

PD-ABW-492
7222

MIDTERM EVALUATION
USAID MATCHING GRANT TO THE
KATALYSIS FOUNDATION

(USAID Cooperative Agreement FAO-0158-A-00-3043-00)

by

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Prepared for the

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September 16, 1996

LIST OF ACRONYMS

AGTE	Agricultural Training and Extension
BEST	Belize Enterprise for Sustainable Development
CDRO	Asociacion Cooperacion Para el Desarrollo Rural de Occidente
DIP	Detailed Implementation Plan for MG2
KAT	Katalysis
MG1	USAID Matching Grant 1
MG2	USAID Matching Grant 2
MIS	Management Information Systems
MUDE	Asociacion de Mujeres en Desarrollo
ODEF	Organizacion de Desarrollo Empresarial Femenino
PEBD	Business Development and Promotion
PDAS	Program Development and Support
USAID	United States Agency for International Development
VIDA	Fundacion Hondurena de Ambiente y Desarrollo VIDA

EXECUTIVE SUMMARY

In Fiscal Year 1994 the Katalysis North/South Development Partnership received a five-year \$1.75 million matching grant (MG2) from USAID to strengthen the institutional capabilities and field work of Katalysis and its Partner organizations. This report is a mid-project evaluation designed to check progress and suggest mid-course corrections as necessary.

The Katalysis Partners and countries are:

- Belize Enterprise for Sustainable Development (**BEST**): Belize
- Organizacion de Desarrollo Empresarial Feminino (**ODEF**): Honduras
- Asociacion Cooperacion Para el Desarrollo Rural de Occidente (**CDRO**): Guatemala
- Asociacion de Mujeres en Desarrollo (**MUDE**): Guatemala

The program components of MG2 are:

- **Program Development and Support (PDAS)** consists of eight programs dealing with institutional strengthening of both Katalysis and its Partners, and accounts for 70% of the total project budget. Katalysis is responsible for implementation.
- **Agricultural Training and Extension (AGTE)** includes sustainable agriculture, kitchen gardens, energy-efficient cooking devices, reforestation and other programs accounting for 13% of the project budget. The Partners are responsible for implementation.
- **Business Development and Promotion (PEBD)** includes community banking, individual microenterprise credit, and training related to small business. This component accounts for 17% of the project budget, and the Partners are responsible for implementation.

Evaluation of BEST--the Belizean Partner--is handled separately from the other Partners in this report because of a unique situation. Prior to this evaluation Katalysis was concerned about performance by BEST, plus the increasing difficulty of securing funding for work in Belize. With respect to performance, BEST has suffered from inadequate managerial and accounting controls, low extensionist productivity, inappropriate client selection, and low client interest in the kinds of development models that Katalysis and MG2 promote. The ability of BEST to reform itself is questionable. Regarding work in Belize, the situation faced by Katalysis is limited financial resources, high cost of operation, inappropriateness of the kind of technical assistance that Katalysis wants to provide, and the greater relative need for development assistance in other countries. As a consequence of these conditions it is recommended that

Katalysis terminate BEST's involvement in MG2 as well as the Partnership. The balance of unspent MG2 funds should be reallocated to the remaining three Partners--principally for community bank credit. The remainder of this summary excludes mention of BEST assuming that the recommendation will be followed.

Katalysis has successfully achieved most of the original objectives for strengthening institutions, but with some deletions, additions and modifications as deemed necessary by unforeseen or changing conditions. Katalysis has strengthened its own institutional capability by diversifying the funding base, developing a long-range strategic plan, increasing Board participation, and generating a series of documents and studies which define concepts and provide direction for the Katalysis Partnership. Unplanned accomplishments include formation of the Partner Directors' Board--a forum for the Directors of the five organizations--and the establishment of a Katalysis Regional Field Office in San Pedro Sula, Honduras. Establishment of the Regional Field Office, which is a registered Honduran nonprofit organization--absorbed an unexpectedly great amount of time, effort and money. The objectives of its establishment were to provide better service to the Partners, reduce the expense and stress of travel from California to Central America, and qualify for grants which are available only to foreign-registered organizations. Initial difficulties in filling some key staff positions and establishing operating procedures preclude fair judgment of success in achieving the objectives at the present time.

Katalysis has successfully strengthened the Partner organizations by providing strong technical assistance in fundraising, accounting systems, long-range planning and new development activities. Once MG2 got underway Katalysis discovered that the Partners were not as prepared as had been assumed to implement some of the programs, which required a great deal more technical assistance than anticipated. Katalysis also discovered that two original objectives are unworkable; development of participatory management systems is culturally inappropriate, and development of a partnership-wide data base and management information system is unnecessary and intractable.

A notable achievement has been Katalysis' support of ODEF in establishing the Herencia Verde Agricultural Training Center in Honduras. As co-director Katalysis participated in everything from fund-raising to curriculum design. The situation is paradoxical now that Katalysis has decided to focus its development effort on microenterprise development and phase-out from agriculture. During the phase-out period Katalysis will help ODEF design and implement a plan for financial sustainability of Herencia Verde.

The three Partners in Honduras and Guatemala have done a good job of implementing programs in agriculture and business development. Their selection of clients has been appropriate, the clients I visited are generally enthusiastic about the programs, the level of technical assistance is appropriate,

the extensionists have good rapport with their clients, and extensionist productivity has been very good. The Partners have met or exceeded all of their programmed goals through the third fiscal year of MG2. Some difficulties and limitations to program implementation have been observed, however, which are listed below.

- Katalysis is understaffed in both California and Honduras, resulting in high stress and some crisis management. It is urgent that the remaining positions in Honduras be filled.
- MG2 includes too much program diversity resulting in managerial difficulty, fragmentation of funds and underfunding of some programs. Katalysis should eliminate or consolidate some small programs for the balance of MG2.
- A program in organic agriculture was dependent upon an organization named Seeds of Change, which failed to deliver promised support. The program gradually died.
- Baseline measures of client status were not obtained at the outset of the project, hindering reliable estimates of project impact. It is recommended that Katalysis contract expertise to train the Partners in project evaluation and impact analysis.
- ODEF. Significant personnel turnover among extensionists has adversely affected the continuity of work and diluted the effectiveness of personnel training programs. Temporary suspension of funding for Herencia Verde by another organization seriously disrupted agriculture programs in 1996, forcing layoff of extensionists and discontinuation of work in some villages.
- CDRO. Personnel are seriously deficient in technical training and spread thin among many rural work sites. Some programs suffer in quality for lack of resources.

In spite of the difficulties and constraints, Katalysis and its Partners have achieved more than ever envisioned in MG2. They have demonstrated remarkable ability to adjust to changing conditions and resolve problems while maintaining their focus on providing much-needed development services to the rural poor of Central America. The observations and recommendations herein will serve as a guide to improving not only the remaining two years of this project, but also improvement of the organizations in perpetuity.

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INTRODUCTION

Overview of the USAID Matching Grant

In 1990, Katalysis North/South Development Partnership received a three-year, \$600,000 matching grant (MG1) from USAID enabling Katalysis Partners in three countries to formulate and implement their first sustainability strategies. In 1992 two new Guatemalan agencies joined the Partnership, bringing the total to four:

- Belize Enterprise for Sustainable Development (**BEST**): Belize
- Organizacion de Desarrollo Empresarial Femenino (**ODEF**): Honduras
- Asociacion Cooperacion Para el Desarrollo Rural de Occidente (**CDRO**): Guatemala
- Asociacion de Mujeres en Desarrollo (**MUDE**): Guatemala

In 1993 the Katalysis Partnership received a five-year \$1.75 million matching grant (MG2) from USAID to strengthen the institutional capabilities and field impact of Katalysis and its Partner organizations. The grant provides resources for institutional strengthening plus direct field services in natural resource management, sustainable agriculture, micro-enterprise development and women's community banking. The program components of MG2 are:

Program Development and Support (PDAS). The purpose of this component is to provide services to strengthen Katalysis and its Partners. Subcomponents include (1) development of long-range plans, (2) implementation of management information systems, (3) strengthening fund-raising techniques and strategies, (4) participatory management and administrative systems, (5) monitoring evaluation and impact analysis, (6) Partnership exchange, (7) Partnership training, and (8) documentation.

Agricultural Training and Extension (AGTE). Subcomponents include (1) training and technical assistance in conservation agriculture and environmentally sustainable practices, (2) appropriate technologies, (3) the Economics Bridging Fund, and (4) a category of activities named "Partner initiatives."

Business Development and Promotion (PEBD). Subcomponents include (1) community banking, (2) credit to individuals, and (3) training and technical assistance in credit, small business management, and community banking.

Objectives of the Midterm Evaluation

The objectives of the midterm evaluation are to:

- Review the logical framework: assumptions, objectives and outputs, and add or revise as appropriate given current conditions and the experience of the first half of the grant;
- Check implementation progress;
- Assess program assumptions;
- Make mid-course corrections.

Since USAID is withdrawing from Belize, and since Katalysis has experienced difficulty with its Partner BEST, this evaluation includes a critical examination of the performance of BEST and the feasibility of continuing to work in Belize. Because of the unusual situation, BEST is discussed in a separate chapter. To understand some of the comments and recommendations regarding changes in project goals for the last two years of the project, it is important to state at the outset that immediate termination of the Partnership with BEST is recommended and assumed. Nearly \$50,000 in project funds allocated to BEST in FY97 and 98 would be re-allocated to the remaining three Partners.

Although my mandate is to evaluate MG2, I have made some editorial comments about the general direction and content of Katalysis programs, the nature of Partners' programs, and other issues which might prove useful in defining future policy. Editorial comments appear in Appendix E.

Limitations of the Evaluation

The principal limitation of this evaluation is that all of the quantities of MG2 outputs claimed by each Partner could not be personally verified. For example, it was impossible to visit every community bank, count all the beneficiaries, or verify how much money has been loaned and repaid. Consequently, only a spot check was made to verify outputs.

PROGRAM DEVELOPMENT AND STRENGTHENING (PDAS)

Introduction

The MG2 budget allocates a majority of funds (70%) to institutional strengthening of both itself and the Partners, and a minority of funds (30%) to the Partners for implementation of programs in agriculture/natural resources and microenterprise development. The significance of this allocation is that a major effort by Katalysis is mandated by USAID in institutional strengthening--a long-term investment which is expected to generate positive returns for a much longer period of time than the five-year project life.

Some of the institutional strengthening programs and activities described herein are focused on Katalysis, some on the Partners, and some on both. Due to the conceptual difficulty of separating who benefits from what, all programs and activities funded under PDAS are combined.

The analytical approach is to critique first the original promises and performance, then the new promises and performance that arose in the course of implementing MG2. These critiques are followed by discussion of some issues which do not logically belong in the previous categories. The chapter concludes with a summary of revisions to the Detailed Implementation Plan.

Original Promises and Performance

The original promises made to strengthen both Katalysis and the Partners are in **bold typeface**, in the original order in which they appeared in the Detailed Implementation Plan, followed by discussion of performance. A summary of recommended changes in the MG2 Detailed Implementation Plan (DIP) completes the chapter on PDAS, with the full text of the Revised DIP appearing in Appendix F.

1. **Katalysis and each Partner will develop and implement a five-year strategic plan.** This activity is moving along well. BEST is delayed but plan development is underway. ODEF completed its plan ahead of schedule, and MUDE and CDRO will complete their plans in FY97. Katalysis/USA completed its plan as scheduled. In the Revised DIP Katalysis reworded one activity labeled "Partnership-wide Training Activity" to "Partnership Diagnostic" to more accurately reflect what was done. In view of the new methodological emphasis by USAID, it is recommended that Katalysis and its Partners update the five-year plans by the end of MG2 and rework them into business plan format.

2. **Katalysis and each Partner will implement a management information system and a Partnership-wide database.** Except for financial accounting systems, none of the seven specific sub-activities included in this activity were attempted. The reasons are that (1) accounting proved to be the weakest link and the greatest need by all of the Partners, and implementation of new systems absorbed a great deal of Katalysis time and effort; (2) a Partnership-wide data base is intractable, unnecessary and expensive; and (3) the Partners are not interested. The Revised DIP reflects installation of improved accounting systems for all Partners in FY96.
3. **Katalysis will help the Partners improve their capabilities in fundraising, proposal writing, and grant management.** The promised assistance has been provided on schedule, and the quality of the assistance has been excellent according to the participants. The Revised DIP includes a new element--diversification of the Katalysis Partnership funding base--to reflect this unplanned achievement by Katalysis.
4. **Katalysis and the Partners will design and implement participatory management and administrative systems.** This activity has not been attempted because of cultural inappropriateness. It is eliminated from the Revised DIP.
5. **Katalysis and its Partners will develop and implement mechanisms to monitor, evaluate and estimate the impacts of their programs.** Monitoring and evaluation have been partially implemented, but results are inconclusive except for routine reporting in MG2 Quarterly Reports. Nothing has been done with respect to estimation of impacts. This entire program is delayed for lack of Katalysis resources in both time and expertise. A complete overhaul of this program component, as expressed in the Revised DIP, includes (1) a change in wording to reflect that Katalysis will train the Partners to perform these tasks--not to do it for them; (2) combining microenterprise topics with the community banking segment; and (3) completion of all training activities in FY97. It is also recommended that Katalysis contract the technical expertise it cannot provide from its own staff.
6. **Katalysis will facilitate exchanges among Partners as a means of technology transfer and training.** The exchanges already completed have been excellent according to the Partners. Due to the cost, the target number of exchanges during the last two years of MG2 has been reduced from three to two events per year per Partner organization.
7. **Katalysis will convene annual Partnership training workshops to discuss issues and improve Partner capability.** This activity has been carried out as promised, with good Partner receptivity. Katalysis has reworded the Revised DIP to reflect the nature of the training workshops that

have already been completed, and has scheduled one workshop in Board Development for each of the remaining two years of MG2.

8. **Katalysis will produce five specific documents and two evaluations during the course of the matching grant.** Katalysis produced some documents which were unplanned but nevertheless useful, renamed some, and abandoned some. I believe that there is nothing wrong with this process of search and definition as conditions change. Katalysis has specified ten documents in the Revised DIP, two of which remain to be completed: (a) the NGO Financial Management and Administration Manual, and (b) the Final MG2 evaluation. Explanation of some of the changes follows, and a summary appears below in the Revised DIP.

A planned document titled "The Southern Perspective on Partnership" was abandoned after completion of a draft because Katalysis and the Partners perceived that continuing evolution of the organization would render any document obsolete before completion of MG2. Katalysis requested additional funds from USAID to support a greater effort than originally envisioned, but the request was denied for lack of funds.

Documents which were completed but originally unplanned include (a) Artisan Program Diagnostic, (b) Perfecting the Alliance, (c) the Katalysis Partnership Video, and (d) the Katalysis Focus Quest. The last item is described subsequently.

New Promises and Performance

Katalysis claims four achievements which were not included in the MG2 proposal. These items are also described in the Revised DIP (Appendix F).

1. **Katalysis established a regional field office in Honduras.** As MG2 got underway Katalysis management decided that the difficulty, cost and personal stress of communicating and traveling to Central America from California was excessive. Katalysis was also concerned about the response time within which management could deal with Partner issues on-site. Consequently, Katalysis decided to set up a Regional Field Office in San Pedro Sula, Honduras, and register as a Honduran non-profit organization. The process was more difficult and costly than expected. Additionally, two key employee selections proved unworkable. It is not possible to quantify how much these events affected management of MG2, but they were costly because of the time and effort required to resolve them.

All of the expected benefits from setting up the Regional Field Office have not yet been realized. For example, there is some saving in air fare when

Katalysis staff travels from San Pedro Sula to Guatemala and Belize relative to travel from California, but once the traveler is in-country the subsistence costs are no different. Wages are typically lower for Central Americans than North Americans, but the number of employees needed in a Central American office is greater. There is no doubt that the level of Katalysis service to ODEF is greater with the Regional Field Office because of proximity, but the Partners in Guatemala and Belize perceive no difference. In fact, they think they received better support before establishment of the Regional Field Office. The obvious reason is that Katalysis/Honduras could not fill the planned staff positions. Finally, Katalysis changed its initial strategy from simply setting up a regional office to forming an autonomous Honduran non-profit organization with the expectation of improving the prospects for financial sustainability. Formation of a legal entity in Honduras was more costly and time-consuming than setting up a branch of Katalysis/USA.

2. **Katalysis assisted establishment of the Herencia Verde (Green Legacy) Agricultural Learning and Training Center in Honduras.** Katalysis is co-director of the new center for the teaching of environmentally sound farming techniques and natural resource conservation. Katalysis participated in everything from fund-raising to curriculum design. The Center is a valuable training site which will be of great use to ODEF. While the project is admirable in all respects, Katalysis' statement of commitment to agriculture and natural resources is paradoxical now that those topics would be discontinued under the new Katalysis focus on community banking and microenterprise development. Nevertheless, Katalysis will continue to meet obligations associated with the Center during a phase-out over two or three years. Accompanying the phase-out will be implementation of a strategy for long-term financial sustainability of the Center.
3. **Katalysis established the Partner Directors' Board to govern the activities and operation of the Partnership.** The Partner Director's Board consists of one representative from each Partner for a total of five (including Katalysis as one). Each member has one vote, and the Board meets twice annually. The Board provides an open forum for a wide range of Partnership-related issues; it is an opportunity to conduct peer consultation at the Executive Director level. Topics have included
 - Staff-Board issues
 - Technical assistance and training needs
 - Leadership transitions
 - Crisis management
 - Growth
 - Partner termination and selection
 - Development of Katalysis/Honduras

- Joint development of funding proposals
- Mutual accountability and standards of performance

4. **Katalysis will add one new organization to the Partnership by the close of MG2.** The objective is to expand the Partnership either within Guatemala or Honduras, or in another country. A principal criterion for selection is that the new Partner be able and willing to implement the kinds of programs that Katalysis wants to support. I believe that expansion is a necessary step in the evolution of Katalysis, although it is not necessary for completion of MG2.

Other Issues

Since the inception of MG1 Katalysis has continued to search for the optimum organization and management structure to handle program implementation, deal with personnel issues, and meet unforeseen Partner needs. Fortunately, MG2 has helped provide funding to accomplish these objectives. Selected important achievements and issues are discussed herein.

The Evolution of Partnership

The evolution of Partnership has continued since the inception of Katalysis. Partnership began as a basic institutional relationship (a way of doing business) and evolved into a formal, structured program complete with a memorandum of understanding, principles, mechanisms, practices, and governing body. Katalysis' role has been defined as one of support and strengthening of local NGOs as the lead agencies to promote social and economic growth within their respective countries. The cornerstone of the Katalysis Partnership is that there is equitable sharing of power, authority, responsibility, and accountability among Partners.

Katalysis has generated an impressive list of achievements and unique approaches to development which have attracted the attention of the international development community. Among the many specific areas that Katalysis believes have been most successful are the following:

- Agreement on values and goals
- Open and candid communication
- Participatory decision-making
- Free and open exchange of information, expertise and experience
- Shared governance
- Assistance in Partner leadership transitions
- Partnership training
- Joint selection of new Partners

- Joint proposal preparation
- Promotion of South/South exchange

Areas in which Katalysis has encountered the greatest difficulty are

- Financial transparency (full disclosure)
- Mutual accountability
- Establishment of the Katalysis Regional Field Office in Honduras
- Development of joint ventures

With the objective of strengthening Partnership and mitigating problem areas, Katalysis plans a series of activities such as an annual analysis and review, generation of position papers, and strategic planning workshops.

In general, I am very favorably impressed with the effort and achievements by Katalysis in strengthening the Partnership concept, and commend Katalysis for what has been done. Having served on the Board of Directors at the inception of Katalysis ten years ago, I can personally attest to how far the concept of Partnership has come. What started as a vague concept is now operational. Notwithstanding ongoing difficulties, the pioneering work implemented by Katalysis is laudatory.

Katalysis Management

Under MG2 Katalysis has taken some positive steps to improve management structure and the decision-making process. These include:

- Expansion of the Katalysis/USA Board by two persons
- Expansion of the Executive Committee by three persons
- Establishment of the Management Team, which includes the President, Director of Finance, Director of Resource Development, Administrative Manager, and the Regional Field Director.
- Strengthening participatory management by (a) establishing the Partner Directors Board and (b) establishing the Katalysis/Honduras Board of Directors.

These steps have reportedly facilitated decision-making and Partner participation in a very positive way.

The "Focus Quest"

One of the unplanned documents produced by Katalysis is the "Focus Quest," which merits special mention because it serves as a guide to the future

of what Katalysis wants to do and how to do it. Partly as a consequence of MG2 experience, Katalysis has decided to limit the focus of its technical expertise on community banking and microenterprise development. The decisions taken will not affect the remaining two years of MG2 because those obligations must be met, but the technical focus of Katalysis after MG2 will be different than it is now.

Partner Readiness

The MG2 proposal was prepared under the assumptions that the Partners were technically ready to implement programs with which they already had some experience, and that they could quickly learn about and acquire staff for programs with which they were inexperienced. The assumptions turned out to be erroneous. Katalysis invested far more time and effort in Partner technical training and program setup than anticipated, which drained resources from the institutional strengthening component. Prior to MG2, for example, MUDE had no agriculture experience, CDRO had no community banking experience, and ODEF had no sustainable agriculture program. New staff had to be hired and/or trained, and implementation had to be planned and administered. These activities were costly and time-consuming. Apart from program technical expertise, all of the Partners were seriously deficient in financial management and record-keeping. Katalysis has made a major effort to modernize and improve the Partners' accounting systems.

Personnel

The institutional strengthening effort depends upon the ability of Katalysis and its Partners to hire and retain qualified personnel. In some cases this has been a challenge and a problem. Because of the importance of the issue, a brief review of the situation in each organization is presented.

Katalysis. The principal difficulty at Katalysis/USA has been a staff of five stretched "thin" by technical and administrative demands. For example, President Gerald Hildebrand seems omnipresent with participation on eight different boards and teams, serving as chief liaison with major institutional donors, and active in some NGO networking. Both administrative and clerical backup need strengthening. The small staff has not had time to provide all the technical support implied in MG2. The Regional Field Office was supposed to mitigate the pressure on headquarters staff, but that has not materialized because of incomplete staffing.

Since a Regional Field Office was not planned for MG2, some positions were not budgeted and intended funding did not materialize in a timely fashion. In addition, problems with two new hires seriously disrupted the new regional

office in terms of cost and stress. The requirement for bilingual Spanish/English-speaking technical personnel significantly reduces the pool of applicants, and Katalysis did not expect to pay the wages that bilingual, technically qualified people command in the Central American market. Even positions which do not require English have been problematic; low skill levels and high turnover are chronic problems in Honduras. At the time of my visit Katalysis was losing two good employees because of career changes and dismissing two more because of unsuitability. A crucial position in microenterprise development has gone unfilled for inability to recruit a qualified person at the wage that Katalysis can pay. Finally, the Regional Director decided not to renew her contract for the remainder of MG2, and a search is underway for a replacement. One of her observations about the position, which is supported by all of the Directors of Partner organizations, is an overload of work caused in part by unfilled positions. One positive action taken by the Regional Field Office has been to hire local consultants for specialized tasks, which takes care of short-term and well-defined issues without incurring permanent staffing obligations.

ODEF. This Honduran organization (69 employees) is characterized by stable and competent top management, somewhat weaker middle management, and a cadre of extensionists who have mixed competency levels and a high turnover rate. The ODEF method is to hire young, inexperienced but educated people and train them. About three-fourths of new hires make it through the two-month probationary period. Once these extensionists gain training and experience, however, ODEF wages are insufficient to keep many from taking higher paying jobs in an environment where a difference of \$50 per month is significant. Whereas Katalysis/Honduras regards the high rate of turnover as a serious impediment to institutional strengthening, ODEF management seems fatalistic and accepting of the situation as normal for Honduras and the type of work.

CDRO. The principal personnel problem in this large organization (146 employees) in the Guatemala highlands is lack of technical qualifications--not turnover. The requirements that virtually everyone speak the Quiche language and come from the Association villages substantially limits the pool of qualified applicants because indigenous people have had very limited educational opportunities. Employees in agriculture, microenterprise development and accounting, are in great need of better technical education. CDRO management is aware of the problem, and is eager for more training.

MUDE. With only seven employees MUDE is like a family. In July MUDE employed one person who was about to be replaced because of inadequate performance, but apart from this instance neither personnel turnover nor technical qualification is a significant issue.

Summary of Recommended Revisions to the DIP

Recommended revisions to the original Detailed Implementation Plan are summarized below. Details appear in the Revised DIP (Appendix F).

<u>Original Activity Statement</u>	<u>Recommended Revision</u>
1. Development of long-range plans	Update KAT and Partner plans by end of project and re-write in business plan format consistent with USAID focus.
2. Develop Management Information Systems/Partnership-wide Project Monitoring Database	Eliminate MIS and data base concepts due to intractability. Focus on accounting systems.
3. Strengthen Fund-Raising Techniques and Strategies	Add diversification of the funding base to achievements.
4. Develop Participatory Management and Administrative Systems	Eliminate due to cultural inappropriateness.
5. Establish project monitoring, evaluation, and impact analysis procedures.	Focus on Katalysis training of Partners to do the job. Contract short-term expertise when necessary.
6. Partnership Exchange	Reduce the number of targeted exchanges due to cost.

(Continued on next page)

<u>Original Activity Statement</u>	<u>Recommended Revision or New Name</u>
7. Partnership Training	
a) Board development	Partner board development (complete)
b) Community Banking	Completed
c) Partnershipwide Funding Alliances	Completed
d) Board Development II	Board Development II & III (FY97, 98)
e) Managing Partnership	Omit
f) Sustainable Development	Omit
8. Planned Documentation	
a) Beyond the Annual Campaign	Completed
b) NGO Financial Mgmt. & Admin.	In process; Delivery in FY97
c) Southern Perspective: Partnership	Omit
d) Community Bank Report	Community Bank Case Study
e) Mid-term evaluation	Completed
f) Managing Partnership	Grants Management Manual
g) Final Evaluation	As scheduled in FY98

Additional completed documents

- Artisan Program Diagnostic
- Perfecting the Alliance
- Katalysis Partnership Video
- Katalysis Focus Quest

The following activities and achievements (completed but unanticipated) should be added to the original DIP and Logical Framework under the Institutional Strengthening (PDAS) section.

<u>Activity</u>	<u>Rationale and Impact</u>
1. Established the KAT Regional Field Office in Honduras	Provide better support to Partners and reduce total cost. Net results are unknown to date.
2. Established the Partner Directors' Board	Facilitate decision-making and Partnership management.
3. Established the Herencia Verde Center with ODEF	Provide ODEF with a training center in agriculture and natural resources.
4. Add one new Partner organization by the end of MG2	Expand the Partnership to improve sustainability and reach more people.

Conclusion

A decade ago Katalysis consisted of the visionary founder, one part-time employee, a Board of Directors with no development experience, and one Partner organization in Belize which was established in collaboration with Katalysis. Katalysis now has professional and experienced management, a businesslike approach to operations, four Partners, a Regional Field Office and the ambition to expand. The financial contribution made by MG2 was intended in part to facilitate further evolution of the organization and its concept, and I believe that objective has been met.

AGRICULTURAL TRAINING AND EXTENSION (AGTE)

General Issues

The Agricultural Training and Extension (AGTE) component of MG2 consists of programs implemented directly by the four Partners with support from Katalysis. Three general issues have affected all of the organizations--diversity of themes, interrupted alliances, and goal measurement.

Program Diversity

In the spirit of true Partnership, Katalysis gave the Partners a voice in selecting programs for inclusion in MG2, resulting in a diverse set of activities which were sometimes unique to only one Partner. There is nothing wrong with program diversity *per se* if the programs can be efficiently managed and if they are adequately funded so as to permit quality work. The AGTE component is the most extreme example of program and budget fragmentation in this project, and as such it has tested management. Annual budget allocations of as little as \$100 are allocated to the supplies purchase category for one Partner, which approaches tokenism in a project of this magnitude. Simultaneous with budget fragmentation there was initial underestimation of program costs, which has strained resources to the point that the quality of some programs has been affected. As a consequence of this evaluation Katalysis is considering consolidation of funds allocated to these programs. These issues are discussed subsequently in greater detail.

Interrupted Alliance: VIDA

ODEF's principal source of funds for Herencia Verde--the new agricultural training center--is the *Fundacion Hondurena de Ambiente y Desarrollo VIDA* (VIDA). Funds from VIDA, Katalysis, ODEF and other sources were pooled to operate technical training programs at the Center once the physical infrastructure was in place. Unfortunately, VIDA and USAID had a contractual disagreement which caused USAID to suspend delivery of funds in December, 1995. To maintain program continuity ODEF supported the program through May, 1996 with other funds, expecting that the impasse would be resolved and ODEF would be reimbursed. Unable to continue financial support beyond May, ODEF dismissed technical personnel and the agriculture program was scaled back from 35 villages to nine. By the end of August the impasse had been resolved and ODEF was making plans to resume the original level of effort. However, the damage caused by interruption of funding cannot be overemphasized. Extensionists lost their jobs, villagers lost confidence in

ODEF for lack of followup, and everyone lost confidence in VIDA. The cost and difficulty of restoring programs goes beyond mere budget allocations; it shakes the very foundation of personal trust upon which development depends.

Interrupted Alliance: Seeds of Change

A subcomponent of AGTE titled the *Fondo Economico Ecologico* (Economics Bridging Fund) was set up under an alliance with Seeds of Change--an organization based in New Mexico. The objective of the program was to promote farming using traditional methods, which were perceived to be more sustainable than modern methods. Seeds of Change was to provide technical assistance in seed production, harvesting, processing and marketing. The intention was that Seeds of Change would guarantee purchase of all seeds that met quality standards. Although ODEF, CDRO and BEST began working with farmers using a combination of demonstration plots and farmers' plots, Seeds of Change did not provide the promised assistance. Simultaneously there was some resistance by farmer participants in adopting the new technology, plus lack of financial resources on the part of the Partners and the farmers to do the job correctly. As it turned out the program was too ambitious given the resources available. In the absence of a guaranteed market for seed, some producers opted to sell fresh produce in local markets. In general, the program deteriorated for lack of economic incentive and technical support. Although some good work was done initially, continuation of this program is not planned.

Goal Measurement

Measurement of project goals is an imprecise endeavor. Although Katalysis has defined terms and trained extensionists, some difficulties persist. The Logical Framework specifies annual goals in terms of measures such as:

- Number of training activities
- Number of persons trained
- Number of training days
- Number of participants in activities
- Number of beneficiaries
- Number of technical assistance activities

One issue associated with these measures concerns definition of terms. For example, the beneficiaries of the reforestation work done by CDRO include the entire population of the nearest village to a seedling plantation. It is unlikely that they will realize any benefits until the trees are harvested and sold in 20 years, but they are counted as beneficiaries now. Other definitional ambiguities include "training day," "training activity," and "technical assistance activity."

Categorization of activities has been confusing in some instances, resulting in counting the activity in multiple categories. For example, a training activity in organic agriculture might have qualified under the Eco-Nomics Bridging Fund as well as Sustainable Agriculture. Katalysis has also encountered some misunderstandings associated with the English-Spanish translation of terms.

A second issue concerns interpretation of numbers. The goal of "100 people trained" could be achieved by teaching 100 people the same course, or by teaching 20 people five courses each. An extensionist could make a two-hour presentation at a school and register 100 people trained, regardless of followup. There is also multiple-counting across topics such that the same person could be counted as receiving training in organic gardening, natural resource conservation, and reforestation. The point is that the reported numbers do not necessarily indicate the number of people who are reached by this project, nor do they indicate anything about the quality or success of the activity.

It must be emphasized that there has been no intent to misrepresent achievement of goals; the principal difficulty is aggregation of measurements from four Partner organizations who have slightly different methodologies and interpretations of the measurements. A second difficulty pertains to personnel turnover--especially in BEST and ODEF. Katalysis has defined terms and educated the Partners' extensionists, but personnel turnover and lack of institutional memory have precluded achieving complete uniformity in reporting.

Promises and Performance

Four program sub-categories totaling \$450,000 (13%) of the budget are dispersed among the four Partners. As previously mentioned, the program sub-category titled the Eco-Nomics Bridging Fund did not turn out as envisioned due to the interrupted alliance with Seeds of Change. Another sub-category titled Partner Initiatives consists of special projects unique to one Partner or another.

Conservation Agriculture and Environmentally Sustainable Practices

This sub-component includes training of farmer groups, women's associations, community cooperatives and youth groups via seminars, workshops, demonstrations and one-on-one consultations. CDRO and ODEF met or exceeded their goals for the numbers of training activities and participants in the first three project years. MUDE is not included in this program sub-component.

The few beneficiaries I met in the ODEF and CDRO programs expressed satisfaction and enthusiasm for the training programs. The economic levels and farming situations of the participants are appropriate, as have been the training topics. Output goals for the remainder of the project need not be altered.

A principal concern is what happens after training. If participants do nothing with what they have learned, the indicators regarding numbers of training sessions and attendees are only partial indicators of project impacts. The monitoring techniques used in MG2 do not go far enough on post-training activities of the participants. The extensionists with every organization mentioned lack of funds to hire personnel for followup.

Appropriate Technologies

The only program in appropriate technology I observed is the *chefina* stove program implemented by MUDE in Guatemala. The program is excellent in every respect. ODEF reportedly accomplished its training goals for solar box cookers, but I was unable to verify if the cookers are in use by the participants. The concern is that, like in the case of BEST, the energy-efficient technology is abandoned after training. CDRO does not have a program in appropriate technologies.

ODEF also has a training program in small-scale food preservation but the program was suspended during my visit due to the funding problem at Herencia Verde. The program had reportedly done well. Recommended revisions in the DIP include elimination of BEST from the project, but no changes in goals for MUDE or ODEF.

Partner Initiatives

Partner initiatives include the following:

- ODEF: Organic gardens
- MUDE: Organic gardens
- CDRO: Organic gardens; Reforestation; Agricultural credit

The organic gardens are very successful according to the small sample I observed. The participants liked what they were doing, had excellent rapport with the extensionists and consumed the products (mostly vegetables) in their own households. No change in output goals for organic gardens is necessary for the Revised DIP. Again, the extensionists mentioned that lack of personnel to conduct visits is a problem. The gardens are widely dispersed and require a great deal of time to visit.

The CDRO reforestation program is excellent in most respects. The extensionists have successfully gained the cooperation of communities, set up seedling nurseries and transplanted the seedlings. However, insufficient funding and hence lack of personnel have hindered educational activities. The principal of an elementary school I visited extolled the two sessions that the extensionist had provided the students about reforestation, then politely criticized the program's discontinuity, lack of materials and lack of documentation. She emphasized her need to justify to parents and school administrators that the time was well spent. In effect, she said that if CDRO is going to do the job it should be done right. She wanted a curriculum, regularly scheduled visits and documentation.

As mentioned earlier, CDRO extensionists are seriously deficient in technical qualifications--especially forestry. The organization employs only one *ingeniero agronomo* (university degree agronomist) and he is so overloaded with responsibilities that he has little time for forestry.

Although the reforestation program is valuable for Guatemala, Katalysis proposes to eliminate funding via MG2 and replace it from another source. The objective is to consolidate an excessively diverse MG2 program portfolio. The remaining reforestation program goals will consequently be eliminated from MG2 and carried under another CDRO project account. Additionally, the agricultural credit program is so underfunded that it is not worth continuing, plus CDRO has its own money for agricultural credit programs.

Evaluation of Work at Field Sites

Given only two days with each Partner to observe field work sites, I have necessarily focused on a few evaluation criteria. The following issues and questions dominate the inquiry.

Client Selection. Do the clients demonstrate economic need? Do they have other options for financing or technical assistance? Are they capable of understanding and using the assistance?

Client participation. Do clients show interest in the program? Do they follow through with actions? Do they drop out of the program after initial participation?

Appropriateness of the assistance. Are the objectives of the program clear and beneficial for the clients? Is the level of technical assistance appropriate for the educational level of the clients, and for the environment within which the clients are living and working? Is the program good for the country, and is it a good development investment?

Extensionist rapport with clients. Do the extensionists relate well to the clients? Do they demonstrate personal knowledge of client welfare, living and working conditions?

Extensionist productivity. Are the extensionists efficient in their programming of work? Are they conscious of the value of their time? Do they conduct regularly-scheduled visits? Are they flexible enough to handle special events and problems? Are they willing to work overtime to get the job done? Is there a good balance between new program development and routine monitoring? Is the balance between office and field time appropriate?

The five evaluation criteria for field site visits are discussed below for ODEF, CDRO and MUDE. Site visits in Belize are discussed in a subsequent section about BEST. The observations made herein pertain to both agriculture (AGTE) and microenterprise development (PEBD).

ODEF

My visits to agriculture and community bank sites with a few extensionists revealed excellent performance in all five of the criteria described above. In agriculture, I was particularly impressed with how the agriculture extensionists have developed a methodology for selecting clients. After some unsatisfactory experiences with indifferent clients, ODEF learned how to screen out such clients and assure participation. The selection methodology includes making contacts with village leaders, explanation of programs at "informational presentations," and securing commitments of time and land resources.

The principal difficulty I found at ODEF was suspension of agricultural work at numerous villages due to the funding problem described earlier, which is no reflection on the excellent work being done by ODEF. Secondly, the agriculture extensionists are so focused on technical tasks that they have little time for strategic planning and thinking about the overall scope of their work. I recommend that a high-level supervisor in agriculture be retained to guide ODEF's work in agriculture.

The effort in community banking appeared to be equally good, with the proviso that personnel turnover among extensionists is a concern. The participants expressed great satisfaction with ODEF, and it was a pleasure to witness such work.

CDRO

The highlight of site visits with CDRO is the relationship between extensionists and their clients. Since the extensionists are of the same ethnic group and speak the same language as their clients, they are fully integrated into the communities in which they work. CDRO is doing excellent work according to the five criteria described above. The principal limitations are insufficient technical preparation of the extensionists, and resources stretched to the limits as a consequence of ambitious programs relative to available funds. In particular, the community banking program for women is growing rapidly and the female extensionists do not have a vehicle assigned to them. The problem has been mitigated to some extent by hiring para-technicians who live in the communities where some banks are located, but a vehicle is sorely needed.

MUDE

The field work I observed by MUDE is excellent. They have selected clients well, have maintained good rapport with the clients, and have a small but highly motivated cadre of extensionists. The principal limitation for MUDE extensionists is lack of a vehicle--they have none. Productivity could be increased dramatically with a vehicle to transport extensionists in lieu of depending on scarce and unpredictable public and private transportation.

Summary of Recommendations

The DIP for AGTE should be revised for the last two fiscal years (FY97 and FY98) to reflect the demise of the Eco-Nomics Bridging Fund and the Partnership with BEST, plus increased programmatic activity where specified. Details of the Revised DIP appear in Appendix F.

<u>Partner & Activity</u>	<u>Recommended Revision</u>
BEST	Eliminate all activity
CDRO: Sustainable agriculture	Increase training goals
ODEF: Sustainable agriculture	No change
MUDE & ODEF: Appropriate Tech	No change
CDRO: Partner Initiatives	Eliminate reforestation and ag credit from MG2. Continue reforestation with other funds under another project.
MUDE & ODEF: Partner Initiatives	No change

BUSINESS DEVELOPMENT PROMOTION (PEBD)

Promises and Performance

The Business Development Promotion component of MG2 accounts for approximately 17% of the total budget, or \$614,000. There are three sub-components--community banking, credit to individuals, and training in micro-enterprise development. Some overlap exists among these sub-components in the sense that community bank members are also micro-enterprise entrepreneurs, and training is an essential component of both community banks and micro-enterprises. Terminology differs among Partners; MUDE calls a "graduated community bank" (which has repaid all the initial loan funds) a micro-enterprise, whereas ODEF uses the term for individual loan recipients. Regardless of what we call them, performance has been excellent in Honduras and Guatemala.

Community Banking

Community banking has been a very successful program in Honduras and Guatemala. The demand for new bank credit exceeds availability through MG2 because more banks could be formed than programmed, and because initial estimates of the cost of credit and technical assistance required to start a new community bank were too low. Each new bank in Honduras and Guatemala requires about \$6,000 in new loan money, plus about \$4,000 in technical assistance (labor, travel, miscellaneous expenses). Initial estimates of new loan money ranged from \$4,000 to \$5,000 per bank, and the cost of technical assistance was underestimated. As a consequence some of the Partners have had to contribute funds from non-MG2 sources to meet the goals of new bank formation. It must be emphasized that the terms of MG2 required such contributions by the Partners, even though they might not like it or entirely understand it. In spite of the funding limitations, the three Partners in Honduras and Guatemala have met or exceeded their MG2 goals. With termination of the Partnership with BEST, nearly \$50,000 will be freed up which Katalysis wants to re-allocate primarily for community bank credit in Honduras and Guatemala.

One of the notable successes of the community banking program has been in keeping the books. All of the sites I visited in Honduras, Guatemala and Belize had an orderly set of books maintained by the members themselves or the para-technician. The Partner organizations have done an excellent job of educating the participants.

Although successful by measures specified in the DIP and the Logical Framework, certain issues merit attention.

Technical Assistance for Enterprises. The income-generating activities undertaken by community bank members are highly diverse: petty trade, weaving, crop production, livestock production, retail trade, restaurant, bakery, sewing, and even photography. My concern is that some technically-oriented activities receive no technical assistance from the lender. For example, almost all of the women members of a community bank in Santa Maria de Chiquimula, Guatemala, were raising livestock--mostly pigs and chickens--with no idea of the technology involved. One woman lost her pigs to an unknown disease which killed all the pigs in her village. These women are ignorant of animal nutrition, sanitation, and health. The CDRO extensionists are well aware of the problem, but haven't sufficient resources to hire a livestock extensionist to support community bank members. Another visit near Antigua, Guatemala, provided an example of need for technical help in marketing woven products. Each woman markets independently, and all complained of low prices.

Interest Rate Determination. The Partner organizations determine the interest rates that they charge community banks, and the community banks determine the interest rates that they charge their members and non-member borrowers. The problem is that interest rates are often set in ignorance of financial markets. Different rates are sometimes set for different groups or economic activities in the same region, and sometimes set below the rate of inflation which will certainly result in decapitalization. CDRO has an intentional policy of subsidizing rates of interest charged to some groups and activities. The Partner organizations are in great need of financial education in order to implement rational methods of setting interest rates.

Credit to Individuals

I did not have the opportunity to visit individual beneficiaries of credit. The program is reportedly doing well, and no changes in the DIP are envisioned.

Training in Micro-enterprise Development

Concomitant with an increase in community bank formations, an increase in business training is recommended. This program is reportedly doing well. I did not have an opportunity to observe training, but was able to examine the curricula outlines.

Summary of Recommendations

Recommended changes in the DIP for FY97 and 98 are summarized herein. Details of the Revised DIP appear in Appendix F.

<u>Partner & Activity</u>	<u>Recommended Revision</u>
BEST	Eliminate all activity
Community Banking (all Partners)	Increase numbers of new banks and new bank credit.
CDRO: Individual Credit	Merge program with community banks
MUDE: Individual Credit	No change
CDRO: Training Small Business Mgmt	No change
MUDE & ODEF: Training in Small Business Management	Increase numbers of training activities and participants

THE BELIZE PARTNERSHIP CRISIS

Background

Prior to this evaluation Katalysis had expressed strong dissatisfaction with the performance of BEST--the Belizian Partner organization. The dissatisfaction culminated in February, 1996, when Gerald Hildebrand, President of Katalysis, wrote to Bridget Cullerton, Managing Director of BEST, explaining in great detail the problems as perceived by the Katalysis Boards of Directors and staff in California and Honduras. Subsequently BEST and Katalysis hired Reynaldo Guerrero, Managing Director of the Belize Institute of Management, to lead the staff through a process of self-diagnosis, remedial action, and strategic planning for the future.

The Katalysis concerns fall into the categories of (1) performance by BEST and (2) continuation of work in Belize under any circumstances. Reasons for dissatisfaction with BEST include low productivity, inadequate financial controls, and inadequate response to a number of managerial and programmatic issues. An important reason for considering termination of work in Belize is lack of donors; USAID and CARE are withdrawing, and other donors show no interest in funding development projects in a country with a relatively high standard of living. Another reason for withdrawing from Belize is that the focus of Katalysis activities is moving toward community banking models which are not culturally appropriate in Belize.

Working in Belize

In consideration of the need for development assistance in Belize, consider the following regional estimates from The World Bank.

<u>Country</u>	<u>Gross National Product US\$ per capita: 1993</u>	<u>Purchasing Power Parity "International \$" in 1993</u>
Belize	2,440	n/a
Costa Rica	2,160	5,580
El Salvador	1,320	2,360
Guatemala	1,110	3,390
Honduras	580	1,890
Mexico	3,750	7,100
Nicaragua	360	2,070
Panama	2,580	5,940

Source: The World Bank Atlas, 1995

In terms of GNP per capita Belize ranks higher than all but Mexico and Panama in the region. Clearly, Belize does not rank among the poorest of the poor. Unfortunately, no estimate is available for Belize in Purchasing Power Parity; the measure is included for other countries as a matter of interest only. Furthermore, Belize is renowned for receiving transfer payments from family and friends living in the United States, which supports an artificially high wage and high cost of living in Belize.

Having observed conditions in selected communities in Belize, and comparing Belize to what I have seen in visits and/or work in every country listed above, I conclude that Belize does not belong in the Katalysis portfolio of countries. This is not to deny that extensive poverty is present in Belize; the issue is the general overall standard of living relative to the resources available to mitigate that poverty. Belize is simply not in the same category as El Salvador, Guatemala, Honduras, and Nicaragua. Furthermore, the cost of working in Belize is significantly higher than its neighbor countries--principally because of higher wages and dependence on imports. The combination of marginal need and high cost of program delivery are compelling reasons to spend scarce development funds elsewhere.

In addition to the "external" factors which argue against working in Belize, there are factors "internal" to Katalysis which also suggest termination of development efforts there. If Katalysis follows through with its plan to focus development efforts on microenterprise development via community banks, there is little reason to continue working in Belize. As described below, the community bank model is problematic in Belize no matter who implements it.

Performance by BEST

The Katalysis criticisms of BEST followed 11 years of working together, and in many respects the situation is like an impending divorce due to irreconcilable differences. In the short time I had to observe BEST I could not possibly verify all of the accumulated issues raised about performance, so my approach has been to evaluate both implementation of MG2 and overall performance as objectively as possible, almost without regard to my prior knowledge of organizational problems.

During two days of field visits the BEST extensionists had the opportunity to show me anything and anyone they chose. I was shown a wide assortment of program categories including three community banks, a community bank-microenterprise project, a solar oven project, a few agriculturalists, and a Youth Program entrepreneur.

PEBD: Community Banks

I had the opportunity to interview women from four community banks, three of which are financed under MG2. The best of the four is in San Felipe where about half of the 18 members met with me. This bank is in the fifth cycle with no delinquency. The group appears to be working very well together, their business activities are appropriate, and the success is such that BEST is starting another bank in San Felipe because of strong interest.

Three members of the Corozal community bank met with me almost by coincidence; they had been asked to discuss solar box ovens. In my inquiries about the bank I discovered that some loan delinquency exists, and that only 10 of 18 have current loans. Some members were inactive for lack of interest or loan delinquency, and meetings are held infrequently. The most striking feature of this group is their wealth. In answer to my question about how the women get to meetings, I was told that all but three arrive by car. Perhaps ownership or access to a car is not a complete indicator of wealth, but it is at least a proxy. Judging from the clothes and jewelry worn by the women I met, I have strong doubts about the appropriateness of client selection.

I met with two women members of a community bank in Belize City which was only the second bank formed by BEST, but which was not formed with MG2 funds. The home in which we met would be the envy of some of my neighbors in the USA. Three of the dozen or so original members were vacationing in the USA. The bank had "graduated" through all the cycles without defaulting, and it is no wonder given their wealth. At present the women have lost interest and stopped meeting. Clearly, the use of any donor's money for this group is an outrage. One has to question the judgment of the BEST extensionist in selecting this group for my visit.

The fourth community bank I visited is located in Gales Point--a narrow peninsula that juts into a bay. With initial assistance and encouragement from some US Peace Corps Volunteers and the Ministry of Tourism several years ago, some women in the community converted the upstairs areas of their homes into bed & breakfast establishments. BEST cooperated by forming a community bank to finance improvements such as indoor flush toilets, new beds, screens, fans, mosquito nets, and other improvements. In spite of the efforts of the women, the accommodations are still shacks surrounded by accumulations of junk, rubble and outhouses. Each B&B is lucky to rent 20 nights a year at US \$10 per night. Not surprisingly, most women are in arrears on their loan payments. From what I can determine, little effort was made to study the market for such establishments, or to market what they have prepared. It remains to be seen if this venture can be successful.

In general, the number of banks started under MG2 is on track, but fewer women and consequently less money has been loaned out than anticipated. To date, approximately \$6,000 has been loaned of the \$9,000 allocated. Of 136 women who initially signed up for community banks, 96 borrowed money in the first cycle, and others borrowed in subsequent cycles. The principal difficulty with community banks, as expressed by BEST management and staff, is the difficulty of working with groups in Belize. The culture is multi-ethnic and individualistic--not homogeneous and group-oriented. Furthermore, the sparse and dispersed population makes it difficult to form efficient-sized work groups. Some women joined the community banks then quit due to unwillingness to share financial obligations. Another reason for dropping out is that community bank loan amounts--although higher than in other Partner countries--are insufficient for some women to undertake the activities they want to finance.

From my interviews with participants, I conclude that selection of some clients has been inappropriate because they do not warrant donor aid. I believe that pressure to create community banks--in an environment and culture where group activities are not popular--contributed to indiscriminate acceptance of clients and that the future for formation of more community banks is not encouraging. Whereas individual microenterprise loans might work well in Belize, the group model pursued by Katalysis does not.

PEBD: Youth Micro-Enterprise Program

My visit to 19 year-old Samuel Ferguson's bakery was a superb example of micro-enterprise development. Samuel and a helper were baking bread at a frenetic pace in a tiny shack using two home ovens, baking pans made of used bulk food tins, and a motley assortment of appliances and tools. After only one month in business demand was so great that Samuel couldn't keep up with it, and was in the process of soliciting more loan money from BEST to expand production. This is the stuff that development professionals dream of. I did not observe any other cases in the Youth Program.

This program is behind schedule because it was approved only in time for FY1996. Five loans have been made to date, and the goal is 15. The five loans have used about \$13,000 of the \$20,000 budgeted. It is indicative of minimum loan size requirements in Belize that one-third of the programmed borrowers have already received two-thirds of the programmed budget.

AGTE: Energy Efficient Technology

To date, the energy program consists entirely of solar box cookers; nothing has yet been attempted in biogas fuel or *chefina* stoves. Fortunately I

had seen a solar box cooker before, because my "visit" consisted of speaking to three women in Corozal who said they had them. Although there are reportedly about 100 ovens in the Corozal area, this program is a failure. The cookers are little more than a curiosity; they were reportedly deposited in closets after the novelty wore off. This is a classic case of introducing low-level technology into a culture too affluent to care about saving money on energy, and with an implicit value of labor too high to spend more time cooking.

AGTE: Natural Resources and Sustainable Agriculture

The agriculture program is managed by an extensionist who has been with BEST for slightly more than a year. According to him, the group technical assistance programs were already declining in popularity when he inherited them. Farmers wanted production credit in addition to technical assistance, but credit is not included in the program. Furthermore, interest in organic agriculture waned when it became obvious that it is more labor intensive than conventional agriculture, that yields could decline, and that there are no price premiums in Belize for organically produced fruits and vegetables. The organic seed production program, conducted in collaboration with Seeds of Change, suffered from technical and organizational problems which discouraged participation.

The achievements reported by BEST indicate that agricultural training and participant goals are being met relative to the Logical Framework, but my sense is that the numbers do not convey reality. Upon inquiry, I discovered that during the first year of the project the numerical measures were incorrectly reported because of confusion about definitions (e.g., what is a "visit?"). According to Katalysis, definitions were provided, but personnel turnover and lack of institutional memory precluded correct reporting. Katalysis does not believe the numbers reported by BEST. I could not verify if historical records are accurate, but judging from observations and conversations with staff and agriculturalists I am convinced that the agriculture program has now declined to a low level of activity. As a consequence, productivity of the agricultural extensionists is low as measured by the number of clients per worker. The Managing Director indicated that during the past half-year or so the extensionists in both agriculture and enterprise development have spent only half their time in the field, whereas the objective was 75%.

Mediocre performance in the agriculture program is not entirely the fault of the agricultural extension staff; I think an inappropriate agricultural model was selected for implementation. The labor-intensive, organic model that works under certain conditions in Guatemala and Honduras is not economically viable for most Belizean farmers because the cost of farm labor in Belize is three or four times as much as in the other countries. Belizean farmers need to mechanize, and to do that they need investment capital. Whereas organic

production is viable as an input- and cost-minimizing strategy to produce food for home consumption in Guatemala and Honduras, Belizean farmers need to spend more on labor-saving inputs to increase yields and reduce unit production costs to compete in a market economy. It is no wonder that Belizean farmers lack incentive to participate in MG2 programs which focus on organic production.

The conceptual source of the agricultural production models employed in MG2 for Belize was reportedly the agricultural extensionist working for BEST at the time of proposal preparation. Unfortunately, the current Managing Director of BEST has no information about how or why those models were conceived.

Conclusions

My opinion has already been expressed that continued work in Belize is not justifiable in terms of economic need, cost of program delivery, and the new Katalysis program focus. With respect to working with BEST on the remaining two years of MG2, the combination of (1) the existing MG2 development models and (2) the present BEST management and staff is not viable. Management and staff know that in some cases the models are inappropriate, and consequently there is little enthusiasm for implementation. It is unlikely that reorganization of BEST can overcome the problem of inappropriate programs. Apart from the program issue, it is clear that BEST management and staff have demonstrated some poor decision-making and poor performance. Perhaps the current effort to overhaul BEST will result in improvements, but I believe it will be too little and too late. I cannot recommend that Katalysis continue the program.

Microenterprise development could be successful in Belize if the effort is focused on individual technical assistance and substantial amounts of credit. Agricultural development could also be successful under the same conditions, plus a change of emphasis toward marketing, irrigation, mechanization, and processing. If Katalysis were willing to buy into either or both--microenterprise development and agricultural development--under these individualistic and high cost models, could BEST do the job? I think the organization could be viable in such endeavors with a change in management and some extensionists, plus a possible increase in the number of qualified extensionists. The overhaul of BEST would have to be dramatic, and it is a matter of speculation as to whether all of these conditions could be met.

As implied previously in this report, unused funds allocated to BEST in MG2 should be reallocated to the remaining three Partners. The Revised DIP includes recommended reallocations.

CONCLUSIONS

Program Development and Strengthening (PDAS)

The principal focus of MG2 has been to strengthen Katalysis and its Partner organizations so they can sustain their development work indefinitely. Institutional strengthening has been approached in numerous ways, some foreseen and some not. As implementation of MG2 got underway it became apparent that changes in organizational structure, management structure and technical focus would have to be introduced to efficiently handle all of the challenges that working in a Partnership entail. A small and dedicated Katalysis staff has been pushed to the limit in coping with these changes in addition to the simultaneous implementation of new programs.

At the conclusion of MG2, not to mention this mid-term evaluation, Katalysis must answer some demanding questions regarding what has been done to strengthen institutions, why it was done, and whether or not the effort will make any difference in the Partners' ability to improve the lives of the poor. To conclude this mid-term evaluation, therefore, I answer the two critical questions based on my inquiries and observations.

Has Katalysis accomplished project goals? With minor exceptions Katalysis has accomplished project goals, or will accomplish remaining goals by the end of the project. The exceptions arise primarily because some concepts in the project proposal proved inappropriate or unworkable. Significant unplanned goals have also been achieved including establishment of a regional field office in Honduras, assistance to ODEF in setting up an agricultural training center in Honduras, and formation of the Partner Directors' Board.

Has the work been effective? Katalysis and its Partners are unquestionably stronger institutions as a consequence of MG2. Katalysis itself is better organized and focused, the methodology of Partnership is better defined and practiced, the Partners are learning more from each other, the Partners have improved their expertise in strategic planning, accounting and fund-raising, and the Partners have learned new areas of technical expertise. The effectiveness of the Regional Field Office is yet to be proven, however, because some critical staff positions have not been filled.

Agricultural Training and Extension (AGTE)

Implementation of AGTE programs by ODEF, CDRO and MUDE has been generally very good; all training and extension program goals have been met or exceeded in the first three years of MG2. Some minor changes in goals are

recommended for CDRO as explained in the report and summarized in the revised DIP. BEST has been struggling to meet goals due to various problems, but BEST's involvement in MG2 is expected to terminate promptly along with the Partnership between BEST and Katalysis.

Business Development Promotion (PEBD)

Programs in community banking and business training have been generally excellent; all project goals have been met or exceeded during the first three years of MG2. Although the cost of establishing each new bank was underestimated when the proposal was prepared, the Partners have supplied additional funds to meet demand.

Principal Constraints and Challenges

During implementation of MG2 there have been some constraints and challenges as described in the body of this report. Some of the principal issues are listed below.

1. **Personnel.** Each organization has experienced different difficulties. Katalysis/USA and Katalysis/Honduras have had an inadequate number of staff to handle the work load, recruitment problems in Honduras, and high staff turnover in Honduras; ODEF has had high staff turnover at the extensionist level; MUDE has inadequate accounting personnel; CDRO has inadequately trained technical staff; BEST has low extensionist productivity.
2. **Regional Field Office.** The difficulty of setting up Katalysis/Honduras was much greater than expected, absorbing substantial personnel time, energy and money.
3. **BEST.** Inadequate performance by BEST absorbed a disproportionate amount of personnel time and energy by Katalysis in an attempt to fix the problems.
4. **Partner Readiness.** The Partner organizations were not as prepared to implement technical programs as Katalysis assumed, requiring large inputs of personnel time and energy in planning and training by Katalysis.
5. **Partner Accounting and Record-Keeping.** All of the Partners have struggled to keep up with growth and the associated demands of record-keeping, management, and reporting. Katalysis input has been much greater than anticipated.

6. **Broken Alliances.** Interruption of funding from VIDA for the Herencia Verde Center forced near-suspension of ODEF's agricultural programs in 1996. Inadequate participation by Seeds of Change seriously impeded programs in organic agriculture.
7. **Program Diversity.** The number of small programs has been too diverse to manage efficiently, and fragmentation of funds has resulted in underfunding of some programs.

The Partnership with BEST

Due to unsatisfactory performance by BEST and the unfavorable conditions related to continued work in Belize, continued affiliation with BEST is untenable.

Recommendations

In addition to minor adjustments in the DIP, Katalysis should focus its attention on the following major issues during the balance of MG2.

1. **Personnel.** Katalysis should conduct a review of the principal personnel issues within itself and each Partner organization, then design and implement strategies to deal with them. For example, with the elimination of BEST from the Partnership it might not be necessary to hire bilingual English/Spanish technical staff for Katalysis/Honduras.
2. **BEST.** Complete termination of the Partnership with BEST and reallocate remaining MG2 funds to the other three Partners.
3. **Program Diversity.** Eliminate or consolidate selected small and underfunded programs to simplify management and improve funding for successful programs.
4. **Goal and Impact Measurement.** Provide training to Partners in measurement of project performance and impacts. This and other technical assistance should be considered for contracting to short-term consultants.
5. **Herencia Verde.** Design and implement a plan for financial sustainability of the Center in anticipation of Katalysis' withdrawal from work in agriculture.
6. **Partnership Expansion.** Select at least one more indigenous organization for inclusion in the Katalysis Partnership (but not for inclusion in MG2).

APPENDICES

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 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?

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

APPENDIX B

TRAVEL ITINERARY: LOREN PARKS

Monday, July 8

2:00 USAID in Rosslyn with Mary Herbert and Sallie Jones

Wednesday, July 10

12:00 Arrival at San Pedro Sula

2:00 Meeting with Ingrid at Katalysis

Thursday, July 11

8:00 Visit of Herencia Verde with Leo Alvarez (Katalysis), Samuel Escoto and Nulvia Ramirez(ODEF)

10:00 - Meeting with Ingrid and Leo at Katalysis office

Friday, July 12

7:30 Breakfast with Santa Euceda, Miguel Navarro, and Gladys

8:30 Tour of ODEF office

9:00 Visit to Community Bank "Planes de Calpules"

11:00 Discussion and lunch with Miguel and Santa

2:00 Visit to Community Bank "Alfa Omega" in Chamelecon

4:00 Meeting with Ingrid at Katalysis

Saturday, July 13

6:00 - 6:00 Visit ODEF agriculture projects with Francisco Ovando and Nulvia Ramirez

Sunday, July 14

Report preparation

4:00 Meeting with Leonardo Alvarez

Monday, July 15

8:00 Interviews at ODEF: Miguel Navarro; Samuel Escoto.

11:00 - 5:00 Report preparation at Katalysis office.

Tuesday, July 16

7:00 pm Dinner with Leonardo Alvarez and wife

Wednesday, July 17

7:00 Breakfast with Santa Euceda

10:00 Departure for airport

2:30 Arrival Guatemala

9:00 pm Arrival Quetzaltenango

Appendix B: Travel Itinerary

Thursday, July 18

- 7:00 Pick up by Laureano Garcia, Nicolas Vasquez, and Flori Tzunun.
10:30 Visit with members of two community banks in Santa Maria de Chiquimula.
12:00 Visit to three reforestation projects: Churjos de Santa Maria; Chuijaj de Santa Maria; Chuitacabaj de Santa Maria.

Friday, July 19

- 7:15 Breakfast with Laureano Garcia and Nicolas Vasquez.
9:00 Visited organic vegetable garden operated by a women's group at Chuipaches.
10:00 Visited primary schools at Chuipachec and Xenajtajjuyup to see seedbeds and discuss reforestation education program.
11:00 - 5:00 Interviews at CDRO office.

Saturday, July 20

- 7:15 Breakfast with Laureano Garcia.
9:00 Visited two women's community gardens at Chiuarreto
11:30 Attended meeting of the Consejo Comunal of CDRO
2:30 Met with women from two community banks with Flori, Ana Victoria, Juan Ajpop and Nicolao Vasquez.
4:30 Review of findings with the leadership of CDRO.

Wednesday, July 24

- 8:00 Pickup by MUDE, discussions at office.
12:00-7:00 Visit to Ag program participants in San Vicente Pacaya and Aldea El Patrocinio with Wilfido and Catarina. Observed kitchen gardens and *chefina* stoves.

Thursday, July 25

- All day Women's banks: San Antonio Aguas Calientes (17 weavers); San Martin Jilotepeque, "Mujeres Unidas" (16 beneficiaries); Colonia Villa Lobos II, "Mujeres Victoriosas" (26 beneficiaries). Accompanied by MUDE staff Catarina, Luci, Flora, Ruth.

Friday, July 26

- 8:00 - 2:00 Meetings at MUDE office.

Saturday and Sunday, July 27-28

- All day Worked on report

Monday, July 29

- 5:30 am Departed hotel in Guatemala City
9:35 Arrived at Belize airport
1:30 - 5:00 Meetings with Bridget Cullerton and BEST staff

Appendix B: Travel Itinerary

Tuesday, July 30

- 7:00 Departed for Corozal with Albino Vargas and Jennett Myvett
- 10:00 Met in Corozal with Rosalva Gutierrez, BEST Para-technician. Met with community bank members and solar box oven participants Lily Sarmieto, Maria Victoria Cruz, and one other from the Progress Women's League. Also met with Baldomino Montejo, a school teacher who makes contacts for solar box ovens.
- 12:00 Picked up BEST agriculture technician Hassan. Visited the farm worked by Roberto Cordova.
- 1:30 Meeting with approximately 10 members of the San Felipe Business Development Group (community bank).
- 3:30 Met with four members of the August Pine Ridge agriculture group.

Wednesday, July 31

- 7:30 Departed for Gales Point.
- 9:00 Visited women members of the Gales Point Community Bank, plus several agriculturalists who had participated in BEST programs.
- 12:30 Met Samuel Ferguson, a Youth Bakery Entrepreneur, in Hattie Ville Village.
- 3:00 Met two members of the Women's Working Club in Belize City.

Thursday, August 1

- All day Discussions at BEST headquarters.
- 6:00 Meeting with Reynaldo Guerrero at the Bull Frog Hotel to discuss his consulting work with BEST.

Friday, August 2

- 10:00 Meeting with Dr. Joseph Palacio in Belize City
- 11:00 am Arrival at Belize City Airport for travel to California.
- 11:00 pm Arrival, San Francisco Airport. Stayed at hotel.

Saturday, August 3

- 8:00 am Flight to Chico, CA from San Francisco

APPENDIX C

INDIVIDUALS CONTACTED

USAID Rosslyn

Mary Herbert

Sallie Jones

Project Officer, Matching Grants Division

Chief, Matching Grants Division

Katalysis/Honduras

Ingrid Faulhaber

Leonardo Alvarez

(plus all other staff)

Regional Director

Director of Natural Resource Programs

ODEF

Santa de Euceda

Miguel Navarro

Samuel Escoto

Gladys Mejia

Carmen Rodriguez

Nulvia Ramirez

Gwendy Gutierrez

Francisco Ovando

Participants (18 of 18)

Participants (24 of 42)

Candido Rosa Aguilar

Bernave Moreno

Plinio Cardona

Manuel Luna

Women's Group

Men's Group

Executive Director

Deputy Director

Advisor

Head of Credit Department

Community Bank Promoter

Director of Agricultural Extension

Community Bank Promoter

Extensionist in Sustainable Agriculture

Community Bank "Planes de Calpules"

Community Bank Alfa Omega in Chamelecon

Farmer, Los Naranjos

Farmer, Los Naranjos

Farmer, La Arada

Farmer, Santa Cruz

Santa Cruz

Santa Cruz

CDRO

Gregorio Tzoc

Santos Norato

Eufraim Chamorro

Frederico Mendez

Juan Ajpop

Jose Chuc

Laureano Garcia

Nicolas Vasquez

Ana Victoria Garcia

Florinda Tzunun

Feliza Leon

Dalila Leon

Cristina

Executive Director

Director, Programs

Director, Administration

Auditor

Director Programa de Agricultura

Coordinador, Programa de Agricultura

Asistencia Tecnica Agricola

Promotor Forestal

Directora, Programa de la Mujer

Coordinadora, Bancos Comunales

Gerente Comunal, Santa Maria de Chiquimula

Gerente Comunal, Santa Maria de Chiquimula

Gerente Comunal

Appendix C: Individuals Contacted

MUDE

Catarina Mendoza	Executive Director
Wilfido Torres	Coordinador del Programa de Agricultura
Flora Raguay	Coordinadora de Bancos Comunales
Ruth Noami Ruiz	Promotora de Bancos Comunales
Lucia Arana de Mendoza	Promotora de Bancos Comunales
Simeon Antonio Alfaro	Promoter de estufas Chefinas mejoradas
Walter Fidel Garcia	Accountant
Luis Anibal Godoy	Accountant assistant
Reginalda Peralta	Grupo Venceremos, San Vicente Pacaya
Dolores Revolorio	Grupo Venceremos
Francisco Veliz	Esposo de beneficiaria
Paulina Quezada	Aldea El Patrocinio
26 members of	Banco Comunal Mujeres Victoriosas, Colonia Villa Lobos II

BEST

Bridget Cullerton	Managing Director
Jennett Myvett	Women Development Officer
Albino Vargas	Project Agronomist
Hassan Sajia	Agriculture Paratechnician (North)
Michelle Lindo	Resource Development Officer
Ludwig Palacio	Project Officer
Vijay Krishnarayan	Project Environmentalist
Julia Argent	Project Accountant
Rosalva Gutierrez	Paratechnician
Samuel Ferguson	Youth Bakery Entrepreneur
Dr. Joseph Palacio	BEST Board Member
Reynaldo Guerrero	Managing Director, Belize Institute of Management
community bank	Corozal, San Felipe, Gales Point, Belize City.
members and farmers	

APPENDIX D

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APPENDIX E

EDITORIAL COMMENTS

Production Bias in Agriculture

It is characteristic of Central America that agricultural education focuses almost entirely on production, and of course agricultural technicians extend what they know. Consequently, postharvest handling and marketing are virtually ignored in MG2. If the program focus is kitchen gardens to produce for consumption in the home it doesn't matter, but any commercially-oriented program needs marketing input. The home-consumption model is appropriate in Guatemala as implemented by CDRO and MUDE, but in Honduras and Belize there is a commercial component. Unfortunately, none of the Partners have trained marketing staff, but all have great interest in obtaining such staff.

Where's the Punch in Agricultural Programs?

The impacts of agricultural programs carried out under MG2 are trivial in a global sense. While kitchen gardens and small-scale organic agriculture certainly generate benefits, they lack "punch" when it comes to development impact. Honduras and Guatemala are desperate for irrigation, mechanization and credit on the production end, and better processing and marketing on the post-harvest end. Increased productivity is what will eventually generate significantly greater incomes and food supply--not tinkering with kitchen gardens and organic agriculture.

Cooperation in Business Enterprises

I observed no instances in which the lending organizations assist or encourage women to work in their enterprises together, although a few do so voluntarily. For example, the women weavers (MUDE community bank) near Antigua market their products individually. In San Martin, Guatemala, about half the women in one community bank were engaged in petty market trade--actually competing against each other. Each woman does every task independently, including traveling out of town to purchase fresh fruits and vegetables. Some have young children who are difficult to take traveling or leave with a babysitter, which makes it difficult to do business. It seems logical to form work groups in which women divide up tasks according to ability to travel, availability to tend a market stall, and so forth. They could pool their products and efforts to achieve greater efficiency and volume of sales.

Keeping the Books

Most community bank entrepreneurs keep no written records of their business transactions, although they might have a good idea of how much money they are earning. In my interviews with them I learned that very few think about the value of their time (opportunity cost), but they understood when I explained it in terms of alternative income-generating opportunities. Basic education in record-keeping and budgeting should be implemented for community bank members who are capable.

The Impacts of Community Banks

Should it matter to the development organization what community bank members do with their loans as long as they earn a profit? I think we could reply that it does matter if the activity is illegal (e.g., growing coca), but what about development impact? If the organization had limited funds and had to choose between setting up a bank composed of petty market traders or one composed of hog producers, which should be chosen? I would choose the hogs.

The diverse array of entrepreneurial activities selected by community bank participants have very different economic and social impacts. I cannot speak of social impacts because I am not qualified, but in terms of economic impacts the income and employment multipliers associated with some activities--e.g., petty trade--are nil. In other words, apart from the trader's income there is almost no other income or employment generated in the community. Conversely, production activities are associated with high multipliers if the products move through the market. If a hog is produced and sold it can create employment and income for others as it moves on a truck to a butcher, to a store, and so forth. Production also creates employment and income for those who supply inputs such as feed and medicines. Furthermore, hog production creates more animal protein for the community.

The proportion of community bank participants engaging in petty trade is relatively high--an estimated two-thirds of all of ODEF's participants. This is stunning. It is also understandable given the low skill level and low risk involved. Raising chickens, weaving, or even baking bread requires more skill than petty trade. Furthermore, many production activities have a higher minimum capital requirement and higher risk than petty trade.

I think it is worth opening the discussion among the crowd of organizations rushing into community banking as to whether or not they are going to make any value judgments about what the participants do instead of just counting the numbers of participants and credit delivered.

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

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.

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 Wksp 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

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
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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 	<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 border="0" style="width: 100%;"> <tr> <td style="width: 80%;">• Katalysis TA to Partners</td> <td align="right">Person/Months</td> </tr> <tr> <td> Regional Field Office Director</td> <td align="right">60</td> </tr> <tr> <td> Program Managers (Natural Resources & Microenterprise)</td> <td align="right">60</td> </tr> <tr> <td> Director Finance</td> <td align="right">18</td> </tr> <tr> <td> President</td> <td align="right">18</td> </tr> <tr> <td> Director Resource Development</td> <td align="right">15</td> </tr> <tr> <td> Admin Manager</td> <td align="right"><u>11</u></td> </tr> <tr> <td> Total</td> <td 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	<u>11</u>	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																		
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OBJECTIVE LEVELS	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>INPUTS, continued</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. 		

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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