities	6	5	1	1
Documentation*	9	7	2	4
AGTE				
Sustainable Ag/Nat'l Mgt Wksp / Trainees	365 / 3111	648 / 5373	78 / 685	319 / 1,394
Ag Credit / Number of Farmers	\$21,500 / 200	\$28,690 / 219	\$9000/45	\$10,090 / 47
Appropriate Tech Wksp / Trainees	337 / 3776	378 / 5074	72/830	88 / 2033
Biogas Plants established	3	1	0	0
Reforestation Proj Comm / Beneficiaries	9 / 3000	25 / 2732	2 /	9 / 1,216
Organic Gardens Planted / Beneficiaries	300 / 1550	312 / 2328	61/320	97 / 565
PEBD				
Credit Disbursed / CB, adults and youth	\$283,560	\$303,174	\$63,530	\$136,041
Community Banks (CB) established	55	75	10	14
CB Members trained	1095	3363	230	866
Adults trained / Small Business Mgt	2281	2954	507	941
Youth trained / Small Business Mgt	350	78	80	62

*Documentation statistics reflect revision of outputs in the revised DIP and accomplishments as reported in the mid-term evaluation.

III. MONITORING AND EVALUATION

The program staff continued to refine tools for tracking Partner information, assisting Partners to improve their systems so as to have more reliable and timely data, and doing follow-up monitoring to TA and trainings provided. The mid-term evaluation provided outside review of progress in systems and outputs. What also became clear in preparing for the evaluation was that the next area of emphasis in terms of assessing the quality of program services is to work toward a clear system for impact analysis. Toward that end, training in impact analysis will be provided in FY97 for Partner staffs.

Monitoring

New reporting formats were developed for quarterly reports for each of the Partners for FY96 and in September, for FY97. In each case the formats have been improved to incorporate changes that allow them to be utilized as a more effective management tool for Katalysis and the Partners. As part of the quarterly reporting process, Partners are required to submit a financial report. Authorization to disburse funds is based on a budget analysis to match financial expenses with programmatic output and compliance. This analysis provides for better planning by the Partner in terms of quarterly program activities and a commitment to reach the goals and outputs as planned. See Attachments G.1 and G.3.

Two additional management tools used in monitoring program activity this fiscal year are the Partner Quarterly Report Analysis and the Partner Needs Assessment Summary. The former provides Partners with feedback on the program outputs and activities as summarized in their quarterly reports and allows Katalysis staff to make recommendations on activities. The summary is a tool to provide vital information on Partner's technical assistance and training needs as expressed in their quarterly reports to Katalysis staff members, allowing them to incorporate these needs into their activities with the Partners during the quarter. See the example of the Partner needs summary, Attachment G.2.

Evaluation

MUDE

As a result of the evaluations carried out by the end of 1995, MUDE engaged several consultants, sponsored by Katalysis, to update the accounting and portfolio management system, as well as the elaboration of an accounting and policy procedures manual. Katalysis assisted with follow-up activities throughout the execution of the consultancies; nevertheless the consultants have suffered some delays in completing their reports due to set backs in the updating the accounting system. Some weaknesses have been identified in the accounting area that require technical assistance and training for the financial personnel.

In the AGTE sector, site-visits allow the NRM to evaluate the effectiveness of the new extentionist. His work was considered unsatisfactory; therefore the NRM recommended that the agronomist train the extentionist. During field visits the NRM observed excellent progress in the organic gardens cultivated by the beneficiaries and in the use of chefina stoves.

ODEF

Due to the unfilled microenterprise position at Katalysis/ Honduras, Katalysis offered financial support to ODEF to engage a consultant to fulfill the recommendations of the Covelo sponsored evaluation of the Community Banks, performed in FY95. This consultancy supports the strengthening and expansion of ODEF's credit program.

BEST

By the end of the fiscal year 1996, an organizational consultant was contracted with the financial support of Katalysis. He was contracted to assess the strengths and weaknesses of BEST, as well as to examine the opportunities and threats facing the organization. This institutional evaluation produced resulted in a full report and recommending a plan of action to BEST and its board for the future. The full report will be

available upon request once it has been approved by the BEST Board of Directors. See Attachment K.1 for its table of contents.

CDRO

The Katalysis RFD and administrator carried out an evaluation of CDRO's women's program soap factory project and community bank program. The RFD identified some problems and made recommendations which CDRO personnel were open to. By the end of Q4, the soap factory project staff were implementing new organization and time management techniques for improve effectiveness and efficiency.

IV. REVIEW AND ANALYSIS OF PROJECT RESULTS BY COUNTRY

BELIZE

Belize Enterprise for Sustainable Technology - BEST

The Belize Enterprise for Sustainable Technology (BEST), established in 1985 as one of the few non-governmental organizations in Belize, provides training and technical assistance to low-income people in business management and enterprise development, natural resource management, and women's programs. Over the years, BEST has expanded its outreach to include work in all six districts of Belize.

HIGHLIGHTS OF BEST ACHIEVEMENTS IN FISCAL YEAR 1996

- * **BEST's solar box promotion program reaches 910 people.**
- * **BEST hosts twenty-seven youths in the Youth Enterprise Program offering 304 training days.**
- * **BEST approves as a start-up a total of \$53,477 in loans to youths to establish their business.**
- * **BEST establishes organic agriculture demonstration plots in the communities.**

Institutional Strengthening - PDAS

BEST benefited from a variety of activities aimed at institutional strengthening which are described in the narrative below. The following chart reviews the organization's progress, as well as providing information of its current status.

Indicators of Sustainability				
Indicator	Baseline (end of 1993)	End of Fiscal Year 1994	End of Fiscal Year 1995	End of Fiscal Year 1996
Number of staff	9	11	9	10
Total Budget	\$ 255,653	\$ 351,500	\$ 501,252	\$556,907
Total loan portfolio	\$ 18,000	\$ 22,000	\$ 148,500	\$584,282
# computers / % staff trained	4 / 88%	4 / 91%	5 / 91%	8 / 95%
Number of donors	20	8	10	10
Number of beneficiaries	13,647 clients	6,894 members	9,460 members	3,150 (active clients)

Long-Range Plan

BEST's focus for this fiscal year entailed an in-depth review of the organization's system, program and finances to decide on changes that would benefit the organization as a whole. This review enabled BEST to identify specific areas in need of change. As part of the process of change, BEST's accountant and business program officer participated in a partnership-wide three-day training event on long-range strategic planning and financial analysis at the Katalysis Regional Field Office. At the close of the event, BEST's participants prepared a matrix to document BEST's current situation and the task BEST would need to accomplish within the organization to prepare the strategic planning process. BEST contracted with a consultant from the Belize Institute for Management to perform a thorough institutional analysis. A full report outlining the implications of changes within the organization's systems and structure will be available once it is approved by the board of directors.

Management Information Systems

BEST hosted Katalysis finance director who visited the organization at the onset of the year to assess the new accounting software system installed at the end of last fiscal year. At that time the system was not fully in use. By the end of FY96, BEST's accountant had completed the data entry process and system was being used for financial operations.

Agricultural Training and Extension - AGTE

Accomplishments in Agricultural Training and Extension						
Description of Project Activity	Outputs					
	Goal	Q1	Q2	Q3	Q4	Total
Sust Ag Wksps / Trainees	55 / 418	29 / 25	48 / 51	48 / 131	5 / 5	130 / 212
Apprpt Tech Wksp / Trainees	27 / 270	5 / 230	11 / 481	11 / 199	0 / 0	27 / 910
Chefina Stove Established	20	0	0	0	1	1

Conservation Agriculture and Environmentally Sustainable Practices

BEST focused training and technical assistance with farmers on sustainable organically grown food production. Due to many problems in the organization the activities in this area suffered from low performance. This year, BEST experienced staffing problems that caused some project groups to disintegrate. This caused a discontinuation in the activities. BEST's agronomist and the para - technician made a tremendous effort to reach target outputs and goals within the planned activities. During this period some of the project participants implemented the planned activities which included soil conservation, principles of composting, principles of botany, principles of plant propagation and introduction to integrated pest management.

Training and technical assistance was also offered in the area of marketing non-traditional crops for export. These sessions touched on the need for quality control, harvesting techniques and reduction in post harvest losses. In addition, training was offered in environmental education. Among the topics discussed were: waste disposal, the water cycle, bio-diversity and the need for preservation of the natural resource. BEST established organic agriculture demonstration plots in the communities involved in the project. The plots will be used for future trials which will come to solidify the concepts of organic food production among the participants.

BEST conducted practical demonstrations and follow-up visits to beneficiary pilot plots to reinforce the concepts provided during the period. BEST's NARESMA staff received additional training in sustainable agriculture which allowed the introduction of new organic farming practices to the participants. During the year 130 training activities were conducted with 212 participants in different communities throughout Belize. BEST reached its goal for the year in training provided to project beneficiaries, but only fifty-one percent (51%) of the beneficiaries participated.

Energy Efficient Technologies

For this fiscal year BEST's solar box cooker promotion program reached 910 people, who participated in twenty-seven training activities including field visits. The promotion was conducted by the para-technician, based in the north of the country. Solar box cooker demonstration workshops were conducted in the south of the country targeting seven groups. The topics discussed in the training were: the need for energy efficient technologies, the effect of firewood burning on the environment, and the depletion of fossil fuels. There was high demand from the primary schools in the area for demonstrations. BEST introduced the chefina stoves to the south of Belize, but the lack of readily available materials needed to build the stoves was a limiting factor to its success. The topics discussed during the training focused on the benefits of using energy efficient wood burning stoves and included both social and environmental issues. The social benefit discussed concentrated on health and the environmental benefits, as well as the value of conservation. The training and technical assistance session stimulated demand for energy efficient stoves in the Toledo District.

Eco-nomics Bridging Fund

The pilot organic seed production project initiated by BEST was conducted in coordination with four selected groups. BEST continued to provide training and technical assistance to the groups in Gales Point Village, Patchakan, August Pine Ridge, and Ranchito. All the groups planted several types of crops. The organic seed production during the year was acceptable considering that seed for the original plantings was very limited in availability. The participating farmers were able to harvest their crops, which included watermelons, peppers, and tomatoes. BEST establish two bubble house nurseries in two communities where there was more interest and response. The participants also purchased small irrigation equipment necessary in the dry season; with this they were able to ensure watering for the crops they had planted.

Partner Initiatives

BEST, in coordination with Katalysis, continued to search for a better alternative for the introduction of chefina stoves in the south of Belize; this work will be vital for the region to preserve forest vegetation. BEST continued with the implementation of the youth program and has incorporated organic crop production and environmental education and business management in the training curriculum.

Business Development and Promotion - PEBD

Accomplishments in Business Development and Promotion						
Description of Project Activity	Outputs					
	Goal	Q1	Q2	Q3	Q4	Total
New Community Banks	2	0	1	0	1	2
CB members trained	30	0	6	0	8	14
Total credit disbursed	\$ 6,000	0	\$1,600	0	\$4,000	\$5,600
Adults trained/Sm bus mgt	27	77	30	45	13	165
Youth receiving credit	10	0	0	5	4	9
Amount of credit to youth*	\$10,050	0	0	\$26,477	27,000	\$53,477
Youth trained in ME dev.	80	27	16	14	5	62

*This fund was transferred to Youth Enterprise Training, for non-credit expenditures .

Community Banking

This year work within the community bank program focused mainly on providing assistance to existing businesses, improvement of clients business management skills, and helping clients with project development and implementation. BEST provided assistance to five women's groups to successfully obtain funds to start a corn mill business. All the above activities were carried out despite the amount of time dedicated to the youth program. At year's end, BEST established one more bank to reach its output goal for FY96. The new bank members successfully finished the training period with more confidence in their management skills.

Youth Training and Credit

The youth program consumed more of the staff time this year than expected. Staff efforts were rewarded by the program successes. At the end of the training cycle, sixty-two youths were trained in business management and nine of them had received a total of \$53,477 in credit. These young entrepreneurs successfully established businesses in various business sectors, such as service (lawn mowing) and agriculture (pepper production).

Training and Technical Assistance in Credit, Small Business Management and Community Banking

Throughout FY96, Katalysis' technical assistance and training was provided in the area of group strengthening, organization and management. The group sessions and visits were utilized to reflect on group's current situation and future improvement. Monitoring also took place during these sessions to ascertain whether or not the clients were using the techniques and skills taught in the trainings.

HONDURAS

Organización de Desarrollo Empresarial Femenino - ODEF

Organización de Desarrollo Empresarial Femenino (ODEF) was founded in 1985 to help incorporate women and their families into the processes of economic, social, educational, and political change in Honduras. ODEF joined the Katalysis Partnership in 1989. ODEF's programs emphasize microenterprise development as a means of combating low-paying jobs and persistent unemployment for women. ODEF's two primary programs in this sector are women in business, providing credit and technical assistance to individual low-income women, and community banking, providing the same to solidarity groups of extremely poor women. Given the interconnectedness of the problems facing women in rural Honduras, ODEF also provides support for food production, nutrition, small-scale agriculture, handicrafts and alternative energy sources.

HIGHLIGHTS OF ODEF ACHIEVEMENTS IN FISCAL YEAR 1996

- **ODEF collaborates with Katalysis/Honduras in the development and testing of software for financial projection for credit programs. This software tool enabled ODEF to complete its five-year strategic plan.**
- **ODEF inaugurates two regional offices in the north of Honduras.**
- **ODEF establishes itself as a leader in microenterprise development.**

Institutional Strengthening - PDAS

ODEF benefited from a variety of activities aimed at institutional strengthening, which are described in the narrative below. The following chart reviews the organization's progress, and provides information on its current status.

Indicators of Sustainability				
Indicator	Baseline (end of 1993)*	End of Fiscal Year 1994**	End of Fiscal Year 1995***	End of Fiscal Year 1996****
Number of Staff	43	44	52	50
Total Budget	\$52,135	\$26,250	\$258,851	\$667,000
Total loan portfolio	\$24,518	\$46,167	\$1,016,525	\$1,407,000
# computers / % staff trained	5 / 12%	5 / 20%	9 / 25%	12 / 19%
Number of donors	6	8	6	7
Number of beneficiaries	8,320	9,017	2,412 (active beneficiaries only)	4,672 (active beneficiaries only)

* \$1 = Lps. 7.0 ** \$1 = Lps. 8.5 *** \$1 = Lps 9.6 **** \$1 = Lps. 12.22

Long Range Plans

ODEF began fiscal year 1996 working collaboratively on several activities under the Katalysis SEEP planning grant. These activities included being the test site for a software tool for financial projections for micro-credit programs. ODEF community banking data was used for the software trials and modifications. The software was designed to facilitate the preparation of Partners five-year strategic plans; hence, the work on ODEF's strategic business plan became another testing/training activity. Late in Q1, ODEF staff assisted Katalysis program staff in demonstrating to the other Partner staffs both the software and the steps in creating a strategic plan. This partnership exchange event was a major one for the year and established an important base of training that was followed-up at all Partner locations. ODEF demonstrated once more through this process its increasing organizational strength and leadership. By mid-year, ODEF with the assistance of

Katalysis had finalized the development of its strategic plan. ODEF's assistant director accompanied the RFD to the SEEP workshop in Washington, DC, and assisted in the introduction of the software tool to other practitioners in micro-credit management. Katalysis staff also worked with ODEF, using the software tool to generate vital financial information, on the development of a major grant proposal to USAID/MIP to bring ODEF's program into a fully sustainable position within three years. Implementation of the successful proposal begins in FY97.

In addition to assisting ODEF with their long-range planning process and upgrading the organization's management information system, Katalysis staff worked with ODEF on coordinating program activities for technical assistance, planning follow-up visits with specified calendar dates, and providing training to new ODEF staff members in Partnership and ODEF's project portfolio.

Management Information Systems

This fiscal year ODEF also worked on upgrading their accounting system and accessing a system for credit portfolio management. By the end of the year ODEF was able to identify a system (MAS 90) to link both accounting and credit activities. ODEF will start the system installation process and begin training the staff who will utilize the system in FY97.

Agricultural Training and Extension - AGTE

Accomplishments in Agricultural Training and Extension						
	Outputs					
Description of Project Activity	Goal	Q1	Q2	Q3	Q4	Total
Sust Ag/Res Wksp / Trainees	18 / 137	5 / 42	10 / 108	5 / 40	10 / 80	30 / 270
Apprpt Tech Wksp / Trainees	10 / 200	5 / 41	5 / 41	2 / 23	5 / 44	17 / 149
Organic Gardens / # Benefcrs	41 / 215	4 / 28	11 / 39	15 / 49	22 / 72	52 / 188

Conservation Agriculture and Environmentally Sustainable Practices

During the fiscal year ODEF continued training and providing technical assistance to the beneficiaries on the production of organic crop and environmental education. Training involved practical demonstrations and follow-up visits to beneficiaries in their communities. The participants learned sustainable agriculture techniques such as natural pest management using repellent plants (natural pesticides), mulching, organic fertilization, crop rotation, cover crops, intercropping, land preparation, planting, and crop management. ODEF also continued providing training on environmental education. Several nurseries have been established in different locations where ODEF delivers its services.

Due to problems with VIDA funding disbursements described in Section V., ODEF was unable to host the planned amount of beneficiaries at the Herencia Verde Learning and Training Center. Only the field activities were continued at full capacity. The center functioned, but with few training workshops; only 150 beneficiaries were accommodated and trained there during FY96. These participants have shared their learnings in their respective communities. ODEF had a very productive year at the community level. All the goals projected were surpassed. As a result of the training sessions, forty-one (41) organic gardens were established.

Appropriate Technologies

During FY96 ODEF continued to promote the demonstration, construction, the use of solar box cookers, fuel-efficient wood-burning Lorena stoves and absorbent floors, as well as the construction of low cost brooms. ODEF completed seventeen (17) training activities which included demonstrations and construction workshops and serviced 149 participants. The participants were able to incorporate these technologies in their everyday life bringing them into their own houses. ODEF has concluded that the beneficiaries of this project are reducing the amount of fire wood consumed by using it more efficiently. Consequently, the beneficiaries are contributing to the preservation of the forest in their communities. ODEF conducted forty-

four (44) training sessions on food processing, preparation and nutrition with 364 participants. All the activities conducted during the year have had strict follow-up to ensure the success of the trainings.

Eco-nomics Bridging Fund

The organic seed cultivation and reforestation continued to be the ODEF Eco-Nomics Bridging Fund project. The participants established demonstration plots to gain knowledge about the cultivation and marketing of organic seeds. The participants concluded that the different trial crops cultivated were adaptable to their areas. Demonstration plots have also been established at Herencia Verde Center.

In addition, ODEF provided technical assistance to its beneficiaries in the development of small ecological projects. Nurseries were established in different communities, and the participants have planted trees produced in these nurseries. Improved forestation and reforestation promises to improve the quality of life in their communities.

Business Development and Promotion - PEBD

Accomplishments in Business Development and Promotion						
Description of Project Activity	Outputs					
	Goal	Q1	Q2	Q3	Q4	Total
Community Banks established	0	1	0	1	3	5
CB Members trained	0	170	190	28	79	467
Credit disbursed to CBs	0	8,107	8,682	39,045	36,529	92,363
Sm Bus Mgt Wksp / Trainees	12 / 250	61 / 305	2 / 144	0	8/206	83/905

Community Banking

This year ODEF staff focused on strengthening the community banks within its program and on improving its credit department to ensure effectiveness and efficiency. ODEF provided training to bank clients in the areas of effective administration, management and control tools, product marketing and commercialization. Within the credit program, the staff received reinforcement in the area of credit analysis to ensure proper assessment of credit feasibility. As a result of the year's work, ODEF was able to improve its credit service methods and delivery. By year's end ODEF had significantly increased its community banking program activities. ODEF portfolio numbered a total of 163 banks and had a total of 5,189 registered clients. All have received training in business administration topics. ODEF focused throughout the year on strengthening the banks' respective boards of directors, imparting training on bank administration, organization and internal controls.

Training and Technical Assistance in Credit, Small Business Management and Community Banking

Besides continuing its training in small business and credit management and human and gender development, ODEF staff also devoted more time to follow-up visits to individual clients to address problem areas. As a result, ODEF was able to maintain a low delinquency rate while addressing the clients' individual needs.

GUATEMALA

Cooperative Association for Western Rural Development - CDRO

Cooperación para el Desarrollo Rural del Occidente (CDRO) was established in 1981 as a volunteer effort by local Mayan leaders to assist indigenous people in Western Guatemala in meeting basic needs. CDRO, which became a Katalysis Partner in 1991, is a democratic organization working with thirty communities surrounding the highland city of Totonicapán.

CDRO's participatory methodology, based on Mayan tradition, builds consensus and develops community based problem-solving skills through the establishment of 'consejos comunales' (community councils). Community councils bring together base groups, such as small farmers and artisans, to arbitrate their needs for the betterment of their community. CDRO's services are offered through the following programs: women's programs, sustainable agriculture, health and natural medicine, education, nutrition, public works, social service and artisans.

HIGHLIGHTS OF CDRO ACHIEVEMENTS IN FISCAL YEAR 1996

- **CDRO restructures the women's program, making it a department within the organization.**
- **CDRO's soap factory project achieves a production of 6,369 units of soap within a year's period.**
- **CDRO's dehydration project processes 2,500 pounds of dehydrated fruits.**
- **224 beneficiaries of CDRO's agriculture program successfully sell a portion of their vegetable production to local markets. The earnings were used to buy other basic food staples.**
- **CDRO successfully incorporates a group of sixteen women in the income generating Organic agriculture project.**
- **CDRO successfully incorporates eighty women in the reforestation project. These women assisted in the cultivation of seven seed beds of diverse plant species.**
- **CDRO incorporates six primary schools in agriculture activities, such as environmental education, reforestation, and organic agriculture.**
- **CDRO initiates marketing of 3,698 forest seedlings and donates 2,000 to three beneficiary communities.**

Institutional Strengthening - PDAS

CDRO benefited from a variety of activities aimed at institutional strengthening, which are described in the narrative below. The following chart reviews the organization's progress, and provides information on its current status.

Indicators of Sustainability				
Indicators	Baseline (End of 1993)*	End of Fiscal Year 1994**	End of Fiscal Year 1995***	End of Fiscal Year 1996****
Number of staff	55	70†	105†	135†
Total budget	\$387,724	\$916,229	\$920,600	\$1,162,122
Total loan portfolio	\$171,480	\$190,173	\$519,485	\$719,436
# computers / % staff trained	10 / 100%	12 / 100%	14 / 50%	32 / 75%
Number of donors	6	12	10	16
Number of beneficiaries	40,000††	45,000††	45,000††	2,952 (active beneficiaries)

\$1 = Q5.47* \$1 = Q5.5 ** \$1 - Q5.7 *** \$1 - Q5.95 ****

† Does not include 130 CDRO full- and part-time volunteers, technical assistants and consultants.

†† Direct and indirect beneficiaries of CDRO community groups and participants of CDRO's extension programs.

Long Range Plans

In Q1 CDRO's accountant and community bank program coordinator participated in the partnership-wide training on financial analysis and strategic planning. The information provided at the training sessions served to prepare the staff to participate in follow-up activities that will assist them in the completion of the organization's strategic plan in FY97. By the end of the event CDRO's participants were able to identify some problem areas in CDRO's accounting system and solicited Katalysis' assistance to restructure the system.

At mid-year, work with CDRO's staff in the area of long-range plans consisted of reviewing planning documents prepared by the women's program staff. The documents were reviewed to ensure realistic outputs and budgets. By the end of the fiscal year, CDRO's women's program director had completed a project profile for the women's program and future activities with respective costs and outputs.

Management Information Systems

Katalysis FD assisted CDRO's finance department in Q3 with the installation of the FASS accounting system. Hands-on training in the system's usage and data entry was provided to the staff. During Q4 communication with CDRO's finance department and a follow-up visit continued CDRO staff transition to the use of the FASS system and CDRO's specific reporting requirements. The FD and CDRO's finance director identified remaining areas for follow-up TA in FY97.

Fundraising Techniques and Strategies

The two-day workshop conducted by Katalysis' RDD with CDRO's program staff in Q1 on project profile development was useful for subsequent activities performed during the year. As a result of this workshop, CDRO's program directors developed project profiles used to develop proposals for counterpart funding. Future activities in the area of donor research and cultivation are in planning stage.

Agricultural Training and Extension - AGTE

Accomplishments in Agricultural Training and Extension						
Description of Project Activity	Outputs					
	Goal	Q1	Q2	Q3	Q4	Total
Technical Wksp/Leaders	2	1 / 42	2 / 36	3 / 37	3 / 34	9 / 149
Sus Ag Wksp / Trainees	3 / 90	3 / 79	31 / 143	18 / 181	14 / 129	66 / 532
Ag Credit #/ of Farmers	4300 / 12	2840 / 1	0	1570 / 11	0	4410 / 12
Reforestation Proj/Beneficrs	1333 / 2	48 / 1	513 / 3	514 / 3	514 / 3	1589 / 3

Conservation Agriculture and Environmentally Sustainable Practices

CDRO's agriculture program staff conducted community agricultural leadership courses (TALES), which offered nine three-day workshops to the leaders in the community agricultural groups. These leaders facilitated sixty-six workshops for their community groups to transfer the skills and information they learned in the TALES course. As shown in the above chart, CDRO surpassed their goal in organizing three-day workshops. This reflects the tremendous effort the technicians have given and the willingness of the beneficiaries to participate in project activities. Topics discussed in the TALES courses included organic farming practices such as: production of organic insecticide and fungicide, organic fertilizer, use of repellent plants, crop rotation, disease and pest control using house made traps; seedbed construction, medicinal plant cultivation, tree pruning, tree drafting, general crop production. The practice of intercropping was one of the most important topics because the techniques learned enabled the participants to increase their food production, diversify their production and consequently improved their nutritional level. One of the most outstanding accomplishments of the year was the additional income the beneficiaries received from selling a portion of their production.

This year the agriculture program staff developed simple instruction pamphlets on the construction of compost piles and soil conservation practices. These materials were given to the leaders to use as guides and reference information to support their teaching and technical assistance activities in their communities. The beneficiaries in the communities have been using the techniques transferred to them by the TALES. The replication of the practices are noticeable in the communities because many demonstration plots have been established.

Eco-nomics Bridging Fund

During the year CDRO worked on organic crop cultivation as an income generating project for its community groups. CDRO assisted ten groups in the development of a pilot project to learn new organic practices and to cultivate organic seed for the local and international market. The participants were able to plant two crops during the year. An outstanding achievement of the year was that CDRO incorporated women beneficiaries in this project. Having had a good experience during the year, the beneficiaries are planning to increase the amount of cultivation for next year. The men's groups have already begun plans to establish commercial plot for next year. This year CDRO also established an organic fertilizer facility in its yard which served as a demonstration for the participants in the trainings. The fertilizer was used on the crops produced in the communities around CDRO headquarters.

Partner Initiatives

The organic seed cultivation project continued producing excellent results in the field throughout the year. The participants are still using the organic techniques in their demonstration plots disseminated in their communities. Having finished the training period, the participants will be implementing more demonstration plots.

CDRO continued providing assistance to the communities involved in the reforestation project. Seedlings were distributed throughout the project area. CDRO also expanded its central nursery on the new office grounds by installing another greenhouse. Thousands of seedlings are being produced in the facility to be transferred to the communities. More than ten (10) nurseries were established in the participating communities. CDRO has also completed the diagnostic for an extension of land called "Parcialidades" and will be conducting a model program on forestry management to be included in the reforestation project.

Business Development and Promotion - PEBD

Accomplishments in Business Development and Promotion						
Description of Project Activity	Outputs					
	Goal	Q1	Q2	Q3	Q4	Total
Community Banks established	5	1	0	1	0	2
New CB Members trained	95	12	0	13	0	25
Credit disbursed to CBs	\$7,540	\$1,000	0	\$2,281	0	\$3,281

Community Banking

This year CDRO's community bank program experienced significant changes in FY96 due partly to the restructuring of the women's program department which is the umbrella of the community bank program. Changes in methodology, policies, and staffing have caused the community bank program to fall short of its goals for FY96. Throughout the year Katalysis RFD worked with the community bank program staff to strengthened the program and develop a project profile which mirrors the realities of rural women. By Q3, a draft of the document was completed and by Q4 the final document was submitted. At year's end, activities had stabilized and the new staff was trained to carry out their responsibilities for FY97.

Training and Technical Assistance in Credit, Small Business Management and Community Banking

CDRO's staff continued to focus its training and technical assistance on business and bank management, reinforcing the importance of savings and good credit administration. The staff also worked closely with the women to develop project profiles for their businesses. At the end of the year the staff conducted a survey to measure the socioeconomic impact the community bank program has had on the lives of the women. A report will be submitted with the results once the tabulation of the data is completed.

Asociación de Mujeres en Desarrollo - MUDE

Asociación de Mujeres en Desarrollo (MUDE) was formed in May, 1991 by twenty women from several Guatemalan communities who wanted to use their development experience to help alleviate poverty and its crippling effects on low-income communities. MUDE's overarching goal is to support women in their efforts to improve their economic conditions, to raise their self-esteem and to increase their participation in the process of community development. Through its women's programs, MUDE fosters conditions in which rural communities can build equity, solidarity and sustainable income-generating activities.

MUDE works with women's groups composed of both indigenous and Ladina women, serving ten communities located in four provinces of Guatemala. Five program areas have been developed to provide specific training and educational activities which complement MUDE's organizational goals and objectives: human resource development and community organizing; education and skills training; technical assistance and training; credit programs (women in business and community banking programs), and most recently agricultural training and extension.

HIGHLIGHTS OF MUDE ACHIEVEMENTS IN FISCAL YEAR 1996

- **MUDE begins to systematize its accounting and credit systems.**
- **MUDE obtains its financial statements up to December 95 and initiates an audit.**
- **MUDE changes its community bank program methodology resulting in an increase of capitalization of funds and savings.**
- **MUDE initiates activities for the development of its three-year strategic plan.**

Institutional Strengthening - PDAS

MUDE benefited from a variety of activities aimed at institutional strengthening which are described in the narrative below. The following chart reviews the organization's progress, and provides information on its current status.

Indicators of Sustainability				
Indicator	Baseline(end of 1993)	End of Fiscal Year 1994	End of Fiscal Year 1995	End of Fiscal Year 1996*
Number of staff	4	7	7	8
Total budget	\$36,674	\$36,405	\$33,712	\$132,320
Total loan portfolio	\$34,264	\$47,551	\$62,638	\$142,487
# computers / % staff trained	1 / 75%	1 / 75%	3 / 75%	5 / 75%
# of donors	5	7	5	10
Number of beneficiaries	165	445	462	650

*See conversion factors listed for CDRO above.

Long Range Plans

MUDE began its yearly activities participating in the partnership-wide training on strategic planning and financial analysis. This training was beneficial to MUDE's staff since it became an integrate part of MUDE's strategic plan completion. After the event, MUDE solicited Katalysis' assistance in hiring two consultants to help systematize MUDE's accounting system and create a system for MUDE's credit portfolio management. Having these systems in place is an important process in the development of MUDE's strategic plan. MUDE plans to have their strategic plan completed by the beginning of FY97.

Management Information Systems

The consultants who contracted to systematize MUDE's accounting and credit management systems completed the data entry process by mid-year. The reports generated from the credit management system resulted in anticipated credit policies changes that were discussed and decided on within the organization. Toward the end of the year MUDE hired an auditing firm to perform an audit of fiscal year 1995. Once the audit was completed, MUDE proceeded to implement the auditors' recommendations. At year's end, MUDE's accounting system was on-line and fully operating.

Fundraising Techniques and Strategy

The RDD worked closely with MUDE's staff to assist them in accomplishing planned activities in the area of fundraising. These activities included program budget review, project planning and fundraising, and project profile development. As a result, MUDE successfully obtained counterpart funding for both its AGTE and PEBD programs. The RDD also visited some of MUDE's community bank projects and was pleased with the achievements.

Agricultural Training and Extension - AGTE

Accomplishments in Agricultural Training and Extension						
Description of Project Activity	Outputs					
	Goal	Q1	Q2	Q3	Q4	Total
Approp Tech Wksp / Trainees	15 / 240		5 / 45	6 / 87	8 / 52	19 / 184
Organic gardens / beneficiars	20 / 105		5 / 44	10 / 118	22 / 95	37 / 257

Conservation Agriculture and Environmentally Sustainable Practices

During FY96 MUDE continued with the training of its beneficiaries in sustainable agriculture and environmental education practices. Environmental conservation was the main objective which included soil and water conservation. One of the most outstanding aspects of the training in environmental education was the increase in environmental awareness resulting in the use of different soil conservation practices such as, using water rationing and using locally produced seed to establish organic gardens. Through the organic gardens project the participants began to consume organically grown food which has improved their diets. The participants of the project established thirty-seven (37) organic gardens during the year and MUDE technical staff trained 184 beneficiaries in sustainable agriculture. More potential beneficiaries were requesting assistance from MUDE for FY97.

Appropriate Technologies

Throughout the year MUDE continued with training and implementation of energy efficient alternatives in the different communities where service is provided. New beneficiaries were incorporated in the project throughout the year. They learned about environmental education and the importance of using the fuel efficient stoves to preserve their surroundings. Simultaneously, the beneficiaries have made their own stoves. MUDE was able to introduce this technology to different communities where it is being used appropriately. The number of clients successfully incorporating the use of their new stoves indicates the value of the training and success of the project as a whole.

Eco-nomics Bridging Fund

MUDE continued to explore potential projects for the Eco-nomic Bridging Fund. The coordinator of the program and the rest of the staff had a number of meetings with the potential beneficiaries to explore alternative projects. According to the technicians, the project is in the design stage.

Business Development and Promotion - PEBD

Accomplishments in Business Development and Promotion						
Description of Project Activity	Outputs					
	Goal	Q1	Q2	Q3	Q4	Total
New Community Banks	4	2	2	0	1	5
New CB members trained	120	116	26	0	20	162
Credit disbursed to CB's	\$ 5,840	\$1,460	\$1,460	\$1,460	\$1,460	\$5,840
Adults trained/sm bus mgt	135	106	63	54	203	426
Credit disbursed - ME	\$ 1,100	0	0	0	\$ 1,100	\$1,100

Community Banking

There were many changes in the credit policies of MUDE's community bank program. The loan repayment cycles were altered: formerly cycles 1 and 2 were 4 months; now cycle 1 is 6 months; cycles 3 and 4 were 6 months, now cycles 2,3 and 4 are 8 months. The expected percentage of savings were modified from 10% to 22% for cycle 1; cycle 2 was maintained at 25%; and cycle 3 & 4 moved from 35% to 30%. (These modifications are intended to help the clients retain more capital for the use in their businesses.) MUDE also implemented a practice of retaining a percentage of savings equal to the value of the loan as collateral or a guarantee on loans. Finally, MUDE has a plan for recuperation of overdue loans by means of legal actions. Refinements in methodology include limiting promoters to assisting only twelve banks; previously there was no designated limit. All of these changes are intended to strengthen the program.

By the close of FY96, MUDE had established a total of five new banks, bringing the total bank to fifteen. MUDE staff trained a total of 162 new community bank members and to-date MUDE has 301 banking members. Accumulated savings in all fifteen banks total \$16,499.

Credit to Individuals

This year MUDE complete twelve (12) training activities with an average of forty (40) participants in each training activity. MUDE approve a total of forty-four (44) loans for this fiscal year. MUDE's microenterprise clients now number forty-sever (47).

Training and Technical Assistance in Credit, Small Business Management and Community Banking

Although MUDE continued with its training activities established for the year, its training program has been under revision throughout the year to incorporate the changes recommended by the consultant who performed an evaluation of the community banking and micro-enterprise program. Many of the programs' policies and training modules were revised. Documentation of all changes will be completed by the beginning of FY97, and the final changes made during Q4 will be implemented.

V. MANAGEMENT: REVIEW AND ANALYSIS OF HQ SUPPORT FUNCTIONS

Project Planning and Management Activities

A coordination of all management activities and project planning for FY96 began in the previous fiscal year with preparation for the annual planning/budgeting event in August, 1995, held at Katalysis headquarters. Programmatic calendaring of all technical assistance and training (TA) allowed the staff involved in providing the assistance not only to review what one another intended to provide the Partners, but also to integrate relevant activities and allow the proper budgeting to be done well in advance. This planning provided the basis for monitoring all monthly financial reports and cross-checking the actual TA that was either successfully delivered or not. FY96 closed with a similar event, again at headquarters, with a review of key challenges facing Katalysis and the Partners and a plan and budget for FY97. It was clear that the imminent arrival of MIF and MIP funding enormously enhances the portfolio of responsibilities for Katalysis and Partner staffs.

Throughout the year financial management and effective financial systems were a consistent theme. By year's end the new finance director (FD) had installed the Financial Accounting Software System (FASS), a non-profit accounting package provided by Executive Data, Inc., not only at headquarters and the field office, but also at all Partner sites. He provided consistent TA and follow-up and will continue to do so through FY97. The need for solid financial systems was deemed the most critical one by all Partners; there is great benefit for all to be utilizing the same system. It consolidates and permits more efficient TA, enhances sharing of data, and allows Partners to collaborate through shared vocabulary on an area that is the essence of their sustainability. ODEF is utilizing FASS; however, it is expanding to the MAS90 system to permit closer monitoring and integration of its credit portfolio.

The importance of financial management systems for all Partners superseded the implementation of management information systems. The revised logical framework reflects an acknowledgment of this shift. Additional TA in the area of financial systems will be provided by the FD during FY97. All Partners are being strongly urged to complete their financial audits; two completed their FY95 audits (BEST and ODEF). MUDE and CDRO both recognize the importance of an financial audit and are working toward the accomplishment of that goal. Katalysis, too, has improved its own audit management, completing an early spring audit for FY95 at headquarters and the first annual audit at the field office in Q4. Katalysis/USA and Katalysis/Honduras are aiming at an even more timely completion of the FY96 audit, for the availability of audit information assists in all reporting.

Carefully coordinated efforts between headquarters and the field office staff brought about a thorough review and refinement of administration of the MG early in FY96. The final description of the coordinated administration responsibilities will serve as a model for administration of any other USAID grants in the future. Reporting formats and deadlines for Partners and Katalysis staff have also been refined to achieve consistent and timely reporting to USAID. This was achieved largely by program staff who not only tightened the deadlines for submission, but also provided the Partners with reporting formats on diskettes. Program staff meet annually with the Partners to review changes in reporting procedures and formats and then do follow-up on-site during field visits.

The regional field office, Katalysis/Honduras, became eligible and was invited to join FOPRIDEH (the *Federación de Organizaciones Privadas de Desarrollo de Honduras*), an Honduran network of seventy-six private NGOs involved in development work, strengthening Katalysis/Honduras' bonds within the country. That was possible due to the legal status of Katalysis/Honduras as an Honduran NGO which was completed with the approval of the *Personería Jurídica*.

The efforts to refine internal systems in the regional office matured significantly during FY96 not only with the full use of FASS as mentioned above under financial systems, but also with the completion of the

Reglamento Interno, the legal document governing internal office operations in keeping with Honduran labor laws. This document was submitted to the labor ministry as required. It was lost by the ministry, and another copy was formally submitted. However, the efforts to comply with all legal requirements in another culture continue to be a challenge requiring patient persistence and constant hands-on learning of new lessons. No difficulties in its approval are foreseen by the Katalysis/Honduras lawyers.

Significant management time was given to addressing problems with the Herencia Verde Training and Learning Center (HV) project which is jointly sponsored by ODEF and Katalysis through VIDA funding. Late in Q3 and throughout Q4, unpredicted violent attacks on the Center required extraordinary time, strategizing, and collaboration with other NGOs, with officials of the municipality and with military personnel to protect life and property. In addition, unexpected funding difficulties between USAID and VIDA and the concomitant delay in funding negatively impacted the staffing and programming at the Center for Q4. An amazing amount was accomplished in spite of the funding difficulties. New community alliances have arisen to protect the property and projects and new awareness at the political level in San Pedro Sula about the plight of resettlement folks was created through the crises and group efforts to arrive at a viable solution. Stability of the base funding, security at the facility and competent staffing are critical to carry forward the implementation of any sustainability strategy for the Center.

FY96 represented the mid-point in MG funding and the mid-term evaluation was designed and completed in a timely manner. The draft evaluation has been submitted to the project officer in Washington, DC. The planning details are clear in the scope of work which is included in the attachment to this report (Attachment B). The combination of recommendations from the midterm evaluation and the suggestions for focusing Katalysis' programmatic efforts combined to support a significant revision of the logical framework and the detailed implementation plan for years four and five of the MG. Both documents are included as Attachments C and D.

Staff Resources

Funding difficulties and slow-downs radically impacted staffing for both offices. Initially recruitment for HV was an emphasis, but when reimbursements were delayed and then completely suspended due to the crisis at VIDA, the hiring process was completely stymied. As a result, the communities expecting the training were disappointed and lost confidence in the program. Intense efforts by Katalysis President, FD and RFD were directed to getting VIDA to fulfill its commitment. Meetings between the new director of VIDA, the Katalysis President and RFD reestablished a good working relationship with VIDA. By the end of Q4, funds were flowing again.

The promised timeline for approval of the IDB/MIF Partnership proposal was changed a number of times in the course of the year. Final approval of the proposal was delayed until the middle of Q4 and funds did not materialize as expected for FY96. The delay forced Katalysis/USA to reduce its staff in Q3 and prevented any hiring for the MEM position at the RFO. Both offices closed the year needing to realign and rebuild their staff complements. Both the committed IDB/MIF grant for the Partnership and USAID/MIP project with ODEF will allow Katalysis to bring in more adequate staffing to fulfill programming obligations.

These funding conundrums challenged the RFD to be creative in providing services to Partners in the absence of permanent staff. To meet those needs she was able to hire several project-specific consultants to address Partner program assessment and TA. In fact, in the process the RFD came to see a real benefit in working with the Partner directors in defining the terms of reference and then providing an appropriate local technician to meet those terms. This pattern, initially borne of necessity, is now a factor in planning the TA strategy for the future. It does not supplant the necessity to have proper staffing for program management; it alters the range of expectations for the program staff and potentially allows for more successful TA. An important by-product is the training of Partner directors in effective consultant-hiring and monitoring processes.

Staff training at Katalysis/Honduras involved on-site English instruction to improve individual skills, workshops for some in computer programs, and an administrative workshop in labor laws and personnel issues. Key Katalysis/USA staff who had not previously been to the field had the opportunity in FY96, meeting and working with their counterparts in the field office. Joint operations have been improved by improved mutual understanding and more personal communication and the quality of reporting and documentation has been strengthened. Critical training was provided by the finance director to the accountant at the field office on several field visits. The field office accountant will become a regional program resource to the Partners' financial staffs once he is fully knowledgeable about the accounting software. In addition, the FD reviewed all grant agreement budgets to assure completeness and accuracy.

Changes in personnel during FY96:

Position	Name	Qtr	Contributions
Katalysis/USA			
Finance Assistant	Erica Fernandez	1	Replaced person who left and provided support to Finance Dept.
Finance Assistant	Erica Fernandez	4	Terminated due to delays in funding and internal commitment to operating within budget constraints.
Secretary/Receptionist	Rebeca Gonzalez	3	Terminated due to delays in funding and internal commitment to operating within budget constraints.
Katalysis/Honduras			
Accountant	Juan Repich	4	Replaced existing person to continue finance function
	Deysi Rosa		Data entry person to assist accountant.
Program Associate	Liliana Pozzo	2	Additional program support and translation.
	Rosario Campos	4	Replaced existing person; provides program support and translation.
Office Assistant/Driver	Jose Wilfredo Mancía	4	Replaced existing person; provides office support
Herencia Verde Marketing Specialist	Gahery Ortiz	4	Replaced existing person; responsible for TA and T to the project in marketing/ planning/sustainability

Consultants, volunteers and interns continued to play an important role in achieving the Katalysis mission. Details of these contributions can be found in Attachment I.

Training and Technical Assistance

The chart on the next page highlights training and technical assistance activities for fiscal year 1996 in comparison to year three of the DIP.

◊ **AGTE - Agricultural Training and Extension**

BEST

During the first quarter the NRM provided training and technical assistance in agro-forestry. The NRM also provided technical assistance to NARESMA staff in organic seed production on a one to one basis. In the third quarter BEST's NARESMA program staff participated in the partnership exchange on sustainable agriculture.

CDRO

The NRM's visits to CDRO this year have produced successful results. Training sessions were conducted for the agriculture program staff in forest management and agro-forestry. Field training was also done while visiting the project communities. CDRO's agronomist and agriculture program director attended the partnership event held at Herencia Verde; following the exchange event, the NRM assisted participants in creating visual aids for their own professional presentations in response to their requests.

MUDE

The NRM provided the recently hired agronomist with complete training and technical assistance on the program's goals and objectives. Most of the project-related TA was provided in the field and through one-to-one consultations. Besides providing assistance in other areas, the NRM initiated a training in visual-aid preparation and presentation for the staff.

ODEF

The Herencia Verde committee completed the operational plan for FY96. The NRM worked closely with the program staff to develop a work plan and data base system for HV, the system will permit the storage and analysis of survey results from community diagnostics. HV was inaugurated in Q1 and by the end of the first quarter 100 participants were trained. Training of beneficiaries at Herencia Verde continued throughout the year in spite of lack of funding reimbursements from VIDA; however, the full impact potential for these trainings was significantly limited by the funding difficulties. See above.

◇ PEBD/PDAS - Business Development and Promotion / Program Development and Support

BEST

The RFD provide some direct observations and suggestions to BEST's managing director in the area of communication with program staff and recommendations on organizational assessment. The Katalysis president and management team provided institutional consultation to the managing director to address problems in finance, strategic planning and staffing analysis. The Katalysis management team has been involved in assisting and providing BEST's staff with a detailed critique and recommendations to address BEST's institutional problems. Individual team members also gave technical assistance in financial management systems as well as in administrative systems.

CDRO

During Q1 the RFD visited CDRO to assess the status of their community bank program. The RFD prepared a report detailing observations and alternatives for the community banking program. By the end of the quarter the women's program was restructured in accordance with the RFD recommendations. The RFD work with the women's program staff to develop a project profile for the community banking project. For Q3 the NRM delivered a training packet that the RFD prepared for the women's program staff on MG2 and counterpart grants.

During Q2 the RFD met with CDRO's controller to discuss the possibility of changing to the FASS accounting system. Katalysis finance director followed up with a request from CDRO's internal auditor for materials on the FASS system. In Q3 Katalysis FD spent a week at CDRO to complete his financial systems diagnostic, install the FASS system, and provide initial training. He returned for a week of follow-up training in Q4.

The RDD conducted a formal two-day training session in project profile development for eight program directors at CDRO. One-on-one consultations with the director and key program staff were also provided to complete project profiles for counterpart funding commitments .

MUDE

During the year the RFD provided follow-up assistance on consultant activities. One of the consultants was hired to install the finance and accounting system. He worked with MUDE's accountant to up-date MUDE's financial statements and reports for 1995, to be submitted by June 30th 1996. This activity suffered several

delays and was not finished until September 30th 1996. The second part of this consultancy was to present financial statements and reports by August 30, 1996, for the period ending June 30th 1996. These reports are now expected to be finished by the beginning of FY97. The delays in updating the accounting system caused the other related consultants to suffer delays in their activities. The audit firm who evaluated the financial reports and internal control for the period of January 95 to June 96 suffered the most from the delays in financial systems updating set backs.

Another consultant started in Q2 to perform a diagnostic of MUDE's credit program, document his findings, update MUDE's credit program training modules credit policies, and train MUDE's personnel in the management of the new credit policies and changes in the credit program training modules. The diagnostic was finished in Q4; the strategic plan will be ready by the beginning of the new fiscal year and will be presented to MUDE's executive director and board of directors for review. A copy of the final document will be submitted to Katalysis.

A third consultant was hired to assist in finance and credit portfolio. He developed the credit service manual and some credit service policies in the first phase of his consultancy. In the second phase he was to prepare these documents; but because of differences of opinion in credit policy changes, the consultant decided to terminate his consultancy. MUDE will hire another consultant to finish this task.

ODEF

During Q1 program work focused on ODEF's strategic plan preparation for its microcredit programs, collaboration on the SEEP software tool for financial projections, and development of the training agenda and materials for the December partnership exchange. The RFD performed follow-up work with ODEF staff on the SEEP planning grant project, on finalizing the micro-enterprise projection software tool and ODEF's strategic plan, and on the AID-MIP proposal. Katalysis program assistant also helped ODEF's credit department staff with donor visit preparations, with documents required for counterpart grant proposals, and with the design of community banking/ microenterprise spreadsheets.

In Q2, at ODEF's request, Katalysis finance director worked with ODEF's administrative staff to assess ODEF's accounting system. The FD was to install the FASS software package, but in Q3 ODEF identified another software package (MAS 90) that will link ODEF's accounting and credit management system.

A consultant was employed by ODEF with counterpart funding provided by Katalysis to expand and strengthen its community bank program in order to amplify its credit market and income generating opportunities. This involved the improvement of the program's capacity to offer financial services in order to increase the number of beneficiaries, the amount of credit available and the geographical distribution of that credit. It also included strengthening the program's organizational and administrative structure to allow for the operational process to grow at the same rate as the level of credit available. The consultant submitted various reports to the RFD detailing his progress and accomplishments.

TRAINING AND TECHNICAL ASSISTANCE
Fiscal Year, 1996

Activity:	Plan	Actual Outcomes															
	FY96	Q1				Q2				Q3				Q4			
	DIP	M	C	B	O	M	C	B	O	M	C	B	O	M	C	B	O
PDAS																	
Long Range Plans																	
Partnership-wide Training	Q1																
On-sight TA and Training	Q1-4																
Long Range Plan Completed	Q2-3																
Management Information Systems																	
Criteria and format development	Q4																
Fundraising Techniques/Strategies																	
Fundraising training/Strategic Planning	Q2																
Donor Rsch, Cultivation and FR Training	Q2																
Monitoring/ Evaluation:																	
MUDE: Community Bank Diagnostic	Q4																
ODEF: Community Bank Diagnostic	Q4																
CDRO: Community Bank Diagnostic	Q4																
BEST: Community Bank Diagnostic	Q4																
Partnership Exchange:																	
BEST	3																
MUDE	3																
ODEF	3																
CDRO	3																
Partnership Training workshop:																	
Board Development II Training	Q4																
Documentation:																	
NGO Financial Management and Admin	Q4																
Mid-term Evaluation	Q3																
Katalysis Partnership Video and Video Guide																	
Katalysis Board Resource Manual																	
Katalysis Focus Quest Recom. & Strategy																	
AGTE Training and Technical Assistance																	
Reforestation Project																	
Sustainable Agriculture																	
Energy Efficient Technologies																	
Organic Gardens																	
Herencia Verde																	
Natural Medicine																	
Agriculture Extension																	
Environmental Education																	
Food Processing																	
PEBD Training and Technical Assistance																	
Community Banking																	
Microenterprise Training																	

*M: MUDE; C: CDRO; B: BEST; O: ODEF

Partnership Exchange

Two of the three anticipated partnership exchange events were held during FY96. Each was very successful. The first, in Q1, fostered an exchange among the Partner staff representatives on policies and procedures used within the different credit programs of the Katalysis partnership. It also trained the staffs in financial and trend analysis and introduced them to a Katalysis' developed computer software program for credit portfolio, budget and financial statement projections. Lastly, the group reviewed the recommended strategic planning format, studied its application at ODEF, and planned their respective action plans for creating their own strategic or long-range plan. Follow-up with ODEF, MUDE and CDRO in subsequent quarters. The second exchange was a six-day training event in AGTE at the HV Center for all Partners in organic seed production, forest management, extension services and permaculture. A representative from a northern NGO, Seeds of Change, was a principal presenter. Again, on-site support for each Partner was provided by the NRM. The third event was canceled to curb expenses for the year, to focus on adequate follow-up to and integration of the learnings from the previous events, and to accommodate midterm evaluation activities. See Attachments H.1 and H.2 for agendas for these exchanges.

Long-Range Planning

The partnership exchange in Q1 laid the ground work for the Partners to do their long-range plans successfully. Follow-up visits by the RFD, the NRM, and the office administrator in the RFD's stead promoted stable planning at each Partner site. Each of the Partners is developing a clearer sense of preparing conceptual frameworks, annual workplans, and corresponding curricula.

Late in Q1 it became clear that institutional strengthening and planning was critical at BEST. Program staff found it increasingly difficult to do onsite trainings and found poor overall implementation of and community response to planned projects. Organizational TA was provided from Katalysis/USA by the president, the finance director, and the administrative manager. This extensive analysis by Katalysis and work with the managing director of BEST and her staff, plus the Partner directors' support and critique with the managing director in Q2 pointed to the seriousness of the situation. Ultimately a consultancy, jointly funded by BEST and Katalysis, was initiated to provide a full institutional analysis and recommendations directed to assisting BEST address its financial, staffing, and programmatic strengths, weaknesses, opportunities and threats. The work of the consultant was completed and a formal report with recommendations presented to BEST's board and staff, with a copy to Katalysis. By the end of FY96, after the intense work of the Belizean consultant with BEST staff and board and after the mid-term evaluation visit for the MG, the Katalysis staff recommended and the board decided to withdraw access to grant participation and funding from BEST post-FY96. The Partner Directors Board also decided to ask BEST to withdraw from the Partnership. The loss of a Partner has been a painful decision for all concerned. The decision, however, seems to be in the best interest not only of the Partnership, but more importantly for BEST itself. BEST faces its future with a newly completed strategic plan (see Attachment K.1), its current portfolio of funders and funding obligations, and the will to succeed.

Katalysis' own commitment to progressive refinement of its long-range plan and the real need to be cost-effective in the promotion and delivery of services brought board and administration to examine the clarity of Katalysis' focus in its programs. The year-long process, named "Focus Quest," resulted in a proposal affirmed by the executive committee and the Partner Directors with final approval by the board expected in Q1 of FY97. The focus document, included as Attachment E, describes the benefits for Katalysis focusing programmatically on development of a partnership-driven community banking model and redefining itself in terms of a development organization specializing in delivery of micro-credit and organizational support. All stake-holders in Katalysis and its future support the refined future direction for the organization, recognizing that the full transition to the new focus will require at least two more years. The new logical framework and DIP reflect shifts that are supportive of the transition. The mid-term evaluation likewise observes the potential value of weeding out small sectors within the grant and improving the overall impact of the use of MG resources. Katalysis will be completing a business plan in FY97 that supports the new focus and dialoguing with potential new partners whose programmatic interests are community banking and micro-lending.

Project Fundraising and Marketing

FY96 moved the Katalysis Partnership radically in terms of diversification of funding sources. Two major funding sources were added to the portfolio on the grant side: IDB Multilateral Investment Fund (MIF) and USAID Microenterprise Innovation Project (MIP) Agreements were signed in Q4. Funding and projects will be implemented beginning in FY97. These sources complement USAID MG funding and strengthen the Partnership by increasing the TA in micro-credit management and organizational development, as well as increasing the amount available to the Partners in micro-credit. MIP directly supports the Partnership's lead Partner, ODEF, supporting ODEF's five-year sustainability strategy by substantially expanding its financial service delivery. Proposals throughout FY96 were increasingly geared to improving and streamlining financial management systems that would expand credit services in community banking and individual credit. Katalysis is moving itself into a full-realignment under an institutional focus on micro-credit training and provision for all members of the Partnership. The fund-raising strategy for FY97 is designed within the framework of the new focus and reflects the commitment of Katalysis to advance the micro-enterprise finance activities of all Partners.

Core funding for Katalysis/USA was significantly provided through the Core Circle, a group made up of individuals willing to provide at least \$10,000 annually to institutional support for Katalysis operations. Unrestricted funds from donors like these allows Katalysis to strengthen and diversify its funding-base.

Role of the Board of Directors, the Partnership Board and the Katalysis/Honduras Board

◇ Katalysis Board of Directors

ANNUAL BOARD MEETING: The annual Katalysis board meeting was held in Q1 in San Pedro Sula, Honduras, and featured the tenth anniversary of ODEF, the first anniversary of Katalysis/Honduras, and the inauguration of the Herencia Verde Training and Learning Center. The board ratified the mission statement, initiated the quest for a clear focus for the organization to provide for its sustainability, and enlarged the executive committee membership. The Regional Field Director provided a board training in the institutional preparation for and implications of IDB/MIF funding. All members of the board received the *Katalysis Board of Directors Resource Manual*, an orientation and reference tool to enhance the members' understanding of the Partnership. The table of contents of the resource manual is attached (Attachment F.3), as is the agenda for the annual meeting (Attachment L.1).

EXECUTIVE COMMITTEE: The expanded executive committee (total of six, expanded by two women and one man) met regularly throughout the year and provided board oversight of Katalysis finances (fundraising and budget monitoring), for the Focus Quest initiative and task force, and in regional field office development. The executive committee also monitored the work being done in support of BEST, insisting that BEST be held accountable for the quality of its program and use of resources provided under the auspices of the Partnership for the sake of the whole Partnership. Finally, the committee was proactive in encouraging the expansion of the Partnership by virtue of investigating potential new partners which was undertaken in Q4.

BOARD MEMBER INVOLVEMENT: Extensive board member involvement in fundraising through the Major Donor Committee, in long-range planning through the Focus Quest task force, and donor education and cultivation through the Partnership Journey planning continues to be a vital component of Katalysis' future.

◇ Partnership Directors Board

The Partner Directors Board met three times in FY96, twice in Honduras and once in Guatemala. The board is an important forum for the executive directors to gain insight and support from one another in dealing with institutional difficulties and challenges, as well as to receive important updates related to programmatic concerns. Issues included the adoption of a code of Partner institutional standards, review of the operations and services of the regional office, review of Katalysis policies and procedures for providing TA, discussion of Partner accountability, funding updates, Partner discussion of the new Katalysis focus, and internal

procedures for calling one another to account based on the Partners' Memorandum of Understanding. Special discussion and time was given to the difficulties BEST and its managing director were experiencing, with explicit supportive recommendations to her from the other directors. In fact, the Partner directors took a very proactive stance in terms of specific actions recommended and consequences in terms of membership in the Partnership if BEST staff could not stabilize operations and project management. There efforts were intended to support the managing director's efforts to redirect BEST successfully. Subsequently, in their third meeting of the year, the Partner directors reviewed the progress of BEST toward course correction and decided to terminate BEST from the Partnership. The Partners new institutional standards, the criteria for new Partner selection, the new Partner selection process, and the Katalysis policies and procedures for technical assistance to the Partners are attachments to this report. See Attachments L.2-5.

◇ Katalysis/Honduras Board

The Katalysis/Honduras Board of Directors convened officially for the first time in FY96 with its full membership present. The Q1 meeting permitted the members to review: the budget and workplan for FY96, the financial report for Katalysis/Honduras, the *Reglamento Interno*, the *Personeria Juridica*, and the *Personnel Policy and Procedures*. Modifications to the by-laws were discussed and approved, as well. Later in the year the board was registered with the local authorities and legal review of all official documents was pursued. Once legal review had been completed, the *Reglamento Interno* and the by-law revisions were submitted to the proper Honduran authorities. The *Personeria Juridica* (bylaws) were officially approved and published in the official paper "La Gazetta." Final, formal approval of the *Reglamento Interno* is expected early in FY97.

Development Education

Katalysis communicates with friends and donors semi-annually through its newsletter (*Field Notes*), informing them about new developments at Katalysis and its Partner organizations and reporting on specific projects in the field. The themes for the two issues in FY96 were: (1) the contribution of women to development, highlighting women within the Katalysis partnership who have demonstrated leadership in this regard and (2) the roles of northern and southern NGOs in advancing grassroots development, featuring the jointly sponsored Herencia Verde Training and Learning Center and its activities. See Attachment F.1.

The Katalysis video, completed in FY96, serves to educate others about the Partnership and features interviews with project participants and staff in Guatemala, Honduras, Belize and the US. It is not only an educational and promotional tool, but also documents the elements of partnership. The video was awarded a 1996 Silver Telly award. The video sleeve and guide, accompany this report (Attachment F.2) along with two archival copies of the video for the project officer.

VI. FINANCIAL REPORT

**Katalysis North/South Development Partnership
Breakdown Of USAID Expenses
for the Year Ending September 30,1996**

Expenses in this Cooperative Agreement totalled \$891,096 in the fiscal year that ended September 30,1996. Federal expenses were \$350,000 as shown below. The federal share was 39.27%.

LINE ITEM	HEADQTRS	OVERSEAS	TOTAL	BUDGET 96	% OF BUDGET
SALARIES	87,039	8,606	95,645	95,953	99.68%
FRINGE	17,097	4,901	21,998	22,069	99.68%
TRAVEL	10,601	1,594	12,195	9,677	126.02%
OTHER DIRECT	43,001	107,161	150,162	152,301	98.60%
TOTAL DIRECT	157,738	122,262	280,000	280,000	100.00%
INDIRECT 25% OF DIRECT	39,434	30,566	70,000	70,000	100.00%
TOTAL DIRECT & INDIRECT	197,172	152,828	350,000	350,000	100.00%
% OF TOTAL	56.33%	43.67%	100.00%		

**KATALYSIS NORTH/SOUTH DEVELOPMENT PARTNERSHIP
MATCHING GRANT II
FOR THE YEAR ENDED SEPTEMBER 30,1996**

A. BUDGETED VERSUS ACTUAL EXPENDITURES

BREAKDOWN BY PARTNER	A I D F U N D S			P V O F U N D S			T O T A L A I D & P V O		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
KATALYSIS	167,543	170,591	-3,048	170,543	309,835	-139,292	338,086	480,426	-142,340
BEST	40,650	37,458	3,192	37,650	62,839	-25,189	78,300	100,297	-21,997
CDRO	28,840	28,826	14	28,840	39,500	-10,660	57,680	68,326	-10,646
MUDE	16,540	16,565	-25	16,540	35,100	-18,560	33,080	51,665	-18,585
ODEF	24,180	24,313	-133	24,180	34,000	-9,820	48,360	58,313	-9,953
TOTAL DIRECT	277,753	277,753	0	277,753	481,274	-203,521	555,506	759,027	-203,521
INDIRECT COST	72,247	72,247	0	72,247	72,247	0	144,494	144,494	0
TOTAL COSTS	350,000	350,000	0	350,000	553,521	-203,521	700,000	903,521	-203,521
KAT TOTAL	239,790	242,838	3,048	242,790	382,082	-139,292	482,580	624,920	-136,244
PARTNERS TOTAL	110,210	107,162	-3,048	107,210	171,439	-64,229	217,420	278,601	-67,277
TOTAL	350,000	350,000	0	350,000	553,521	-203,521	700,000	903,521	-203,521

**Katalysis North/South Development Partnership
Sources of Project Funds for the PVO
for the Year Ending September 30,1996**

SOURCE	AMOUNT
AID	350,000
FOUNDATIONS	180,586
MAJOR DONORS	51,219
INVESTOR CIRCLE	70,000
BOARD OF DIRECTORS	111,600
WORKING ASSETS	55,284
INDIVIDUALS	31,376
INDEPENDENT CHARITIES	4,871
CHURCHES	5,235
CORPORATIONS	10,000
INKIND	5,701
INTEREST/DIVIDENDS	9,864
CORPORATIONS	0
JOLT	10,000
OTHER	3,616
EXCHANGE RATE	1,106
TOTAL	900,458

Forms 269 and 272 follow.

FINANCIAL STATUS REPORT

(Short Form)

(Follow instructions on the back)

1. Federal Agency and Organizational Element to Which Report is Submitted AID/FM/CMP/LC		2. Federal Grant or Other Identifying Number Assigned By Federal Agency FAO-0158-A-00-3043-00		OMB Approval No. 0348-0039	Page 1	of pages	
3. Recipient Organization (Name and complete address, including ZIP code) Katalysis North/South Development Partnership 1331 N. Commerce St., Stockton, CA. 95206							
4. Employer Identification Number 68-0015134		5. Recipient Account Number or Identifying Number FAO-0158-A-00-3043-00		6. Final Report <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		7. Basis <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual	
8. Funding/Grant Period (See Instructions) From: (Month, Day, Year) 09-30-93			To: (Month, Day, Year) 09-30-98		9. Period Covered by this Report From: (Month, Day, Year) 07-01-96		To: (Month, Day, Year) 09-30-96
10. Transactions:				I Previously Reported	II This Period	III Cumulative	
a. Total outlays				2,595,943	202,383	2,798,326	
b. Recipient share of outlays				1,631,203	127,123	1,758,326	
c. Federal share of outlays				964,740	75,260	1,050,000	
d. Total unliquidated obligations				0		0	
e. Recipient share of unliquidated obligations				0		0	
f. Federal share of unliquidated obligations				0		0	
g. Total Federal share (Sum of lines c and f)						1,050,000	
h. Total Federal funds authorized for this funding period						1,050,000	
i. Unobligated balance of Federal funds (Line h minus line g)						0	
11. Indirect Expense							
a. Type of Rate (Place "X" in appropriate box) <input type="checkbox"/> Provisional <input type="checkbox"/> Predetermined <input type="checkbox"/> Final <input type="checkbox"/> Fixed							
b. Rate		c. Base		d. Total Amount		e. Federal Share	
25%		126,407		31,602		12,358	
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation. Base of application of indirect cost is total direct costs in 11(c)							
13. Certification: I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.							
Typed or Printed Name and Title Gerald Hildebrand, President (CEO)					Telephone (Area code, number and extension) (209) 943-6165		
Signature of Authorized Certifying Official 					Date Report Submitted 10-29-96		

FEDERAL CASH TRANSACTIONS REPORT

(See instructions on the back. If report is for more than one grant or assistance agreement, attach completed Standard Form 272-A.)

Approved by Office of Management and Budget, No. 80-RO182

1. Federal sponsoring agency and organizational element to which this report is submitted

USAID/FM/CMP/RM-700-A-2

2. RECIPIENT ORGANIZATION

Name **Katalysis North/South Development Partnership**

Number and Street : **1331 N. Commerce ST.**

City, State and ZIP Code: **Stockton, CA. 95202**

4. Federal grant or other identification number
FAD-0138-A-00304B

5. Recipient's account number or identifying number

6. Letter of credit number
7200161119

7. Last payment voucher number

Give total number for this period

8. Payment Vouchers credited to your account

9. Treasury checks received (whether or not deposited)

10. PERIOD COVERED BY THIS REPORT

FROM (month, day, year)

07-01-96

TO (month, day, year)

09-30-96

3. FEDERAL EMPLOYER IDENTIFICATION NO.

68-0015134

11. STATUS OF

FEDERAL

CASH

(See specific instructions on the back)

a. Cash on hand beginning of reporting period

\$ **108.04**

b. Letter of credit withdrawals

\$ **60,000.00**

c. Treasury check payments

0

d. Total receipts (Sum of lines b and c)

60,000.00

e. Total cash available (Sum of lines a and d)

60,108.04

f. Gross disbursements

75,260.00

g. Federal share of program income

0

h. Net disbursements (Line f minus line g)

75,260.00

i. Adjustments of prior periods

15,170.00

j. Cash on hand end of period

\$ **90.00**

12. THE AMOUNT SHOWN ON LINE 11J, ABOVE, REPRESENTS CASH REQUIREMENTS FOR THE ENSUING

Days

13. OTHER INFORMATION

a. Interest income

\$ **0**

b. Advances to subgrantees or subcontractors

\$ **0**

14. REMARKS (Attach additional sheets of plain paper, if more space is required)

15. CERTIFICATION

I certify to the best of my knowledge and belief that this report is true in all respects and that all disbursements have been made for the purpose and conditions of the grant or agreement

AUTHORIZED
CERTIFYING
OFFICIAL

SIGNATURE

TYPED OR PRINTED NAME AND TITLE

Gerald Hildebrand, President (CEO)

DATE REPORT SUBMITTED

10-29-96

TELEPHONE (Area Code, Number, Extension)

(209) 943-6165

THIS SPACE FOR AGENCY USE

VII. LESSONS LEARNED AND RECOMMENDATIONS

Project Planning and Management Activities

Lessons Learned:

1. There is solid value to the annual planning/budgeting process as a basis for managing and monitoring both TA and the budget.
2. The value of consistent quality financial management systems at all Partner sites is just being recognized and requires far more TA from the FD than anticipated.
3. The ability of Partners to do financial audits is dependent upon solid financial management systems and they continue to need substantial support in this area.
4. The midterm evaluation planning formally started in the middle of Q2. Though we found an excellent evaluator who had familiarity with both USAID processes and Katalysis itself, the search for evaluator candidates and the details of the planning for the evaluation could well have started earlier. An earlier start would assure time for the unpredicted delays in communication across such a broad network of Partners.

Recommendations:

1. Involve the Katalysis Board Executive Committee in the budgeting preparation dialogue prior to formal presentation of the final draft of the budget in order to clarify critical issues and decisions that effect the budget as presented.
2. Provide financial TA both in FY97 and FY98 to assure the solidity of financial management systems at Katalysis/Honduras and all Partner organizations and to facilitate financial audits for each Partner.
3. Begin planning and actual details for the final evaluation in Q4 of year 4 (FY97).

Staff Resources

Lessons Learned:

1. Because the micro-enterprise manager's position remained unfilled for the year, the RFD was forced to hire project-specific consultants to service Partner TA needs. It proved to be a very effective strategy.
2. Permanent staffing is dependent on consistent funding. The size of permanent staffing needs to correspond directly to known funding for the fiscal year.

Recommendations:

1. Allow the experience with project-specific consultant hiring to inform the ongoing hiring expectations for the MEM position. That is, the MEM should not only be expected to assess Partner needs and meet those needs, but also coordinate and hire appropriate consultants when that would be more effective.
2. Analyze all known funding for a given fiscal year in light of the number of employees that it can support and consider annual contracts.

Training and Technical Assistance

Lessons Learned

1. As Katalysis became more familiar with Partner cultural conditions and working environment, its has learned what works best for each Partner in the context of their programmatic needs.
2. The assistance provided has been costly, time consuming and, at times, repetitious, given the fact that the Partner organizations have suffered from staff turnovers.
3. Katalysis and Partners have learned that recruiting inexperience staff can, in the long run, be more costly because the organization risk losing the person once the individual is fully trained. Therefore, the training offered must be repeated as new staff members come on board.

Recommendations

1. Work with the partners to develop a training methodology with pay incentive that could help them retain their staff for a longer period (at least three years).

Long-Range Planning

Lessons Learned:

1. Careful, consistent organizational work with each Partner is critical to their sustainability and effective involvement in the life of the Partnership.
2. The BEST experience reveals how fragile NGOs are, especially if they do not clearly meet the needs of the population they serve or change effectively to meet those needs.

Recommendations:

1. Monitor even more closely the effectiveness of Partner systems and planning to foster consistently stronger organizations.
2. Katalysis should first model what it means to meet changing needs through its own thorough implementation of its new focus, and then support its Partners in similar ongoing institutional re-examination.

Project Fundraising and Marketing

Lessons:

1. The strategy and process for the USAID/MIP proposal was a very positive and productive experience. The preparations were well-calendared and coordinated with both the program staff and ODEF. The proposal was interactively completed to the satisfaction of both ODEF and Katalysis.
2. Staff time can become diffused by the variety of Partner projects and Katalysis initiatives, especially in seeking funding support for Partners. This has an impact on Katalysis both in the effective use of program staff time and in the effective uses of administrative time and energy.

Recommendations:

1. Use the experience of MIP proposal preparations as a model for all significant project planning and development in order to manage staff time and resources effectively and gain a mutually satisfactory outcome.
2. Utilize the new focus as a governing agent to direct Katalysis' resources to the most effective end. The commitment for FY97 and beyond should reflect the commitment to the new focus and eliminate any unrelated elements in order to maximize the focus and strengthening for Katalysis in its own sustainability and quality of service delivery. The plan for FY97 should include an effective transition for existing non-focus commitments.

Role of the Board of Directors, the Partnership Directors Board and the Katalysis/Honduras Board

Lessons Learned:

1. The Katalysis Executive Committee is feeling the need for more full board meetings to maintain board interest and support.
2. The legal work and official regulations that are required to become an established NGO in any location, but especially in a foreign country, requires extensive investigation, time, and work. It also requires sound local legal advice. Katalysis/Honduras staff have learned the pitfalls – slow processing at local ministries, endless documentation, and the necessity of having more than one original copy when documents are lost at the ministries.
3. Partner directors have learned the value of mutual support and challenge at their board. They are assuming the role of mutual advising and strengthening.

Recommendations:

1. The Katalysis Executive Committee recommends quarterly board meetings, with one annual international meeting onsite in the region.
2. The executive committee will also be recommending a revamping of the membership of the full board in FY97 to facilitate more direct board involvement on a consistent basis.
3. The board and management should never underestimate the time and costs involved in ensuring appropriate legal documentation at Katalysis/Honduras.
4. Katalysis/Honduras needs to maintain competent, reliable legal contacts in-country.
5. Katalysis/Honduras must network with similar organizations to gain insights from their experience that might shorten time invested by Katalysis staff.
6. The present Partner directors become the charter or core members, the senior members of the Partnership in mentoring new Partners. This validates their experience and role in the Partnership and cultivates stronger ownership of the partnership model among them.

ATTACHMENTS
Katalysis ~ USAID Fiscal Year 1996 Annual Report

- A. Country Data Sheets (Form 1550-11)**
 - 1. Belize**
 - 2. Guatemala**
 - 3. Honduras**
 - 4. USA - Headquarters**

- B. Midterm Evaluation Scope of Work**

- C. Revised Logical Framework**

- D. Revised Detailed Implementation Plan**

- E. Katalysis Planning Document: Focus Quest**

- F. Documentation:**
 - 1. Katalysis Newsletter -- *Field Notes*, two issues**
 - 2. Katalysis Video Brochure and Cover**
 - 3. Katalysis Board of Directors Resource Manual (cover, table of contents)**
 - 4. Katalysis/Honduras Annual Report, FY 95**

- G. Program Management Documents**
 - 1. Sample of Partner Planning Documents for FY96: BEST**
 - 2. Summary of Partner Needs as Identified in MG Partner Reports**
 - 3. Sample of Partner Planning Documents for FY97: MUDE**

- H. Partnership Exchange Materials**
 - 1. SEEP Exchange Agenda**
 - 2. Natural Resource Management Exchange Agenda**

- I. Katalysis Consultants, Interns and Volunteers Chart**

- J. Katalysis MG Staff Travel Log, FY 1996**

- K. Long-Range Plans**
 - 1. BEST -- Cover and Table of Contents**
 - 2. ODEF -- Cover and Table of Contents**

L. Partnership Management Documents

- 1. Katalysis Board of Directors, Annual Meeting Agenda**
- 2. Katalysis Policies and Procedures Statement**
- 3. Partner Institutional Standards**
- 4. New Partner Criteria**
- 5. New Partner Selection Process, FY96 - FY97**

A. Country Data Sheets (Form 1550-11)

1. Belize

2. Guatemala

3. Honduras

4. USA - Headquarters

**COUNTRY INFORMATION FOR
A.I.D.-SUPPORTED PVO PROJECTS**

Organization: Katalysis North/South Development
Partnership
Project/Grant No.: FAO-0158-A-00-3043-00
Grant Dates: 10/01/93 - 09/30/98
Funding Mechanism: Matching Grant

Country Name: Belize

Project Purpose: Strengthen the capabilities of local farming, fishing, microenterprise, women in development and youth groups which represent the sectors of Belizean society most impacted by poverty, unemployment, environmental degradation and the need for income diversification. Focus is on skills development, job creation, income generation and sustainable natural resource management.

Project Implementation:

Start Date: 10/01/93 Estimated Completion Date: 09/30/98

Status: BEST has been in operation since late 1985 and was the first Katalysis Partner. Katalysis played the key role in the founding of BEST and has had a strong partnership relationship with BEST since that time.

Project Funding:

Year	1994	Year	1995	Year	1996	Year	*1997	Year	*1998	Total
AIDS	28,300	AIDS	36,800	AIDS	37,962	AIDS	0	AIDS	0	103,062
PVOS	49,200	PVOS	24,350	PVOS	62,839	PVOS	0	PVOS	0	136,389
OTHER		OTHER		OTHER		OTHER		OTHER		
INKIND		INKIND		INKIND		INKIND		INKIND		
LOCAL		LOCAL		LOCAL		LOCAL		LOCAL		
TOTAL	77,500	TOTAL	61,150	TOTAL	100,801	TOTAL	0	TOTAL	0	239,451

***In years 1997 and 1998, no A.I.D. funds will go to BEST in Belize. Katalysis has reviewed the midterm evaluation and project effectiveness to-date and decided it is in BEST's organizational best interest to withdraw monetary support for these programs that do not seem to be culturally sustainable. The project officer has concurred.**

Location in Country: BEST operates in all districts of Belize.

Local Counterpart/Host Country Agency:

Bridget Cullerton
Managing Director
Belize Enterprise for Sustainable Technology (BEST)
Forest Drive
P.O. Box 35
Belmopan, Belize

**COUNTRY INFORMATION FOR
A.I.D.-SUPPORTED PVO PROJECTS**

Organization: Katalysis North/South Development
Partnership
Project/Grant No.: FAO-0158-A-00-3043-00
Grant Dates: 10/01/93 - 09/30/98
Funding Mechanism: Matching Grant

Country Name: Guatemala

Project Purpose: Strengthen the capabilities of indigenous agriculture, microenterprise, women in development and youth groups which represent the sectors of Guatemalan society most impacted by poverty, unemployment, environmental degradation and the need for income diversification. Focus is on skills development, job creation, income generation and sustainable natural resource management.

Project Implementation:

Start Date: 10/01/93 Estimated Completion Date: 09/30/98

Status: CDRO and MUDE joined with Katalysis in a joint venture in 1991 to strengthen women's programs and form women's community banks in Guatemala. Though these are the most recent members of the Partnership, full programming efforts have been extended to each of these organizations as of 1994. CDRO has been operating in Guatemala since 1981, MUDE since 1991.

Project Funding:

Year	1994	Year	1995	Year	1996	Year	1997	Year	1998	Total
AIDS	42,300	AIDS	43,296	AIDS	45,389	AIDS	43,050	AIDS	41,740	215,775
PVOS	113,300	PVOS	165,132	PVOS	74,600	PVOS	43,050	PVOS	41,740	437,822
OTHER		OTHER		OTHER		OTHER		OTHER		
INKIND		INKIND		INKIND		INKIND		INKIND		
LOCAL		LOCAL		LOCAL		LOCAL		LOCAL		
TOTAL	155,600	TOTAL	208,428	TOTAL	119,989	TOTAL	86,100	TOTAL	83,480	653,597

Location in Country: CDRO works in the departments of Totonicapan, Huehuetenango, Retalhuleu and Quetzaltenango; MUDE works in the departments of Esquintla, Chimaltenango, Guatemala and Sacatepequez.

Local Counterpart/Host Country Agency:

Catarina Mendoza
Executive Coordinator
Asociacion de Mujeres en
Desarrollo (MUDE)
3^a Calle "A" 1-29
Lomas del Sur, Villa Nueva
Guatemala

Gregorio Tzoc Norato
Executive Director
Cooperacion para el Desarrollo
Rural de Occidente (CDRO)
6^a Avenida 6-14, Zona 4
Totonicapan, Guatemala

**COUNTRY INFORMATION FOR
A.I.D.-SUPPORTED PVO PROJECTS**

Organization: Katalysis North/South Development
Partnership
Project/Grant No.: FAO-0158-A-00-3043-00
Grant Dates: 10/01/93 - 09/30/98
Funding Mechanism: Matching Grant

Country Name: Honduras

Project Purpose: Strengthen the capabilities of women in business, women in development and youth groups which represent a sector of Honduran society severely affected by poverty and unemployment: women in urban areas and rural villages. Focus is on skills development, job creation, income generation and sustainable natural resource management.

Project Implementation:

Start Date: 10/01/93

Estimated Completion Date: 09/30/98

Status: ODEF joined with Katalysis in a joint venture to form ten women's community banks in 1989. Katalysis extended the Partnership with ODEF institution-wide in 1990. ODEF has operated in Honduras since 1983.

Project Funding:

Year	1994	Year	1995	Year	1996	Year	1997	Year	1998	Total
AIDS	29,600	AIDS	32,180	AIDS	24,313	AIDS	24,680	AIDS	23,780	134,473
PVOS	38,800	PVOS	37,200	PVOS	34,000	PVOS	24,680	PVOS	23,780	158,460
OTHER		OTHER		OTHER		OTHER		OTHER		
INKIND		INKIND		INKIND		INKIND		INKIND		
LOCAL		LOCAL		LOCAL		LOCAL		LOCAL		
TOTAL	68,400	TOTAL	69,380	TOTAL	58,313	TOTAL	49,360	TOTAL	47,560	292,933

Location in Country: The districts of Yoro, Santa Barbara and Cortes.

Local Counterpart/Host Country Agency:

Santa deEuceda
Executive Director
Organizacion de Desarrollo Empresarial Femenino (ODEF)
Apartado Postal 357
San Pedro Sula, Honduras

**COUNTRY INFORMATION FOR
A.I.D.-SUPPORTED PVO PROJECTS**

Organization: Katalysis North/South Development Partnership
Project/Grant No.: FAO-0158-A-00-3043-00
Grant Dates: 10/01/93 - 09/30/98
Funding Mechanism: Matching Grant

Headquarters: Stockton, California

Project Purpose: To accelerate the development of indigenous PVOs that deliver training, technical assistance, credit and project development in Central America. Focus is on organizations working in sectors heavily impacted by poverty and unemployment: small farmers and fishermen, women, youth and micro-entrepreneurs. Activities include women's community banking, microenterprise and environmentally sustainable development.

Project Implementation:

Start Date: 10/01/93 Estimated Completion Date: 09/30/98

Status: The Stockton headquarters manages the program and finances of Katalysis and oversees its relationships with Partner organizations. It fulfills all legal and financial requirements of a 501 (c) (3) organization. As of 1994, the Katalysis program office was located in San Pedro Sula, Honduras, to provide more immediate consultation.

Project Funding:

Year	1994	Year	1995	Year	1996	Year	1997*	Year	1998*	Total
AIDS	101,700	AIDS	237,724	AIDS	242,606	AIDS	282,270	AIDS	284,472	1,148,772
PVOS	81,500	PVOS	380,401	PVOS	417,477	PVOS	256,970	PVOS	259,930	1,396,278
OTHER		OTHER		OTHER		OTHER		OTHER		
INKIND		INKIND		INKIND		INKIND		INKIND		
LOCAL		LOCAL		LOCAL		LOCAL		LOCAL		
TOTAL	183,200	TOTAL	618,125	TOTAL	665,784	TOTAL	539,240	TOTAL	544,402	2,550,751

*In years 1997 and 1998, the BEST portion of the Matching Grant has been reallocated to CDRO and MUDE PEBD projects (specifically micro-credit lending through community banks) and to Katalysis for additional Partnership expenses as approved by Project Officer. The project officer has concurred with this after reviewing the midterm evaluation and the recommendations to withdraw from partnership support of BEST.

Program Manager:

Gerald B. Hildebrand
 President
 Katalysis North/South Development Partnership
 1331 N. Commerce St.
 Stockton, CA 95202
 (209) 943-6165; fax (209) 943-7046

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B. Midterm Evaluation Scope of Work

USAID ~ MGII Midterm Evaluation

SCOPE OF WORK

I. Background to the Grant

A. History of the Grant:

In 1993, Katalysis North/South Partnership received a five-year, \$1,749,792 matching grant from USAID/BHR/PVC to strengthen the institutional capabilities and field impact of Katalysis and its four Partner organizations in Central America. Earlier, in 1990, USAID/BHR/PVC (formerly FHA/PVC) had awarded Katalysis a three-year \$600,000 matching grant (MG1), enabling Katalysis Partners in three countries to formulate and implement their first three-year sustainability strategies. A special Sustainability Venture Fund allowed each Partner to investigate potential income-generating mechanisms to enhance financial sustainability. Development pilot projects allowed Partners to experiment with new technologies and ultimately led to the introduction of solar box cookers in Belize and Honduras and the extension of women's community banking to all Partner countries. MG1 strengthened the entire partnership's technical and management capabilities and enlarged each member's absorptive capacities.

In 1992, two new Guatemalan agencies joined the Partnership. CDRO (Cooperative Association for Western Rural Development) came on as a full Partner, financed by USAID MG1 funds. MUDE (Women in Development) was incorporated as a joint venture affiliate, financed solely through the US private sector.

With the inception, then, of the second matching grant (MG2) the Partners were four organizations which provided direct field services in natural resource management, sustainable agriculture, micro-enterprise development and women's community banking.

B. Purpose of the Project

The Matching Grant (MG) supports both institutional strengthening and partner program strengthening. The Program Development and Support (PDAS) portion of funding supports Katalysis in its work to provide services to strengthen the institutions of the Partners and the Partnership network. Partner program strengthening is divided into two MG program areas, Agricultural Training and Extension (AGTE) and Business Development and Promotion (PEBD).

PDAS activities focus on three areas: training and technical assistance to meet the institutional needs of the Partners, activities to build and strengthen the Partnership, and documentation of specific aspects such as outcomes, tools, the partnership process and evaluation. AGTE aims to build locally identified

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sustainable development projects which bridge the economic needs of the beneficiaries with environmental preservation and management. PEBD focuses on community banking, microenterprise credit, and training programs, all of which aim to extend credit to the poor. These programs allow for both improved productivity and for the expansion of small businesses, which are often the economic main-stay of the very poor.

C. Purpose of the Evaluation

1. The purposes of the midterm evaluation are to:
 - a) Review the logframe in all regards: assumptions, objectives and outputs, and add or revise as appropriate given current conditions and the experience of the first 2+ years of the grant
 - b) Check implementation progress
 - c) Assess program assumptions
 - d) Make mid-course corrections
2. In addition, since USAID is withdrawing its mission from Belize and will no longer be funding projects there, the midterm evaluation will provide an organization impact evaluation on progress with Katalysis' Belizean Partner, BEST.

II. Statement of Work

A. Institutional Strengthening Activities (PDAS)

1. Inputs

- a) What specific inputs were provided to Katalysis to strengthen institutional capabilities within the partnership? (Cf. Logframe, PDAS inputs)?
- b) Which, if any, of these inputs required modification in the course of the first three years of the grant? Why?

2. Outputs

- a) Long range plans
 - (1) How many of the Partners, including Katalysis, have developed long-range plans?
 - (2) Were there adaptations to this output, e.g. credit focus?
 - (3) What methodology(ies) were used in developing the plans?
 - (4) Did collaboration on large-scale strategic funding proposals further strategic and business planning? If so, how?
 - (5) To what extent have these plans been implemented?
 - (6) What benefits do the Partner organizations experience from having a plan?

- (7) What, if any, were the significant difficulties encountered in the process?
 - (8) Specifically what were Katalysis' efforts in the strategic planning process?
 - (9) How useful were these efforts in the view of the Partners?
 - (10) How could these efforts be improved in the future?
 - (11) Observations and recommendations
- b) Management information systems / partnership-wide project monitoring database
- (1) What management system improvements (including finance) have been implemented by the Partners?
 - (2) How was the need for these systems assessed?
 - (3) What specific trainings and assistance was given to implement these systems?
 - (4) What have been or will be the benefits of these?
 - (5) What has Katalysis' role been in the process?
 - (6) What difficulties were encountered in the area of management information systems?
 - (7) What assistance still needs to be provided?
 - (8) Observations and recommendations?
- c) Strengthening fund-raising techniques and strategies
- (1) What specific activities have been carried out by Katalysis in training Partner staffs in fund-raising techniques?
 - (2) To what extent have the Partners incorporated these techniques in their own funding raising initiatives?
 - (3) What local fund-raising initiatives have been undertaken by the Partners?
 - (4) What specific areas still need to be addressed?
- d) Participatory management and administrative systems
- (1) How was the readiness of the Partner organizations for participatory management and administrative systems assessed?
 - (2) What kind(s) of training have been provided? By whom?
 - (3) To what extent have staffs experienced changes in management and systems within their respective organizations to indicate that

the organizations have grown in participatory management and administrative systems?

- (4) What are the most supportive elements that Katalysis has provided in this area?
 - (5) What is still needed as perceived by the Partner organizations (directors and staffs)?
 - (6) To what extent has the Partner Directors' Board had a role in improving organizational management in the view of the Partner Directors?
 - (7) Observations and recommendations
- e) Monitoring, evaluation and impact analysis
- (1) What methods of monitoring have been utilized during the first three years of the grant?
 - (2) Have any tools for monitoring trainings and projects been developed?
 - (3) What areas of monitoring seem to be yet needed?
 - (4) To-date, has any impact analysis been done? If so, in what areas and with what methodology? What have the results of this analysis been?
 - (5) What mechanisms do the Partners use to measure the impact of their projects and programs?
 - (6) To what extent are these Partner mechanisms participatory and involving of the beneficiaries?
 - (7) What, in the view of the Partners and Katalysis personnel, remains to be done or developed in the area of impact analysis?
- f) Partnership exchange:
- (1) What have been the nature of the exchanges and how have these been conducted to-date?
 - (2) Identify the specific number and topics of the exchanges conducted thus far.
 - (3) Outcomes of the exchanges by Partner
 - (4) Potential for expanding the effectiveness of the exchanges as a vehicle for training and collaborative development
 - (5) Assessment of value to the Partners: would Partners pay a for exchanges post-grant?
 - (6) What style of exchange(s) is preferred by the Partners (e.g. Partner-to-Partner, partnership-wide, or ?)

- g) Partnership training
 - (1) What specific activities have been conducted under “partnership training?”
 - (2) To what extent have the Katalysis Board of Directors meetings provided opportunities for partnership training? How?
 - (3) From the perspective of all Partners what still needs to be done in this area?
 - (4) Observations and recommendations
- h) Documentation
 - (1) Which of the original documents specified in the logframe have been completed to date?
 - (2) How have they been disseminated?
 - (3) What impact have they had on the Partners and the development community?
 - (4) What remains to be done?
 - (5) Are there revisions in expectations related to the documentation that would be most effective and needed potentially by the Partnership and the larger development community?
 - (6) What obstacles has Katalysis encountered in producing the documents?
 - (7) Observations and recommendations
- i) What other unanticipated initiatives have been undertaken to strengthen Katalysis, the Partners, and the partnership network?
 - (1) What are the distinct benefits of each of the above with regard to the original goals of the grant?
 - (2) How have the above strengthened Katalysis and the Partners institutionally?
 - (3) What, if any, of these activities need to be incorporated into the grant outcomes? Why? What still needs to be accomplished with each area that needs such inclusion?
 - (4) Observations and recommendations

B. Field Implementation Activities

1. Natural resource management (AGTE)

a) Inputs

- (1) Technical staffing and management: verify personnel additions provided in the grant to achieve expanded AGTE outputs

- (2) Credit to farmers: verify amount of credit distributed and the number of farmer beneficiaries [CDRO]

b) Outputs

- (1) Training and technical assistance in
 - (a) Conservation agriculture and environmentally sustainable practices
 - (i) How has environmental education been conducted?
 - (ii) How many people have been trained in organic vegetable gardening? [ODEF & MUDE]
 - (iii) How many gardens have been started?
 - (iv) How many people have been trained in environmentally sustainable agriculture?
 - (v) How much credit has been given to farmers? [CDRO]
 - (vi) How many communities have participated in agricultural reforestation projects? [CDRO]
 - (b) Appropriate technologies
 - (i) How many people have been trained in energy efficient technologies?
 - (ii) What appropriate technologies have been introduced?
 - (iii) Are there any indicators of which technologies are the most easily transferred? the most acceptable? the most sustainable in the mind and practice of beneficiaries?
 - (c) Eco-nomics Bridging Fund
 - (i) How has the partnership-wide economics bridging pilot project been developed?
- (2) With regard to the three areas above (a-c):
 - (a) What are the indicators of success in each of these projects? What is the level of interest in continuing and expanding the AGTE projects from the Partner and beneficiary perspectives?
 - (b) What technical assistance and training did Katalysis personnel provide in these areas?
 - (c) What training needs persist in the area of natural resource management?
 - (d) How has an environmental consciousness and sensitivity to sustainable practices been integrated into project implementation?

- (e) Observations and recommendations, especially with regard to long-term viability of the pilot projects.
- (3) Other AGTE related Partner initiatives, e.g. Herencia Verde
 - (a) What are the distinct benefits of each of the above identified initiatives with regard to the original goals of the grant?
 - (b) How have the above strengthened Katalysis and the Partners?
 - (c) What, if any, of these activities need to be incorporated into the grant outcomes? Why? What still needs to be accomplished with each area that needs such inclusion?
 - (d) Observations and recommendations

2. Microenterprise development (PEBD)

a) Inputs

- (1) Technical staffing and management: verify personnel additions to expand microenterprise and women's community banking programs partnership-wide.
- (2) Credit: verify the amount of credit extended partnership-wide for community bank members and individuals, and at BEST for youth.

b) Outputs

- (1) Credit to individuals
- (2) Training and technical assistance in credit management, small business management and community banking [add for BEST: youth training in small business]

For (1-2) above:

- (a) How many are involved in individual credit and how many in community banking (by Partner)?
- (b) What are the total dollars in credit available through each Partner organization?
- (c) What proportion of total Partner credit comes through Katalysis?
- (d) Measures of success:
 - (i) Number of banks established?
 - (ii) Number of community bank members trained?
 - (iii) Number of adults trained in small business management?
 - (iv) Number of youths trained in small business development?

- (v) Amount of credit granted or leveraged through this matching grant?
 - (vi) Which Partners have developed specific training materials in community banking?
 - (vii) What materials are still needed?
 - (viii) How clear are the requirements of each lending/training cycle?
 - (ix) How clear and effective are the criteria for initiating a “bank?”
 - (x) What are the post-graduation outcomes in those community banks where graduation has occurred?
 - (xi) In the view of the Partner organizations, what has been the most successful assistance Katalysis has provided in the area of credit management and training?
 - (xii) What training is still needed from Katalysis?
 - (xiii) Do Katalysis and the Partners intend to continue expanding their credit lending portfolios? How does this factor into their sustainability strategies and long-range plans?
 - (xiv) What have been the obstacles encountered in the area of micro-lending?
 - (xv) What modifications may need to be made in this area for the balance of the grant?
 - (xvi) Observations and recommendations
- (3) Other Partner micro-credit initiatives (e.g. CDRO’s soap factory)
- (a) What are the distinct benefits of each of the above with regard to the original goals of the grant?
 - (b) How have the above strengthened Katalysis and the Partners?
 - (c) What, if any, of these activities need to be incorporated into the grant outcomes? Why? What still needs to be accomplished with each area that needs such inclusion?
 - (d) Observations and recommendations

C. Other Significant Developments (items not in the Cooperative Agreement or the original proposal that have arisen during the course of implementation, e.g. financial TA, executive director TA, regional field office, Herencia Verde, etc.)

- a) Identify the specific unanticipated and relevant activities undertaken
- (1) What are the distinct benefits of each of the above with regard to the original goals of the grant?
 - (2) How have the above strengthened Katalysis and the Partners institutionally or otherwise?
 - (3) What, if any, of these activities need to be incorporated into the grant outcomes? Why? What still needs to be accomplished with each area that needs such inclusion?
 - (4) Observations and recommendations

D. The evaluator will synthesize his observations and recommendations, especially in relationship to the following key questions:

1. To what extent are the outputs being met in a timely fashion and according to the DIP and log frame?
2. Are originally projected outputs in the three sectoral areas still valid?
3. Are the goals of the grant being met? What revisions might be needed at this time?
4. Are there any issues that were part of the original planning phase of the grant that need reconsideration and revision at this time? E.g. could Katalysis assist the Partners more effectively if training and assistance in the two sectoral areas of the grant were aligned with the activities undertaken under PDAS?
5. What is/are the system(s) of monitoring in each of the sectoral areas and are these adequate?
6. Are there problems with any of the Partners in grant related areas that need addressing and resolution?
7. In light of reviewing any of the assumptions in the design of the MG, are any revisions in these assumptions and, therefore, in the design necessary?
8. What new outputs, related in nature and scope to the original goals of the grant, have been accomplished during the first three years of the grant and need to be taken into account?
9. What issues, if any, need further dialogue between Katalysis and AID?
10. What other obstacles or challenges, if any, have arisen? How effectively have these been addressed? Is there further need of follow-up?

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E. Project Documentation

1. The following documents will be made available to the evaluator:
 - a) Grant Proposal
 - b) Cooperative Agreement
 - c) FY94 and FY95 annual reports
 - d) Q1 - 3 of FY96 reports
 - e) Quarterly Partner reports for PY1-3
 - f) Staff Reports for PY1-3
 - g) DIP
 - h) MGI materials and evaluation

2. In addition, full trip reports are on file in both the headquarters office of Katalysis in Stockton, California, and in the regional field office in San Pedro Sula, Honduras.

F. Project Logframe [attached]

III. Evaluation Team

- A. The evaluation team will be composed of:

Ingrid Faulhaber, representative of Katalysis North/South Development Partnership and an outside consultant. Additional resources and assistance will be provided by Gerald Hildebrand, President/CEO of Katalysis, and Margaret Diener, Grant Administrator.

- B. The outside consultant sought for this evaluation must be:
1. bilingual in English and Spanish
 2. experienced in monitoring and evaluation of projects, preferably AID sponsored projects
 3. demonstrating expertise in organizational development and/or microenterprise development

IV. Calendar of Evaluation Activities

- A. May, 1996:

1. refine the scope of work
2. identify the key questions for the evaluation
3. decide on types of key personnel
4. itemize the where, when, and how of the evaluation activities
5. draw up list of pertinent documents
6. confirm dates for evaluation with RFO/IF and Partners
7. verify process, dates and SOW with Mary Herbert
8. initiate recruitment of the evaluator

- B. By June 7, contract with evaluator

- C. June, 1996 -- headquarters planning with evaluator: travel arrangements, as well as documentation, scope of work (SOW)

1. Evaluator meets with Mary Herbert

2. Katalysis headquarters briefing
 3. Country program management review and field visits to Partners and local projects (3 - 4 days per Partner, including travel)
 4. Draft report (two weeks/ten working days)
 5. Debriefing with Mary Herbert in Washington, D.C., by telephone
 6. Katalysis headquarters debriefing
 7. Response to the report—two weeks
 8. Revisions by the evaluator
 9. Follow-up activities
- D. Late June to mid-September, 1996 ~evaluation due by Sept 30, 1996 to M. Herbert
1. Week 1 (5 days): Project officer briefing (Mary Herbert); Kat/Cal briefing & review; travel to SPS
 2. Week 2 (6 days): RFO briefing & incorporation of staff evaluation personnel; review of ODEF projects; travel to Guatemala
 3. Week 3 (6 days): Review of MUDE and CDRO projects
 4. Week 4 (6 days): travel to Belize - review of BEST projects
 5. Weeks 5 - 6 (10 days): prepare draft report
 6. Week 7 (3 days): debrief with Mary Herbert by phone; debrief with the Katalysis/California staff, including Ingrid Faulhaber
 7. Weeks 8 - 9: review of the report and submission of comments
 8. Week 10 (5 days): revisions by evaluator
 9. Week 11 and following (1-2 days):
 - a) duplication of final report and delivery to Mary Herbert by the evaluator
 - b) Mary Herbert and Kat/Cal agreement on action points
 - c) Mary Herbert and Kat/Cal agreement on implementation schedule

V. Project Methods and Procedures

A. Review Documents

1. Project Proposal
2. Cooperative Agreement
3. Detailed Implementation Plan
4. Logical Framework
5. Quarterly Partner reports
6. Quarterly and annual grant reports
7. Staff reports
8. Travel reports

B. Project Interviews and Contacts

1. Katalysis interviews: President/CEO, Resource Development Director, Finance Director, Administrative Manager, Regional Field Director, Natural Resources Program Manager, Program Associate, and Chairman of the Katalysis Board of Directors.

2. Partner interviews: Executive directors of each Partner organization, staff interviews with those who implement beneficiary training in the sectoral areas funded by the grant, selected client/beneficiary interviews at project sites when possible.
3. Compilation of data and analysis of findings and interviews per questions in the statement of work.

VI. Report Format

- A. The final report should follow the basic outline below:
 1. Title Page
 2. List of Acronyms (if necessary)
 3. Evaluation Summary Report
 4. Executive Summary
 5. Table of Contents (with appendices, figures and tables)
 6. Main Report (organized in accordance with the list of evaluation questions provided in Section II of this SOW) with observations, conclusions and recommendations
 7. Appendices
 - a) Scope of Work
 - b) Evaluation itinerary
 - c) Individuals contacted and interviewed
 - d) References consulted
 - e) Other
- B. The report will be concise (no more than 50 to 60 single-spaced, typewritten pages) and to the point.
- C. The draft evaluation will be provided to the Project Officer and Katalysis headquarters personnel within ten working days of the evaluator's return to the United States. The evaluator will debrief with those listed in D. below. Upon submission of the draft report, the Project Officer and Katalysis personnel have two weeks to review and comment upon the draft. These comments will be submitted in writing to the evaluator for revisions in the final report. The evaluator will prepare and submit five copies of the final evaluation report, in English, to the Project Officer within five working days of receipt of the commentary. In addition, the evaluator will complete the USAID Evaluation Summary Report form, which is to be included in the front of the evaluation before the Executive Summary.
- D. Debriefings:
 1. with Ingrid Faulhaber of the Regional Field Office and members of the Katalysis headquarters staff
 - a) Findings according to the DIP and logframe
 - b) Recommended changes
 - c) Proposed realigned DIP and logframe
 - d) Verification of facts, etc. with RFO staff
 2. with Mary Herbert and Kat/Cal—highlights of the report findings with opportunity for questions and responses to inform the final report

VII. Budget

A. Salary/daily rate + Medex Ins. (42 days @ \$150)	\$6300
B. Air travel SFO to Washington, D.C. to C.A. to SFO	\$1500
C. Medex Emergency Evacuation Insurance	\$ 49
D. Per Diem (42 @ \$75)	\$3150
E. Other/Miscellaneous (Ground transportation, airport taxes, duplication, etc.)	\$ 400
F. TOTAL	\$11,399

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VIII. Itinerary

**Katalaysis North/South Development Partnership
Contact: Margaret Diener, Grant Administrator
Travel Time Table for Loren Parks
Mid-term Evaluator, USAID Matching Grant**

Location	Dates
Chico to SFO to Washington, D.C.	July 7
Meeting with Mary Herbert & Sallie Jones	July 8: 10 a.m.
to SPS, Honduras	July 10
Meeting with Ingrid, et al	July 10-11
Meeting with ODEF	July 12-13-14
to Guatemala to CDRO to MUDE	July 17 July 18-19-20 July 25-26-27
to Belize/BEST Meeting with BEST	July 29 July 30-31-Aug 1
to SFO	Aug 2
to Chico	Aug 3

C. Revised Logical Framework

KATALYSIS NORTH/SOUTH DEVELOPMENT PARTNERSHIP
Logical Framework 1993/4-1998

OBJECTIVES LEVELS	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>GOAL People from the lowest-income groups in economically marginal and environmentally threatened areas in Central America achieve economic self-sufficiency and improve family well-being by adopting microenterprise credit programs and environmentally sustainable, improved natural resource management practices.</p>	<ul style="list-style-type: none"> • Standard of living: asset base, access to resources, management capacity, collective activities • Demonstrated knowledge and adoption of natural resource management practices: soil conservation, appropriate technologies, forest management 	<ul style="list-style-type: none"> • Grant evaluations • Partner organization records and project reports • Partners' impact evaluations of their programs • Participant financial records • Participant implementation records 	<ul style="list-style-type: none"> • Partner countries continue to be on AID priority list • Political and macro-economic stability in Partner countries • Technical assistance and Training (TA/T) have intended impact • Participant groups receptive to Partner TA/T and credit activities • Micro-entrepreneurs maintain their business practices beyond their association with Partner organizations • Farmers, convinced of their effectiveness, maintain environmentally sound practices
<p>PURPOSE To strengthen the institutional, programmatic and financial development of four indigenous Partner organizations so that they develop the capacity to expand and sustain essential self-help services to low-income participants, particularly women.</p>	<ul style="list-style-type: none"> • Develop and implement efficient and responsive administrative, financial and management systems • Develop and implement effective systems to measure and document organizational performance • Developed effective systems to measure field project impact • Establish a growing, independent network with Southern and Northern agencies/donors 	<ul style="list-style-type: none"> • Staff and participant base composition, by gender • % Board participation by staff, participants • Staff turnover ratio • Financial management systems • Participant records (Partners) • Partner records • MG quarterly program reports (KF) • Annual audits (KF/Partners) • KF/Partner funding portfolio • Evaluations Yrs 3,5 (AID) • MG quarterly financial reports (KF) • MG annual reports (KF) 	<ul style="list-style-type: none"> • Other Southern and Northern sources increasingly commit financial support directly to Partners • Continued demand for Partner services • Availability/continuity of qualified local staff and local leadership of Partners to insure program integrity • Progressively increased absorptive capacity of Partners • Effective fundraising capacity of Partners • Partners cultivate and maintain community base of support and network system with similar organizations

KATALYSIS NORTH/SOUTH DEVELOPMENT PARTNERSHIP
Logical Framework 1993/4-1998

OBJECTIVE LEVELS	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS																
<p>INPUTS Assure \$700,000 per year</p> <p>1. Institutional Capabilities <i>PDAS: Program Development and Support</i></p> <ul style="list-style-type: none"> • Refocus/redefine staff job descriptions and workloads • Broaden decision-making mechanisms within Katalysis • Complement paid staff expertise with a corps of professional and support volunteers and consultants • Better coordinate TA/Training to Partner staff in strategic planning, financial management, local fundraising techniques and income-generation, impact analysis, monitoring, evaluation and report writing • Diversify resource base • Explore expansion of the partnership network and add at least one new partner organization 	<ul style="list-style-type: none"> • \$350,000 AID funding average each year for 5 years • \$350,000 US private sector match each year for 5 years <p>1. Institutional Capabilities <i>PDAS: Program Development and Support</i></p> <ul style="list-style-type: none"> • Hire organizational development consultants • Hire microenterprise program manager • Hire natural resource program manager • Katalysis Board expanded by three new representatives • Executive committee expanded by three new members • Create a Partner directors' board for executive director collaboration and strengthening • Employ work-study students for office assistance and research assignments • Volunteers provide 45 person/months by Year 5 <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">• Katalysis TA to Partners</td> <td style="text-align: right; width: 20%;">Person/Months</td> </tr> <tr> <td> Regional Field Office Director</td> <td style="text-align: right;">60</td> </tr> <tr> <td> Program Managers (Natural Resources & Microenterprise)</td> <td style="text-align: right;">60</td> </tr> <tr> <td> Director Finance</td> <td style="text-align: right;">18</td> </tr> <tr> <td> President</td> <td style="text-align: right;">18</td> </tr> <tr> <td> Director Resource Development</td> <td style="text-align: right;">15</td> </tr> <tr> <td> Admin Manager</td> <td style="text-align: right;">11</td> </tr> <tr> <td> Total</td> <td style="text-align: right;">182</td> </tr> </table> <ul style="list-style-type: none"> • Establish a regional field office for program personnel • Link Partners with Southern and Northern technical and resource agencies 	• Katalysis TA to Partners	Person/Months	Regional Field Office Director	60	Program Managers (Natural Resources & Microenterprise)	60	Director Finance	18	President	18	Director Resource Development	15	Admin Manager	11	Total	182	<ul style="list-style-type: none"> • Mid-term and end-of-grant evaluations (AID) • Staff time reports (KF) • Staff, Board, volunteer and field intern trip reports (KF) • Partner personnel records • MG quarterly program reports (KF, Partners) • Financial records (KF, Partners) • Annual audits (KF, Partners) • Consultant terms of reference/reports • Roster of partner organizations • Funding portfolio data 	<ul style="list-style-type: none"> • AID funding levels assured each year • Katalysis will maintain its ability to draw significant US private sector funding each year for five years • Partner activities continue to complement AID Mission priorities • Partner activities complement host countries' development priorities and reflect true needs of local participants • Continued commitment and input by Board members and volunteers • Partners and Katalysis are able to hire qualified staff on schedule
• Katalysis TA to Partners	Person/Months																		
Regional Field Office Director	60																		
Program Managers (Natural Resources & Microenterprise)	60																		
Director Finance	18																		
President	18																		
Director Resource Development	15																		
Admin Manager	11																		
Total	182																		

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KATALYSIS NORTH/SOUTH DEVELOPMENT PARTNERSHIP
Logical Framework 1993/4-1998

OBJECTIVE LEVELS	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p><u>INPUTS, continued</u></p> <p>2. Field Impact <i>AGTE: Ag Training and Extension</i></p> <ul style="list-style-type: none"> • Strengthen in-country technical staff in agricultural training and extension and natural resource management capabilities • Establish training and learning center for natural resource management education and demonstrations • Research appropriate technologies for potential field application by Partners • Provide credit for small farmers <p><i>PEBD: Business Development</i></p> <ul style="list-style-type: none"> • Strengthen in-country technical staff in women's community banking and micro-enterprise development methods • Provide credit for Partners' micro-enterprise, women's community banking 	<p>2. Field Impact <i>AGTE: Ag Training and Extension</i></p> <ul style="list-style-type: none"> • Provide training, technical assistance, monitoring and evaluation services to Partners and their technical staffs • Hire or fund 11 Partner technical and management staff to expand ag training, natural resource management • Construct the agricultural training and learning center and implement programs • Disburse \$12,900 in credit to 95 farmers (CDRO) • Bolster Katalysis library resources and Partner access thereto <p><i>PEBD: Business Development</i></p> <ul style="list-style-type: none"> • Provide training, technical assistance, monitoring and evaluation services to Partners and their technical staffs • Hire or fund 11 Partner technical and management staff to expand micro-enterprise/women's community banking • Disburse \$385,504 in credit: community banking members, micro-enterprise entrepreneurs, and youth enterprise to 1600 clients. 		

KATALYSIS NORTH/SOUTH DEVELOPMENT PARTNERSHIP
Logical Framework 1993/4-1998

OBJECTIVE LEVELS	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>OUTPUTS</p> <p>1. Strengthened Institutional Capabilities <i>PDAS: Program Development and Support</i></p> <ul style="list-style-type: none"> • Long-range plans designed, documented, implemented • Improved financial management and accounting • Local fundraising techniques strengthened • Reporting procedures, monitoring, evaluation, impact methods systematized • South/South and North/South network strengthened • Documentation of experience • Improved Partner and partnership governance <p>2. Strengthened Field Impact <i>AGTE: Ag Training and Extension</i></p> <ul style="list-style-type: none"> • Sustainable farming practices and natural resource management skills transferred to small farmers, natural resource managers, microentrepreneurs, women, and youth • Environmental education expanded • Energy efficient technologies introduced, adapted and disseminated • Environmentally sustainable practices integrated into project activities • Credit to small farmers • Expand reforestation program <p><i>PEBD: Business Development</i></p> <ul style="list-style-type: none"> • Technical assistance, training and credit extended to urban and rural people from the lowest-income sectors in three countries (four NGOs) • Women's Community Banking extended to all Partners • Youth entrepreneurs component introduced 	<p>1. Strengthened Institutional Capabilities <i>PDAS: Program Development and Support</i></p> <ul style="list-style-type: none"> • Long-range plans will be designed and implemented in a timely fashion • 5 Partners will have installed and operational computer accounting systems • 4 Partners will have improved local fundraising capacity • All Partners will have larger institutional budgets, plus more diverse funding bases • 45 Partner staff trained in impact analysis, reporting methods, monitoring, evaluation procedures Years 1-5 • 1 x Partnership training workshop each year • 3 x South/South exchanges undertaken by each Partner per year • Documents by Year 5: <i>Beyond the Annual Campaign, Perfecting the Alliance</i>, NGO Financial Management and Administration Manual, Community Banking Case Study, Katalysis Partnership Video, Grants Management Manual, Mid-term and Final Evaluations • 3 x Partner Directors Board meetings per year • 3 x trainings per Partner for boards and executive directors <p>2. Strengthened Field Impact <i>AGTE: Ag Training and Extension</i></p> <ul style="list-style-type: none"> • 1,1262 people trained in organic vegetable gardens; 245 estimated gardens (ODEF, MUDE) • 1,873 people trained in sustainable ag/natural resource practices • \$12,900 released in credit to 95 small farmers (CDRO) • 2711 trained in energy efficient technologies • 7 communities, 1333 people benefited by reforestation projects (CDRO) <p><i>PEBD: Business Development</i></p> <ul style="list-style-type: none"> • 72 new women's community banks established • 1,476 women community bank members trained • 2,563 adults trained in small business management • 150 youth trained in small business (BEST) 	<ul style="list-style-type: none"> • Participant records • Partner records • Quarterly monitoring (KF) • MG quarterly financial reports (KF) • MG annual reports (KF) • Trip reports 	<ul style="list-style-type: none"> • Inputs carried out as scheduled • Continued close collaboration between Katalysis and Partners • Partners continue to seek technical assistance and training from Katalysis • Continued political and economic stability within Partner countries • Availability of funds to enable Partners to work with groups who cannot pay fees • Willingness of families to implement and maintain new organic gardens • Willingness of farmers to adopt new practices

D. Revised Detailed Implementation Plan

KATALYSIS FOUNDATION
Sustainable Development: Forging a New Eco-Nomic Partnership

Five-Year Detailed Implementation Plan

30 September 1993 - 29 September 1998

Submitted 31 July, 1994

Revised 8 August, 1996

I. Program Goal

The goal of the grant is to help low-income people in economically marginal and environmentally threatened areas in Central America achieve economic self-sufficiency and improved family well-being by adopting microenterprise credit programs and environmentally sustainable improved natural resource management practices that result in sustainable economic development and environmental preservation.

II. Program Purpose

The purpose of the grant is to strengthen the institutional, programmatic and financial development of Katalysis and its Partner organizations to develop their capacity to expand and sustain essential self-help services to low-income people in project countries.

III. Implementation Plan Summary

To accomplish the goal and purpose, Katalysis plans to carry out the following activities under this Matching Grant (MG) Program.

A. OBJECTIVE ONE: STRENGTHENED INSTITUTIONAL CAPABILITY

PDAS (PROGRAM DEVELOPMENT AND SUPPORT)

Please refer to Appendix 1 for a consolidated timeline for PDAS activities.

1. Long Range Plans

Description: Katalysis and each of the Partner agencies will develop and implement five-year long-range strategic plans in order to strengthen the institutional, programmatic, and financial development of the respective organizations. These plans will build on the three-year sustainability strategies developed and implemented during the first Matching Grant. Incorporated in these plans will be technical assistance and training priorities that will form the basis of Katalysis' service to the Partners. The end result will be a practical blueprint for operational sustainability.

Specific Activities: As with Katalysis, the Strategic Planning Process for the Partners involves an approximate five-quarter process. The Partners' Strategic Planning Process will be launched with a Partnership-wide training event which will be held in the region during Q2 of FY 1995. The event will fully cover the topic of strategic planning, and will focus on primary areas for planning: programs, management and administration, fundraising and information systems. Over the following three years, each of the Partners will be led through facilitated planning processes which will produce a comprehensive five year document to guide the implementation phase.

Oversight: Regional Field Director and Microenterprise Program Manager.

	FY94	FY95	FY96	FY97	FY98
Katalysis' Strategic Plan ratified	Q4				
Partnership Diagnostic		Q2			
BEST Plan completed			Q4		
MUDE Plan completed				Q1	
CDRO Plan completed				Q4	
ODEF Plan completed			Q1		

2. Accounting Systems

Description: Each of the Partner agencies will install computerized accounting systems in order for them to better manage and analyze their current operations, improve their record-keeping, reporting and financial control.

Specific Activities: Initial activities will include the identification and installation of computerized financial management systems at Partner agencies. The staff will be trained on its use and consultants will be hired where necessary. Katalysis will provide technical assistance as requested.

Oversight: Katalysis Director of Finance

Outputs:

	FY 94	FY 95	FY 96	FY 97	FY 98
BEST System Installed			Q1		
CDRO System Installed			Q3		
MUDE System Installed			Q4		
ODEF System Installed			Q4		

3. Strengthening Fund-Raising Techniques and Strategies

Description: As part of Katalysis and each Partner Agency's long-range planning process, Katalysis will strengthen Partner staff counterparts in strategic fundraising methods, donor research techniques, proposal preparation mechanics, donor tracking and grant management systems, donor reporting guidelines, in-country fundraising procedures, income-generating methods, and ensure the diversification of the Katalysis Partnership funding base.

Specific Activities: Fundraising will be the second of four components to be included in the Partnership-wide Strategic Planning Workshop held in Q2 of FY95. The Fundraising component of the workshop will include integration of resource development into the overall planning activities, the

coordination of resource development and organizational/program planning and the types of systems and support required. Follow-up activities will be carried out with each Partner and tailored to their organizational and program needs over the short- and longer-term. As the overall strategic plan is finalized for each Partner, the resource development component will be fine tuned to complement other elements. During the implementation phase, each Partner will receive individualized consultations and will participate in a series of workshops carried out on-site with each of the Partners on a yearly basis. The topics covered will include: donor research and cultivation, proposal preparation, donor reporting and donor visits, and income generating projects.

Oversight: Katalysis Director of Resource Development.

Outputs:

	FY94	FY95	FY96	FY97	FY98
Partner Training: Basic Fundraising	Q1				
Fundraising training/Strategic Planning		Q2			
Follow-up training per Partner, on-site:					
Donor Research and Cultivation		Q2			
Proposal Preparation			Q1	Q1	
Donor Reporting & Income Generation					Q1

4. Training in Monitoring, Evaluation, and Impact Analysis

Description: This grant places particular emphasis on training partners in developing effective mechanisms for tracking and analyzing institutional and program outputs. Over the life of the grant, systems will be developed to facilitate timely and efficient use of institutional and program data for decision making. Expanded use of North/South teams of inter-agency personnel will be one method for facilitating specific Partner program evaluations.

Specific Activities: Katalysis, in conjunction with its Partners, will perform a series of evaluations of three Partner program areas: Community Banking, Microenterprise and Natural Resource Management. All evaluations will be designed and implemented using a participatory methodology. At least one staff person from a Partner (other than the one being evaluated) will participate in the implementation of the evaluation. Evaluations will always include a training session which will focus on evaluation and impact analysis, as well as on survey, interview and focus group facilitation methods; at least 45 Partner staff will be trained.

Oversight: Regional Field Director, Natural Resource and Microenterprise Program Managers

Outputs:

	FY94	FY95	FY96	FY97	FY98
Community Bank Program Evaluations:					
BEST			Q1		
MUDE				Q2	
ODEF				Q2	
CDRO				Q2	
Natural Resource Program Eval.:					
BEST					
CDRO				Q2	
ODEF				Q3	
MUDE				Q4	
Institutional Assessment:					
All Partners				Q2	

5. Partnership Exchange

Description: The Partnership successfully incorporated this mechanism for technology transfer, previously called South/South Exchange, in the last Matching Grant. It includes training, evaluations, conferences, joint fund-raising, and combined programs. Each Partner will carry out three such activities each year. Results will be documented in brief reports for distribution in the Partnership.

Specific Activities: Katalysis will facilitate exchanges among Partners, where each Partner will participate in at least two exchanges every year. Partnership-wide training events serve as an important venue for Partnership Exchange, as do Partner Program Evaluations (Community Banking, Microenterprise Development and Natural Resource Management). In addition Partnership Exchange will be utilized as a primary means of delivering technical assistance and training where expertise on a given area resides with one or more of the Partners, and is needed by another.

Oversight: Regional Field Director, Natural Resource and Microenterprise Program Managers

Outputs:

	FY94	FY95	FY96	FY97	FY98
BEST	3	3	2	0	0
CDRO	3	3	3	2	2
MUDE	3	3	3	2	2
ODEF	3	3	3	2	2

6. Partnership Training

Description: Annual Partnership training workshops will be convened to discuss critical issues affecting the Partnership: governance, finances, decision-making, North/South concerns and communications. These sessions will serve to refine the concept of partnership, to strengthen its

operation, and to document learning in order to disseminate the Partnership model to a wider community.

Specific Activities: Each year Katalysis will conduct a Partnership-wide training event in conjunction with the Katalysis board meeting. The topic of the training will be chosen according to the institutional and programmatic needs of the Partners. The entire Katalysis board (including Partner executive directors) and at least one other representative from each Partner (board member, staff member or beneficiary) will attend the training. Design and implementation of the training will be carried out in a participatory manner.

Oversight: Katalysis President/CEO.

Outputs:

	FY94	FY95	FY96	FY97	FY98
Partner Boards Development					
BEST		Q3			
MUDE		Q4			
CDRO			Q2		
ODEF			Q4		
Community Banking	Q4				
Partnership-wide Funding Alliances		Q3			
Board Development				Q1	
Board Development					Q1

7. Documentation

Description: Throughout the course of the Matching Grant, seven documents will be produced and made available for circulation within the Partnership and the wider development community. These documents will describe the results of particular activities as well as training and evaluations conducted.

Specific Activities: Beyond the Annual Campaign is designed for NGOs as a handbook for sustainable development. Perfecting the Alliance is intended as a complement to Beyond the Annual Campaign, describing the involvement of funders in the concept of development as partners. The Katalysis video entitled The Katalysis Partnership: a Model of Sustainable Development for the 21st Century is intended to tell the story of the Partnership in an effort to educate others in the broader concepts of development.

The NGO Financial Management and Administration Manual will be a comprehensive guide for NGOs and will cover such topics as financial reporting and statements, cash flow, budgets and internal control. The Katalysis Grants Management Manual will serve not only as a procedural document for internal management, but also as a source of information on managing grants across multiple partnership arrangements and between several offices.

The SEEP sponsored Katalysis Community Bank Case Study will document a model of community banking practiced within the Partnership. The Focus Quest Report describes the process for moving from a multi-sectoral approach to development to a focus on community banking and micro-credit based organization

Both the mid-term evaluation and the final evaluation will be prepared as required to document the success of intended results and the learnings.

Oversight: President/CEO, Resource Development Director and Regional Field Director, as appropriate.

Outputs:

	FY94	FY95	FY96	FY97	FY98
Beyond the Annual Campaign	Q4				
SEEP- Katalysis Community Bank Case Study	Q3				
Perfecting the Alliance: Viable Fundraising for International Partnerships		Q1			
Katalysis Partnership Video			Q3		
Katalysis Focus Quest: Feasibility Research & Strategic Recommendations			Q3		
Mid-term evaluation			Q3		
Katalysis Partnership Grants Management Manual			Q4		
NGO Financial Management and Admin.				Q1	
Final evaluation					Q3

8. Establishment of a Regional Field Office

Description: In the initial stages of the grant, Katalysis realized that cost effective and timely delivery of technical assistance and training might be best facilitated by the establishment of a regional field office for technical program staff. By year two the office was established. This section, then, is a revision of the original DIP to recognize and document this significant institutional decision and its relevance to program services delivery.

Specific Activities: Katalysis staff conducted a study of all relevant considerations in establishing a regional field office, including costs for delivery of services from the region versus from California, personnel relocation, start-up costs and legal issues for personnel and operations. With full board approval, a field director was appointed and charged with implementation of the field office design and program responsibilities. Extensive and progressive lessons have been learned and noted in the regular reports to USAID.

Oversight: The President/CEO and the Regional Field Director

Outputs:

	FY94	FY95	FY96	FY97	FY98
Feasibility study for addition of regional program office	Q3				
Detailed plan for start-up	Q4				
Relocation of director and start-up personnel		Q1			
Hiring of all program staff		Q4			
Program services begin from field office		Q1			
Selection of board of directors		Q2			
Approval of office as registered Honduran NGO (<i>Personería Jurídica</i>)		Q3			

9. New Partner Exploration

Description: Katalysis will add one new non-governmental organization to the Partnership by the close of year five. The potential partner agency may be young in its development, but should have sufficient systems in place to benefit from the TA and training offered to Partners by Katalysis staff and by the experience of more veteran Partners. The potential partner must be not only willing to accept partner institutional standards, but welcome them as a means of growth and support. Further, the new organization's programming must reflect potential strength in the sectoral areas that Katalysis serves.

Specific Activities: The new partner organization may be nominated by existing Partners or be surfaced through direct inquiries to Katalysis. However, once the list of potential Partners is identified, a careful analysis of the nominees will be conducted. The current Partner directors will be consulted for their critique and the final decision will be made by the Katalysis Board of Directors. Initially, the new Partner will be on probation and implement a pilot project under the auspices of Katalysis in order to ascertain the validity of findings surfaced in the initial assessment.

Oversight: The President/CEO of Katalysis.

Outputs:

	FY94	FY95	FY96	FY97	FY98
Nominations of new partner organizations			Q4		
Initial field exploration			Q4		
Assessment of nominees			Q4		
Consultation with Partner Directors			Q4		
Selection of probationary Partner by the Katalysis Board of Directors				Q1	
Pilot project with new Partner				Q2	
Final integration as full Partner					Q4

10. Establishment of *Herencia Verde* (Green Legacy) Agricultural Learning and Training Center

Description: Because of Katalysis' strong commitment to sustainable agriculture and conservation farming practices, it joined forces with ODEF to launch the Partnership's first joint venture, *Herencia Verde*. The Center serves as a focal point for Katalysis' natural resource training and technical assistance within the Partnership as well as a region-wide hub for the teaching of environmentally sound farming techniques and experiential learning. This training philosophy ensures conservation of natural resources while stimulating economic development.

Specific Activities: Katalysis and ODEF staff jointly designed, developed, secured funding, and implemented this project. Key staff members from both ODEF and Katalysis/Honduras comprise the Management Council that oversees policy formation, hiring of staff, development of curriculum, training facilitation, administration, financial management, and monitoring of overall project development. Funding was provided by the AID/Honduras Mission and Fundación VIDA, the UN, the Government of Honduras, as well as several foundations accessed by Katalysis.

Oversight: Regional Field Director

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Outputs:

	FY94	FY95	FY96	FY97	FY98
Grant Approval		Q1			
Funding begins		Q2			
Construction begins		Q2			
Selection of staff		Q3			
Development of curriculum		Q4			
Official inauguration of the Center					
Agricultural trainings begin at the Center			Q1		
Trainings at the Center				Q1-4	Q1-4
Initiate Partnership exchanges at the Center			Q3		
Develop sustainability strategy for HV			Q4		

11. Formation of the Partner Directors' Board

Description: Early in the matching grant cycle the five Partner executive directors (four southern, one northern) established the Partner Directors' Board to govern the activities and operation of the Partnership. Under its aegis, each member has a single vote and an equal voice in determining practices and policies that affect all Partners. This initiative represents a major contribution to the north-south dynamic in the governance structure of Katalysis.

Specific Activities: The Partner Directors' Board meets twice annually, each time in a different Partner country and is facilitated by each Partner Director on a rotating basis. Issues deliberated at these sessions include: strategic planning, development of collaborative programs, promotion of joint ventures, allocation of collective finances, cross-consultation on regional office hires, Partner management reviews, coordination of north/south fundraising trips and campaigns, research and review of new Partners, monitoring of Partner institutional standards, and Katalysis focus. Additionally, it provides directors with a forum for collegial consultation on internal organizational issues such as leadership transitions, institutional crises, program evaluation, staff-management conflicts, financial management, and executive director/board relationships.

Oversight: President/CEO

Outputs:

	FY94	FY95	FY96	FY97	FY98
Form Partner Directors Board	Q1				
Adopt a memorandum of understanding as Partner organizations	Q1				
Schedule meetings of board	Q1 & 3	Q3 & 4	Q2 & 4	Q1 & 3	Q1 & 3
Review new Partner search recommendation			Q4		
Advise on RFO staff selection as needed					
Adopt Partner institutional standards			Q2		
Evaluate Partnership				Q1	

B. OBJECTIVE TWO: IMPROVED AND EXPANDED FIELD IMPACT

AGTE (AGRICULTURAL TRAINING AND EXTENSION)

1. Training and Technical Assistance in Sustainable Agriculture and Environmentally Sustainable Practices and Education

Description: All of the Partner Agencies will continue to strengthen and expand their efforts to provide hands-on expertise to their group and individual clients in the latest advances in sustainable agriculture and natural resource management. This will be done through seminars, workshops, partnership exchanges, demonstrations, and one-on-one consultations with community cooperatives, small farmer groups, women's associations, and youth groups.

Specific Activities: CDRO will continue to utilize a training methodology which places emphasis on community leader development (TALES) through 3-day training workshops held every two months over a two year period. These leaders then transfer information to agricultural community groups. BEST will implement a program combining environmental planning and monitoring with public education in order to improve conservation management. ODEF will establish an agricultural training center offering sustainable alternatives to low income families so that they might break the cycle of land degradation.

Oversight: Natural Resource Program Manager.

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Outputs:

	FY94	FY95	FY96	FY97	FY98
BEST - Sustainable Ag. Training Activities	30	45	55	0	0
BEST - Participants in Sust. Ag. Trainings	230	340	418	0	0
CDRO - 3 day Sust Ag Wksps for Ag leaders (TALES)	1	2	2	0	0
CDRO - Ag leaders (TALES) Trained			40	0	0
CDRO - Training by Ag leaders (TALES)	2	2	3	0	0
CDRO - Partic. Trained in Sust. Ag. by TALES	60	60	90	0	0
ODEF - Sustainable Ag. Workshops	7	17	18	19	21
ODEF - Participants in Sust. Ag. Training	56	129	137	145	168

2. Appropriate Technologies

Description: Energy efficient technologies (EET) successfully demonstrated in Honduras and Belize through solar box cookers will be expanded to include research and promotion of Chefina and Lorena stoves, and solar drying in all Partner countries.

Specific Activities: MUDE has chosen to begin with the promotion of fuel efficient ceramic stoves, while BEST will continue their promotion of solar box cookers. ODEF plans to field test several models of solar box cookers to improve their efficiency, as well as promoting other types of fuel efficient stoves, and continuing its program to train participants on food processing technologies.

Oversight: Natural Resource Program Manager

Outputs:

	FY94	FY95	FY96	FY97	FY98
BEST - EET 1 day Training Activities (Solar Box Cookers)	27	27	27	0	0
BEST - Participants in EET Trainings	270	270	270	0	0
MUDE - EET Training Activities	4	9	15	0	0
MUDE - Participants in EET Training	30	135	240	0	0
ODEF - EET Training Activities	7	9	10	10	10
ODEF - Participants in EET Training	120	180	200	210	210
ODEF - Food Processing (FP) Training	18	18	20	20	20
ODEF - Participants in FP Training	108	108	120	120	120

3. Partner Initiatives

Description: During the design phase of the Matching Grant, each of the Partners identified one or more natural resource management projects which they planned to undertake as pilot efforts. The results of each of these will be evaluated.

Specific Activities: ODEF and MUDE will organize backyard organic gardens, while CDRO pilots projects in reforestation and agriculture credit. The credit funds listed below for CDRO total \$12,900.

An additional \$14,600 will be raised in order to fully fund CDRO's Ag Credit Program. BEST plans to work on the establishment of a biogas plant.

Oversight: Natural Resource Program Manager

Outputs:

	FY94	FY95	FY96	FY97	FY98
BEST - New Biogas plants established		1			
CDRO - Comm. w/ Reforestation Proj. (RP)	3	2	2	0	0
CDRO - Beneficiaries of RP		1333		0	
CDRO - Amount of Credit Granted (AID)	\$4300	\$4300	\$4300	\$0	\$0
CDRO - Ag. groups receiving credit	5	10	12	0	0
CDRO - Group members receiving loans	20	30	45	0	0
MUDE - Organic Gardens (OG)	10	10	20	0	0
MUDE - People Trained in OG Activities	30	52	105	0	0
ODEF - Organic Gardens	39	40	41	42	43
ODEF - People Trained in OG Activities	205	210	215	220	225

PEBD (BUSINESS DEVELOPMENT PROMOTION)

1. **Community Banking**

Description: Community Banking (CB) will continue to be the centerpiece of the Katalysis economic development strategy. BEST, MUDE, and ODEF will extend their programs over the next five years; CDRO will introduce this program in FY 1994.

Specific Activities: ODEF will focus on expansion of its community banking program, while MUDE will devote energy to strengthen planning and management functions of their banks so that new credit needs can be handled sustainably. The credit funds listed below, totaling \$148,810 are those credit funds available to the Partners from the MG budget. In order to fully fund the 72 new banks, at least an additional \$187,000 will have to be raised as a complement by both Katalysis and the Partners.

Oversight: Microenterprise Program Manager.

Outputs:

	FY94	FY95	FY96	FY97	FY98
BEST - New Community Banks	3	3	2		
BEST - NEW CB Members Trained	30	30	30		
BEST - New Community Bank Credit	\$4500	\$4500	\$4500		
CDRO - New Community Banks	4	3	5	8	8
CDRO - New CB Members Trained	60	60	95	153	153
CDRO - New Community Bank Credit	\$4940	\$3930	\$7540	\$21150	\$21150
MUDE - New Community Banks	2	4	4	3	3
MUDE - New CB Members Trained	45	120	120	90	90
MUDE - New Community Bank Credit	\$2920	\$5840	\$5840	\$15000	\$15000
ODEF - New Community Banks	6	10	0	2	2
ODEF - New CB Members Trained	120	200	0	40	40
ODEF - New Community Bank Credit	\$4500	\$7500	\$0	\$10000	\$10000

2. Credit to Individuals

Description: BEST, CDRO and MUDE will provide loans to individuals for small business start-up and expansion. Primary beneficiaries will be women and youth. ODEF will use credit funds from its Inter-American Development Bank Small Projects Grant to meet its individual loan portfolio.

Specific Activities: The MG budget provides for credit to be extended to BEST, MUDE and CDRO beneficiaries totaling \$21,450 over the five year period. MUDE will use its share of the funding to support graduating community banks, while CDRO plans to use funds to support productive women's enterprises. Additional credit funds have already been approved or received by ODEF and BEST from the Inter-American Development Bank for close to \$750,000. Katalysis assisted ODEF in leveraging these funds. Additional complementary funds to be raised by Katalysis for this project will total \$30,000.

Oversight: Microenterprise Program Manager.

Outputs:

	FY94	FY95	FY96	FY97	FY98
BEST - Youth receiving credit		10	10		
BEST - Amount of credit to youth			\$10050		
CDRO - Women receiving credit	15	15	0	0	0
CDRO - Amount of credit to women	\$2800	\$2600	\$0	\$0	\$0
MUDE - Women receiving credit	15	15	15	15	15
MUDE - Amount of credit to women	\$1600	\$1100	\$1100	\$1100	\$1100

3. Training and Technical Assistance in Credit, Small Business Management, and Community Banking

Description: All Partners will provide training and technical assistance to their clients in microenterprise and related activities. This support will be provided in workshops, community meetings, youth groups, and one-on-one consultations,

Specific Activities: Through this program, it is estimated that over 4,000 individuals will benefit from these services. Training in small business management and youth enterprise will be tailored to meet local needs.

Oversight: Microenterprise Program Manager

Outputs:

	FY94	FY95	FY96	FY97	FY98
BEST - People trained in small business management (SBM)	40	40	27	0	0
BEST - Youth trained in enterprise dev't		70	80	0	0
CDRO - Women Trained in SBM	80	75	95	153	153
MUDE - Women Trained in SBM	60	135	135	105	105
ODEF - Microenterprise Workshops	11	12	12	15	15
ODEF - Women Trained in SBM	240	240	250	315	315

AGGREGATED OUTPUTS FOR AGTE AND PEBD

	FY 94	FY 95	FY 96	FY 97	FY 98
AGTE					
Sustainable Ag./Natural Resource Mgmt Workshops/Trainees	40/346	66/529	78/685	19/145	21/168
Agricultural Credit/Number of Farmers					
Total Funds	\$11500/20	\$7000/30	\$9000/45	\$0/0	\$0/0
AID Funds	\$4300	\$4300	\$4300		
Counterpart	\$7200	\$2700	\$4700		
Appropriate Tech. Workshops EET and Food Processing/Trainees	56/528	63/693	72/830	30/330	30/330
Biogas Plants Established		1		0	0
Reforestation Project Communities/Beneficiaries	3/	2/1333	2/	0	0
Organic Gardens Planted/Beneficiaries	49/235	50/262	61/320	42/220	43/225
PEBD					
Adults Trained in Small Business Mgmt	420	490	507	573	573
Youth Trained in Small Business Mgmt	0	70	80	0	0
Credit Funds Disbursed - Adults & Youth					
Total	\$57260	\$61470	\$65030	\$100872	\$100872
AID Funds	\$21260	\$25470	\$29030	\$46150	\$46150
Counterpart Funds	\$36000	\$36000	\$36000	\$54722	\$54722
Community Banks (CB) Established	15	20	11	13	13
CB Members Trained & receiving credit	255	410	245	283	283
Youth & Women (non CB) receiving credit	30	40	25	15	15

E. Katalysis Planning Document: Focus Quest

Katalysis Focus Quest

Feasibility Research & Strategic Recommendations

June, 1996

Presented to the Executive Committee by the Focus Quest Task force

Dave Brown, Board Chair
Jerry Hildebrand, President and CEO
Jutta von Gontard, Development Director
Haleh Pourafzal, Facilitator & Organizational Consultant

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Focus Quest Feasibility Research

I Background:

Focus Quest began in January, 1996. This process was launched by the Executive Committee at the request of the full board to look into a strategic question: "Should Katalysis focus its programmatic activities¹ on Community Banking²?"

The question of programmatic focus was tied to the larger issue of Katalysis' sustainability. We define sustainability as the capacity of an organization to procure funds from relatively secure sources at reasonable cost. By non-profit standards, "reasonable cost" is 20% or less of obtained funds. Cost of fund procurement includes direct fundraising and promotion, administration and accounting of funds, and related support.

From an organizational development perspective, in order to achieve sustainability, several elements must act in conjunction: (1) creative vision; (2) focused product (logical market niche, based on consideration of environmental factors); (3) continuous product upgrade to ensure enduring relevance and quality; (4) diversified funding portfolio; (5) balance between systems capacity and programmatic goals; (6) low overhead; and (7) committed and inspired staff, board, and supporters.

From this vantage point, the issue of programmatic focus does not exist in a vacuum, but can be best assessed in the context of other sustainability elements.

Initially, the question of Community Banking Focus was raised through four key assumptions:

1. That Community Banking is one of the most powerful and proven methods for affecting Katalysis' bottom-line purpose: "supporting low-income people to gain self-reliance by helping them to improve their economic, social, and environmental conditions."

¹ "Programmatic activities" refers to the range of services that Katalysis provides to and is engaged in with its southern partners and northern donors. They include training and technical assistance, brokering of individual and institutional funds, management of multi-lateral grants, joint ventures, coordination of Partnership-building activities, facilitation of South-South sharing of experience, and North to South exchanges.

² Community Banking is one methodology within the Micro-Credit industry. It is Katalysis' preferred methodology.

2. That Community Banking, being one of Katalysis' strongest programs, needs more focused thinking and resources to achieve a goal shared by Katalysis and its southern Partners: creating self-sustaining southern NGOs.

3. That given current major donors' interest in Community Banking, focus on this particular sector will attract a larger pool of like-minded donors from the entrepreneurial business community. This, in turn, will contribute to Katalysis' sustainability, given the projected drying up of government funds, the relative ease of covering operational costs from a private donors pool, and the fact that philanthropic contributions by individual donors continue to constitute the overwhelming majority (75-90%) of giving in the United States.

4. That doing one program and doing it well is less taxing for a small organization than attempting to achieve too many programmatic goals with limited resources.

The Focus Quest Task Force was charged with the responsibility of conducting market research on the Community Banking industry and making a recommendation to the Executive Committee and the Board regarding the feasibility of an exclusive focus on Micro-Credit. This synthesis represents the Task Force's findings and recommendations.

II. Community Banking Industry:

A sketch of the Community Banking industry, with particular attention to northern-based organizations operating in Central America, has been compiled by Mahnaz Saremi Shakerin, Katalysis volunteer from Stockton. Mahnaz has a Ph.D. in Agricultural Economics, combined with university teaching experience in the U.S. and Iran. Her report is attached.

Another helpful background document is "Village Banking: The State of the Practice," July 1995. This SEEP paper, written by four practitioners, is compiled with assistance from The Poverty Lending Working Group, SEEP, of which Katalysis is a member. The document is the most comprehensive analysis to date of community banking programs worldwide.

Community Banking (or village banking) is a financial services, group lending model within the poverty lending³ approach to Micro-Credit.

³ The Poverty lending approach is concerned with making credit available to the "poorest of the poor" on grounds of equity. This approach is often contrasted to the "financial systems approach" which perceives the poor as customers that respond to market forces. A new common ground has been created which attempts to merge equity consideration with

It enables poor communities to establish and manage their own credit and savings associations (village banks). A core aim of community banking is the development of permanent community institutions that control their own finances.

Other methods on the Micro-Credit spectrum include individual loans, solidarity groups, community-based enterprises, credit unions and other forms of cooperatives, and commercial banks for micro-enterprises. As community banks grow, accumulate sufficient savings, and become a strong economic force from the commercial sector's point of view, their intermediary organizations explore ways to make linkages between the community banks (informal sector) and commercial banks (formal sector). Currently, this crucial bridge-building is one of the most challenging and creative sub-fields within the Micro-Credit industry. Instruments used range from letters of credit to the formation of social venture capital.

The majority of community banks are formed by and extend credit to women. In the past 20 years, the sub-fields of Women in Development (WID) and Micro-Enterprise Development (MED) have merged into an important force in the international development community, led by powerful home-grown movements such as Grameen Bank in Bangladesh and the Self-Employed Women's Association (SEWA) in India. Successful southern institutions owe their great strides to charismatic leaders who provide continuity of vision and leadership, effective alliances with government and the business community, strong contacts with donors and investors, willingness to take risks in the face of great odds, innovative and expansive strategies, passion for creating alternative social and economic structures, well-trained staff, and strong systems capacity.

The Micro-Credit industry as a whole also includes a number of northern-led initiatives which operate basically on the same success principles as their southern peers. FINCA (primarily rural) and ACCION (primarily urban) are the two key northern-based practitioners in the field, although very different in their intent, structure, and scope.

The next circle of practitioners consists of northern and southern NGOs whose programs are founded on one or more of the pioneers' models. Katalysis' partners, ODEF and MUDE, are both FINCA-derived programs. Freedom from Hunger integrates three models: Grameen Bank, ACCION, and FINCA. InterAid has adapted the Grameen model.⁴

sound market-driven practices. Seven U.S.-based NGOs are considered "among the most experienced implementors of village bank programs in the world." These are CRS, FINCA, Freedom from Hunger, Katalysis, Project HOPE, Save the Children, and World Relief. These organizations are members of the SEEP Poverty Lending Working Group and periodically compare notes on their experiences and methodologies.

⁴ The Focus Quest Task Force did not conduct in-depth comparative studies of various models of village banking in terms of their strengths, weaknesses, opportunities, threats,

The field of Community Banking is closely connected with that of micro-enterprise development since the majority of community banks are vehicles for delivery of credit services to micro-entrepreneurs.

Currently, the industry is concerned primarily with financial management issues, management information systems, sustainability strategies, creative technical mechanisms for business plan/ financial projections, credit management, and capital procurement.

Two of the most commonly-stated opportunities in the industry are:

- (1) capturing savings; and
- (2) linking the community banks with commercial sources of capital.

Threats within the industry include high inflation, interest rate fluctuations, and potential for fraud at community bank levels. Likely government regulations will make it all the more important to understand and enforce the necessary legal, structural, and financial safeguards to prevent fraud.

Fourteen U.S.-based NGOs support or operate Community Banking programs in Central America.⁵ Of these, ten operate in Honduras and six in Guatemala.⁶ Fifty percent of the NGOs are multi-service and fifty percent are focused exclusively on micro-credit and micro-enterprise development. Of the single-focused organizations, only three (FINCA, Freedom from Hunger, and Enterprise Development International) work primarily in rural areas.

and other pertinent elements. Such deeper analysis requires significant research and assessment and is most efficiently conducted after sufficient enthusiasm about the general direction of a community banking/micro-credit focus is established on broader strategic and sustainability grounds.

⁵ These are: Adventist Development & Relief Agency International (Honduras); Appropriate Technology International (El Salvador, Guatemala); CARE (Costa Rica, El Salvador, Guatemala, Nicaragua); Catholic Relief Services (El Salvador, Guatemala, Nicaragua); Enterprise Development International (Nicaragua, Honduras); Feed the Children (El Salvador), FINCA (Costa Rica, El Salvador, Guatemala, Honduras); Freedom from Hunger (Honduras); Katalysis (Honduras, Guatemala); Mennonite Economic Development Associates (Nicaragua); Opportunity International (El Salvador, Costa Rica, Guatemala, Honduras, Nicaragua); Project Hope (Honduras), Save the Children (El Salvador, Honduras), and World Relief (Honduras). ACCION is not on this list because its model is through solidarity groups, primarily urban, and associated with the financial systems approach. Source: "Enterprise Development Assistance Programs of SEEP Member Agencies, 1995."

⁶ No northern-based NGO works in Belize, where Katalysis' Partner BEST has experienced the environment as non-conducive to community banking.

If Katalysis were included in the three single-focused, rural-based, organizations in the industry, it would be distinct as the only one working exclusively in Central America and having a unique southern-powered Partnership model.

There are five primary models of organizational development for Micro-Credit. The NGO affiliates model (à la FINCA) and the direct implementation model (à la CARE and World Relief) are northern-driven (contrary to Katalysis' objective of allowing southern organizations to set their own agendas and develop their own organizations). A third model -- working with local NGOs -- is practiced by Katalysis, although Katalysis is the only organization with a structured Partnership program intended to build mutual trust among partner organizations. The Apex model (à la CRS) and partnership with local credit unions (à la Freedom from Hunger) combine northern-initiated and southern-led dynamics. It may be helpful for Katalysis' network of Partners to look into some of the practices in the CRS and FFH organizational models as they think through their own.

Practitioners of Community Banking programs have adopted these development strategies based on a chain of factors: (1) the need to provide non-collateral-based capital for micro-entrepreneurs; (2) the proven high repayment rates of group lending; (3) the proven ability of poor women to utilize the credit to earn extra family income; (4) the non-charitable character of credit (clients instead of beneficiaries); (5) the social empowerment dynamics of belonging to a group and working with others; and (6) a chance to generate earned income for southern and northern institutions.

Some organizations have found in micro-credit a magnet for delivering their core programs, such as literacy, health, or nutrition education. Freedom from Hunger (FFH), for example, has a service-marked product called, "Credit with Education" which "engages bankers in the prevention of hunger and malnutrition." In this model, the primary purpose of the organization, namely nutritional improvement, is achieved through a credit program.

The majority of U.S.-based practitioners are recipients of AID funds. The agency mounted a high-profile campaign in the early 1980s to promote widespread development of micro-enterprises in developing countries. Recipients of AID funds perceive themselves as a delivery system for a program compatible with their approach to development.

- Community Banking programs span four stages of growth:
- start-up (fully subsidized);
 - developmental (significantly subsidized);
 - operational self-sufficiency (operational costs covered); and
 - full self-sufficiency (full cost recovery and profit-making).

The majority of programs in the industry are in their developmental stage. The sustainable and expansion stages are most challenging and required by most government funders and large foundations. They happen when organizations establish their commitment to Community Banking as an engine of institutional sustainability, articulate a clear vision for expanded outreach and large scale, develop a strategic plan, and project their financial objectives through a thorough business plan. Among Katalysis' three partners, ODEF⁷ is at the cusp of operational self-sufficiency and full self-sufficiency. MUDE is in its developmental stage, gearing up for strategic planning towards sustainability. CDRO is at the start-up/developmental phase.

Is there a saturation of Community Banking programs and organizations in relation to client⁷ demand?

There are scores of NGOs conducting Community Banking/Micro-Credit programs in Central America. In Honduras, the country with the greatest concentration of community banking operations, 75 NGOs are cited by ODEF as involved in providing financial services. But ODEF reports that the majority of the six entities operating in its geographic market (northeastern departments of Cortes, Yoro, and Santa Barbara, and urban periphery of San Pedro Sula) are "very young and do not have the capacity to fully meet the financial demands."⁸

There are no published studies of client demand for micro-credit/community banks. The World Bank says that "rough estimates indicate that the total portfolio of micro-finance institutions world-wide today [1995] is US\$25 billion. Given that this represents only a small portion of total market demand, the potential for growth in the micro-finance industry is enormous." Other references by practitioners to the size of the market also point to virtually unlimited potential: poverty breeds the need for credit, and low-income people are just as market savvy as their better-off sisters and brothers.

The threat does not appear to be in the size of the market. The opportunity is in the creation of strong micro-credit organizations that:

- Regularly gather information about clients' needs;
- Listen to and respond to clients' expressed needs;
- Deliver a package of services that integrates convenience and quality with competitive full cost pricing (operations, interest rate,

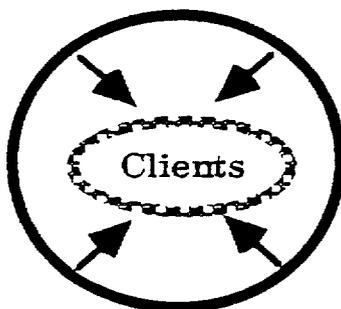
⁷ Client is defined as the buyer of financial services from the intermediary organizations and/or community banks -- these services include, for the most part, credit, savings, and training.

⁸ FINCA/Honduras, on the other hand, reports that its program is losing clients both to the commercial sector and to competition from the proliferation of other NGO village banking programs in Honduras.

- training, inflation, and default);
- Develop an adequately diverse and tightly-managed credit portfolio;
 - Strengthen their own organizational capacities for widespread efficiency and accountability;
 - Continuously upgrade and rejuvenate themselves (through innovation and vertical growth) in order to stay relevant and competitive;
 - Have sufficient linkages and strategic alliances with private, public, and commercial sectors for grant and loan procurement;
 - Achieve sufficient scale (horizontal growth).

The above principles are identical to those applied to creating any successful business. Research indicates that the connection between Community Banking and institutional sustainability is the combination of these business practices.

In this context, the starting point is not the intermediary organization, but the clients. It is the authentic client-driven approach that generates profit, not the need by an intermediary to generate earned income -- although profit to the intermediary organization is one component of the total package. The focus goes towards the clients and all the systems and structures needed to deliver services effectively and efficiently, and to induce prompt repayments. The intermediary NGO is one vehicle for turning the passion for clients into successful results in the field. This conceptual framework also extends to a provider of training and technical assistance such as Katalysis. The entire alliance becomes client-focused.



In terms of competitive advantage, Katalysis clearly is not an industry pioneer as are FINCA and ACCION.⁹ However, it has the

⁹ ACCION was founded with the sole purpose of promoting micro-enterprise development in the Americas. Their current CEO, Michael Chu, comes from New York's "high finance" community; their technical staff are veterans in the field; their board members are finance-oriented; they have developed sophisticated financing instruments; they have carved out a niche for themselves as a "first" in the Americas and their institutional supporters (large foundations and corporations) perceive them as a leading-edge organization in the industry. ACCION also has a research and development department that keeps up with latest innovations in the field and documents the industry's challenges

potential to help, in a unique framework of North-South partnership, the sustainability process of southern NGOs interested in becoming strong financial institutions serving micro-entrepreneurs through a Micro-Credit strategy. A Partnership model of Community Banking within an organization focused exclusively on this strategy will be distinct from those that offer a micro-lending program as merely one unit of a multi-service institution. From an overview of the industry one is likely to deduce that those organizations with a clear focus on micro-credit provide higher quality programming, display more creativity, and adapt more quickly and easily to changing environments (one indicator of sustainability).

III. Katalysis & Community Banking: A Screen Test

A. Partner Needs

ODEF now has a business plan to achieve financial self-sufficiency by the year 2000, and it needs Katalysis' technical assistance and support in capitalization in order to successfully implement its sustainability strategy. MUDE also has expressed great interest in developing a strategic plan and "getting on the road to sustainability." Both ODEF and MUDE need access to capital.

CDRO, on the other hand, has begun a community banking program (under its women's program), with primary funding from CRS. Staff report that CDRO wants to do community banking more aggressively and wishes to look more to the ODEF experience and model.

ODEF's "Strategic Business Plan: 1996-2000" (attached), prepared with technical assistance from Katalysis Honduras, points to an innovative and experientially-generated package of services, combining lending with training. Training topics form a unique way of integrating credit with women's empowerment and environmental protection, two of the most important issues of our times. Recent funding of ODEF's plan by AID-MIP (\$900,000 over three years) is one indication of the strength of this program.

ODEF's strategic business plan serves as a model of Community Banking/Micro-Credit program within the Katalysis North-South Development Partnership. The approach developed by ODEF, with assistance from Katalysis, has inspired MUDE's program and given impetus to CDRO's. To the extent that there is a model for Community Banking within the Katalysis North-South Development Partnership, it is the jointly-developed ODEF model. This is a strong common asset to build on. Ultimately, the argument for a Community Banking Focus is not tied only to the state of the industry, but more to the potency of the Partnership's

and most successful experiences in its "Monograph Series." In Short, the entire organization's resources are focused on creating strong micro-finance organizations.

own product. The ODEF business plan points to a strong product, but one which also needs assistance to succeed.

In a long and detailed letter dated February 23, 1996, addressed to the Focus Quest Task Force, ODEF Executive Director Santa de Euceda articulated very clearly that her organization needs advanced expertise from Katalysis in order to meet the goals stated in its strategic business plan. In fact, Santa argued, even the decision about and move towards Community Banking as a programmatic focus require more specialized input, guidance, and technical expertise.

Santa's letter makes a very strong case for hiring a highly qualified Micro-Credit Manager who can bridge the gap between Katalysis' current capacity and the skills required to: (a) help ODEF move through its sustainability phase (as well as assist MUDE and CDRO through their respective stages); and (b) assist the Partnership to make strategic decisions about recruitment of new partners that would enhance their individual and collective Community Banking programs. Skills are necessary in both credit portfolio management as well as the institutional capacity necessary to meet financial services goals.

Given ODEF's recent maturity as a Community Banking organization, MUDE's move in the same direction, and CDRO's interest in a women's credit program, Katalysis has a critical mass from which to deepen and expand its technical assistance/training in Community Banking. The current diversity among partners (indigenous, urban/rural, varying stages of development) can spearhead much creativity in strategic thinking and programming, new Partners recruitment, and research/documentation. This, together with Katalysis' emerging role as a competent technician in community banking within the SEEP Network^{1 0}, positions the organization to carve out its unique niche within the Community Banking industry.

What is Katalysis' (and the Partnership's) unique niche in Community Banking?

Field workers report that beyond producing economic benefits, community banks and individual micro-loans are catalysts for women's social empowerment -- giving them status in the community, belief in their ability to improve their lives, and solidarity with other women in the creation of a critical mass for social change. This aspect comes across as one of the most exciting by-products of capital infusion, although studies

^{1 0} In 1995, with a SEEP grant, the Regional Field Office staff and consultants developed a computer software application for business planning and expansion of community banking programs. This tool has been designed for use by all three partner organizations. In April, 1996, Ingrid and Miguel Navarro (Deputy Director of ODEF) presented this software to SEEP members at the Network's annual conference in Washington D.C., based on initial praise of ODEF's business plan from SEEP staff.

that actually trace this phenomenon over time and measure empowerment and/or the impact of micro-credit programs on the social status of women are rare and largely anecdotal.

The Katalysis Partnership has the opportunity to produce a unique blend of self-sustaining financial structures embedded in a dynamic field of women's empowerment. Katalysis can position itself as the only organization that effectively balances and clearly articulates these two aspects of Community Banking. A potential area of focus is measurement and documentation of social impact (through earmarked funds) and related consulting to other PVOs. Katalysis is currently collaborating with a new AID component that is establishing markers/indicators to measure the impact of Micro-Credit programs on women's empowerment, entrepreneurial skills, housing, education, and family development.

B. Core Competencies

In addition to Katalysis' emerging profile in the industry (as noted above), the organization also possesses the following assets:

- Movement towards customization of business planning and financial projections via the SEEP-funded software.
- Experience in assisting the creation of strong NGOs through training and technical assistance in organizational development (OD). Areas of OD consulting that must continue in a Community Banking Focus are:
 - (a) financial accounting;
 - (b) development of strategic and business plans;
 - (c) organizational structure as related to effectiveness of Community Banking programs;
 - (d) increasing Partners' capacity to secure grants and loans;
 - (e) affecting financial/administrative accountability to donors.
- Successful track record in the type of South-South exchanges that optimize limited resources and allow for adaptation of Community Banking programs to local conditions.

Although the above resources are important parts, they are by no means sufficient to creating sustainable southern NGOs through Community Banking in a highly competitive environment. The following are the core competencies that Katalysis must acquire in order to build a strong base of support for its Partner organizations. These core competencies center around creating depth of technical expertise and strategic thinking in Community Banking/Micro-Credit throughout the organization -- from RFO staff to the staff and board of Katalysis U.S.A.

1. Human Resources:

- Hiring a highly qualified Micro-Credit Manager at Katalysis Honduras. This person must have extensive credit portfolio design/management and related expertise, as well as be able to fully embrace the vision of an effective Community Banking-focused organization. This staff person will team up with the Regional Field Director to help the development of current Partners' Community Banking programs, as well as to assist the Partnership to develop a strategy for screening potential new Partners.
- Adding board members with vision and expertise in micro-credit, experience in innovative capital formation, and contacts with potential institutional and individual donors. Addition of female board members may become particularly important, given the orientation of most community banking programs and their intermediary NGOs towards women.
- Training of current board in the vision of a Community Banking-focused organization and the technicalities of the field; dynamics of institutional sustainability; current Partners' programs and needs; and the role of the board in an organization that focuses on Community Banking technical assistance and fund procurement.

2. Technical Tools:

- Strengthen existing financial projections software and develop credit management software.
- Develop necessary training manuals and other related documents.
- Develop and conduct pro-forma impact analysis.

3. Linkages:

- Learn about and affect potential alliances with public, private, and NGO sectors at the local, municipal, and national levels in the Central American countries where the Partners work.

This area of exploration and implementation relates to the "creation of civil societies," an expansive field subject to much attention in the foundation world -- in the U.S. and internationally. It encourages the development of strategic partnerships among those sectors of societies that have been traditionally alienated from one another, for example, the private and the voluntary sectors in Central America. These alliances are intended to leverage more resources, increase creativity in program design and delivery, and advance cooperation and mutual learning towards more integrated societies.

C. Funding Sources

1. Awareness about Micro-Credit:

The twenty-year history of micro-credit has resulted in useful knowledge and a solid body of success stories that portray the field as one of the most, if not the only, impactful development strategies in the South. Two recent (1996) books on the Grameen's successes and challenges have been published by two major companies: "The Price of A Dream," by independent journalist David Bornstein (Simon and Shuster), and "Give us Credit," by former RESULTS and CARE staff, Alex Counts (Times Books).

Following up on these publications, a Micro-Credit Summit is scheduled for 1997 with the intended purpose of "working to ensure that 100 million of the world's poorest families, especially the women of those families, are receiving micro-credit loans for self-employment by the year 2005." Spearheaded by RESULTS, sponsored by Citicorp, and organized by industry leaders, this event is designed to focus the attention of policy-makers and donors on the positive impact of Micro-Credit. [If folded in properly, the presence of Ela Bhatt and Muhammad Yunus on the Organizing Committee could bring special focus to the strategy of working through southern NGOs, giving Katalysis some spark to build on.]

2. Government Donors:

The following are sources that the Task Force has identified as potentially strong for a Micro-Credit Focus:

- AID-MIP (Micro-Enterprise Innovation Program);
- AID-MG (matching Grant);
- World Bank-CGAP (Consultative Group to Assist the Poorest);
- IDB-Small Projects;
- European Governments.

Although the above sources are available now, they are also very competitive in the short term and potentially nonexistent in the long run. This fact compels Katalysis to (a) clearly articulate its particular strength in addition to demonstrating superior vision, technical, and strategic competence; (b) help the Partners form the local commercial and private linkages necessary for long-term sustainability; and (c) think thoroughly about the required institutional goals and capabilities of new Partners.

Government funders often have specific criteria for gauging the sustainability potential of micro-credit organizations. For example, CGAP emphasizes scale (minimum 3,000 clients) and requires that grantees be already operationally self-sufficient and on a clear path to full self-sufficiency. Another benchmark is the organization's proven ability in or

potential for attracting commercial sources of capital. Consideration of such factors will have core implications for new Partners recruitment.

Anecdotal accounts by staff point to recognition of Katalysis' uniqueness by some government funders, notably MIP and SEEP.^{1 1}

3. Foundations:

- "Program Related Investments" are available from MacArthur and Ford. These must be tested and cultivated. Large foundations also prefer organizations that are working through their sustainability stage.

- Rotary International is a possible source of credit funds for the Partnership. [This possibility is deemed strong by the Task Force.] Importantly, this would put Partners in touch with in-country Rotary Clubs which include resident socially responsible businessmen/women.

- Medium-size foundations (e.g., FICAH and Tides) might be receptive to specific components (e.g., Tides to impact analysis), although these grants are too small to be of strategic significance.

4. Individual Donors:

Community Banks provide an excellent vehicle for expanding the circle of donors in the entrepreneurial business community, and a strong message must be developed to that effect. It is safe to assume that if current donors are "blown away" by community banks, others like them would be too, given Katalysis' strategy of donor expansion through networking and education by the existing nucleus.

One key strategy to pursue with major donors is to invite larger investments (\$25,000) towards large-scale expansion of Community Banking programs, rather than contributions to individual banks.^{1 2}

Women's Community Banking programs lend themselves to alliances with professional women's groups in the U.S. and perhaps even in Central America. For example, there are possibilities of (and reportedly funding for) creating a collaboration of resources that would link women funders in the U.S. with women's micro-credit programs in Central America. One source for further exploration of this concept is Shaler Adams Foundation.^{1 3} Funding could be sought for the formation and operations of the collaborative itself.

^{1 1} Jerry will follow up with Katalysis' contacts at MIP and SEEP to test this impression and to seek input regarding Katalysis' precise niche.

^{1 2} Dave and Jerry will test this idea with Bill Clapp and Dino Cortopassi. Meeting set for August 1996.

^{1 3} This concept came through a conversation with Luz Vega.

5. Banking Industry:

There is possible interest from U.S. banks, contingent on personal contacts and attractive proposals. Citicorp Foundation offers one-time grants of up to \$50,000 to micro-lending programs for technical assistance, new product development, equity for mature loan funds, and similar activities. Union Bank of California (a subsidiary of Tokyo Mitsubishi Bank of Japan) is also a possible source and one that is being pursued by James Brumm, Mitsubishi's Executive Vice President. The Task Force also met with one retired banker who has contacts at major U.S. banks, and who is willing to test and harness interest in Community Banking funding.

6. Corporations.

Possibilities include the GAP Foundation, other socially responsible companies, and Mitsubishi (Motors and Electric). Both GAP and Mitsubishi are being cultivated by Katalysis staff (see Appendix II, page 30). The cost-effectiveness of corporate fundraising is enhanced by marketing an entire program rather than individual Community Banks.

7. Alternative Charitable Contributions:

In addition to traditional forms of fundraising from institutions and individuals, there are newer vehicles for generating income for development programs in the South, especially those with a business and entrepreneurship angle.

The DEVCAP Shared Return Fund is an innovative approach to fund development for micro-enterprise programs. It was founded in 1992 "for globally responsible investors to channel Wall Street's resources to the villages of the developing world." DEVCAP is the first socially-screened mutual fund that allows investors to earmark 100%, 75%, or 50% of their annual earnings to a donation pool for the micro-enterprise programs of four member organizations: Seed Capital Development Fund, Appropriate Technology International, Save the Children, and Catholic Relief Services.

8. Social Investment Funds.

Loan funds are available from Calvert with stringent criteria. ODEF has expressed interest in exploring Calvert -- an opportunity for Katalysis to learn about and test the appropriateness of this source.

9. Income from Brokering Fees:

A recurrent theme during the Focus Quest discussions has been recovery of fees for the services that Katalysis provides to Partners. Currently, there is no formal mechanism through which Partners pay for Katalysis' fund development functions within the Partnership. The Task

Force recommends that the Community Banking Focus include some form of equity share for Katalysis. Here is a suggested format:

Whenever Katalysis secures a grant for one of its Partners to be used for Community Banking, Katalysis would retain some right to participate in the interest earned on those funds and in any proceeds developed from a sale or transfer of the loans created by those funds. For example, this could be a 20% participation in either event. A hypothetical situation: Katalysis secures a grant for MUDE for \$10,000 to be used for credit in their micro-lending program and MUDE is charging 25% interest for their loans. In this scenario, Katalysis would receive \$500 per year from MUDE as its participation in the loan ($\$10,000 \times .25 \times .20 = 500$). These funds would be paid in local currency to Katalysis Honduras to support its activities.

10. Guarantee Funds:

Guarantee funds encourage lending from commercial banks that otherwise would not lend to micro-clients, community bank clients, or intermediary NGOs. The guarantee fund mechanism requires that the northern NGO partner provide collateral to a lending institution against which the lender will advance loans either to the implementing agency, or directly to community banks. The assets put forth as collateral can be either a cash deposit, a stand-by letter of credit, or other real assets such as mortgage or securities. Initially, the leverage ratio of collateral to amount of credit extended is often as high as 1:1, but as the borrower establishes creditworthiness, the guarantee fund leverages additional loan capital.

Freedom from Hunger and FINCA are two peer organizations experienced in guarantee funds. Katalysis could learn from them as it considers this instrument.

11. Direct borrowing in the South:

This refers to a commercial line of credit obtained by a southern NGO based on its own financial strength. To obtain this line of credit, the organization must be able to demonstrate to the lender a high loan repayment rate, an established pattern of self-sufficiency and profitability, good Management Information Systems (MIS), and competent management.

Save the Children and Freedom from Hunger have used the direct borrowing method through various alliance schemes.

12. Direct lending by Southern financial institutions:

Typically, this is a partnership between a northern NGO and a southern lending institution (e.g., a credit union). The lending institution finances a specific creditworthy loan portfolio and the NGO provides the management skills and training required to implement the program.

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Freedom from Hunger is experienced in this type of partnership.

D. Sustainability Quotient

Sustainability is defined here as the ability of a Community Banking program to generate sufficient income to cover all costs associated with lending and training, and also to generate a profit. Profits are often allocated to vertical or horizontal expansion. In a sample of 68 village bank programs studied in 1995, 10 (15%) were recovering over 90% of their costs, and four had reached profitability. The study forecast a positive picture in terms of the feasibility for a higher number of programs in the study reaching self-sufficiency. According to practitioners, it takes 3-5 years for a program to achieve self-sufficiency, contingent on two factors: full cost pricing^{1 4}, and efficient delivery systems.

Among more advanced experiments in Latin America, two often-cited success stories in the micro-finance/group lending literature are Banco Sol (Bolivia) and Actuar Bogota (Columbia) -- both ACCION-initiated.

Micro-Credit/Community Banking is one of the few programs, if not the only one, in the international development field that has the potential to lead to the financial self-sufficiency of intermediary organizations committed to a focused mission of Micro-Credit and closely-related ancillaries.

1. For Southern NGOs:

The issue of financial sustainability for PVOs has gained momentum in light of government cutbacks, increased competition, and heightened standards for organizational performance. More innovative approaches are being created and more research is being conducted on such approaches within the international development community.^{1 5}

For southern NGOs engaged in Community Banking, sustainability factors are those listed on pages 8-9. Katalysis' role is to help Partners achieve the core competencies necessary for institutional sustainability.

^{1 4} Full cost pricing means setting the interest rate and ancillary fees at a number higher than the total costs incurred by the intermediary organization for operations, accessing of funds, inflation, and default.

^{1 5} A new resource is Sustainable Development Services (SDS) which assists NGOs in making the programmatic, financial, and institutional changes necessary to build and maintain financially sustaining services. They offer training, technical assistance, and educational materials. The project is an AID-funded collaborative effort of IDR (Institute for Development Research), Freedom from Hunger, and Lassen Associates.

The SEEP Poverty Lending Working Group states the following "Organizational Sustainability and Financial Self-Sufficiency" standards for the Community Banking (village banking) industry:

In order to achieve long-term continuity of quality services, the vision of organizational sustainability and financial self-sufficiency must permeate all levels of village bank programs: from the members to the banks to the implementing organization.

Organizational self-sufficiency is demonstrated when there is a commitment to the principles of village banking from the board level through staff to members; where there is a strategic plan for financial self-sufficiency and growth; where there are systems and structures to effectively safeguard the use of funds and deliver services on an on-going basis.

Financial self-sufficiency is defined as the point at which a program's revenues exceed the costs of administration, capital (including inflation), and default. As programs aim for self-sufficiency, their target repayment rate should be 100%.

One issue raised during the Focus Quest discussions was whether multi-purpose ("integrated") Community Banking programs have a lesser chance of sustainability than those that focus exclusively on credit and related training. Many agencies in the industry are against adding social components to the delivery of financial services, arguing that (a) it takes attention away from the hard-core profit-loss dimensions of lending; and (2) it adds costs that delay or prohibit financial self-sufficiency. But there also are examples (e.g., Freedom from Hunger and World Relief) suggesting that an integrated approach can work and can lead to self-sufficiency. The key is for integration to be streamlined and "focused."¹⁶

2. For Katalysis:

According to our research, significant earned income from Community Banking programs does not extend itself to the northern NGO. Even a highly-developed organization like ACCION is still dependent on institutional grants and individual gifts to create profitable financial institutions in the South. The Task Force believes that the most Katalysis can do is help its southern Partners become self-sustaining through a Community Banking Focus. Through brokering of capital and related ventures, Katalysis Honduras could become self-supporting (partially in the initial phase and potentially fully in the long-term).

The Task Force recommends that both Katalysis Honduras and Katalysis U.S.A. have their respective sustainability strategies in place

¹⁶ Factors that contribute to streamlining include efficient integration of the promoters' multi-faceted roles, and a maximum number of village banks and clients being handled by each field staff.

in FY 1997. These sustainability strategies will include short-term and long-term funding instruments.

In the short-term Katalysis' sustainability is contingent on the ability of the organization to attract institutional grants and individual gifts based on: (a) the quality of its training and technical assistance (provided from the field); (b) its efficiency (less than 20% overhead); and (c) its track record in helping to create self-sustaining organizations in the South.

Long-term sustainability, however, requires commitment to and focused effort on generating earned income. The success story of stronger organizations like Grameen and ACCION is tied to their insistence that earned income for the central organization be an integral part of their mission and group lending strategy, even though it may take years or even decades to achieve this objective.

The infrastructures that Katalysis has set up in both Stockton and Honduras to manage government grants -- first with AID, and later in anticipation of MIF -- have created a level of operational costs that is difficult to recover through traditional sources of institutional and individual funding. The propensity of large foundations and European agencies to give money directly to the South, and the desire of individuals to see most of their money go to the field, make the case for (a) increased efficiency in both North and South offices; and (b) moving the center of operations southward.

Moving South means consolidating programmatic, donor reporting, resource development, and linkage-building leadership in the South.

E. Community Banking & Partnership.

While Katalysis' sustainability can be facilitated by moving the center of leadership and operations southward, the South's sustainability also requires greater leadership and accountability in the South. These two compatible forces inspire a Partnership-driven Community Banking Focus.

1. Directing a Community Banking Focus.

The Focus Quest Task Force and the Executive Committee discussed at length the perceived difficulties of Katalysis' current Partnership ethos and methodology in relation to the practical demands of a Community Banking program. Partnership was often cited as a barrier to the creation of self-sufficient micro-credit institutions because its ethos of responding to the Partners' varied needs and "not imposing on southerners" is antithetical to a focused program in general, and the Community Banking Focus in particular.

Micro-credit is a directive business and requires a great many checks and balances for efficiency -- the key to its sustainability. This, in turn, propels pressures for accurate accounting, reporting, and accountability through all levels of the organization -- from the northern donor, to the provider of training and technical assistance, to the southern NGO, to the governing body of village banks, to individual loan clients.

This chain of reactions can be either debilitating or empowering, depending on whether one is looking at the glass as half-empty or half-full. It is debilitating if those professing accountability perceive themselves and are perceived as "enforcers of alien rules." It is empowering if they think, act, and are appreciated as "promoters of team stewardship and individual responsibility." Experience indicates that if people fully understand how their actions help or hinder a team process, therefore affecting the benefits to themselves, they are more likely to change their behavior out of a positive drive of responsibility rather than merely a fear of repercussions. The results of the former is more respectful and longer-lasting than the latter.

It is true that the current Partnership ethos is in some aspects antithetical to the directive nature of micro-credit. But it is important to distinguish between intrinsic tension and structural tension. There is no contradiction between directiveness and people working together for a common purpose. In fact, highly competitive (therefore efficient and directive) businesses thrive on team work and strategic partnerships, internally and externally. The question is where the directiveness comes from and how it is delivered -- and this is a structural issue.

After hearing various statements about the tension between Katalysis' current Partnership model/ethos and the Community Banking business, the Focus Quest Task Force believes that if the directives for a Community Banking program were to come from the Partnership as a whole rather than from Katalysis alone, Partnership as it currently stands would turn from a perceived barrier into a potential asset.

"Partnership as asset" is still founded on the principle that the South has a superior knowledge of its own conditions and needs, and that its representative organizations reflect that knowledge. But it also allows for a legitimate and constructive role for a northern entity (representing northern donors) as a broker of technical and financial resources.

In a Partnership-driven Community Banking structure, the Partnership as a whole becomes responsible for the creation and proliferation of the best possible Community Banking model. Single-minded commitment to excellence and the strength of the team (Partnership) provides the directives required by sustainable micro-credit ventures. Every person and every organization becomes responsible for the whole; whoever cannot meet the performance standards is gracefully but firmly asked to leave; all parties celebrate their key accomplishments together; northern investors and southern clients become bonded by the

shared thread of supporting intermediate organizations; and the Partnership offers a unique model to the industry.

Advancing this vision requires strong momentum at two levels: (1) more responsible leadership and moral authority on the part of southern Partners; and (2) a more formal, unified, and mutually-accountable Partnership structure and standards. To facilitate these conditions, it is important to deliberately move forth Katalysis' intended purpose in the creation of the Regional Field Office and the Partners' Board: to transfer, over time, governance and programmatic responsibility to the South.

The Focus Quest Task Force recommends that Katalysis move fully in that direction as a way of grounding a Partnership-driven approach to Community Banking in the context of its mission statement.^{1 7}

The Task Force also recommends that the board consider in depth the specifics of Katalysis Honduras structure (board of directors, functional committees, etc.) and the policies/procedures required for mutual responsibility and stewardship.^{1 8}

If the Partners wish to participate in manifesting a Partnership-driven model of Community Banking, they will become responsible for refining the model through research, evaluation, and dialogue; establishing performance standards for each other; developing and applying clear exit strategies for non-conforming parties; deciding which other NGOs they want to recruit as Partners; collectively initiating joint proposals; and defining and evaluating the quality and cost of Katalysis' training and technical assistance. This structure assumes that: (1) Katalysis will have an enduring role in the Partnership (it does not,

^{1 7} "Katalysis supports low-income people to gain self-reliance by helping them to improve their economic, social, and environmental conditions...We work through multi-lateral partnerships with community-based organizations, using participatory processes. We provide training and technical assistance in (focus). We are creating a partnership model of international development which allows all participants to relate as equals, relaxing the hierarchical mindset and replacing power with process as the means of effecting organizational goals."

^{1 8} In thinking through a structure for Katalysis Honduras, the Task Force initially thought about the current Partners' Board becoming the Board of Directors of the Honduras office. This, the Task Force envisioned, could bring in the southern leadership required for a directive Micro-Credit focus. However, further discussion revealed the importance of maintaining the independence and objectivity of Katalysis Honduras by ensuring that the Board has equilibrium in composition: for example, one-third independent southerners, one-third independent northerners, and one-third paid staff from South and North. At the same time, a Program Committee could be established, composed of the Partners Executive Directors and experienced staff, to attend to program design, operational, and stewardship issues and to make policy recommendations to the Board. This would ensure the flow of experiential knowledge from the field into the strategic decision-making process.

however, assume that all Partner organizations will be part of the network for life); and (2) Partners will assess and pay (at least partially) for training and technical assistance from Katalysis.

As we develop a Partnership-driven Community Banking model, a range of issues must be considered and thought through carefully. The following questions, and others to come, will help concretize the meaning and ramifications of "Partnership-driven:"

- In Partnership-wide grants for community banking services and modalities, will Katalysis/Honduras automatically be the provider of technical assistance, or can the Partners shop around? To what extent, and in what specific ways, will the Partners be engaged in defining the TA services needed, evaluating the quality of TA services received, and agree to compliance standards for themselves and the TA services?

- How does "Partnership-driven" affect new partners?
- What should be the developmental stage and specific qualifications of new Partners?
- Might a "Partnership-driven" model envision various stages of participation -- from "apprenticeship" to "full membership," for example?
- Who will have proprietary rights for the tools developed (e.g. a credit management software or training materials)? Who has the right to distribute such tools to a wider market? How is the income distributed?

2. Providing mutual accountability for grant management:

The dynamic tension inherent in the Partnership methodology is tested by the grants management process because Katalysis Honduras assumes a multiple role: (a) providing consultative technical assistance and training (defined by the grant agreement and paid for in part by the grant funds); (b) enforcing grant compliance in order to satisfy the fiduciary responsibility implicit in acceptance of the funds; and (c) being the authorizing agent for funds disbursement. The technical specialist, the outputs enforcer, and the funds dispenser become one and the same, and the results often reveal the stress inherent in this multiple role.

As the center of power and accountability moves to the South, Partner organizations must become more involved and responsible toward the Partnership's goals, outputs, and standards. With the more stringent demands of a Micro-Credit focus, it will become necessary to further specify the terms of reference governing grants management procedures so that Katalysis Honduras' role, responsibility, and authority are unmistakably understood and all Partners agree to respect and uphold that understanding. See Appendix I, page 27, for current and potential mutual accountability provisions.

F. Micro-Credit Relative to Other Sectoral Options.

The Focus Quest Task Force considered the strength of Community Banking relative to two other primary sectors that Katalysis is involved in: Natural Resource Management, and Organizational Development. Neither of these sectors passed the "funding" and "sustainability quotient" screens.

- Organizational Development (OD), as it stands now, is too diffuse. Katalysis' own experience indicates that in order to be effective, technical assistance in OD must pertain to specific programmatic areas, and in some ways can best be achieved through specialized consultants as the need arises. The only areas of OD feasible in the long run are those connected with a Micro-Credit focus.

- Natural Resource Management does not indicate potential for income-generation beyond the beneficiary level. In the case of Herencia Verde, for example, one can hope for a Loma Linda model -- helping the center become sustainable -- but envisioning ambitious schemes such as those undertaken by Earth Trade are unrealistic. Selecting marketable products, establishing efficient production systems and standards, and large-scale product marketing are complex activities requiring core competencies and linkages that Katalysis does not possess in critical mass at present.

G. Conclusion

Based on the information gathered thus far and discussion of key issues, the Focus Quest Task Force believes that a Community Banking Focus is a desirable and feasible direction for Katalysis. This covers Katalysis' role in training, technical assistance, financial resource brokering, and related networking with current and future Partners.

This feasibility is contingent on:

1. Full support of the Community Banking Focus direction by Partners.
2. Development of a unique programmatic model from within the Partnership;
3. Addition of core competencies (as described on page 13);
4. Utilization of a diverse portfolio of subsidies and loans (from the list on pages 14-17);

5. Creation of a clear and efficient southern-centered structure for implementing the sustainability goals of the Community Banking Focus.

IV. Strategic Recommendations:

The following recommendations grow out of the Task Force's research and deliberations.

1. That Katalysis establish Community Banking as the focus of its programs with Partners.

The Focus Quest Task Force recommends that the implementation of the Community Banking Focus begin immediately. A list of Focus actions that are in progress and those contemplated for FY 1997 appear in Appendix II, pages 28-30. The Task Force also wants to underscore the importance of honoring all program agreements previously made with Partners under specific grants, although efforts will be made to re-negotiate/restructure grants towards the Community Banking Focus.

2. That Katalysis build greater capacity in Community Banking and Micro-Credit.

The first step in this process is the hiring of a qualified Micro-Credit Manager at Katalysis Honduras. This person must have specialized skills in the field, including portfolio design and management, and Community Banking-related organizational development. She/he will team up with the Regional Field Director (also to be recruited) whose qualifications must include (a) leadership abilities in partnership/collaborative-building, (b) ability to embody and advance a strong vision of a Community Banking-focused organization; and (c) capacity to successfully manage the transition from the current portfolio to an exclusive focus.

3. That the Partnership develop a Community Banking model for proliferation by current Partners and for replication and adaptation by new Partners.

This discussion must happen with full participation of Partners.

4. That Katalysis move the center of leadership and operations southward by building the Regional Field Office into an independent southern NGO.

The southward move will include the following steps:

In 1997:

- Center all training/technical assistance in Katalysis Honduras.
- Transfer all grants management reporting to Katalysis Honduras.
- Have a sustainability strategy in place for Katalysis Honduras.
- Initiate the reconstitution of the Board of Katalysis Honduras as required by the Community Banking/Micro-Credit Focus.
- Initiate the process of expanding the Partnership.

In 1998:

- Transfer financial reporting to Katalysis Honduras.

In FY 1999:

- Transfer full responsibility/authority to Katalysis Honduras Board.

5. That the role of Katalysis U.S.A. be defined and focused as follows:

- Coordinate the Community Banking/Micro-Credit re-focus process.
- Facilitate the development of Katalysis Honduras as a fully independent NGO (as described in 4. above).
- Work with the Partnership in the recruitment of new Partners.
- Remain the steward of Partnership.
- Remain the northern representative for North-specific functions: credit brokerage, fund development for micro-credit, fund pass-through, resource information, and networking.
- Restructure the Board of Directors based on the growing independence of Katalysis Honduras and the Micro-Credit Focus.
- In FY 1997, have a sustainability strategy in place for Katalysis US
- By FY 2000, coordinate the Katalysis Partnership in another developing region and/or begin a domestic Micro-Credit program.

6. That non-Micro-Credit sectoral areas be disposed of as follows:

- Integrate Organizational Development (OD) into Micro-Credit focus as described on page 12.

- Phase out Natural Resource Management by the end of FY 1998 when the VIDA grant ends. During this time, key issues must be clarified and decided about Katalysis' obligation as a partner in a joint venture.

Appendix I

Donor Accountability Provisions Within the Partnership

Currently, the following operational policies are in place:

- Whenever there is a financial transaction entered into between Katalysis and one or more of the Partners, the roles and responsibilities of each party are clearly spelled out and agreed to in writing before any funds are transferred. The current practices will be maintained and upgraded. [A new 28-page manual recently has been finalized that sets forth the specifics of this procedure.]

- In its role of grants monitor, Katalysis/Honduras may withhold funds until project outputs have been met. This punitive measure has recently been instituted and has provided effective leverage in producing projected results in a timely manner. As Partnership accountability becomes tested in this way, our experience is that it ultimately strengthens the relationship because there are shared expectations that must be respected and adhered to.

With the center of leadership and operations moving southward, it is recommended that additional procedures be put in place, such as the following:

- If Katalysis/Honduras feels that one or more of the Partners is unduly interfering with the established procedures of grants management as fairly implemented by Katalysis Honduras, it may make direct appeal to its Board of Directors. The specific appeal mechanism needs to be incorporated in the new board's by-laws.

- In turn, if one or more of the Partners feels that Katalysis Honduras is misusing its authority or failing to comply with its responsibility in providing specified training and technical assistance in a timely manner to the Partners as stated in the grant agreement, that issue may be presented before the Board of Directors and relevant action taken. As in the current Katalysis board/staff relationship, the staff serves at the pleasure of the board. Similar to the case cited above, this process needs to be clearly defined.

Appendix II

Moving Towards a Community Banking Focus

Immediate Actions (June-October, 1996):

The following are the Community Banking/Micro-Credit Focus start-up actions currently in process:

1. AID-MIP (Micro-Enterprise Innovation Program).

This grant has been approved. Beginning October 1, 1996, it will allocate \$900,000 over three years to ODEF and Katalysis. The majority of funds (\$700,000) will be assigned to credit. The MIP grant meets all of ODEF's credit needs for the next three years and brings ODEF into institutional sustainability. This further solidifies ODEF as the micro-credit model for the Partnership.

2. World Bank-CGAP (Consultative Group to Assist the Poorest).

Katalysis will submit, by June 30, a proposal to CGAP for designing a Partnership model of Community Banking using the ODEF methodology as guide.

3. AID-MG2 mid-term evaluation.

The evaluation begins on July 8. This is an opportunity to re-orient the next two years' Katalysis/AID priorities towards the Community Banking/Micro-Credit Focus. The next grant cycle begins October 1, 1996.

4. The MIF proposal.

This grant of \$1.7 million over three years is in the final stage of approval (decision set for July 10). The proposal has been re-oriented to micro-enterprise in rhetoric, but not in substance. However, there is an opportunity to further re-structure outputs. A final analysis needs to be completed by Katalysis regarding acceptance of this grant if it cannot be significantly re-programmed.

5. Partnership Composition.

The Partner least in sync with the Community Banking Focus is BEST. We have begun an exit strategy that will allow Katalysis to separate BEST from the Partnership with appropriate analytical back-up. If all goes as planned, the decision on BEST's status will be made in August with the BEST-initiated SWOT analysis and AID-MG2 mid-term evaluation as definitive decision-making documents.

6. Partnership Expansion^{1 9} .

New Partner exploration will begin in June with a meeting with SHARE Foundation (El Salvador program). Other possible on-site opportunities are being pursued for July.

7. New Staff Recruitment.

Two positions key to full and effective implementation of the Micro-Credit focus will be recruited:

a. The Micro-Credit Manager (with new emphasis on Micro-Credit instead of Micro-Enterprise Development).

b. The Regional Field Director (with new emphasis on Partnership-building and vision of Community Banking/Micro-Credit).

8. Sustainable Development Services (AID/SDS).

Katalysis has applied to AID for inclusion in the SDS program which provides gratis technical assistance and training to selected PVOs committed to refocusing/restructuring initiatives and institutional sustainability. Only five organizations will be selected. A decision is expected in October, 1996.

Actions Contemplated for FY 1997:

1. AID-MIP.

Katalysis has been encouraged to make a submission (similar to the ODEF proposal) in FY 1997 for MUDE (pending MUDE's readiness) or for another Partner that has made significant progress toward sustainability of its credit portfolio. Submission date is March, 1997.

2. Rotary International.

Community Banking Credit is the new focus of Rotary International. Each grantee may receive a maximum of eight (8) grants per year @ 27,000 per grant. This maximum amount could satisfy MUDE's current and future credit needs and would match the Micro-Enterprise training and technical assistance portion of MIF. The submission date for the Rotary grant is late autumn, 1996.

^{1 9} Expansion refers to adding NGO Partners from existing or new countries in Central America.

3. Mitsubishi.

The Vice President of Mitsubishi is just back from a "very informative and moving visit" of ODEF and MUDE projects. During the week of June 10, he initiated contacts with Mitsubishi Motors and Mitsubishi Electronics proposing that they consider funding the Katalysis Partnership's community banks. Final decision could entail significant "processing" within the Mitsubishi corporate culture.

4. The GAP Foundation.

GAP is interested in long-term funding of an NGO program in San Pedro Sula where the company has contacts with apparel manufacturers and a good record of social responsibility.

Katalysis has proposed community banking as the focus program. A projected visit of GAP personnel to San Pedro Sula in June was postponed due to illness. Katalysis has provided extensive background materials on Katalysis and ODEF to Business for Social Responsibility, GAP's agent for making contact with international organizations. Katalysis is one of four organizations that GAP is considering for funding.

F. Documentation:

- 1. Katalysis Newsletter -- *Field Notes*, two issues**
- 2. Katalysis Video Brochure and Cover**
- 3. Katalysis Board of Directors Resource Manual Cover and Table of Contents**
- 4. Katalysis/Honduras Annual Report, FY 95**



FIELD NOTES

FALL-WINTER 1995-96

The newsletter of **KATALYSIS**
North/South Development Partnership

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WOMEN IN PARTNERSHIP

At the Heart of Equitable Development

As Katalysis historians can tell you, the Partnership's origins trace back to two men, Bob Graham and Carlos Santos, who wanted to help Belize's subsistence farmers help themselves.

Few observers would think that this has anything to do with a UN Conference on Women taking place ten years later. Yet, the Beijing Conference has revealed conventional, hierarchical development relationships as irrelevant, counterproductive and sometimes harmful for exactly those families who need help most. Participants are hungry for equal, productive relationships between people of different cultural perspectives, disproportionate resources, and sometimes conflicting priorities.

Bob and Carlos knew that to effect positive social change, people must be partners in the development process as well as the outcome. From that premise, they started a development model based on mutual respect, shared decision-making, open dialogue, accountability and equal participation. Perhaps Katalysis has something to contribute to a post-Beijing approach to working together on global solutions?

The Katalysis model, on first glance, may not appear to be one aimed specifically at women. But, look closely and you will find that women are active participants in setting the programmatic and institutional agendas, they share equally in leadership roles and, consequently, benefit from – and are shaping – the Partnership approach.



Working together, Partner organizations are able to coordinate plans, resolve differences and exchange professional experience with their peers.

Structurally, the Partnership is comprised of five independent Partner organizations. Two of these five are dedicated to achieving pragmatic goals for women (MUDE in Guatemala and ODEF in Honduras)

and three of the five are headed by women executive directors (MUDE, ODEF and BEST in Belize). The programs also vary from Partner to Partner, but each includes Women's Community Banking, Micro-enterprise Development and Natural Resource Management activities.

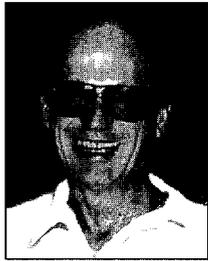
Interestingly, programs rarely serve exclusively women or exclusively men. ODEF, the Organization for Women's Enterprise Development, has begun to involve a small percentage of men in their Community Banking program, often the husbands of women who have benefited from the loan program.

Although all Southern Partners are from Central America, each organization has a unique historical and cultural perspective. Not surprisingly, the role of women varies from culture to culture. And, not surprisingly, deeply rooted differences such as this can cause tension. However, if dealt with in a partnership forum, they are a gold mine for mutual learning and collective support to resolve sensitive issues.

For instance, CDRO in Guatemala is intricately structured according to their Mayan traditions, which has made it difficult for women to participate in the decision-making process. When

continued on page 3

FOUNDER'S NOTES



BOB GRAHAM

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MAN TO MAN . . .

Every other newsletter, the Katalysis Chair, Dave Brown, and I take turns writing this column. Traditionally, we take our cues from the theme of the current issue. This time I have a feeling I'm really at a disadvantage. When I think of the Women in Partnership theme, right away I also think of the Women's Conference in Beijing. I also think of Women in Development.

So, this is definitely about women! And, being a man – what do I know? What do I really know about women's experiences during their last six thousand years of being second class citizens in about every way imaginable? What do I really know about the suffering

that has been visited on them by the economic, political, educational, religious and social institutions invented by humans? (What humans, you ask? Hmm...)

Unwilling to assume the mantle of expert then, I'll just make this a column written for men. Man to man, you might say. (If any women simply must read this, note that it's no use to tell me later that I don't know what I'm talking about!)

All right, guys, let's get down to it. The crucial issue here is EQUAL OPPORTUNITIES AND RIGHTS FOR WOMEN! Whoa.... before you let the "fight or flight" syndrome kick in, hear me out. First, I'm talking specifically about equal economic opportunities. Without them, Women in Development is like a man and his sons dining first, and his wife and daughters eating the leftovers. (Would it surprise you to know that this is happening this very day in hundreds of millions of households across this earth?)

And, I'm talking about equal human rights. Without them, Women in Partnership is a

hollow phrase. How can you be partners with someone who doesn't have the same legal rights as you do? (Would it surprise you to find out that more than a billion women do not have the same legal rights as their male counterparts?)

Now, I want to acknowledge that some progress is being made on a global basis. Step by step, inch

by inch, even sometimes by great leaps. But it is nowhere nearly fast enough! And worse, even though the Beijing Conference produced great bursts of energy and enthusiasm, many forces are rallying against women gaining equality, whether it be as partners or as economic equals. I guess too many people

think there just aren't enough rights or opportunities to go around!

Well, I figure women need a hand in achieving their rightful heritage of equality. They need more men to move from being bystanders to participants. They need more men to insist that the women in their businesses receive equal pay for equal work. They need more men to write checks supporting women's community banks, and women's initiatives for equal human rights. They need more men to speak up for fairness. They need more men to treat them like partners.

So I'm starting a new club for men. Males love clubs, so I figure a lot of you guys will sign up. It's called MEN IN PARTNERSHIP AND DEVELOPMENT. We'll make up the rules as we go, but we all know the goal. Simply stated, we'll promote Women in Partnership and Women in Development. There are no dues: anything you can do to support the cause, do it! (And for any women who did read this column against my advice, please don't ask if you can join this club. At least let us guys get it off the ground first!) ♦



Entrepreneurial women welcome support from an integrated team of program professionals, community leaders and committed investors.

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PARTNER UPDATES

Belize Enterprise for Sustainable Technology (BEST)

A \$108,000 grant from the W. K. Kellogg Foundation has launched BEST's Youth Enterprise Training Program. As the population under 25 in Belize climbs (currently 63%), unemployment, inadequate educational opportunities, and gang-related crime have become a major national challenge. BEST's program provides innovative alternatives for young Belizeans through a combination of agricultural training, business management and career development.

Representatives from the John D. and Catherine T. MacArthur Foundation, one of BEST's key funders, recently visited Belmopan to meet with Managing Director, Bridget Cullerton, and Board Chairman, Dr. Joseph Palacio. The MacArthur Foundation is considering BEST as the implementing NGO for its Program Related Investment Program in Belize.

Organization for Women's Enterprise Development (ODEF)

This year ODEF celebrates its 10th year of serving low-income women in Northern Honduras. Over the past decade, ODEF has assisted 5,593 project participants (90% women heads of households) and improved the socio-economic level of 33,558 micro-entrepreneurs. This impressive record has been achieved by ODEF's remarkable perseverance through tough times and their professional commitment to sustainable development. Congratulations to Executive Director, Santa de Euceda, and the entire ODEF staff!

ODEF has inaugurated a new credit facility at their San Pedro Sula headquarters. The space will provide a central location for community banking training and accommodate ODEF's growing Credit Department staff.

Association for Women in Development (MUDE)

MUDE has become the Partnership leader in fuel-efficient Chefina stoves; they have assisted 60 families to build stoves in six Guatemalan communities. MUDE technician, Julian Gonzalez, gave a 5-day workshop to train CDRO agriculture program staff on stove construction and use. BEST is now interested in using Chefina stoves as a complement to their Solar Box Cooker program.



Cooperative Association for Western Rural Development (CDRO)

Despite limited resources, CDRO's Artisan Program continues to gain international exposure. This summer Solidarité du Monde, a French solidarity network, invited CDRO's Co-Director, Gregorio Tzoc Norato, and Artisan Program Head, Andrés Hernandez, to participate in an alternative trade conference in Paris. The event brought together artisans from five Southern countries and 62 French retailers. The two groups discussed strategies to increase the promotion and marketing of Third World crafts. The CDRO duo also visited funders in Italy and Holland during their brief stay. ♦

Entrepreneurs from the MUDE Women's Community Bank, "Mujeres Unidas" (United Women), gather around to share a meal. The 30-member group in San Martin Jilotepeque, Guatemala is one of 12 banks MUDE is assisting with business training and loans averaging under \$140.



CDRO joined Katalysis in early 1992, they specifically sought assistance to strengthen their fledgling Women's Program. Through the Partnership, the leaders of CDRO and the Women's Program personally experienced women's leadership in building sustainable organiza-

tions and programs. And, supported by a shared commitment to Partnership principles, CDRO is gradually integrating women at the organizational and programmatic levels.

Katalysis' experience is a valuable lesson for those interested in new ap-

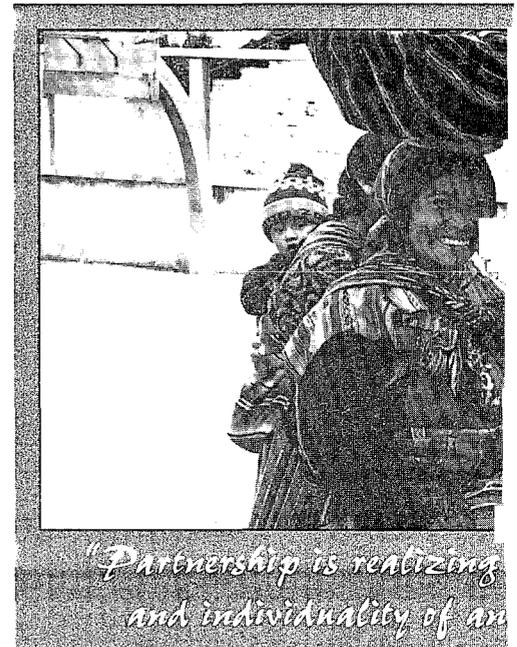
proaches to working together. And while differences in gender and culture are recognized, the diversity is used to strengthen rather than divide the Partnership. Women are honored as equal partners, not by decree, but from the inherent value placed upon the participation of all. ♦

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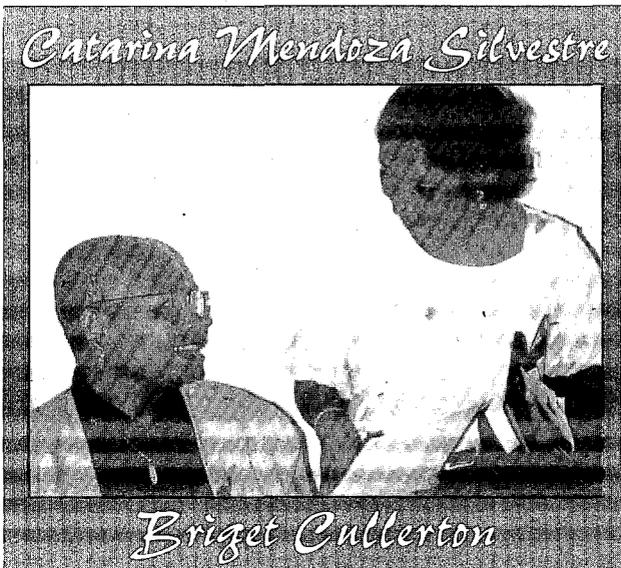
Celebrating Women Wh



Anabela Garcia Ajucum

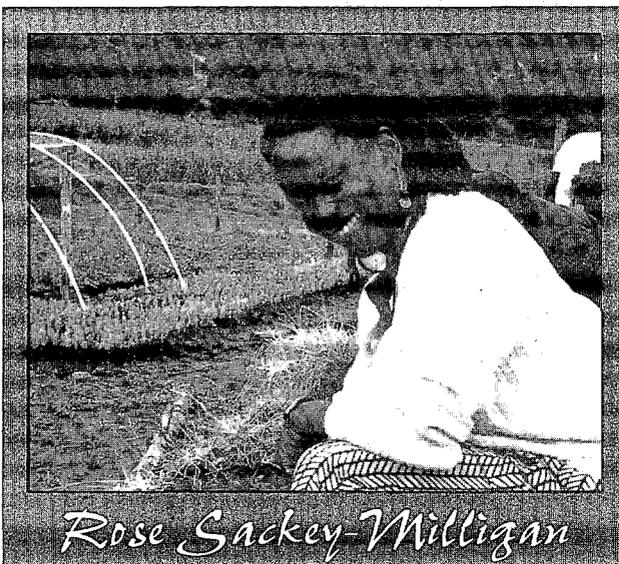


*"Partnership is realizing
and individuality of an*



Catarina Mendoza Silvestre

Bridget Cullerton



Rose Sackey-Milligan

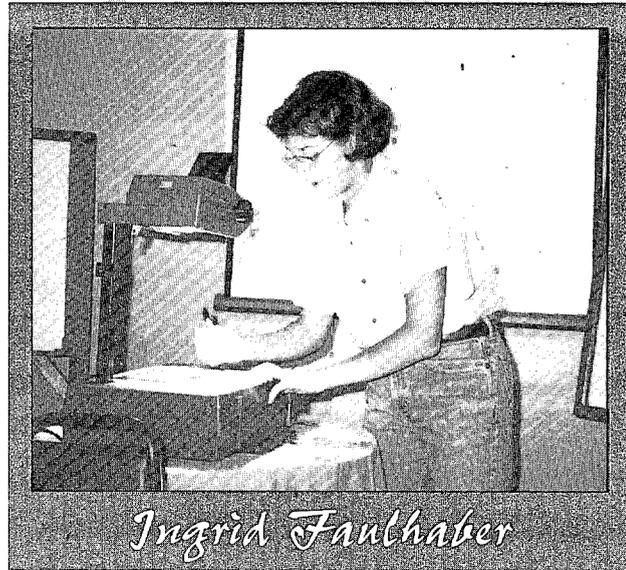
OUR WORLD IS A WEB OF DIVERSITY. Too often diversity, the greatest potential strength of humanity, is used counter-productively as the justification for isolation and divisiveness. At Katalysis, women and men from North and South collaborate as equals to make the Partnership process work. True partnership requires no less. Many of the Partnership's guiding perspectives are provided by women – women of diverse national and cultural backgrounds, working in a wide variety of vital leadership roles. We'd like to introduce you to a few of the women who add life and strength to the Partnership.

BRIDGET CULLERTON, Managing Director of BEST, spent the first 30 years of her career in the U.S. working mostly in education. In 1992 she returned to Belize to put her experience to work aiding the development of her home country, with a special interest in youth issues. At BEST, Bridget oversees a staff of nine, serving 20 community-based enterprises dispersed throughout the country.

SANTA de EUCEDA is the Executive Director of ODEF, a Honduran women's development organization she co-founded in 1985. With a lifelong passion for small business creation, Santa has operated her own merchandise distribution business, taught economics and worked as an analyst for the Honduran Ministry of Natural Resources. At ODEF, she heads a staff of 50, serving 6 rural communities with self-help community development and credit programs. Santa also played a key role in launching the new *Herencia Verde* Agricultural Learning and Training Center.

CATARINA MENDOZA SILVESTRE has been the Executive Director of MUDE since 1991. A longtime activist and social worker, Catarina worked for years to aid women workers in Guatemala's sugar processing industry. She manages a staff of eight that serves 1 Guatemalan communities with micro-enterprise development and natural resource management projects. In addition to their considerable responsibilities, Bridget, Santa and Catarina are also members of the Katalysis Board of Directors.

Shape The Partnership



Ingrid Faulhaber

Regional Field Director, **INGRID FAULHABER**, oversees Katalysis' operations in the field. Before joining Katalysis – first as an intern and later as the Program Director in San Francisco – Ingrid had started her own small business and worked on micro-enterprise projects as a Peace Corps volunteer in Paraguay. Her interests led her to a MBA at UC Berkeley's Haas School of Business. Ingrid relocated to Honduras last fall with her husband and six year old son.

ANABELA GARCIA AJUCUM is the head of CDRO's growing Women's Program in Guatemala. Anabela has studied business in Quetzaltenango and now supervises all CDRO's women's projects including Community Banks and the newly inaugurated soap factory. Anabela is also a weaver from the highland community of Kantún, making traditional fabrics in her spare time.

On the Katalysis Board of Directors since 1991, **ROSE SACKEY-MILLIGAN** serves the Partnership with her invaluable strategic planning expertise. She has traveled in each of the three Partner countries and has conducted organizational diagnostics for both BEST and ODEF. A longtime activist for social justice, Rose currently works for the Peace Development Fund in Massachusetts.

WENDY GRAHAM is, perhaps, the Partnership's most versatile supporter. Wendy has had an important influence from the start as a co-founder of Katalysis and member of the first Board of Directors. She continues to invest her time and resources as a major sponsor and trip-coordinator for Katalysis' Partnership Journeys. An active philanthropist and community volunteer, Wendy is also the mother of six children.

Each of these seven women contributes her own unique perspective, personal experience and professional expertise to further the Partnership's mission. And while each carries her own specific responsibilities, they are united by a shared commitment to working together. For each recognizes that the Partnership's "web of diversity" is a powerful asset towards fostering long-term, sustainable change in Central America. ♦



Santa de Euceda



Wendy Graham (& Bob)

KATALYSIS UPDATES

News from the RFO

Not even a year old and the Katalysis Regional Field Office (RFO) has already taken on the responsibilities — and challenges — of a seasoned post. The following is a brief update from San Pedro Sula:

■ Team building continues as the RFO welcomes two new staff: Carlos Rodriguez and Doris Zavala. A native Honduran, Carlos is the new Marketing Specialist for the Herencia Verde (Green Legacy) Agricultural Learning and Training Center. Doris, the RFO's new bilingual secretary, replaces Sergia Cardona who will be married this fall.



Partner Directors review progress at the Herencia Verde Agricultural Learning and Training Center just outside San Pedro Sula, Honduras. In recent months, Katalysis has raised over \$12,000 from individuals to help support the new facility.

South/South exchanges and participation in SEEP workshops.

■ In August, Natural Resource Program Manager, Leonardo Alvarez, traveled to California to visit two organic farms with Katalysis Chair, Dave Brown, and to participate in planning meetings in Stockton. Leo's trip also included work on a Partnership-wide organic seed cultivation and marketing project with Seeds of Change in New Mexico.

Accounting Training to Partners

Audit preparation, accounting software, credit portfolios, and budget analysis. These aren't topics that people normally associate with field work, but this is exactly what Katalysis Finance Director, Mario Beltrán, has been working on during his recent trip to Guatemala, Honduras and Belize. All Partners had requested Mario's assistance to help adapt their financial management systems to their growing organizational needs.

Odwalla & Katalysis Team Up

Maya Papaya™, a papaya-based smoothie, has brought together Katalysis and Odwalla, a socially responsible natural juice company. Odwalla launched the new drink in June and — as it invokes the Mayan name — wanted a share of the profits to benefit Mayan people. After meeting with Katalysis, Odwalla decided to support CDRO's Ija Q'anil "Yellow Corn" Women's Community Banking program in Guatemala.

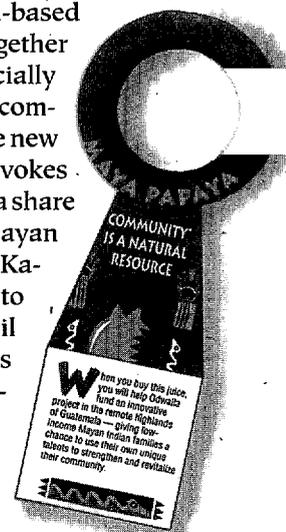
In addition to the funding, such select corporate relationships play an important role in increasing the visibility of a small organization like Katalysis.

Partner Directors Strategize around new IDB Proposal

All four Southern Partner Directors, Katalysis President, Jerry Hildebrand, and Regional Field Director, Ingrid Faulhaber, met at the Regional Field Office in July to set priorities for a 3-year, Partnership-wide proposal to the Multilateral Investment Fund of the Inter-American Development Bank (IDB). If awarded, this grant will provide significant funding for Partner projects in Appropriate Technology, Women's Community Banking and Micro-enterprise Development, Youth, Marketing and Institutional Strengthening.



Ingrid Faulhaber (Katalysis), Virgilio Alvarado Ajanel (CDRO) and Catarina Mendoza Silvestre (MUDE) discuss the long-range impact of an IDB grant on their organizations.



A "neck ringer" around bottles of Maya Papaya™ tells the story of Community Banking in Guatemala.

Thank You!!

TO OUR VOLUNTEERS

It's true that many hands make light work – especially when it comes to mailing out your newsletters! Katalysis gratefully recognizes the many volunteers who share their hard work and good cheer with the Partnership on a wide range of projects.

Sinamar Abenojar, Georgina Arevalo, Anna Atilano, Ruth Cunningham, Doi Do, Mary Donovan, Maribel Garcia, Jorge Gonzalez, Janet Hartenfeld, Linda Hobson, Leny Hoyt, Paul Knutsen, Lisa McPhillips, Shawna Maitia, Dennis Macray, Buasai (Gina) Nusaath, Marisela Quiroz, Norma Quiroz, Mahnaz Saremi Shakerin, Mary Helen Segura, Ricardo Simental, Reggie Tabaldo, Julie Verduzco, Veronica Verduzco, and Bobby Wilson.

TO OUR CONTRIBUTORS

Financial accountability is a value shared at every level of the Partnership: from a rural community bank to the Katalysis board. Every check we receive is carefully invested to maximize the good it brings to those who need it most.

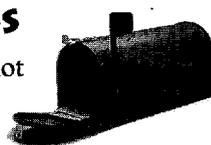
Katalysis would like to acknowledge recent grants for projects such as Women's Community Banks, Organic Agriculture, Health and Nutrition, Energy Efficient Technologies, Reforestation, and Herencia Verde from the following organizations:

- | | | |
|--|--|--|
| <ul style="list-style-type: none"> ■ Atkinson Foundation ■ The Aurora Fund of the Tides Foundation ■ The Barry Foundation ■ Capecchio Foundation ■ The Church of Jesus Christ of Latter-Day Saints ■ Coffee Kids ■ Conservation, Food & Health Foundation ■ Deloitte & Touche LLP ■ The Fair Share Foundation ■ Food for All | <ul style="list-style-type: none"> ■ Food Industry Crusade Against Hunger (FICAH) ■ Joukowsky Family Foundation ■ Harris & Eliza Kempner Fund ■ The Ludwick Family Foundation ■ The International Foundation ■ The John D. and Catherine T. MacArthur Foundation ■ MAZON: A Jewish Response to Hunger | <ul style="list-style-type: none"> ■ Mitsubishi Corporation ■ Namaste Foundation ■ The New Field Fund of the Tides Foundation ■ Odwalla, Inc. ■ Presiding Bishop's Fund for World Relief ■ Rotary International Foundation ■ Alan B. Slifka Foundation ■ Share Our Strength (SOS) ■ Fundación VIDA ■ USAID |
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KATALYSIS works in partnership with local development organizations in: **BELIZE (BEST)**, **HONDURAS (ODEF)** and **GUATEMALA (CDRO and MUDE)**

The southern Partners provide direct field services in women's community banking, micro-enterprise development, sustainable agriculture and natural resource management.

Katalysis provides essential, hands-on training and technical assistance, strengthening the Partners' institutional development so that they have the stability and capacity to effect and sustain positive changes in the lives of their low-income clients.

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GUEST
EDITORIAL**LYNNE TWIST**

has been active in international humanitarian efforts for almost 20 years and is a founding executive of The Hunger Project. Ms. Twist's expertise in philanthropy has guided thousands of individuals and organizations throughout the world, including Katalysis. She recently participated in the UN's Fourth World Conference on Women in Beijing, China.

FIELD NOTES

*is edited by
Colleen Donovan*

*designed by
Chris Molé*

*special contributions
by Paul Knutsen and
Karie Brown*

Women on the Move for Humanity

OVER 35,000 WOMEN CAME TOGETHER — women of leadership, heart and vision — from 188 countries. They came to Beijing from all corners of the earth; the strength and beauty of the women of the South was unmistakable. These women were particularly passionate, particularly clear, particularly focused and deeply committed to altering their own lives and the future of all women.

The Fourth World Conference on Women in Beijing both initiated a powerful process and was the culmination of two decades of the emergence of a women's movement that clearly will change the world. Being in the presence of so many grassroots, rural women who face lives of unbearable hardship and challenge is always a great privilege. More than ever, these women — poor, rural women from the Guatemalan highlands, the coastal communities of Belize, the desolate villages of the Sahel in Senegal and the urban slums of India — have an ever-increasing voice, clarity and potency in the central role they play in transforming the lives of their village and country.

Many of the women I met had never before left their own country; yet, they traveled thousands of miles to be with people from all over the world in Beijing. None of the women I met were interested in replacing male chauvinism with female chauvinism. Instead, they want a new

world climate of respect, honor and mutual understanding that will benefit all people — men, women and children. The establishment of women's rights as human rights will clearly create room for equal opportunity of the most fundamental nature to emerge for all of us in the 21st century.

Whether I attended a demonstration, a seminar, a plenary session, a caucus or a committee meeting, it was clear that women are demanding — and receiving — basic necessities: access to credit, ownership of land, opportunities to control their reproductive rights, access to education for themselves and their daughters and increasing the standards of basic health and nutrition for the people of their country.

One of the most important results of this conference is

the partnership and solidarity experienced by everyone: from the most sophisticated female attorney in Europe to the poorest rural woman who had left her village for the first time. Women from the North traded e-mail addresses with women from the South. Women from Africa and Asia shared development strategies and pragmatic tools with women in South America and Central America. This partnership and solidarity will strengthen and empower everyone in their future vision. No one could go home from the Beijing conference and ever again think that they were alone in their struggle. ♦

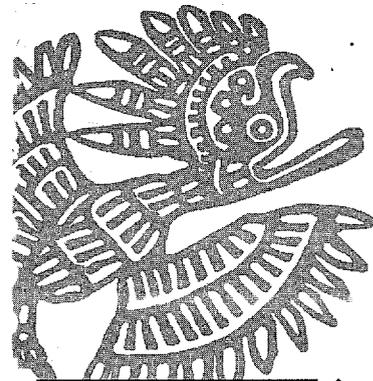
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FIELD NOTES

SPRING/SUMMER 1996

The newsletter of **KATALYSIS**
North/South Development Partnership

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KATALYSIS NORTH/SOUTH DEVELOPMENT PARTNERSHIP

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PARTNERSHIP PAVES WAY FOR NEW SOUTH/NORTH PERSPECTIVE

A SEISMIC SHIFT in needs and shrinking financial resources is bringing about a new paradigm of how Northern and Southern organizations work together. Gone are the days when an international track record for providing effective program services was enough to assure institutional survival. Today's Southern organizations possess different needs and responsibilities. Many international and multilateral donor agencies are now choosing to by-pass Northern agencies and directly fund Southern organizations. This strategy takes note of the growing Southern institutional capacity, and yet brings with it an expanded layer of managerial obligations. It is clear that Southern and Northern development agencies must adapt and take ownership of new roles.

For Katalysis, this process is well served by the Partnership's core commitment to open communication, mutual respect and participatory decision-making. Partners' unique, long-term relationship and close contact with program staff enables Katalysis to foresee new trends on the horizon and prepare for change. In addition, Katalysis' Regional Field Office in Honduras is highly accessible to Partner organizations and responsive to their expressed needs.

Reductions in funding from donor agencies have made planning for financial self-sufficiency a priority for Katalysis Partners. To develop, implement and maintain viable sustainability plans requires organizations with strong capacities in governance, program planning, financial management, and fund-raising — areas where Katalysis has established credentials in providing technical assistance and training.

As Partners are drawn to more sophisticated



Leaders of the Mujeres Activas "Active Women" Community Bank in San Pedro Sacatepequez, Guatemala remind us that careful financial planning and management are necessary to maintaining critical program services at all levels.

marketing approaches to income-generation, Katalysis helps connect them with both local and international networks. Now Southern organizations are benefiting from business-like approaches that consider new market demands, niches, revenue-generation and competitive advantages. The Partners have begun to manage credit portfolios, become marketing brokers for local products and have es-

established community-based enterprises such as soap factories, production of handicraft and natural medicines, dried fruit packaging, furniture manufacturing and natural juice canneries. As production increases, Katalysis has the potential

continued on page 3

LEONARDO ALVAREZ

Perspectives on Partnership Exchange Trainings

AS KATALYSIS' Natural Resource Program Manager, Leonardo Alvarez works with each Partner to improve a wide variety of projects including organic gardens, community reforestation, seed production, environmental education and fuel-efficient stoves. *Field Notes* asked Leonardo to tell readers about his perspective of Partnership Exchange training events such as the one he coordinated on sustainable agriculture production at the Herencia Verde Center this April.

FN: From your perspective, what is the purpose of Partnership Exchanges?

LA: Partnership Exchanges are not just about providing training to people; they're about reaching the full human being. It's also about trying

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CHAIR'S NOTES



DAVE BROWN

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The Williams Group
Stockton, California

RIGHT FROM THE BEGINNING of our Partnership, we have known of the necessity of shifting the voice of authority from the North to the South to achieve our mission. We have seen the real failings of the former model in which Northerners directed Southerners in their affairs. The former model perpetuated inequality of power, the illusion of Northern superiority and the inability to access Southern wisdom. Despite these great disadvantages both the North and South have been conditioned to interact in this old hierarchical way. The Katalysis Partnership was created around shifting this role of authority from North to South. It's hard to change. It takes

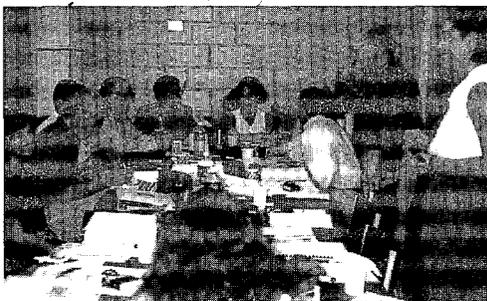
time but we are dedicated and we are learning.

The fact that Southern participants on the Katalysis Board of Directors are taking on significantly larger leadership roles exemplifies our progress. At our board meeting last November in Honduras, I was part of a Northern committee that proposed to refocus Katalysis' programs. I – and other promoters of this idea – were convinced that this particular direction was organizationally strategic, correct and timely. To our surprise, this issue was hotly debated by Southern board members and sent back to the focus committee for more study and review. I can see clearly now how the rethinking prompted by the Southerners' stand has significantly improved the original concept.

In the midst of these meetings – when this issue of focus was most aggravated – we were all invited by our Southern host to dance the *Punta!* Knowing how reserved and “up in our heads” we Northerners can be, the invitation was extended in a manner which couldn't be resisted. The outstretched hand of the most exotic, erotic and beautiful Garifuna dancer beckoned each of the tense Northerners out

into the light rain and wild drums which enveloped the dance floor. The tensions soon melted away. It was wonderful to feel how dancing helped relieve some of the rigid mental state which was blocking our process to resolution. The leadership shown here was not around a meeting table – and, because of that, probably more effective.

At a recent Partner Directors' Board meeting, our Southern Partners proved again how essential their leadership is to the resolution of difficult issues. (The Partner Directors' Board is made up of the Executive Directors of the five Partner organizations.) In this particular case,



Southern members of Katalysis Board of Directors are providing essential leadership around the meeting table and in other vital areas.

the board was grappling with a painful and personal management dilemma that had perplexed Katalysis' Executive Committee for a long time. The Executive Committee (exclusively Northerners) did not have the moral authority that the Partners Board (mostly Southerners) had to deal with this particular situation. Here again, Southern members

of our Partnership assumed leadership and outlined a comprehensive action plan with complete authority – an act that had been next to impossible for the Northerners to carry out.

So you can see that Southern leadership is increasing within the Partnership. Only Southerners have the local development experience that is so necessary for good decisions. Only an organizational body made up of Central Americans has the moral authority to demand conformance or effect discipline within the region. By better balancing our leadership, the Katalysis Partnership is accessing local development experience, gaining diversity and depth in decision making, and finding the moral authority to manage and discipline regional affairs.

We are having more fun too! ♦

KATALYSIS - Headquarters Staff

Gerald B. Hildebrand
President & CEO
Mario Beltrán
Director of Finance
Margaret Diener, O.P.
Administrative Manager
Colleen Donovan
Development Associate

Erica Fernandez
Accounting Assistant
Rebeca Gonzalez
Secretary/Receptionist
Jutta von Gontard
Director of Development

Regional Field Office Staff

Ingrid Faulhaber
Regional Director
Leonardo Alvarez
Natural Resource
Program Manager
Marta Luz Castro
Administrator
Alex Giron
Accountant
Marlón Meléndez
Office Assistant

Liliana Pozzo
Program Assistant
Carlos Rodriguez
Agricultural Marketing
Specialist for Herencia Verde
Deysi Rosa
Accounting Assistant
Vanessa Thomas
Program Assistant
Doris Zavala
Secretary/Receptionist

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PARTNER UPDATES

Belize Enterprise for Sustainable Technology (BEST)

• Richard Steckel, a well-known fundraising consultant and author, donated his time this February to conduct a three-day workshop for BEST staff and the wider Belizean NGO community. The event was extremely successful and sets BEST on a new path to in-country fundraising and product marketing.

• As reported in BEST's March newsletter, BEST has recently passed the Bz. \$250,000 mark in loans disbursed to low-income, community-based enterprises. Funded by the Inter-American Development Bank, the program provides credit to small businesses – ranging from bakeries to eco-tourism ventures – to help create new jobs, increase productivity and alleviate poverty.

Association for Women in Development (MUDE)

• Following ODEF's lead, MUDE is working to upgrade their credit management systems. Such tools are essential for managing credit information, producing accurate and up-to-date financial reports, and helping set future goals. MUDE's community banking program is growing in leaps and bounds: they now have 15 banks with 330 members – 11 have been started in the last year!



Leaders of MUDE Community Bank "Emanuel" in Colonia Santa Marta, Guatemala, review records before disbursing new loans to their 30 members.

Cooperative Association for Western Rural Development (CDRO)

• Gregorio Tzoc Norato has been named as the new executive director of CDRO. He is taking the reins from Benjamin Son Turnil who had headed CDRO since its inception in 1981. Gregorio had previously served as the organization's Finance Director. Under his leadership, CDRO is undergoing institutional restructuring to improve CDRO's ability to respond to the growing scale and outreach of its programs. CDRO now serves 492 base groups in 33 communities throughout the Totonicapán and Momostenango areas.

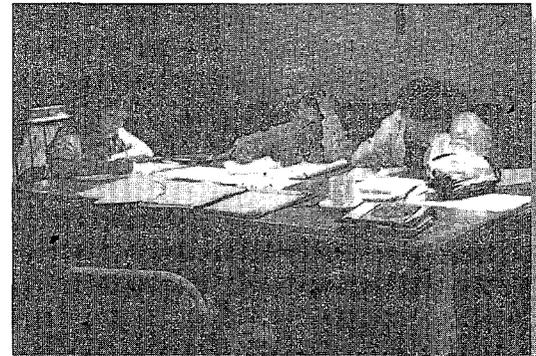
• CDRO's Women's Program has redoubled its focus on community banking and larger micro-enterprises: the Mayan Soap Factory and Transfrutas, a fruit dehydration project. The Women's Program now has 37 active banks which serve nearly 650 members with training, technical assistance and loans averaging \$169. Eleven of these banks were started with assistance from Katalysis.

Organization for Women's Enterprise Development (ODEF)

• With assistance from Katalysis, ODEF has recently completed a sophisticated strategic planning process. The end result is a full, five-year business plan that aims at improving operations and achieving financial sustainability. This process was facilitated by the development of a specially designed financial projection software that helps produce key data. With data in hand, ODEF and Katalysis have submitted a three-year proposal to the Microenterprise Innovation Project of USAID to help ODEF expand its community banking and credit program services to extremely poor women in northern Honduras. ♦



Gregorio Tzoc Norato



CDRO Women's Program staff work on project profiles during a November training visit by Katalysis Development Director, Jutta von Gontard.

PARTNERSHIP PAVES THE WAY (continued from page 1)

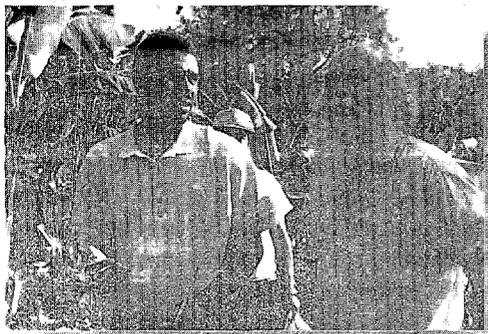
of becoming the Partnership's Northern marketing representative.

Katalysis also plays a key role in fostering regional collaboration among Southern Partners and with colleague organizations. Establishing strategic alliances with the private and public sectors in Partner's own countries is key to securing sustainable local financial support and maintaining programmatic relevance. Local and na-

tional governments have donated land to Katalysis Partners for construction of their own offices, marketing centers and training facilities. Service clubs like Rotary (both South and North) are joining forces to make credit available to aspiring entrepreneurs. National and international corporations doing business in Partner countries are becoming investors in local development programs.

In a world of changing needs and opportunities – sound business principles, bridge-building and undivided passions for our missions are helping to shape new roles for Katalysis Partners. ♦

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Katalysis' Leonardo Alvarez and Howard Shapiro of Seeds of Change discuss plantain production on-site at the Herencia Verde Center. Dr. Shapiro led discussions on permaculture, organic agriculture and production economics at the April Partnership Exchange.

to help people in need. We're developing a model where we provide. I'd say, not new knowledge, but more updated techniques to the project trainers and the trainers are improving their capability to reach their beneficiaries. And we have an impact.

FN: *It sounds like the Exchanges concentrate on "peer to peer" training.*

LA: In Partnership Exchanges it's important that Partners are responsible

for presenting specific topics – in effect to share their own knowledge and experience. Partners should be training each other because they know each other better. People have much more confidence in what a neighbor or a peer is telling them: we're exchanging knowledge *from one another*. And when it's time to transfer this knowledge to the people in the communities, the same ideas apply.

FN: *So, is the Partnership Exchange model replicated at the community level?*

LA: Yes. It's better to pick motivated leaders from the community and train them – and they will train their neighbors. CDRO is doing part of this model and the results have been great. They have shown that this model works.

FN: *As a Katalysis Program Manager, responsible for coordinating technical assistance and training to four different Partner programs in three countries, how do Partnership Exchanges help you with your job?*

LA: Partnership Exchanges consolidate my work and give Partners an opportunity to come together to share their own points of view. We don't give recipes to anybody. We provide basic training and the Partners take the techniques and information that are applicable to their programs. For instance, organic agriculture includes many techniques such as organic fertilizers, cover crops, integrated pest management, and so on. When CDRO became interested in cover crops to improve their soil conditions, we provided the necessary technical assistance to reinforce that particular topic. Today, CDRO has developed its own expertise in this technique and teaches others.

FN: *Over time, then, each Partner builds upon their own areas of technical experience?*

LA: Yes. And in the long term Katalysis will reach the point that we'll be the link for Partners. Exchanges like these will, as the words say, exchange the strengths and weakness of everybody – and everybody should learn, because it's not just one person teaching his or her expertise. What can I tell you about cover crops if you have more expertise in that? You should be teaching the rest of us. If you have a strength in a specific area, then you will be the one who teaches.

Nobody has the last word in development work. ODEF might implement something that CDRO is doing and vice versa. The most successful transfer of technology comes when the actual project practitioner is presenting their own experience to another practitioner: the transfer of direct information. ♦

New Ideas Tax

COOPERATIVE ASSOCIATION FOR WESTERN RURAL DEVELOPMENT (CDRO)



Director of CDRO's Agriculture Program, Juan Ajpop, presents an overview of project services in sustainable agriculture, environmental protection and community organizing, sharing his experience with fellow agronomists.

CDRO's Estanís Nicholas Vásquez, note of identification information help him to Guatemala especially about water, forest protection

EARTH DAY was celebrated in true Partnership spirit this year at the Herencia Verde "Gratitude Legacy" Agricultural Learning and Training Center. Not only did Katalysis and Honduran Partner ODEF (Organization for Women's Enterprise Development) co-host a full celebration – complete with essay contest, speeches and a "treasure hunt" – for local school children, Earth Day also marked the beginning of a Partnership-wide training for Partners' natural resource management and sustainable agriculture strategies. Holding a Partnership Exchange, as these types of trainings are called, is not new. Katalysis has been bringing Partners together to share information, discuss accomplishments, evaluate program challenges and brainstorm practical solutions since 1989. The real milestone on this Earth Day is that it was the first Partnership Exchange held at Herencia Verde since the center was inaugurated last November.

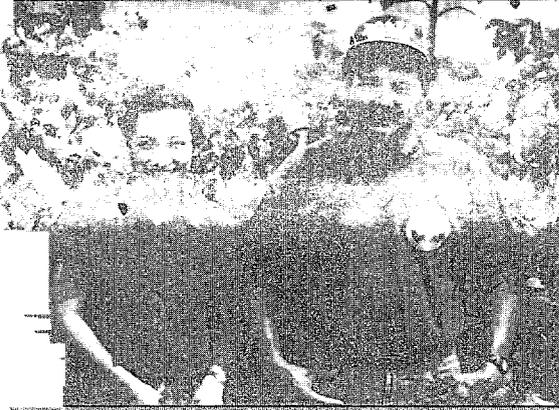
As many *Field Notes* readers know, the Herencia Verde Center is a joint project of Katalysis and ODEF strategically located within the rural perimeter of Honduras' Sula Valley, just forty minutes from the heart of San Pedro Sula. Over the last year, the training center has evolved from infancy to adolescence, sprouting a variety of demonstration plots in sustainable agriculture and hillside farming, a tree nursery, complete food processing facilities and a working farm with everything

Root Through Partnership Exchange

ORGANIZATION FOR WOMEN'S ENTERPRISE DEVELOPMENT (ODEF)

BELIZE ENTERPRISE FOR SUSTAINABLE TECHNOLOGY (BEST)

ASSOCIATION FOR WOMEN IN DEVELOPMENT (MUDE)



ODEF agronomist Nulvia Ramirez and para-technician Francisco E. Obando frequently find themselves on the front lines of the Herencia Verde project. They work directly with municipal leaders in rural communities throughout northern Honduras to identify participants, coordinate follow-up training and educate small-scale subsistence farmers about



Hassan Sajia, para-technician, and Albino Vargas, agronomist, traveled from Belize to help assess and strengthen BEST's Natural Resource Management program and the Apim farmers' exchange. Much of their work is providing technical assistance in conventional and sustainable agriculture, renewable energy or eco-tourism ventures to small community groups.



Wilfredo Torres, coordinator of MUDE's Agricultural training and extension program, sends a team to help him identify a tree species along Herencia Verde's interpretive trail.

from plantains to pineapples, as well as a growing number of chickens and rabbits.

The Partnership Exchange this April brought together Partner agronomists with expertise in sustainable agriculture, environmental education and community development. As each Partner is

an independent organization, its programs are naturally diverse. However, they are bound by the common goal of conserving scarce natural resources while raising the standard of living of subsistence farmers and their families, particularly women. Even Katalysis' two Guatemalan Partners, MUDE and

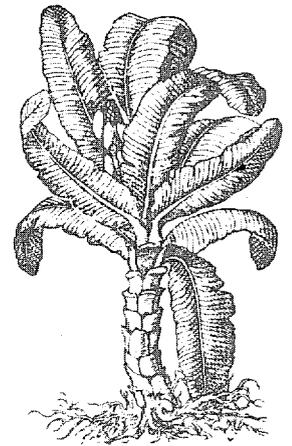


CDRO, are far from twin siblings. MUDE's agricultural program is a one-man-show working with both Maya and Ladina women, while CDRO's program is part of its all Maya-Quiché network, has a staff of eleven and serves 87 community-based groups. At these Partnership Exchanges partners benefit from the diversity of peer experience; leadership is a shared responsibility.

These opportunities don't just improve Partners technical skills, they also become open forums to share perspectives and experience about broader issues. So, while sessions on seed germination, species selection for reforestation projects, permaculture and improving extension

services fill the official agenda, less technical questions about working with community leaders, funding trends and agricultural credit repayment rates are covered with equal attention. Program folks with the daily responsibility of running programs can't afford to sing the praises of organic agriculture simply because it's a lovely concept in the North. They are eager to take hold of practical solutions and viable techniques to help them in real world economics, to reach more people in need and make projects more effective. Partnership Exchanges, such as the one launched this Earth Day at Herencia Verde, help generate these solutions - from Partner to Partner - in the Katalysis spirit. ♦

LEFT: Participants at the April Partnership Exchange on Sustainable Agriculture Production at the Herencia Verde Center in Ocotillo, Honduras (left to right): José Bobadilla, Juan Ajpoo, Liliana Pozzo, Albino Vargas, Nulvia Ramirez, Hassan Sajia, Nicholas Vásquez, Wilfredo Torres, Francisco Obando, Howard Shapiro and Leonardo Alvarez (behind the sign).



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KATALYSIS UPDATES

Kataysis Video – Just Released!

Meet each of each of our Southern Partners, community bank members and the Katalysis clan in a new, 27-minute video. Winner of a 1996 Silver Telly award, the video features interviews with project participants and staff in Guatemala, Honduras, Belize and the U.S. The production was made possible with a generous grant from the Johnny B. Good Foundation. To order your very own copy, please contact the Katalysis office in Stockton at (209) 943-6165.



Lynne Twist 1996 Development Entrepreneur of the Year

Lynne Twist, a long-time consultant, donor and friend to Katalysis has been selected as the 1996 Development Entrepreneur of the Year. A tireless advocate for international humanitarian efforts, Lynne co-led the first Partnership Journey, has met each of our Southern Partners and is a founding member of Katalysis' major donor committee.



Earth Day Celebrated at Herencia Verde

For the first time ever, Katalysis and ODEF co-hosted "El Dia de La Tierra" at Herencia Verde to educate children about the environment. Honor students from five Honduran elementary and secondary schools joined



Children learn to identify organic herbs during the Earth Day "Treasure Hunt" at Herencia Verde.

Activities such as this help teach Central America's future leaders about the importance of protecting the environment.

in the festivities that included an essay contest, educational video, inspirational speech and "treasure hunt" throughout the center.

Workshop in Washington

Katalysis Regional Field Director, Ingrid Faulhaber, and ODEF Assistant Director, Miguel Navarro, co-presented a workshop on Financial Projection Software for Community Banking Programs at an April conference on Trends and Tools for Expansion and Sustainability in Microenterprise Development sponsored by the SEEP (Small Enterprise and Education Promotion) Network. Katalysis and ODEF developed the software as part of a planning grant from the SEEP network. Such tools are one way peers in the field can improve their business planning.

Robert Graham Honored

The National Association of Renaissance Advisors, a professional organization of charitable gift planners, recently honored Katalysis founder, Robert Graham, as their Distinguished Philanthropist. The award recognizes Robert's deep commitment – in spirit and deed – to helping people help themselves. Congratulations!

Partners Exchange Strategies and Tools for Sustainability

As Katalysis Partner organizations seek to move toward self-sufficiency in their credit programs and community development activities, they are benefiting from each other's experience and ideas. During a Partnership Exchange this past December, Katalysis and ODEF provided training to Partners CDRO, BEST and MUDE on



Navarro demonstrate a new financial projection software at a recent Partnership Exchange.

ODEF's strategic plan, financial analysis and software tools. In addition to the technical training, the three-day event enabled Partner peers to directly exchange experience, analyze accomplishments, evaluate constraints of their own programs and brainstorm on practical ideas and solutions. ♦

MISSION ACCOMPLISHED!

A new Katalysis mission statement was unanimously approved at the Board of Directors in Honduras last fall. Please see full text on the following page.

INNOVATIVE FUNDING MAKING A DIFFERENCE



WORKING ASSETS, a socially responsible long distance and credit card company, has honored Katalysis as one of 36 non-profit organizations to receive contributions from its customers. The grant will significantly contribute to sustaining self-help programs. In a time of shrinking resources and ongoing social challenges, Working Assets' support is a tremendous endorsement of Katalysis and all organizations working to make a difference.

RAIN BIRD Sprinkler Manufacturing Corporation has generously donated a complete low volume irrigation system to the Herencia Verde Center. In northern Honduras, where the climate is marked by distinct wet and dry seasons, irrigation systems extend the growing season, make water usage more efficient and reduce labor. This contribution was facilitated by Katalysis board member Anthony LaPetra.



KATALYSIS MISSION



◆ **KATALYSIS** supports low-income people to gain self reliance by helping them to improve their economic, social and environmental conditions.

◆ We work through multi-lateral partnerships with community based organizations using participatory processes to provide training and technical assistance in micro-enterprise development, women's community banking, natural resource management and institutional strengthening.

◆ We are creating a partnership model of international development which allows all participants to relate as equals, relaxing the hierarchical mindset and replacing power with process as the means of effecting organizational goals.

GRANT ACKNOWLEDGMENTS

The Katalysis North/South Development Partnership gratefully acknowledges recent grants for projects serving low-income indigenous women, subsistence farmers, fledgling entrepreneurs, youth and artisans throughout impoverished communities of Honduras, Guatemala and Belize. Thanks!

- Angelica Foundation
- Atkinson Foundation
- Aurora Fund of the Tides Foundation
- Capecchio Foundation
- Church of Jesus Christ of Latter-Day Saints
- Conservation, Food and Health Foundation
- Food For All
- Food Industry Crusade Against Hunger
- Fundación VIDA
- Johnny B. Good Foundation
- Independent Charities of America
- International Foundation of Justice Organizers, Leadership & Treasurers
- Harris and Eliza Kempner Fund
- Ludwick Family Foundation
- John D. and Catherine T. MacArthur Foundation
- MAZON: A Jewish Response to Hunger
- Mitsubishi Corporation
- Moriah Fund
- Namaste Foundation
- New Field Fund of the Tides Foundation
- Odwalla, Inc.
- Presiding Bishop's Fund for World Relief
- Rain Bird Mfg. Corp.
- Rotary International
- Small Enterprise Education and Promotion Network
- U.S.A.I.D.
- Women's Charities of America
- Women of Our Hemisphere Achieving Together
- Working Assets

SPECIAL THANK YOU TO VOLUNTEERS!

A heartfelt thank you to four terrific volunteers who have contributed their skills and time to Katalysis over recent months: **Mahnaz Shakerin** for her thorough research on micro-finance and community banking programs; **Cristi Benefield** and **Amber Lopez**, two interns from the University of the Pacific, for their assistance with research, writing and special projects; and, **Michael Amato** for sharing his innovative design talents and computer skills to create a wonderfully crafted photo display and soon-to-be launched Katalysis web site.

WE NEED YOUR HELP!

The Katalysis Partnership is maximizing the value of every dollar to provide ongoing self-help assistance to low-income people in Central America. We need investors like you more than ever! Your contribution to Katalysis is deeply appreciated.

Name _____

Address _____

City _____ State _____ Zip _____

- Enclosed is my contribution to help Katalysis continue Development in Partnership in the amount of \$ _____.
- Please include information on ordering the new video *The Katalysis Partnership*.

Mail to: **KATALYSIS**, 1331 North Commerce St., Stockton, CA 95202



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GUEST
EDITORIAL**JULIE WECHSLER**

is currently the Regional Director for Guatemala, Mexico and the Caribbean at the Inter-American Foundation. A long-time advocate for more equitable development in Latin America, Ms. Wechsler's 20-year career has also included work with the U. S. Senate, Organization of American States and Food and Agricultural Organization of the U.N.

FIELD NOTES

is edited by
Colleen Donovan
designed by
Chris Molé

NEW LEVELS OF COLLABORATION KEY TO
SUSTAINING DEVELOPMENT WORK

THROUGHOUT THE HEMISPHERE, national governments are transferring decision-making and responsibility for social and economic development to the local level. Ordinary citizens and their civic organizations are being called upon to play an expanded role in solving problems of job creation and service delivery for themselves. The core of the work of the Katalysis Partnership and Inter-American Foundation (IAF) over the years has been to strengthen the capacity of local, non-governmental organizations (NGOs) to manage development programs in a more professional manner. Now, more than ever, the value of that work will become apparent, for only solid organizations will be able to successfully shoulder the new responsibilities demanded by this decentralization of development work.

While NGOs welcome the opportunity to participate in local problem solving, they worry that without sufficient resources to allow positive program results, they may fail to live up to rising expectations for their performance. They have good reason to worry. Traditional wells of support for development in the hemisphere are drying up. Like other agencies working in international co-operation, the IAF's budget, which goes directly to Latin American and Caribbean NGOs, has been reduced significantly. Foreign aid reductions are also translating into budget cuts for U.S. NGOs working in the region. Where can local groups turn for the resources they need to enable the new paradigm of decentralized, local development to succeed?

The route to success may lead to new kinds of partnerships. Increasingly, opportunities are arising in Latin America and the Caribbean for cooperation at the national, state and municipal levels

among the public, private and NGO sectors. Governments, corporations and civic organizations are renegotiating their roles and responsibilities in the provision of education, job creation, environmental protection and health care delivery. Much is at stake in this complicated restructuring of relationships, and competition for political power and financial resources will inevitably be part of the negotiation. While openings for collaboration are growing, there is still work to be done to guarantee a more civil society.

Responding to this challenge, the IAF has honed two central program goals to be implemented wherever it works. One is to concentrate a substantial portion of its remaining budget on local development, defined as clear instances where NGOs are working with the public and private sectors in a specific geographic area to solve a well-defined development problem. The other is to help established NGOs in the region mobilize resources from the local and international private sector to sustain their programs.

Cooperation among an expanded range of players can promote a new, locally-grown culture of philanthropy in the region, helping replace diminishing foreign aid. But more importantly, new collaboration among the sectors should contribute to better understanding and tolerance, leading to more sustainable democracies and more truly civil societies. ♦

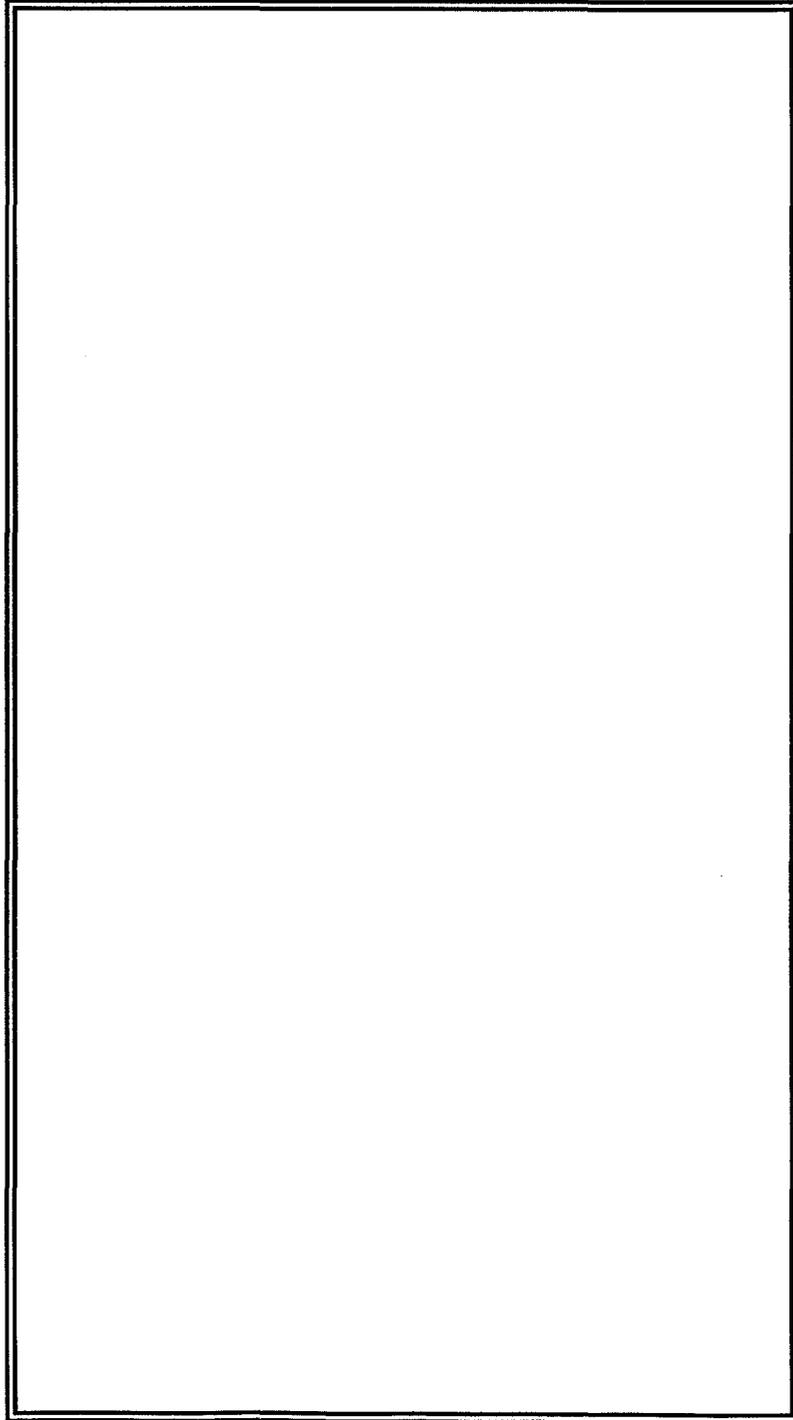
"Much is at stake in this complicated restructuring of relationships, and competition for political power and financial resources will inevitably be part of the negotiation."

KATALYSIS
NORTH/SOUTH
DEVELOPMENT
PARTNERSHIP

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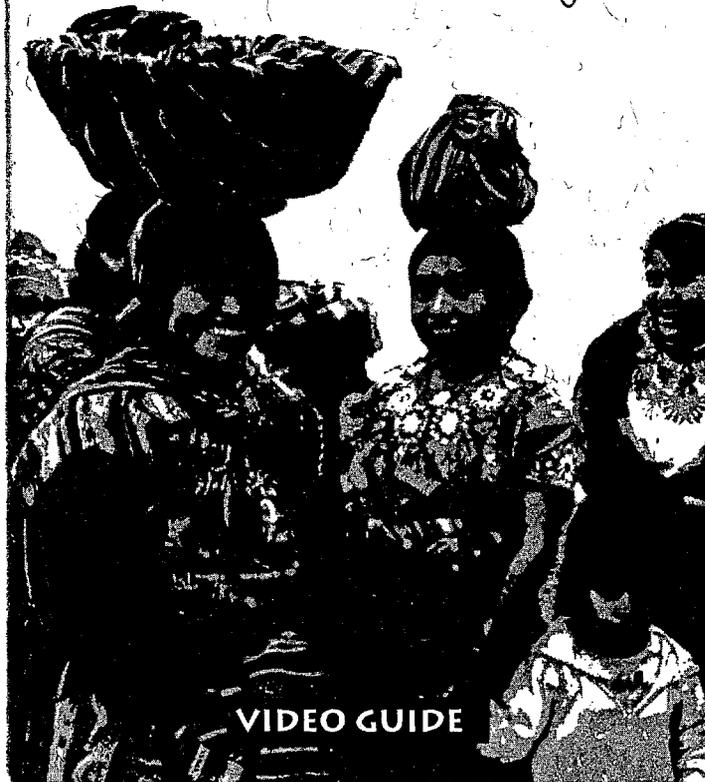
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Katalysis VIDEO GUIDE



The **KATALYSIS**
PARTNERSHIP

*A Model of Sustainable
Development for the
21st Century*



VIDEO GUIDE



THE KATALYSIS NORTH/SOUTH DEVELOPMENT PARTNERSHIP is a network of five independent organizations (one in the US and four in Central America) that have joined forces to implement lasting community development that alleviates poverty and protects natural resources in Guatemala, Honduras and Belize.

Katalysis promotes a development process which honors the worth and integrity of all participants, fostering greater empowerment, improved capabilities, self-respect and personal investment in the outcome.

Katalysis' unique Partnership model transforms the traditional expert-novice relationship to a joint venture in community development. Katalysis and its Southern Partners – MUDE, CDRO, ODEF and BEST – work together to develop joint programs, coordinate planning, raise funds, allocate joint finances and select new Partners and key staff. All of the Partnership's work is done within principles of mutual respect, equality, trust, long-term commitment and the integrity of each individual organization.



About this video guide . . .

The *Katalysis Partnership: A Model of Sustainable Development for the 21st Century* is a 27-minute video produced in 1995 by the Grant Booker Video Company with a generous grant from the Johnny B. Good Foundation. It is designed to further viewers' understanding about Katalysis programs, the communities served by the Partnership and the individuals that make this important work possible. As there is an abundance of information presented in the video, we hope this guide will serve as a quick overview and reference for the video. Much more information is available on Katalysis' partnership process, the Partners and programs by contacting Katalysis at (209) 943-6165. We look forward to hearing from you!

To order a copy of the *Katalysis Partnership: A Model of Sustainable Development for the 21st Century* video, please send a \$20 contribution along with your name and mailing address to:

Katalysis Partnership / Video
1331 N. Commerce St., Stockton, CA 95202



Southern Partners

► **MUDE** – Association for Women in Development, Villa Nueva, Guatemala

Started in 1991 by seven groups of *Ladina* and indigenous Guatemalan women, MUDE's overarching goal is to support women in their efforts to improve their economic conditions, to raise their self-esteem and to increase their participation in the development of their communities. MUDE's staff of eight provides education, skills training, technical assistance and credit, thereby promoting an integrated development process as a means to improving the quality of life for women and their families. MUDE currently serves over 600 women in 31 communities through women's community banking, microenterprise development and agricultural extension and training programs.

► **CDRO** – Cooperative Association for Western Rural Development, Totonicapán, Guatemala

Founded in 1981 by 28 community leaders, CDRO is a Maya-Quiché organization whose participatory methodology is based on ancient traditions and the belief in consensus building and community-based problem-solving. CDRO's projects include credit, training and technical assistance for community development and income-generating projects. CDRO's eight programs – Social Services, Artisan, Infrastructure, Agriculture, Health and Natural Medicine, Education, Basic Consumption and Marketing, and

er Organizations

Women's Promotion - serve nearly 500 indigenous, grassroots groups throughout 33 communities in the remote highland region of Totonicapán.

► **ODEF - Organization for Women's Enterprise Development, San Pedro Sula, Honduras**

ODEF was founded in 1985 with the mission to improve the social status and economic conditions of low-income women and their families. ODEF pioneered community banking for the Katalysis Partnership and now serves over 3,000 women in 65 communities with training and credit. Together with Katalysis, ODEF manages the Partnership's first agricultural training and learning center, *Herencia Verde* (Green Legacy), that teaches subsistence farmers and their families hands-on sustainable agriculture practices and how to protect the environment.

► **BEST- Belize Enterprise for Sustainable Technology, Belmopan, Belize**

When BEST was founded in 1985, its technical assistance was primarily oriented toward helping farming cooperatives operate more effectively and use their natural resources in a sustainable way. Since then, BEST has expanded its programs to include women's enterprise development and community banking. Its staff of nine serves 25 community groups in all six districts of Belize and provides training and credit to farmers groups, eco-tourism enterprises, indigenous crafts co-ops, fisherfolk and youth.

"Today when we talk of partnership, we don't talk about a merely technical relationship. Partnership has to do with a feeling. And we feel very comfortable with each other; almost like siblings."

— Santa de Euceda,
ODEF Executive Director



Katalysis Partnership Programs

WOMEN'S COMMUNITY BANKING

Marina Hernandez' small grocery store was going out of business. But now, after ODEF training in management and a series of small loans, her business is doing well. "My life has changed quite a bit," says Marina. "My self-esteem has really grown tremendously, and I also value my work."

Women's Community Banking programs are bearing fruit for fledgling entrepreneurs across Central America. Credit – combined with women's entrepreneurial spirit and training in basic business skills, credit management and community organizing – becomes a powerful tool for economic and personal growth.

How does it work? With seed money, training and peer support as their only collateral, twenty to thirty low-income women come together to form a community bank.



Through the community bank, the women receive a series of loans to improve their small enterprises, such as baking, sewing, food vending, chicken raising or small trade. The women make all lending decisions and eventually own the bank themselves. Loan repayment (principal and interest) rates are consistently over 97% and the original funds are recycled to start another bank.

Community bank members proudly report tremendous improvements in their earnings, self-esteem, family health and education of their children. To date, the Katalysis Partnership has collectively started hundreds of community banks, enabling thousands of women and

their families to improve their daily lives and create a better future for themselves and their children.

"It [community banking] is very different from a handout or charity. It's a way of bringing entrepreneurial energy to the village."

David A. Brown, Katalysis Chairman

ENVIRONMENTAL CONSERVATION AND NATURAL RESOURCE MANAGEMENT



Alejandro Garcia's family has cultivated the small plots of marginal land surrounding their modest adobe home for generations. Unsustainable farming practices, erosion and dwindling water sources are threatening subsistence farmers like Alejandro in rural communities across Central

America. CDRO has taught Mr. Garcia about organic farming, soil conservation, crop diversification, and has trained him to pass on his knowledge to his neighbors. "I'm in the leadership training program," says Mr. Garcia. "I come back here and teach others in the community. What I have learned benefits the whole community."

Sustainable use of natural resources is at the heart of this program which promotes projects that increase the income-generating capacity of small-scale farmers while protecting and restoring the land on which they depend for their livelihood. Community reforestation projects such as the ones undertaken by CDRO prevent the further loss of precious top soil and restore damaged watersheds. Organic farming methods as taught at *Herencia Verde*, in workshops and on demonstration plots help farmers produce nutritious foods without the damaging effects of chemicals

on people, soil and water sources. And environmental education for school children and families ensures that the local environment becomes – once again – the natural heritage to be preserved and protected.

MICROENTERPRISE DEVELOPMENT - ENTERPRISE AND COMMUNITY BUILDING

"It changed my life because right now I can help myself." Marlene Castillo, BEST client

Partner programs in microenterprise development help entrepreneurs overcome common stumbling blocks to success: the lack of skills to produce consistently high-quality goods; virtually no capital; and insufficient business expertise and resources to market their products effectively. These businesses produce badly needed goods for local markets – building up



the economy by starting at the community level. Katalysis Partners assist these individuals or groups with training, credit and ongoing technical support.

In the case of the *bordadoras de Omoa* – a women's embroidery co-op in Honduras, ODEF provided technical support and loans so that they could build a warehouse and meeting place. Results: improved efficiency, self-respect and prosperity. At Sandy Beach Lodge in Belize, a women's cooperative that started as a sewing group built a modest tourist resort with help from BEST. In Guatemala, CDRO has worked with indigenous women to build and manage a soap factory which produces both local employment and a household necessity.

PARTNERSHIP
The KATALYSIS

Winner
1996 SILVER TELL
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PARTNERSHIP



*A Model of Sustainable Development
for the 21st Century*

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VHS

A Model of Sustainable Development for the 21st Century

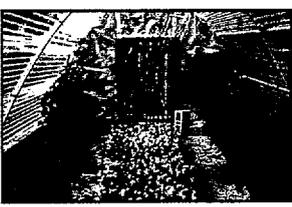
PARTNERSHIP

VHS

The KATALYSIS

PARTNERSHIP

*A Model of Sustainable Development
for the 21st Century*



Since 1984 the Katalysis North/South Development Partnership has pioneered bold, innovative responses to complex problems of poverty and environmental degradation in Central America by supporting self-help programs in:

- Women's Community Banking
- Micro-enterprise Development
- Natural Resource Management

Challenging the model of "top-down" assistance that characterizes most north/south development relations, the Katalysis Partnership is involved in building close, equitable and lifelong relationships between northern and southern development agencies.

"The exciting thing in our time is this revolution in consciousness... An investment in the programs that Katalysis is engaged in today is an investment in our future."

Riane Eisler, author
The Chalice and the Blade

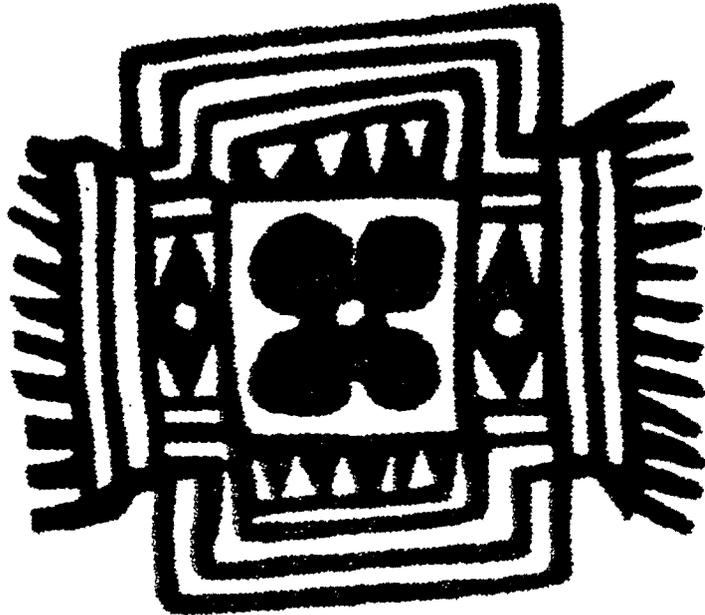
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The Katalysis video was made possible by the Johnny B. Good Foundation, supporting people in maximizing their own self-potential.
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• Color: Approx 27 minutes

Board of Directors Resource Manual



Katalysis

North/South Development Partnership

*a non-profit organization
serving low-income communities
in developing countries*

November 1995

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KATALYSIS/HONDURAS

SAN PEDRO SULA, HONDURAS, C.A.

EL COMPAÑERISMO DE KATALYSIS

A través del Compañerismo, Katalysis apoya a personas de escasos recursos para que logren su autosuficiencia y mejoren sus condiciones económicas, sociales y ambientales. Esta es una nueva metodología de asistencia que Katalysis ha innovado, una que rompe con los modelos tradicionales de asistencia. La Red de Compañerismo de Katalysis se compone de seis organizaciones locales e independientes en Guatemala, Belice, Honduras y Estados Unidos que suministran asistencia técnica y crédito a los grupos más afectados por la pobreza.

El Compañerismo crea una relación equitativa que aprovecha las capacidades de cada uno pero a la vez permite que las organizaciones compañeras sean responsables por la dirección e implementación del trabajo en sus países. Katalysis aporta su experiencia en el desarrollo institucional, manejo de negocios, tecnologías y finanzas, y recaudación de fondos. Los compañeros traen sus conocimientos de las condiciones locales, capacidad de suministrar servicios relevantes e impactantes, experiencia técnica y programática. La combinación es poderosa, llegando más lejos de lo que cada uno podría lograr solo. Nuestra metodología comprensiva reconoce que la toma de decisiones en conjunto y compartir el proceso del desarrollo son principios fundamentales para tener éxito a largo plazo.

Nuestros programas capacitan a personas que frecuentemente son excluidos de las fuentes tradicionales de asistencia: mujeres, indígenas, pequeños agricultores, jóvenes, microempresarios. Los programas varían un poco entre cada organización, sin embargo cada una implementa proyectos similares, debido a la semejanza en la problemática con que se enfrentan. Dado el vínculo entre la pobreza y la degradación del medio ambiente, el objetivo primordial de los programas es estimular la autosuficiencia económica y la conservación de recursos naturales en las comunidades que viven en áreas marginadas y amenazadas con la degradación ambiental.

LA MISION DE KATALYSIS

Katalysis apoya a personas de escasos recursos para obtener su autosuficiencia, ayudándoles a mejorar sus condiciones económicas, sociales y ambientales. Katalysis trabaja por medio de Compañerismos Multilaterales con organizaciones locales usando procesos participativos para proveer capacitación y asistencia técnica en programas de Microempresas, Bancos Comunales, Recursos Naturales y Fortalecimiento Institucional.

Katalysis está creando un modelo de compañerismo de desarrollo internacional que permite a todos los participantes relacionarse en igualdad de condiciones, disminuyendo la modalidad jerárquica y reemplazando el poder con procesos, como la modalidad de llegar a las metas organizacionales.

EL COMPAÑERISMO DE KATALYSIS

Empresa Beliceña para Tecnología Sostenible (BEST)

BEST fue fundada en Belmopan, Belice en 1985 y ese mismo año se unió al Compañerismo de Katalysis. Su propósito inicial fue trabajar con cooperativas de campesinos. Posteriormente extendió sus actividades desarrollando programas para mujeres, de crédito y de recursos naturales. Actualmente el programa de manejo de recursos naturales de BEST representa la primera instancia dentro de Belice que combina la conservación ambiental con el desarrollo económico.

PROYECTOS EJEMPLARES - *Desarrollo de la Microempresa*. Este programa ofrece capacitación y asistencia técnica a los participantes de los bancos comunales y a otros grupos involucrados directamente con la microempresa. ***El Programa de Capacitación Empresarial Juvenil***, le brinda a jóvenes de bajos recursos, alternativas innovadoras al desempleo a través de una combinación de capacitación en la agricultura, administración de empresas y desarrollo profesional.

Cooperación para el Desarrollo Rural de Occidente (CDRO)

CDRO fue fundada en Totonicapán, Guatemala en 1981, uniéndose al Compañerismo en 1992. CDRO promueve el desarrollo integral de la comunidad rural dentro del marco de la filosofía Maya-Quiché. Basada en la tradición Maya, CDRO impulsa el acuerdo entre sus miembros y desarrolla técnicas para resolver problemas de la comunidad mediante el establecimiento de Consejos Comunales. Una característica única de CDRO es que el personal proviene de las mismas comunidades Maya-Quiché del altiplano de Totonicapán en las cuales trabajan. **PROYECTOS EJEMPLARES - *Fábrica de Jabones***. En 1995, CDRO completó la construcción de la fábrica de jabón y adquirió la maquinaria y el equipo necesario para comenzar su operación. Este proyecto, de y para mujeres, incrementa el empleo dentro de la comunidad y aporta un producto de necesidad básica para los participantes del proyecto y los mercados locales.

Mujeres en Desarrollo (MUDE)

MUDE fue fundada en Villa Nueva, Guatemala en 1991 como una asociación de siete grupos independientes de mujeres guatemaltecas para combatir las dificultades económicas y sociales. Se unió al compañerismo en 1992. Uno de los logros de MUDE ha sido la unificación de la mujer indígena y ladina en la lucha para mejorar su condición económica. MUDE trabaja en cuatro regiones donde el 92% de los clientes poseen solamente la educación primaria.

PROYECTOS EJEMPLARES - *Estufas Chefinas*

El proyecto para el uso eficaz de energía se desarrolla a través de la promoción del uso de las estufas chefinas en las comunidades. Las beneficiarias construyen las estufas chefinas con materiales comprados con el crédito provisto por MUDE. Con esto se incrementa la conciencia hacia el medio ambiente, lo cual ha resultado en una reducción en un 40% del uso de leña para cocinar y es uno de los servicios que se les ofrece a las mujeres miembros de los Bancos Comunales.

Organización de Desarrollo Empresarial Femenino (ODEF)

ODEF fue fundada en San Pedro Sula, Honduras en 1985 uniéndose al Compañerismo en 1989. ODEF enfoca su trabajo en la mujer y la incorporación en forma integrada de la familia. Para la mayoría de las mujeres esta es la primera vez que han recibido algún tipo de capacitación y pocas de ellas han tenido acceso a crédito.

PROYECTOS EJEMPLARES - *La Asociación para la Educación y Promoción de la Pequeña Empresa (SEEP)* proveyó fondos para iniciar un programa de cómputo para la proyección financiera de Programas de Microcrédito, la cual se utilizó para desarrollar su plan estratégico de 5 años, como apoyo a la expansión del programa de crédito, el cual se enfoca en el Programa de Bancos Comunales y Microempresas. ***El Proyecto Centro Herencia Verde***, inaugurado en noviembre de 1995, es co-ejecutado con Katalysis/Honduras y sirve como un centro de educación ambiental y entrenamiento en agricultura sostenible.

KATALYSIS/HONDURAS

BALANCE GENERAL*

(Al 30 de Septiembre, 1995)

Expresado en Lempiras	Fondos Propios	Herencia Verde	Total
ACTIVOS			
Efectivo	L. 228,165	L. 270,255	L. 498,420
Cuentas por Cobrar	33,784		33,784
Vehículos, mobiliario, equipo al costo menos depreciación acumulada	462,393	3,776	466,169
Gastos pagados por anticipado	3,417	1,364	4,781
Depósitos en garantía	15,775	5,817	21,592
Total Activos	L. 743,534	L. 281,212	L. 1,024,746
PASIVOS Y ACTIVOS NETOS			
Pasivos			
Cuentas/gastos acumulados por pagar	L. 93,753	L. 1,010	L. 94,763
Activos Netos			
No restringidos			
Donaciones	67,823		67,823
Excedentes Acumulados	581,958	280,202	862,160
Total Activos Netos	649,781	280,202	929,983
Total Pasivos y Activos Netos	L. 743,534	L. 281,212	L. 1,024,746

ESTADO DE INGRESOS, GASTOS Y ACTIVOS NETOS*

(1 de Noviembre, 1994 - 30 de Septiembre, 1995)

Expresado en Lempiras	Fondos Propios	Herencia Verde	Total
Cambios en los activos netos no restringidos			
Ingresos			
Donaciones	L. 1,198,029	L. 591,263	L. 1,789,292
Ganancia en diferencial cambiario	164	1,144	1,308
Otros ingresos	8,207	8,451	16,658
Total ingresos no restringidos	1,206,400	600,858	1,807,258
Gastos			
Gastos de Personal	200,241	159,049	359,290
Gastos de Operación	424,201	161,607	585,808
Total gastos no restringidos	624,442	320,656	945,098
Incremento en los activos netos			
Exceso de ingresos sobre gastos	L. 581,958	L. 280,202	L. 862,160

* Representa información resumida y auditada por la firma Price Waterhouse. Los informes completos se encuentran en las oficinas de Katalysis/Honduras

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Memoria del Año Fiscal 1995

Mensajes Directivos

Mensaje de la Directora Regional de Katalysis/Honduras

El año 1995 fue uno de grandes adelantos, cambios y crecimiento institucional para la Red de Compañeros de Katalysis. Con el establecimiento de Katalysis/Honduras el primero de noviembre de 1994, iniciamos una nueva fase en el proceso de trabajo y aprendizaje en el campo de desarrollo internacional. Aunque estructuralmente, éste llegó a ser el acontecimiento más llamativo para la Red, los programas implementados por las organizaciones Compañeras se mantuvieron como el punto de enfoque para encaminar las actividades de esta nueva institución.

Para su establecimiento, hay muchas gracias que dar: a los miembros de la Asamblea y la Junta Directiva de Katalysis/Honduras; a la Junta Directiva de Katalysis North South Development Partnership, nuestra casa matriz y a su equipo dedicado a una visión de desarrollo con y como compañeros; y a todo el personal de Katalysis/Honduras, y las instituciones y amigos que nos han brindado el apoyo, el entusiasmo y su aporte técnico que nos permite celebrar la clausura de un exitoso primer Año Fiscal de Katalysis/Honduras 1995.

Este año, Katalysis/Honduras tomó sus primeros pasos en la gran marcha hacia la Misión de la institución, el cual nos dirige y nos recuerda que Katalysis ayuda a los que se ayudan a si mismos, a través de la estimulación de la autosuficiencia económica y la conservación de los recursos naturales.

La meta que nos enfrenta en 1996 es la de ir actuando sobre esta Misión, desarrollando nuevas estrategias, sistemas y programas; aumentando y fortaleciendo el personal; y buscando nuevas formas de proveer los diversos servicios a las organizaciones Compañeras, lo cual permita un desarrollo integral y participativo en las Comunidades de la Red en Belice, Guatemala y Honduras.

Lic. Ingrid S. Faulhaber

Mensaje de la Presidenta de la Junta Directiva de Katalysis/Honduras

Katalysis/Honduras es una institución de la cual hemos aprendido a compartir experiencias, trabajos, desarrollar nuestras habilidades, nuestra autoestima y la vocación de servicio a todo aquel que tiene el anhelo de salir adelante, trabajar, aprender y valerse por si mismo. Nuestros esfuerzos se pueden observar en el trabajo que hemos realizado con una población de mujeres de escasos recursos económicos y el impacto positivo que este ha tenido en sus vidas. Katalysis no sólo nos ha enseñado la técnica y la autosuficiencia financiera, sino a culturizar a los pueblos a través de la comprensión, respeto, trabajo y dedicación.

Me siento muy orgullosa de pertenecer a la Red de Compañeros de Katalysis y creo en la misión que se ha propuesto. Nosotros en ODEF, somos un ejemplo de ello, como también lo son los demás Compañeros de la Red. El camino de Katalysis/Honduras ya ha comenzado; ahora hay que fortalecerlo y consolidarlo, enseñarlo al mundo y mostrar lo que somos, como estamos, a donde hemos llegado, y que se puedan lograr las metas respetando la idiosincracia de los pueblos, sin imposiciones, prepotencias, ni chantajes.

La oportunidad de formar parte de esta Red es una gran experiencia, donde las partes involucradas siempre han mantenido la disposición de sostenerla y continuarla y donde el trabajo para lograrlo ha sido continuo. Uno de los hechos más admirables de Katalysis es el congeniar con cuatro instituciones compañeras de naciones distintas, y el concientizar que los pueblos se pueden superar con aquellas personas que quieren que eso suceda, dispuestas al trabajo productivo y organizado.

1995 ha sido un año positivo para Katalysis/Honduras, donde los mecanismos de asistencia técnica y de capacitación, fueron cada vez mejores, y de acuerdo a los cambios exigidos por la actualidad. No me queda más que comprometerme con Katalysis/Honduras de continuar trabajando con el propósito de su Misión, como Presidenta de la Junta Directiva y como compañera de la Red de Compañeros de Katalysis.

Lic. Santa de Euceda, Directora Ejecutiva de ODEF

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UN POCO SOBRE BANCOS COMUNALES

La metodología de Bancos Comunales permite otorgar crédito a sectores de escasos recursos. El 92% de los participantes viven en pequeñas comunidades rurales donde un alto nivel de desempleo es común. La mayoría de los prestarios son mujeres, puesto que constituyen un inmenso recurso para el desarrollo de la comunidad. El recurso que llega a manos de la mujer es reinvertido en la nutrición de la familia, educación de los niños y en el medio ambiente del hogar. Ellas usan los préstamos para actividades que generan ingresos y que por lo general están establecidos en sus hogares. El sistema de Bancos Comunales de otorgar créditos en varios ciclos cuenta con tres objetivos: 1) préstamos incrementados con el pago anterior, 2) un plan de ahorros, y 3) pago total de intereses. Cada Banco recibe capacitación y asistencia técnica de las organizaciones Compañeras. Cada miembro recibe seguimiento individual por las promotoras en su comunidad. Los miembros son capacitados en como hacer trabajar sus ahorros, convirtiéndolos en créditos para el grupo y la comunidad. De esta forma las mujeres continúan invirtiendo en sus negocios, comunidades y familia.

ESQUEMA DE BANCOS COMUNALES

Compañero	BEST	ODEF	MUDE	CDRO	TOTAL
Bancos en 1995	2	18	10	5	35
Total Bancos	8	72	12	23	115
Total Crédito	US\$ 107,038	US\$ 762,512	US\$ 59,682	US\$ 74,338	US\$ 1,003,570
% Mujeres	90%	84%	100%	90%	--
% Retorno de pago	100%	93%	100%	97%	--

MAS SOBRE HERENCIA VERDE

El Centro Herencia Verde es un proyecto creado por ODEF y Katalysis. El propósito del Centro es generar la comprensión, el deseo y la capacidad para proteger los recursos naturales. Este propósito es compatible con las metas nacionales de mitigar la pobreza y mejorar el manejo de los recursos naturales.

Las metas de este proyecto son:

- ◆ Proteger, conservar y mejorar el medioambiente y los recursos naturales de las comunidades participantes en los departamentos de Santa Bárbara y Cortés.
- ◆ Proveer a las familias del área rural, a técnicos, organizaciones e instituciones, los medios necesarios para conservar los recursos naturales y al mismo tiempo mejorar el nivel de vida de los participantes.
- ◆ Facilitar la adquisición de nuevos conocimientos y habilidades a los participantes para promover su desarrollo humano con mayor autoestima, habilidad en la toma de decisiones, capacidad de liderazgo y autonomía.

El Centro Herencia Verde brinda capacitación que responde tanto a la conservación del medioambiente como al desarrollo económico. El propósito del proyecto es crear un instituto de capacitación práctica que enseñe estrategias y prácticas de agricultura sostenible y manejo de recursos humanos.

ODEF y Katalysis han diseñado un programa que puede tener un significativo impacto en el retroceso del deterioro ambiental a la vez que aumenta la productividad agrícola. La conservación del medioambiente no tiene por que comprometer la meta de eliminar la pobreza, al contrario, para resolver los problemas de la pobreza y el medioambiente los dos deben ser tratados conjunta y simultáneamente. La integración de estos temas gemelos es central a las metas de este proyecto.

FUENTES DE FINANCIAMIENTO*

PARA EL AÑO FISCAL 1995

Fundaciones e Iglesias

- Fundación VIDA**
- The Angelica Foundation
- Atkinson Foundation
- The Aurora Fund of the Tides Foundation
- The Church of Jesus Christ of Latter Day Saints
- Conservation, Food and Health Foundation
- Food for All
- Food Industry Crusade Against Hunger
- The Ludwick Family Foundation
- The International Foundation

- MAZON: A Jewish Response to Hunger
- The New Field Fund of the Tides Foundation
- Presiding Bishop's Fund for World Relief
- Rotary Foundation of Rotary International
- Share Our Strength (SOS)

Corporaciones

- Mitsubishi Corporation
- Odwalla, Inc.

Gobierno

- United States Agency for International Development

KATALYSIS/HONDURAS			KATALYSIS NORTH/SOUTH DEVELOPMENT PARTNERSHIP	
Asamblea y Junta Directiva	Santa de Euceda David Brown Ingrid Faulhaber Gerald Hildebrand Selma Estrada de Uclés José Elías Sánchez	Samuel Escoto*** Miguel Navarro***	Robert E. Graham David A. Brown Bridget Cullerton Santa de Euceda Gerald Hildebrand Anthony LaFetra Catarina Mendoza	John M. Perkins Sylvia J. Rosales - Fike Rose Sackey - Milligan José Elías Sánchez Benjamín Son Tumil Luz Vega Roy O. Williams
Personal	Ingrid Faulhaber - <i>Directora Regional</i> Leonardo Alvarez - <i>Gerente de Programa de Recursos Naturales</i> Marta Luz Castro - <i>Administradora</i> Alex Girón - <i>Contralor de Contabilidad</i> Deysy Rosa - <i>Asistente de Contabilidad</i> Carlos Rodríguez - <i>Especialista en Comercialización Agrícola, Proyecto CHV</i> Vanessa Thomas - <i>Asistente de Programa</i> Liliana Pozzo - <i>Asistente de Programa</i> Doris Zavala - <i>Secretaria / Recepcionista</i> Marlon Melendez - <i>Asistente de Oficina</i>		Gerald Hildebrand - <i>Presidente</i> Mario Beltrán - <i>Director de Finanzas</i> Jutta von Gontard - <i>Directora de Desarrollo</i> Colleen Donovan - <i>Asistente de Desarrollo</i> Erica Fernández - <i>Asistente de Contabilidad</i> Rebeca González - <i>Secretaria / Recepcionista</i>	

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 email: katalysis2@aol.com

* Todo el financiamiento es recaudado por Katalysis North/South Development Partnership, Stockton, CA.
 ** El financiamiento fue otorgado directamente a Katalysis/Honduras, San Pedro Sula, Honduras, por medio de ODEF para el Proyecto Herencia Verde.
 *** Con la Junta Directiva forman la Asamblea Katalysis/Honduras.

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- G. Program Management Documents**
 - 1. Sample of Partner Planning Documents for FY96: BEST**
 - 2. Summary of Partner Needs as Identified in MG Partner Reports**
 - 3. Sample of Partner Planning Documents for FY97: MUDE**

**MGII Reporting Staff
For the USAID Matching Grant
FY 1996: 1 October, 1995 - 30 September, 1996
BEST ~ Katalysis**

Below you will find an updated list of the names of the staff (or position titles, for those positions which are still vacant) responsible for the different sections of the Quarterly and Annual USAID MGII Reporting Formats:

KATALYSIS		
Task	Position in Regional Office-SPS	Person Responsible
Grant Manager	Regional Field Director	Ingrid Fauhaber
Reporting Coordinator	Program Associate	Vanessa Thomas
PDAS Reports	Organizational Dev. Manager	Vacant (Ingrid Fauhaber)
AGTE Reports	Natural Resource Manager	Leonardo Alvarez
PEBD Reports	Microenterprise Manager	Vacant (Ingrid Fauhaber)

The following chart shows BEST's staff members responsible for the following reporting tasks for the AID Matching Grant during the 1996 fiscal year, (the same person can be responsible for several tasks). Please fill-in the missing names and any revisions, and send the revised copy via fax to Katalysis Regional Office:

BEST		
Task	Department / Position	Person Responsible
Grant Coordinator	Managing Director	Bridget Cullerton
Financial Reports	Accountant	Julia Argent
PDAS Reports	Senior Program Officer - Resource Development	Michelle Lindo
AGTE Reports	Natural Resource Management Officer	
PEBD Reports	Senior Program Officer - Business	Jennette Myvett

BEST
TOTAL US/AID Cooperative Agreement Budget
(Includes AID budget plus Katalysis and BEST Counterparts)
FY 1996 Budget
(in US Dollars)

Grant Budget by Cost Element				
Cost Elements	AID	Counterpart		TOTAL
		Kat	BEST	
Salaries	13,920	6,960	6,960	27,840
Benefits	3,480	1,740	1,740	6,960
Travel and Per Diem	3,550	1,775	1,775	7,100
Other Direct Costs and Credit	<u>16,700</u>	<u>8,350</u>	<u>8,350</u>	<u>33,400</u>
Total Budget	37,650	18,825	18,825	75,300

Grant Budget by Program Category				
	AID	Match		TOTAL
		Kat	BEST	
AGTE				
Salaries	8,120	4,060	4,060	16,240
Benefits	2,030	1,015	1,015	4,060
Travel	2,950	1,475	1,475	5,900
Other				
Eco-Nomic Bridging Fund	1,500	750	750	3,000
Support Materials	200	100	100	400
Ongoing Monitoring	<u>600</u>	<u>300</u>	<u>300</u>	<u>1,200</u>
Subtotal AGTE:	15,400	7,700	7,700	30,800
PEBD				
Salaries	5,800	2,900	2,900	11,600
Benefits	1,450	725	725	2,900
Travel	600	300	300	1,200
Other				
Partnership Exchange	800	400	400	1,600
Credit - Community Banking	3,000	1,500	1,500	6,000
Credit - Youth in Business	10,050	5,025	5,025	20,100
Support Materials	100	50	50	200
Ongoing Monitoring	<u>450</u>	<u>225</u>	<u>225</u>	<u>900</u>
Subtotal PEBD:	22,250	11,125	11,125	44,500
Total Budget	37,650	18,825	18,825	75,300

BEST
US/AID Cooperative Agreement Budget
Fiscal Years 1994-1998
(in US Dollars)
 Modified September 1, 1994

Grant Budget by Cost Element

Cost Elements	FY1994	FY1995	FY1996	FY1997	FY1998	Total
Salaries	15,240	14,480	13,920	14,480	13,880	72,000
Benefits	3,810	3,620	3,480	3,620	3,470	18,000
Travel and Per Diem	4,050	3,550	3,550	3,550	3,550	18,250
Other Direct Costs and Credit	<u>8,200</u>	<u>18,150</u>	<u>16,700</u>	<u>3,650</u>	<u>3,650</u>	<u>50,350</u>
Total Budget	31,300	39,800	37,650	25,300	24,550	158,600

Grant Budget by Program Category

	FY1994	FY1995	FY1996	FY1997	FY1998	Total
AGTE						
Salaries	8,120	8,120	8,120	8,120	8,120	40,600
Benefits	2,030	2,030	2,030	2,030	2,030	10,150
Travel	2,950	2,950	2,950	2,950	2,950	14,750
Other						
Eco-Nomic Bridging Fund	1,500	1,500	1,500	1,500	1,500	7,500
Support Materials	200	200	200	200	200	1,000
Ongoing Monitoring	<u>600</u>	<u>600</u>	<u>600</u>	<u>600</u>	<u>600</u>	<u>3,000</u>
Subtotal AGTE:	15,400	15,400	15,400	15,400	15,400	77,000
PEBD						
Salaries	7,120	6,360	5,800	6,360	5,760	31,400
Benefits	1,780	1,590	1,450	1,590	1,440	7,850
Travel	1,100	600	600	600	600	3,500
Other						
Partnership Exchange	800	800	800	800	700	3,900
Credit - Community Banking	4,500	4,500	3,000	0	0	12,000
Credit - Youth in Business	0	10,000	10,050	0	0	20,050
Support Materials	100	100	100	100	100	500
Ongoing Monitoring	<u>500</u>	<u>450</u>	<u>450</u>	<u>450</u>	<u>550</u>	<u>2,400</u>
Subtotal PEBD:	15,900	24,400	22,250	9,900	9,150	81,600
Total Budget	31,300	39,800	37,650	25,300	24,550	158,600

Calendar of Activities
BEST/KATALYSIS
 October 95 to March 96

Dates	Prog.	Activity	Katalysis Staff	BEST Staff	Country/Local	Notes
Nov. 10, 1995	PDAS	Board Training	Jerry Hildebrand	BEST Board	Belize/BEST	
Nov. 13 to 17, 1996	PDAS	Kat. B.M. /Ptrs B.M.	Jerry Hildebrand	Bridget Cullerton	Hond./H.V.	H.V. Inauguration
Nov. 26 to Dec. 1, 95	AGTE	Site visit	Leonardo Alvarez	Albino Vargas	Belize/Best	
Dec. 3 to 6, 1995	PEBD	Partnership Exchange	Ingrid Faulhaber	M. Lindo & J. Myvett	Hond./Kat.	Str. Plng. Credit Prog.
Jan. 22 to 23, 1996	PDAS	Accounting	Mario Beltrán	Julia Argent	Belize/BEST	
Feb. 5 to 9, 1996	AGTE	Site visit	Leonardo Alvarez	Albino Vargas	Belize/BEST	
Feb. 5 to 9, 1996	PEBD	Site visit	To be contracted	Jennett Myvett	Belize/BEST	Tentative
Feb. 19 to 23, 1996	PDAS	Fundraising	Jutta Von Gontard	Bridget Cullerton	Belize/BEST	Tent. w/ R. Steckel
Feb. 19 to 23, 1996	PDAS	Site visit	To be contracted	Michelle Lindo	Belize/BEST	Tentative
Feb. 28, 1996	PDAS	Ptrs Bd. Mtg.	Jerry Hildebrand	Bridget Cullerton	Guat./MUDE	
Mar. 11 to 16, 1996	AGTE	Partnership Exchange	Leonardo Alvarez	Albino Vargas	Hond./H.V.	Sustainable Ag.

BEST - AGTE and PEBD Program Goals

The following tables indicate the modified goals for the AGTE and PEBD program areas for the five year duration of the US / AID Matching Grant.						
AGTE		FY94	FY95	FY96	FY97	FY98
Nat Resource Mngt/Suste Ag Training and TA Activities		30	45	55	60	70
Participants in Natural Resource Management/Ag Training		230	340	418	456	532
EET Training days		27	27	27	27	27
Participants in EET Activities		270	270	270	270	270
New Chefina Stoves established				20	20	40
PEBD		FY94	FY95	FY96	FY97	FY98
New Community Banks		3	3	2		
New community bank credit		4500	4500	3000		
New community bank members trained		30	30	30	0	0
People trained in small business mgt.		40	40	27	27	27
Youth receiving credit			10	10		
Amount of credit to youth			10000	10050		
Youth trained in enterprise development			70	80	90	110
ECO-NOMICS BRIDGING FUND						
BEST has selected the organic seed production project (in collaboration with Seeds of Change) as their Eco-Nomics Bridging Fund project.						
All Projects under this section consist of three stages to be carried out during the five year grant period:						
1) Selection of project						
2) Implementation						
3) Evaluation and documentation						
More than one project can be selected and implemented under Eco-Nomics Bridging Fund over the five year period.						

MGIF Reporting Guidelines
For the US AID Matching Grant
FY 1996: 1 October, 1995 - 30 September, 1996
BEST - PDAS

Person filling out this form _____	
Position/Organization _____	
Currency _____	Exchange rate to US\$ _____
Information current to _____	Today's date _____

PDAS / Strengthened Institutional Capabilities

General Indicators	FY 96	Actual Results				Total
	Goal	Q1	Q2	Q3	Q4	
Number of full-time staff						
# Part-time staff/consultants						
Total budget						
Total expenses						
% expenses to programs						
% expenses to overhead						
Total loan portfolio						
Number of computers						
% staff trained on computers						
Number of current donors						
Number of beneficiaries						

Information on Fundraising Activities

Grants received

Foundation	Amount	Project/Program	Dates effective

Proposals submitted

Foundation	Amount	Project/Program	Decision date

¹ Please include the goal for the fiscal year for each indicator in this column.

MGIF Reporting Guidelines
For the US AID Matching Grant
FY 1996: 1 October, 1995 - 30 September, 1996
BEST - PDAS

On a separate sheet of paper, please address the following:

1. Please fully describe any new organizational systems developed or implemented this quarter, including new equipment purchased and staff trained to use new systems. This refers to computers, systems of office administration and finance, staff procedures, management procedures and future planning activities. You need only report on changes in the last quarter.
2. Please describe any new or remaining organizational needs on which you would like Katalysis assistance. What types of assistance would you find most useful during the next quarter? In the next year?
3. What Katalysis assistance offered last quarter was most useful to your organization? What was least useful? Why?
4. Please fill out a separate form for each Partnership Exchange activity which your organization took part in during the last quarter.
5. Please attach a copy of any documents produced by your organization this past quarter.

PARTNERSHIP EXCHANGE ACTIVITY REPORT

Please copy this form as many times as needed and have each Partnership Exchange participant fill out one copy of the form upon completion of each activity. Thank you!

Person filling out this form _____	
Position/Organization _____	
Place of Exchange _____	Date of Exchange _____
Participants in Exchange	
Host NGO _____	Guest NGO _____
_____	_____
_____	_____

1. What was the purpose of the Exchange activity?

2. What were the main benefits of the Exchange to your organization? Please include information on the training or technical assistance provided, learning of the participants, and the expected benefits which this will have on your organization's program work.

3. How would you improve this activity in the future? Please include your thoughts on the effectiveness of the training, the expected vs. actual benefits, the overall organization of logistics, and the thoroughness of planning for the event.

4. What follow-up is necessary to maximize the impact of the Exchange activity?

MGI Reporting Guidelines
For the US AID Matching Grant
FY 1996: 1 October, 1995 - 30 September, 1996
BEST - AGTE

Person filling out this form _____
Position/Organization _____
Currency _____ Exchange rate to US\$ _____
Information current to _____ Today's date _____

AGTE / AGRICULTURAL TRAINING AND EXTENSION

Indicator	FY 96 Goal	Actual Results				
		Q1	Q2	Q3	Q4	Total
Training/Technical Assistance in Sustainable Agriculture and Env. Sus. Practices						
#Training act. or field visits	55					
#Participants in training act. or field visits	418					
#Training days offered by BEST						
#Training days received by participants						
#Follow-up visits to participants						
Energy Efficient Technologies						
#Training activities	27					
#Participants in trainings	270					
#Training days offered by BEST						
#Training days received by participants						
#EET constructed						
Chefina Stoves						
#New chefina stove	20					
#Training activities						
#Participants in trainings						
#Training days offered by BEST						
#Training days received by participants						
#Follow-up visits						

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MGIE Reporting Guidelines
For the US AID Matching Grant
FY 1996: 1 October, 1995 - 30 September, 1996
BEST - AGTE

On a separate piece of paper, please address the following:

Programmatic Questions

1. How have the project activities under this grant helped to accomplish the goals established for the Natural Resource Management Program?
2. How have the Natural Resource Management Program's planning and programming tools (project profile, work plans, reports, evaluation etc.) helped to improve the implementation and function of projects under MG2? How could these tools improved?
3. Were all project goals met for the quarter? What financial or technical needs impeded the program from meeting these goals? How can these obstacles be avoided in the future?
4. What problems were encountered in the planning and delivery of technical assistance and training for the projects during the quarter?
5. How has the technical assistance provided by Katalysis for the Natural Resource Management Program contributed in accomplishing the program's goals?
6. What technical assistance activities from Katalysis would help the program meet its goals for the next quarter?
7. Please include a copy of BEST's NARESMA workplan for the next quarter

MGIT Reporting Guidelines
For the US AID Matching Grant
FY 1996: 1 October, 1995 - 30 September, 1996
BEST - AGTE

On a separate piece of paper, please address the following:

Project Specific Questions

Conservation Agriculture and Environmentally Sustainable Practices

- Describe the topics discussed in the trainings and technical assistance provided during the quarter
- Which communities benefited from the training?
- What impact did the trainings have on the communities?
- Describe the practices or techniques used more by the participants of the projects
- Are these practices or techniques used adequately?
- What are the advantages and disadvantages of using these practices and techniques?
- How has your organization contributed to the introduction of these practices and techniques
- What are the benefits obtained by the participants with the use of these practices and techniques?
- Were all project goals met for the quarter? What financial or technical needs impeded the program from meeting these goals? How can these obstacles be avoided in the future?

Energy Efficient Technologies

- Describe the topics discussed in the trainings and technical assistance provided during the quarter
- What was the impact of the training and technical assistance provided during the quarter?
- Are the beneficiaries applying the knowledge acquired during the training? How?
How many solar Box Cooker were constructed during the quarter?

Economic Bridging Project

- What activities have been carried out during the quarter for the development of an Economics Bridging project? (development of economical and environmental criteria, implementation of criteria on a project, implementation of a eco-nomica project, evaluation of a economics project etc.)
- How have the funds being used for the project?
- Are the objectives of the project being achieved?
Describe the communities were the project is being implemented?

MGII Reporting Guidelines

For the US AID Matching Grant

FY 1996: 1 October, 1995 - 30 September, 1996

BEST - PEBD

Person filling out this form _____		
Institution/Organization _____		
Currency _____	Exchange Rate _____	(to US \$) _____
_____	Today's Date _____	

PEBD/ BUSINESS DEVELOPMENT PROMOTION

Community Banking Indicator	FY 96 Goal	Actual Results				
		Q1	Q2	Q3	Q4	Total
this section, report only on new and/or ongoing CBs and their members funded with Kat MG2 or counterpart funds.						
Community Banks Operational						
New Community Banks	2					
New Community Bank training activities						
Participants in training activities	30					
Training days offered by BEST						
Training days received by participants						
Participants Receiving Training						
Loans disbursed to CBs / members						
Credit disbursed to new community banks	3,000					

this section, please report on the TOTAL CB program, regardless of funding source.						
Total # of Community Banks operational						
Total New Community Banks						
Total # Participants in training activities						
Follow-up visits to banks						
Follow-up visits to members						
Participants (Members)						
% Women						
Borrowers						
% Women						
Indirect Beneficiaries(1)						
Jobs created						
Jobs sustained						
Total credit disbursed						
Cost per unit of credit disbursed(2)						
Total amount of credit disbursed to CBs						
Amount of loans outstanding						
Average loan per borrower(3)						
Loans past due(4)						
Normal Loans past due rate(5)						
Accumulated savings						
Other accumulated income generated by banks						
Normal capitalization rate(6)						

(2) Please define method of data collection

() Total amount loaned to Community Banks/ # Borrowers

() Loans past due / Total loans outstanding

() Total internal past due loans / Total loans outstanding

() (Accumulated savings+ Other accumulated income) / External Capital

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COMMUNITY BANKING

INCLUDE WITH THE 2ND AND 4TH QUARTER REPORTS

**For each Community Bank, please provide the following information:
(For each new Bank, please include the required documents)**

- Name and number of Bank
- Location
- Inception date
- Number of members
- Number of borrowers
- Amount Loaned per cycle
- Cumulated Savings
- Annual Delinquency Rate
- Termination date
- Grant/Donation received for Credit/Donation received for technical assistance

Indicators	FY 96 Goal	Actual Results				Total
		Q1	Q2	Q3	Q4	
Microenterprise Training and Credit						
Training activities						
Participants in training activities	27					
Training days offered by BEST						
Training days received by Participants						
Loans disbursed						
Total amount of credit disbursed						
Youth Microenterprise Training and Credit						
Training activities						
Participants in training activities	80					
Training days offered by BEST						
Training days received by Participants						
Training days received by youths						
Loans disbursed	10					
Total amount of credit disbursed	10,050					
Reporting Indicators						
Follow-up visits to microentrepreneurs						
Follow-up visits to youth microentrepreneurs						
Clients						
% Women						
Indirect beneficiaries(1)						
Jobs created						
Jobs sustained						
Cost per unit of credit disbursed(2)						
Number of loans outstanding						
Average loan per borrower(3)						
Annual past due rate(4)						

Please define method of data collection
 Please define method of calculation
 Total amount loaned/# Borrowers
 Total past due loans/Amount of loans outstanding

MGII Reporting Guidelines
For the US AID Matching Grant
FY 1996: 1 October, 1995 - 30 September, 1996
BEST - PEBD

On a separate sheet of paper, please address the following:

Programmatic Questions:

How have the project activities under this grant helped to accomplish the goals established for the Business Development Program?

How have the Business Development Program's planning and programming tools (project profile, work plans, reports, evaluations, etc.) helped to improve the implementation and function of projects under MG2?

Project Specific Questions:

What new community banking or microenterprise initiatives were utilized by project participants during the Q?

What types of technical assistance and training were offered to project participants during the Q?

What are the results of the trainings?

What problems were encountered in the planning and delivery of technical assistance and training by BEST this Q?

Were all MGII project goals met for the quarter? What financial or technical needs impeded the program from meeting these goals? How can these obstacles be avoided in the future?

What was the most useful technical assistance provided by Katalysis for the Business Development Program? How was it useful?

What was the least useful technical assistance provided by Katalysis for the Business Development Program? Why wasn't it useful? How could it be improved in the future?

What technical assistance from Katalysis would be most useful in strengthening the Business Development Program and Projects during the next quarter? During the next year?

_____ QUARTER

Person filling out this form _____

BEST Quarterly Financial Report Format For FY 1996

Program Area	Total Applied for Period	Total Applied to Date	Total Budget	Balance of Total Budget	% Applied to Date
AGTE					
Salaries			\$8,120		
Benefits			2,030		
Travel			2,950		
Eco-nomics Bridging Fund			1,500		
Support Materials			200		
Monitoring Costs			600		
SUBTOTAL-AGTE			15,400		
PEBD					
Salaries			\$5,800		
Benefits			1,450		
Travel			600		
Partnership Exchange			800		
Community Bank Credit			3,000		
Youth Enterprise Credit			10,050		
Support Materials			100		
Monitoring Costs			450		
SUBTOTAL-PEBD			22,250		
TOTAL FY 1996			\$37,650		

Signature: _____

Date: _____

Please utilize this format for each quarterly report, and indicate above the quarter being reported.

**SUMMARY OF PARTNER NEEDS
AS STATED IN THE MGII REPORT - Q3 FY96
FOR Q4 FY96**

BEST

PDAS ACTIVITIES	FY 96 Goal				PDAS Act. Conducted				PE/AG ACTIVITIES	FY 96 Goal				PE/AG Act. Conducted			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Long Range Plans									Partnership Exchange								
Ptnrship-wide Training									AG-Herencia Verde								
On-site TA and Training									PE-SEEP/ODEF								
Long Range Plan									PE-Soap/CDRO								
Management Information System									Partnership workshop								
Needs Assessment									Partnership-wide								
Criteria and Format Development									Board Meeting								
Fundraising Techniques and Strategies									Directors Meeting								
Trng: Strategic Fndrag. and Project Profile Development									Fieldvisits								
Monitoring, Eval & Impact Analysis									AGTE								
Community Bank Prog. Diagnostic									PEBD								

TA/T Requested for Q3	TA/T Provided in Q3	Comments	TA/T Requests for Q4	TA/T Plans for Q4	Notes
Assist. preparation & facilitation of 3 day evaluation & strategic planning session.	AGTE Partnership-wide Exchange		Assist. in sourcing donors for program funding	Assist. in organic seed cultivation and agroforestry project.	
Assist. how to maximize the management accounting reports generated by FASS	TA in organic seed production and agroforestry.		Assist. in constructing Chefina & Lorena stove models		
Assist. in CB and Microentrepreneur program's comprehensive evaluation & recommendations for improvements			Assist. planning & implementing agroforestry workshop for farmer groups		
Director's exchange to understand sphere of work, working conditions & expectations					

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**SUMMARY OF PARTNER NEEDS
AS STATED IN THE MGII REPORT - Q3 FY96
FOR Q4 FY96**

CDRO

PDAS ACTIVITIES	FY 96 Goal				PDAS Act. Conducted				PE/AG ACTIVITIES	PE/AG Act. Conducted							
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4				
Long Range Plans									Partnership Exchange								
Partnership-wide Training									AG- Herencia Verde								
On-site TA and Training									AG- MUDE								
Management Information System									PE- SEEP/ODEF								
Needs Assessment									PE- Soap/BEST								
Criteria and Format Development									Partnership Workshop								
Fundraising Techniques & Strategies									Partnership-wide								
Trng: Strategic Fndrsg. and Project Profile Development									Board Meeting								
F/U: donor research & cult.									Directors Meeting								
Monitoring, Eval & Impact Analysis									Field Visits								
Community Bank Prog. Diagnostic									AGTE								
									PEBD								

TA/T Requested for Q3	TA/T Provided in Q3	Comments	TA/T Requests for Q4	TA/T Plans for Q4	Notes
TA for Reforestation, Women, Fruit, Fisheries & Marketing programs	AGTE Partnership-wide Exchange		Assist. with project profile and funding for a vehicle.	Assist. in organic agriculture & reforestation projects	
Assist. in marketing techniques & mechanisms	Installation of FASS Accounting System		Elaboration and evaluation of impact indicators	Further training in agro-forestry and reforestation	
Assist. in computer techniques & mechanisms, especially w/ accounting spreadsheets	Diagnostic of accounting system's needs		Training in currency devaluation, inflation, personnel administration and techniques for default calculation		
	TA to Agriculture Program in agro-forestry, reforestation & forestry seed management.				
	PEBD Training packet for Women's Program				

1/07

**SUMMARY OF PARTNER NEEDS
AS STATED IN THE MGII REPORT - Q3 FY96
FOR Q4 FY96**

MUDE

PDAS ACTIVITIES	FY 96 Goal				PDAS Act. conducted				PE/AG ACTIVITIES	FY 96 Goal				PE/AG Act. Conducted			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Long Range Plans									Partnership Exchange								
Partnership-wide Training									AG- Herencia Verde								
On-site TA and Training									AG- AGTE/CDRO								
Management Information System									PE- SEEP/ODEF								
Needs Assessment									PE- Soap/BEST								
Criteria and Format Development																	
Fundraising Techniques & Strategies									Partnership Workshop								
Trng: Strategic Fndrsg. and Project Profile Development									Partnership-wide								
F/U: donor research & cult.									Board Meeting								
Monitoring, Eval & Impact Analysis									Directors Meeting								
Community Bank Prog. Diagnostic									Field visits								
									AGTE								
									PEBD								

TA/T Requested for Q3	TA/T Provided in Q3	Comments	TA/T Requests for Q4	TA/T Plans for Q4	Notes
Financial support (50%) for extension of consultant's contract to improve CB/Micro program	consultants	Follow up to C	Assist. in elaboration of a Strategic Plan	TA in agricultural extension	
Joint elaboration of AGTE work plans & strategies to obtain programmed goals	Financial analysis training		Establish definitions for work methodology guidelines	TA in organic gardens project	
Joint elaboration of TA model within the AGTE program	Training in visual aid elaboration		Support to define the projects to be implemented w/ an ecological-economic point of view	TA in monitoring and evaluation of their projects	
Assist. in definition of AGTE work methodologies	TA to Agricultural Training & Extension Program				
Assist. in strategy development & implementation for group promotion & formation	TA in organic agriculture, fuel efficient technologies & environmental education				
	AGTE Partnership-wide Exchange				

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**SUMMARY OF PARTNER NEEDS
AS STATED IN THE MGII REPORT - Q3 FY96
FOR Q4 FY96**

ODEF

PDAS ACTIVITIES	FY 96 Goal				PDAS Act. Conducted				PE/AG Activities	FY 96 Goal				PE/AG Act. Conducted			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Long Range Plans									Partnership Exchange								
Ptnrship-wide Training	■								AG- Herencia Verde					■	■		
On-site TA and Training		■							PE- SEEP								
Long Range Plan									Partnership Workshop								
Management Information System									Partnership-wide					■		■	
Needs Assessment			■				■		Board Meeting					■			
Criteria and Forma Dev.				■					Directors Meeting						■		
Fundraising Techniques and Strategies									Field visits								
Trng: Strategic Fndreg. and Project Profile Development		■							AGTE								
F/U: donor research & cult.			■						PEBD								
Monitoring, Evaluation and Impact Analysis																	
Community Bank Prog. Diagnostic				■			■										

TA/T Requested for Q3	TA/T Provided in Q3	Comments	TA/T Requests for Q4	TA/T Plans for Q4	Notes
Assist. in the implementation of accounting and portfolio management system	Installation of FASS Accounting System and recommendations for more efficient accounting		Enviromental training for CB/Micro clients	Development of environmental training materials for Credit Department	
Assist. in the implementation of an investigative organic seeds project	AGTE Partnership-wide Exchange		Elaborate a follow up, participative and technical plan for the production and management of organic seeds	Assistance in hiring and training new Herencia Verde personnel	
Support in the continuous monitoring of communities	Selection of the accounting/ credit portfolio management system, MAS90		Offer closer follow up to activities		
Financial assistance to cover CB demands and hire more staff	Planning session to coordinate TA and programming		Revision of activities to adapt them to current needs.		
	Assist. in conjunction w/Rain Bird technicians w/ installation of irrigation system at HV				
	TA in organic agriculture and food processing				
	Assist. in the development of a workplan for the MAZON funded organic crop and seed cultivation project.				

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- H. Partnership Exchange Materials**
 - 1. SEEP Exchange Agenda**
 - 2. Natural Resource Management Exchange**

SEEP PLANNING GRANT
Partnership Exchange Training Agenda
December 4-6, 1995

Participants ~ Organization:

- Julia Argent and Jennette Myvett - **BEST**
- Cezar Tocón and Julio Arango - **CDRO**
- Flora Raguay and Catarina Mendoza - **MUDE**
- Gladys Mejia and Sandra Pineda - **ODEF**

Facilitators:

- Ingrid Faulhaber
- Miguel Navarro

OBJECTIVE:

1. Exchange information and experiences regarding policies and procedures utilized within the different credit programs of the Katalysis Partnership
2. Introduce and train participants on the usage of the "SEEP" Computer Software Program for Credit Portfolio, Budget and Financial Statement Projections
3. Review Strategic Planning Format and ODEF's Five-Year Strategic Plan, develop action plan for each Partner

Day One - Monday December 4

8:30 - 9:00

- Introduction
- Presentation of objectives

9:00 - 10:00

- **Sustainability Strategies for Organizations with Credit Programs**
 - ~Non-profit Organizations vs. "Organizations without losses"
 - ~Dependency = Examples
 - ~Interest rate(usage and calculations)

10:00 - 10:15

- **BREAK**

10:15 - 12:30

- Financial Analysis and Sustainability for Credit Programs

12:30 - 1:30

- **LUNCH**

1:30 - 2:30

- Continuation of Financial Analysis and Sustainability for Credit Programs

2:30 - 4:30

Practice with data from each participating Partner Organization

4:30 End of day one activities

Day Two: Tuesday December 5

8:00 - 10:00

- Strategic Plan for Credit Programs

10:00 - 10:15

BREAK

10:15 - 12:30

- Review Strategic Plan format and presentation of ODEF's Strategic Plan

12:30 - 1:30

LUNCH

1:30 - 2:30

- Continuation of ODEF's Strategic Plan

2:30 - 4:30

- **Defining a vision for Credit Programs**
 - ~Policies
 - ~Massification
 - ~Promotion vs. Consultancy

4:30 End of day two activities

Day Three: Wednesday December 6

8:00 - 8:30

- Objectives of the Computer Software Program for Financial Projection

8:30 - 9:00

- Presentation of how the Computer Software Program functions

9:00 - 12:30

- Practice by participants utilizing the Computer Software Program

12:30 - 1:30

LUNCH

1:30 - 4:00

Continuation of Practice

4:00 - 5:00

- Discussion on the next steps and follow-up training at Partner Sites
- Closure of event

KATALYSIS / HONDURAS

FECHA: MARZO 1996

ASUNTO: AGENDA INTERCAMBIO ENTRE COMPAÑEROS

FECHA	HORA	EVENTO	RESPONSABLE	PRESENTADOR
DOMINGO 21 DE ABRIL, 1996	8:00 am - 12:00 m	<ul style="list-style-type: none"> • Arribo de los participantes a San Pedro Sula, Honduras. • Traslado de los participantes de San Pedro Sula al Centro Herencia Verde, Aldea El Ocotillo 	Marlon Meléndez	
	12:00 m - 2:00 pm	<ul style="list-style-type: none"> • Almuerzo 	Marlon melendez	
	2:00 pm - 5:00 pm	<ul style="list-style-type: none"> • Tour a San Pedro Sula y lugares circunvecinos 	Marlon Melendez	
	5:00 pm - 7:00 pm	<ul style="list-style-type: none"> • Cena 	Marlon Melendez	
	7:00 pm - 9:00 pm	<ul style="list-style-type: none"> • Traslado de los participantes de San Pedro Sula al Centro Herencia Verde, Aldea El Ocotillo 	Marlon Melendez	
LUNES 22 DE ABRIL, 1996	6:30 am - 7:30 am	<ul style="list-style-type: none"> • Desayuno 	Admón. Centro Herencia Verde	
	8:00 am - 9:00 am	<ul style="list-style-type: none"> • Presentación de los objetivos del Intercambio entre compañero • Presentación de los representantes de las diferentes organizaciones compañeras • Breve descripción de la estructura organizativa de cada organización por los representantes 	Leonardo Alvarez	
	9:00 am - 11:30 am	<ul style="list-style-type: none"> • Presentación del Proyecto Herencia Verde ODEF • Tour al Centro Herencia Verde • Servicios ofrecidos (áreas de trabajo) • Perfil de beneficiarios • Planes futuros 	Leonardo Alvarez	José Bobadilla Nulvia Ramírez
	11:30 am - 12:00 m	<ul style="list-style-type: none"> • Refrigerio 	Admón. Centro Herencia Verde	
	12:00 m - 1:00 pm	<ul style="list-style-type: none"> • Presentación Programa Agrícola CDRO • Estructura del programa 	Leonardo Alvarez	Laureano Garcia Juan Ajpop

FECHA	HORA	EVENTO	RESPONSABLE	PRESENTADOR
		<ul style="list-style-type: none"> • Servicios ofrecidos (áreas de trabajo) • Perfil de beneficiarios • Planes futuros 		
	1:00 pm - 2:00 pm	Almuerzo	Admón. Centro Herencia Verde	
	2:00 pm - 2:30 pm	Descanso		
	2:30 pm - 3:30 pm	<ul style="list-style-type: none"> • Presentación Programa de Extensión y Capacitación Agrícola MUDE • Estructura del programa • Servicios ofrecidos (áreas de trabajo) • Perfil de beneficiarios • Planes futuros 	Leonardo Alvarez	Wilfido Torres
	3:30 pm - 4:30 pm	<ul style="list-style-type: none"> • Presentación Programa NARESMA BEST • Estructura del programa • Servicios ofrecidos (áreas de trabajo) • Perfil de beneficiarios • Planes futuros 	Leonardo Alvarez	Albino Vargas
	4:30 pm - 5:00 pm	Refrigerio	Admón. Centro Herencia Verde	
	5:00 pm - 6:00 pm	<p>Intercambio de experiencias en el trabajo de desarrollo comunitario por los participantes</p> <ul style="list-style-type: none"> • Logros • Inconvenientes • Alternativas 	Leonardo Alvarez	Todos los participantes
	6:00 pm - 7:00 pm	Cena	Admón. Centro Herencia Verde	
	7:00 pm - 9:00 pm	Salida a San Pedro Sula (Optativo)	Marlon Melendez	
MARTES 23 DE ABRIL, 1996	8:00 am - 10:00 am	<p>Capacitación Manejo de Recursos Naturales</p> <ul style="list-style-type: none"> • Capacitación sobre el manejo de semillas forestales 	Leonardo Alvarez	Leonardo Alvarez
	10:00 am - 10:30 am	Refrigerio	Admón. Centro Herencia Verde	
	10:30 am - 12:30 pm	<ul style="list-style-type: none"> • Plantaciones forestales comunitarias • Tipos de plantaciones • Necesidades y recursos de la comunidad 	Leonardo Alvarez	Leonardo Alvarez

FECHA	HORA	EVENTO	RESPONSABLE	PRESENTADOR
	12:30 pm - 1:30 pm	Almuerzo		
	1:30 pm - 2:00 pm	Descanso		
	2:00 pm - 5:00 pm	Educación Ambiental <ul style="list-style-type: none"> • Objetivos • Problemática ambiental • métodos de enseñanza • beneficiarios • Receptividad de los participantes • Impacto en las comunidades 	Leonardo Alvarez	Gilberto Manzano
MIÉRCOLES 24 DE ABRIL, 1996	6:30 am - 7:30 am	<ul style="list-style-type: none"> • Desayuno 	Admón. Centro Herencia Verde	
	8:00 am - 10:30 am	Extensión Agrícola <ul style="list-style-type: none"> • Proceso de extension <ul style="list-style-type: none"> • Proceso de extension • Metodos y medios de extension 	Leonardo Alvarez	
	10:30 am - 11:00 am	Refrigerio	Admón. Centro Herencia Verde	
	11:00 am - 12:30 pm	Extensión Agrícola <ul style="list-style-type: none"> • Planificacion y Diagnosticos <ul style="list-style-type: none"> • Diagnosticos • Planificacion 	Leonardo Alvarez	
	12:30 pm - 1:30 pm	Almuerzo	Admón. Centro Herencia Verde	
	1:30 pm - 2:00 pm	Descanso		
	2:00 pm - 3:30 pm	Extensión Agrícola <ul style="list-style-type: none"> • Metodos de Extension 	Leonardo Alvarez	
	3:30 pm - 4:00 pm	Refrigerio	Admón. Centro Herencia Verde	
	4:00 pm - 5:00 pm	Extensión Agrícola <ul style="list-style-type: none"> • Medios de Extension 	Leonardo Alvarez	
	5:00 pm - 5:30 pm	Descanso		
	5:30 pm - 6:30 pm	Cena	Admón. Centro Herencia Verde	

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FECHA	HORA	EVENTO	RESPONSABLE	PRESENTADOR
	6:30 pm – 9:00 pm	Salida a San Pedro Sula (opcional)	Marlon Melendez	
JUEVES 25 DE ABRIL, 1996	6:30 am – 7:30 am	• Desayuno	Admón. Centro Herencia Verde	
	8:00 am – 10:30 am	• Introducción a la permacultura	Leonardo Alvarez Liliana Pozo (traductor)	Howard Shapiro
	10:30 am – 11:00 am	Refrigerio	Admón. Centro Herencia Verde	
	11:00 am – 12:30 pm	• Introducción a la permacultura	Leonardo Alvarez Liliana Pozo (traductor)	Howard Shapiro
	12:30 pm – 1:30 pm	Almuerzo	Admón. Centro Herencia Verde	
	1:30 pm – 2:00 pm	Descanso		
	2:00 pm – 3:30 pm	• Introducción a la permacultura	Leonardo Alvarez	Howard Shapiro
	3:30 pm – 4:00 pm	Refrigerio	Admón. Centro Herencia Verde	
	4:00 pm – 5:00 pm	• Introducción a la permacultura	Leonardo Alvarez	Howard Shapiro
	5:00 pm – 5:30 pm	Descanso		
	5:30 pm – 6:30 pm	Cena	Admón. Centro Herencia Verde	
	6:30 pm – 9:00 pm	Salida a San Pedro Sula (opcional)	Marlon Melendez	
VIERNES 26 DE ABRIL, 1996	6:30 am – 7:30 am	• Desayuno	Admón. Centro Herencia Verde	
	8:00 am – 10:30 am	Agricultura Orgánica • Producción orgánica de alimentos • Producción orgánica de semillas • Practicas Conservación y la biodiversidad	Leonardo Alvarez Liliana Pozo (traductor)	Howard Shapiro
	10:30 am – 11:00 am	Refrigerio	Admón. Centro Herencia Verde	
	11:00 am – 12:30 pm	• Agricultura orgánica y los beneficiarios de los proyectos en implementacion	Leonardo Alvarez Liliana Pozo (traductor)	Howard Shapiro

FECHA	HORA	EVENTO	RESPONSABLE	PRESENTADOR
	12:30 pm – 1:30 pm	Almuerzo	Admón. Centro Herencia Verde	
	1:30 pm – 2:00 pm	Descanso		
	2:00 pm – 3:30 pm	<ul style="list-style-type: none"> • Agricultura orgánica • Introducción a las comunidades como alternativa de producción • practicas relevantes 	Leonardo Alvarez	
	3:30 pm – 4:00 pm	Refrigerio	Admón. Centro Herencia Verde	
	4:00 pm – 5:00 pm	<ul style="list-style-type: none"> • Agricultura orgánica 	Leonardo Alvarez	
	5:00 pm – 5:30 pm	Descanso		
	5:30 pm – 6:30 pm	Cena	Admón. Centro Herencia Verde	
SABADO 27 DE ABRIL, 1996	6:30 am – 7:30 am	<ul style="list-style-type: none"> • Desayuno 	Admón. Centro Herencia Verde	
	7:30 am – 12:30 pm	Visita a Escuela Nacional de Ciencias Forestales <ul style="list-style-type: none"> • Manejo de semillas forestales • Manejo de recursos forestales • Visita al Centro Semilla del Progreso 	Leonardo Alvarez	
	12:30 pm – 2:00 pm	Regreso a San Pedro Sula	Leonardo Alvarez	
	2:00 pm – 3:00 pm	Regreso de los participantes a sus lugares de origen	Marlon Melendez	

I. Katalysis Consultants, Interns and Volunteers Chart

Katalysis Consultants, Interns and Volunteers FY96

NAME	POSITION/DATES OF SERVICE	PURPOSE OF POSITION
Haleh Pourafzal	Consultant: Q1 - 4	Strategic Planning; Focus Quest; Program Development
Dennis Macray	Consultant: Q2	Program Development - Microcredit Analysis
Reynaldo Guerrero	Consultant: Q3 - 4	BEST SWOT Analysis; BEST Strategic Planning
Christi Benefield	Intern: Q2 - 3	Miscellaneous research and translation projects
Amber Lopez	Intern: Q2 - 3	Research on microcredit and community banking practitioners
Jonda Hammons	Intern: Q4	Administrative support
Loren Parks	Consultant: Q4	MG2 Mid-term Evaluation
Suzanne LaFetra	Volunteer Consultant: Q1 - 4	Resource Development
Lynne Twist	Volunteer Consultant: Q1 - 4	Resource Development; Katalysis Core Circle
David Pollock	Volunteer Consultant: Q1 - 4	Resource Development; Katalysis Core Circle
Jim Tischer	Volunteer Consultant: Q1 - 2	Resource Development; Herencia Verde
Richard Steckel	Volunteer Consultant: Q2	In-country Resource Development: Belize
Mahnaz Shakerin	Volunteer Consultant: Q2	Microcredit Research
Howard Shapiro	Volunteer Consultant Q3	Organic Seed Production
Dino Cortopassi	Volunteer Consultant: Q1	Organizational Repositioning: Focus
Michael Amato	Volunteer Consultant: Q2	Development Education; Website design and development
Wendy Graham	Volunteer Consultant: Q1 - 4	Development Education
Paul Knutsen	Temporary Staff: Q1&2	Administrative Support
Tobbie Wells	Volunteer Consultant: Q1 - 4	Financial Systems and Management
Don Seese	Volunteer Consultant: Q2 - 3	Focus Quest Business Plan
Rainbird Sprinkler Manufacturing Co.	Volunteer Consultant: Q3 - 4	HV Irrigation System; Design and Installation
Chris Miller	Volunteer Consultant: Q1 - 2	BEST Office Building; Design and Development

Katalysis Temporary Staff and Consultants, FY 96

NAME	POSITION/ DATES OF SERVICE	PURPOSE OF POSITION
KATALYSIS		
Kelly Shafsky	Consultant: Q1-3	Improve RFO staff English skills
John Oliver Cox	Consultant: Q2	Assist Katalysis/ Honduras and Partners in IDB/MIF precondition documentation
Daniel Callejas	Consultant: Q4	Elaborate 6 manuals for Herencia Verde: Production & Management of Natural Resources, Organic Ag, Small Animals; Environmental Education, Family Gardens, Food Processing.
Carlos Rodriguez	Consultant: Q1 - 4	Prepare Sustainability Plan for Herencia Verde.
Carlos Villatoro	ConsultantL Q4	Prepare diagnostic of 36 Communities included in Herencia Verde Project.
Geovany Romero	Consultant: Q3 - Q4	Translation documents from English to Spanish
Maria del Carmen Garcia Molina	Consultant: Q1	Input data from Herencia Verde Community Survey.
ODEF		
Luis Felipe Borjas	Consultant: Q2	Strengthen Administrative / Organizational Structure of Community Bank Program
MUDE		
David Gil Laroy	Consultant: Q2 - 4	Install Finance and accounting system
Manuel Cervantes y Asoc.	Consultants/Auditors: Q2 - 4	Evaluate financial reports / Internal Control for the period of 1-1-95 to 6-30-96
Pedro Rodriguez	Consultant: Q2 - 3	1. Diagnostic of credit service operation. 2. Prepare Credit Service Operation Manual. 3. Train Personnel in Strategic Planning.
Daniel Martinez	Consultant: Q2 - 4	Provide Technical Assistance to accountant in Finance, Accounting and Credit Management

**J. Katalysis MG Staff Travel Log,
FY 1996**

KATALYSIS NORTH/SOUTH DEVELOPMENT PARTNERSHIP

Travel Log
Fiscal Year 96

TRAVELER	DATES	DESTINATION	PURPOSE
Alvarez, Leonardo	10/22-11/3/95	Guatemala	CDRO project work: basic grains; organic ag; community health and nutrition; project profiles MUDE project work: organic gardens; project profiles
	11/27-12/1/95	Belize	BEST: AGTE; organic seed cultivation project; NARESMA proposal review; site visits
	2/12-24/96	Guatemala	US/AID Matching Grant-follow-up to both Partners - MUDE & CDRO
	5/21-6/6/96	Guatemala & Belize	MUDE: follow-up on AGTE activities & quarterly plan review CDRO: monitoring and evaluation for projects -- MGII, MAZON, MORIAH agro-forestry project BEST: review of NARESMA projects and field visits in Gales Point, Patchacan, Corozal, and August Pine Ridge
	8/19-9/6/96	Guatemala	MUDE: extensive work on program planning -- organizational framework and annual operating plan for the new year; field visits. CDRIL monitoring and evaluation for reforestation and workplans for new related activities; fund-raising analysis for th ag program; field visits
Beltran, Mario	1/15-29/96	Honduras and Belize	RFO: training and institutional strengthening ODEF: rev. of accounting needs - preliminary analysis BEST: follow-up finance/accounting systems training
	5/25-6/14/96	Guatemala and Honduras	CDRO & ODEF: installation and training on the fund accounting software system used by Katalysis and the RFO. RFO: review of the audit with Price Waterhouse; budget work for Herencia Verde; interviews of accountant candidates.
	9/17-29/96	Honduras and Guatemala	RFO: FASS training for new controller; created new funds in FASS for MIF and MIP; reviewed all balance sheet accounts; reviewed VIDA accounts receivable; prepared for Katalysis/Honduras audit. CDRO: follow-up FASS training with finance staff.

1996

Diener, Margaret	1/23-2/13/96	Honduras, Guatemala, Belize, El Salvador	RFO: AID planning, reporting work ODEF, CDRO, MUDE: introductory visits; preliminary survey of communications services and capabilities BEST: administrative assistance in personnel, planning and file management SAN SALVADOR: PROCOMES - preliminary Partner exploration
Donovan, Colleen	4/8-23/96	Honduras	RFO: Grants management work and refinement of management manual. HV: Partnership exchange documentation for <i>Field Notes</i> .
Faulhaber, Ingrid	10/9-27/95	Guatemala - Washington	MUDE: review FY96 plans - budget, counterpart funding; program outputs; technical assistance calendar; community banking issues CDRO: review FY96 plans - partnership exchange agenda; community banking data and site visits; soap factory inauguration; women's program issues SEEP conf.: participation in 7 training sessions Donor meetings with Mary Herbert (AID); Ernesto Mondelo (IDB/MIF); C. Stremlau of Banyan Tree; R. Pugh of FINCA
	11/28-12/1/95	New York - Washington	NY: SEEP planning grant meeting; WA: Donor meeting Rotary Project Fair and Conference
	1/26-29/96 2/17-25/96	San Jose, Costa Rica Guatemala	CDRO: review and monitoring of women's program restructuring, community banking system, and soap project, review of finance system, specific project funding and establishment of tentative work plan for finance technical assistance in Q3; project profile work for community banking project MUDE: monitored work of consultant in accounting and credit management systems; also, monitored work of consultant for strategic planning; updated community banking information
	4/22-26/96	Washington, D.C.	Washington: SEEP Workshop -- presented two workshop sessions on the microenterprise tool developed as part of the SEEP Planning Grant. Attendance at the workshop was provided by SEEP. Meetings with MIF and with the Peace Corp.
	5/27-31/96	Guatemala	MUDE: reviewed consultancies of Gil and Martinez, making observations and recommendations as appropriate; reviewed Rodriguez consultancy and progress in accounting; installed community banking report on EXCEL; reviewed status of credit portfolio management system; reviewed the functions of the Executive Director in order to make recommendations.

Faulhaber, Ingrid	6/22-30/96	Washington, D.C.	Washington: attended SEEP Conference -- "Building the Competitive Advantage of Micro- and Small Businesses -- Strategies for Success"; MIF and AID/MIP follow-up meetings
Hildebrand, Gerald	2/23-3/1/96	Guatemala	Meeting with Ingrid Faulhaber - RFO business; Partner Director's board meeting; board trainings at both MUDE and CDRO
	5/14-18/96	Washington, D.C.	Attended PACT Board of Directors meeting. Met with representatives at IDB (MIF), USAID -- SDS and MIP projects.
	9/18-27/96	Honduras	Partner Directors meeting: Focus Quest; BEST resolution; new partner discussion; RFO/staff transition; recruitment interviews in region
Von Gontard, Jutta	11/1-11/17/95	Guatemala-and Honduras	Training in project development and other resource development-related issues; Katalysis board meeting
	5/5-17/96	Honduras and Guatemala	Honduras: worked with NRM and HV technician to develop sustainability strategy for HV Center. Development education site visits with representatives from FICAH and Mitsubishi International. Guatemala: Development education site visit by Mitsubishi International representative to MUDE community banks.

K. Long-Range Plans

- 1. BEST -- Cover and Table of Contents**
- 2. ODEF -- Cover and Table of Contents**

**Belize Enterprise for Sustainable
Technology**

(B.E.S.T)

Strategic Plan

1997-2002

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7.0 Contingency Plans

Organización de Desarrollo Empresarial Femenino (ODEF)

Organization for Women's Enterprise Development

**CREDIT PROGRAM
STRATEGIC BUSINESS PLAN:
1996 - 2000**

(Translated from Spanish)

Compiled by:

Miguel Navarro, Deputy Director of ODEF

With Technical Assistance from:

Ingrid Faulhaber, Katalysis Regional Field Director

Funded by:

**A Planning Grant from the
Small Enterprise Education and Promotion (SEEP) Network**

SAN PEDRO SULA, HONDURAS

JANUARY 1996

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ODEF Credit Program Strategic Business Plan

C O N T E N T

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- L. Partnership Management Documents**
 - 1. Katalysis Board of Directors,
Annual Meeting Agenda**
 - 2. Katalysis Policies and Procedures
Statement**
 - 3. Partner Institutional Standards**
 - 4. Partner Selection Criteria**
 - 5. New Partner Selection Process,
FY96 - FY97**

Katalysis North/South Development Partnership

Board Meeting Agenda
San Pedro Sula, Honduras
November 14 - 15, 1995

Day 1 ~ Meeting Site: Herencia Verde Training
and Learning Center (or ODEF Conference Room)
9 to 12:30 and 2 to 5

- I. Welcome: Ingrid and Santa (30 mins)**
Herencia Verde Profile
Introduction of Guests
- II. Approval of the Minutes of September 1994 (5 mins)**
- III. Approval of the Agenda (5 mins)**
- IV. Mission Statement: Dave Brown (20 mins)**
- V. Partnership Report: Accomplishments and Challenges**
Katalysis/USA: Jerry (15 mins)
Katalysis/Honduras: Ingrid (15 mins)
- VI. Board Issues: Dave (30 mins)**
Board Resource Manual
Board Terms
Executive Committee Report
Annual Meeting Proposal
- VII. Partnership Report: Accomplishments and Challenges**
ODEF: Santa (15 mins)
- VIII. Finance Report: Jerry (30 mins)**
Fiscal Year 1995 Final Report
Fiscal Year 1996 Budget --for Board approval

IX. Partnership Report: Accomplishments and Challenges

BEST: Bridget (15 mins)

X. Fundraising Update: Bob (20 mins)

Major Donor Report

FY 1996 Fundraising Strategy

XI. Partnership Report: Accomplishments and Challenges

MUDE: Catarina (15 mins)

CDRO: Gregorio (15 mins)

XII. Long Range Planning: Bob, Dave, Jerry

Katalysis Focus and Sustainability

Marketing Strategy

**DAY 2 ~ Meeting Site: Regional Field Office
8:30 to 12:30**

XIII. MIF -- details of proposed three year plan: Ingrid (1 1/2 hours)

XIV. Program Focus/Marketing Strategy discussion

(1 1/2 hours)

MATERIALS PROVIDED TO BOARD MEMBERS: Board members are asked to bring the Board Portfolio, as well as the Meeting Packet to Honduras. These materials will be used during the meetings.

- Board Portfolio, distributed 10/1
- Meeting Packet, mailed 11/2
- Manual, mailed 11/2

KATALYSIS POLICIES AND PROCEDURES

1. KATALYSIS TA AND TRAINING TO PARTNER:
 - a. AGREED UPON DATES WITH PARTNER AND KAT
 - b. MUTUAL CONSENT TO TERMS OF REFERENCE AND ITINERARY
 - c. PARTNER PAYS LODGING/MEALS FOR KAT TECHNICIAN
 - d. KAT EXIT INTERVIEW WITH PARTNER EXECUTIVE DIRECTOR
 - e. WRITTEN REPORT OF FINDINGS/OBSERVATIONS TO PARTNER
 - f. PARTNER EVALUATION OF CONSULTANCY (FORMAT)

2. KATALYSIS-PARTNER FINANCIAL TRANSACTIONS:
 - a. PARTNER CONSENTS TO AND INVESTS IN DEVELOPING EACH PROPOSAL CIRCULATED BY KAT FOR FUNDING
 - b. GRANT AGREEMENTS (SIGNED BY KAT AND PARTNER) GOVERN EACH TRANSACTION. KEY AGREEMENT COMPONENTS:
 - FINAL BUDGET BASED ON ACTUAL GRANT AWARD
 - ROLES AND RESPONSIBILITIES OF KAT AND PARTNER CLEARLY DEFINED
 - IMPLEMENTATION WORK PLAN IN PLACE BEFORE DISBURSEMENT OF FUNDS
 - DISBURSEMENT SCHEDULE RELATIVE TO OUTPUTS
 - REPORTING REQUIREMENTS SPECIFIED
 - EXPECTED OUTPUTS ITEMIZED
 - COMMITMENT TO COMPLIANCE
 - c. KATALYSIS IS RESPONSIBLE FOR PROGRAM AND FINANCIAL MONITORING OF ALL FUNDS ACQUIRED UNDER KATALYSIS AUSPICES; KAT TECHNICAL PERSONNEL WILL CONDUCT PERIODIC ON-SITE ASSESSMENTS (PROGRAMMATIC/FINANCIAL) OF KAT-FUNDED PROJECTS. KATALYSIS HAS A LEGAL OBLIGATION TO INSURE GRANT COMPLIANCE.
 - d. KATALYSIS WILL CONDUCT PRE-ANNOUNCED SPOT AUDITS OF PROJECTS FUNDED THROUGH KATALYSIS.

3. KATALYSIS IS COMMITTED TO WORKING WITH THE PARTNERS ON IMPLEMENTING MUTUALLY AGREED UPON INSTITUTIONAL STANDARDS (SEE ATTACHED RECOMMENDATIONS FOR AMENDMENT TO MOU). BASIC PRACTICES THAT ARE ESSENTIAL TO INSTITUTIONAL INTEGRITY:
 - a. ANNUAL BUDGET
 - b. FUNCTIONAL FUND ACCOUNTING SYSTEM
 - c. MONTHLY/QUARTERLY FINANCIAL REPORTS
 - d. ANNUAL INSTITUTION-WIDE AUDIT
 - e. COMPLIANCE WITH CONTRACTUAL AGREEMENTS
 - f. PROGRAMMATIC AND FINANCIAL TRANSPARENCY

4. ANNUAL INTERNAL REVIEW AND ASSESSMENT OF THE PARTNERSHIP:
 - a. SWOT ANALYSIS OF THE PARTNERSHIP BY ALL PARTNERS; EXAMINATION OF MOU, PRINCIPLES, MECHANISMS, SERVICES, MANAGEMENT, FOCUS, SUSTAINABILITY
 - b. PARTNERS INSTITUTIONAL EVALUATION OF KATALYSIS
 - c. KATALYSIS INSTITUTIONAL EVALUATION OF PARTNERS

PARTNER INSTITUTIONAL STANDARDS

GOVERNANCE

1. INDEPENDENT, VOLUNTEER BOARD OF DIRECTORS:
 - a. ROLES AND RESPONSIBILITIES CLEARLY DEFINED
 - b. BY-LAWS
 - c. REGULAR BOARD MEETINGS
2. INDEPENDENT INCORPORATION IN COUNTRY OF ORIGIN

FINANCES

1. MONTHLY/QUARTERLY FINANCIAL REPORTS; REGULAR REVIEW BY MANAGEMENT TEAM AND BOARD
2. ANNUAL AUDIT (ALL FUNDS); REVIEWED BY BOARD
3. FUND ACCOUNTING SYSTEM
4. ANNUAL BUDGET (APPROVED BY BOARD)
5. PERCENT OF BUDGET FOR ADMIN AND FUNDRAISING BELOW 25%
6. CONTRIBUTIONS SHOULD BE USED FOR THE INTENDED PURPOSE REQUESTED
7. PROCUREMENT POLICY
8. SYSTEM OF INTERNAL CONTROLS
9. COMMITMENT TO INSTITUTIONAL SUSTAINABILITY

MANAGEMENT PRACTICES

1. MISSION STATEMENT
2. PERSONNEL POLICY
3. JOB DESCRIPTIONS

4. ANNUAL PERFORMANCE REVIEWS: BOARD, STAFF, EXECUTIVE
5. ANNUAL REPORT
6. STRATEGIC PLANNING PROCESS
7. CLEAR CONTRACTUAL POLICIES AND PROCEDURES
8. COMPLIANCE WITH ALL CONTRACTUAL AGREEMENTS
9. STAFF AND BOARD SHOULD AVOID ACTUAL AND PERCEIVED CONFLICTS OF INTEREST

PROGRAM

1. PROGRAM FOCUS SHOULD CORRESPOND DIRECTLY TO THE ORGANIZATION'S CAPABILITY TO PROVIDE SUPPORTIVE TECHNICAL SERVICES
2. BENEFICIARIES SHOULD BE INVOLVED IN THE DESIGN AND DEVELOPMENT OF PROGRAM SERVICES
3. DELIVERY OF SERVICES SHOULD BE COST-EFFECTIVE
4. PROGRAMS/PROJECTS SHOULD BE EVALUATED PERIODICALLY WITH PARTICIPANT INVOLVEMENT

NEW PARTNER CRITERIA CATEGORIES¹

August 1996

I. Institutional

- Acceptance of Partner Standards (includes external audits, etc.)
- NGO (vs. Association or Federation)
- Commitment to Sustainability
- Organizational Development Stage II (Sustainability Stage)
- Level of Organization: More advanced than MUDE less advanced than ODEF; ODEF remains the lead Partner for Community Banking/Micro-Credit
- Politically Neutral
- Interest in Partnership Relationship
- Presence of Katalysis will make a difference
- Absorptive Capacity: Ability to Utilize Current (MIF Reallocation) and Future Funding (MIP, Rotary, Other)
- Growth Potential

II. Programmatic

- Focus on Community Banking/Micro-Credit (can have other programs)
- Open to Partnership CB model
- Commitment to integrated CB model (training/TA component)
- Loan limits range: similar to ODEF
- Presence of Katalysis will make a difference

III. Financial

- Current Financial Statement
- Annual Budget between \$250,000 to \$500,000 (MUDE's is \$130,000)
- External Audit (see Partner Standards)
- Financial Accounting System

IV. Clientele

- Focus on Women
- Community Banking and Individual (question re: CBEs)
-

V. Geographic Location

- Central America, except for Belize, Costa Rica, and Panama
- Easy Access to Main Airport

¹ Based on full staff session on 12 August 1996

NEW PARTNER SELECTION: FY 1997

1. CRITERIA:

- DOCUMENT ATTACHED
- APPROVED BY PARTNERS, EXECUTIVE COMMITTEE, KAT/USA STAFF

2. TARGET COUNTRIES:

- HONDURAS (PARTNER #2)
- EL SALVADOR (NEW COUNTRY)

3. FUNDING:

- \$ 10,000 AID/SDS (EXPLORATION); COMMITTED FY 97
- \$210,000 MIF (PROGRAM IMPLEMENTATION/NON CREDIT); COMMITTED FYs 97-98-99
- \$ _____ MIP (CREDIT, TA, TRAINING); TO BE PREPARED FY 97 FOR IMPLEMENTATION FY 98

4. PROCESS:

- JUNE 96: MEETING WITH SHARE/SF RE: SALVADORAN PARTNER; OTHER SALVADORAN CONTACTS
- JULY 96: EL SALVADOR EXPLORATION CONSULTANCY (RAE BLUMBERG)
- AUG 96: AID/EL SALVADOR REPORT ON SALVADORAN MICROCREDIT NGOs
- SEPT 96: INITIATION OF HONDURAN PARTNER SEARCH (RFO AND ODEF)
- OCT 96: CONTACT WITH FREEDOM FROM HUNGER ON HONDURAN PARTNER
- NOV 96: PROFILES OF PROSPECTIVE HONDURAN AND SALVADORAN PARTNERS (BOARD ACTION)
- DEC 96: PRESENTATION OF PROFILES TO MIF FOR INCLUSION IN FY 97 KAT GRANT AGREEMENT