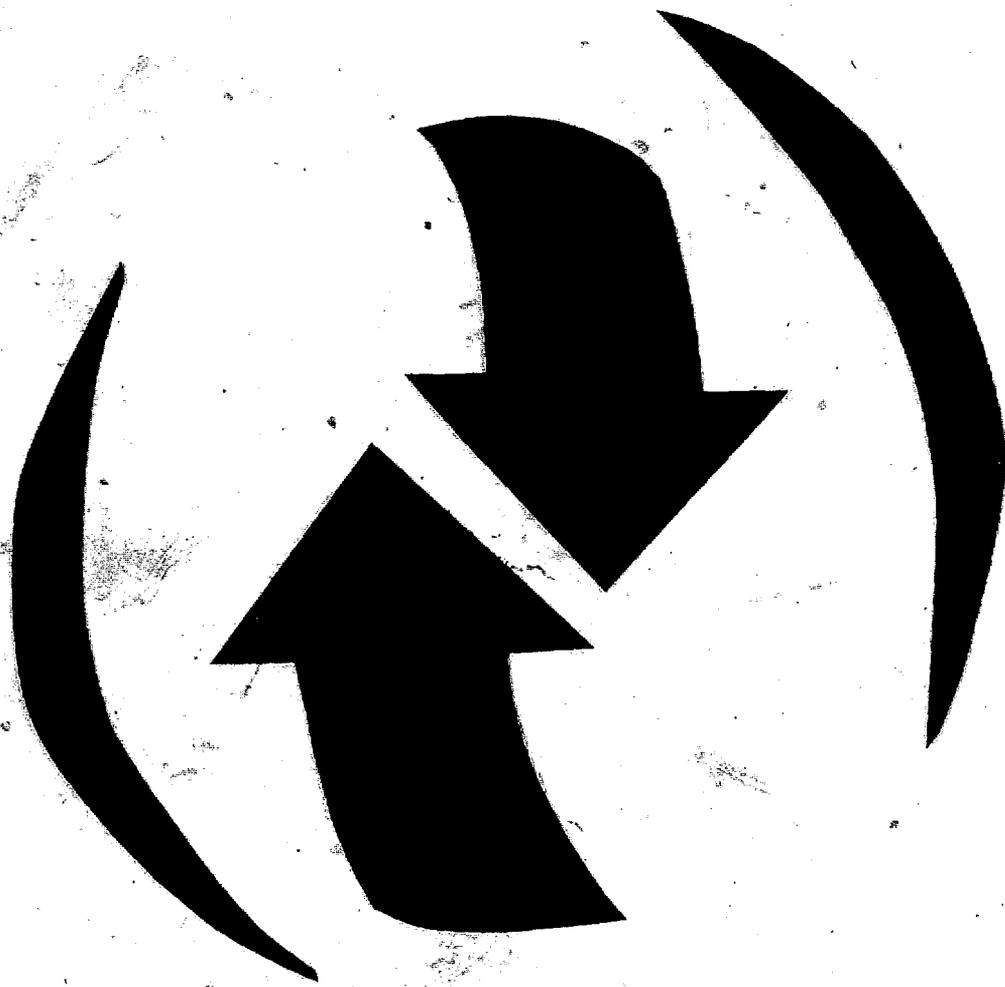


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USAID

MATCHING GRANT
COOPERATIVE AGREEMENT
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FOURTH
**ANNUAL
REPORT**

10/1/96 to 9/30/97

of the

KATALYSIS

NORTH / SOUTH DEVELOPMENT PARTNERSHIP

A

Katalysis/US AID FY 1997 Annual Report

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GLOSSARY OF TERMS

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

PDB	Partner Directors Board
PEBD	Business Development and Promotion Program
PROCOMES	<i>Corporación de Proyectos Comunales de El Salvador</i> (Corporation for Community Projects of El Salvador)
Q	Quarter
RDD	Resource Development Director
RFD	Regional Field Director
RFO	Regional Field Office
SDS	Sustainable Development Services: three organizations -- Freedom from Hunger, IDR, and Lassen and Associates
SEEP	Small Enterprise Education and Promotion Network
TA	Technical Assistance
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

Fiscal year 1997, year four of the USAID MG for the Katalysis Partnership, was characterized by a full organizational commitment to realign staff, board, Partner relations, and policies and procedures with the new organizational programmatic focus on microcredit and community banking. This commitment affected the recruitment and hiring of a new regional field director whose regional and microcredit experience were clearly established, as well as the completion of the microcredit program team. The new team is represented at both the field office with the field director, microcredit program manager and community banking coordinator and at Katalysis/USA by the microcredit specialist. The team is responsible for coordinating the microcredit and community banking program -- from strategies for expansion, to policies, procedures and standards for program operations.

The commitment to realignment formed the basis of staff development, especially the exploration of the mission and values as these are embodied by staff in the day-to-day operations and delivery of service. A clear articulation of the core value of partnership has given expression to a reality of solidarity, support, and accountability that is expected and cultivated at the client level through community banking methodologies and is envisioned to permeate the entire Partnership. The Katalysis universe is becoming clearer. This valuable organizational maturation gave rise to the formulation of a business plan for Katalysis/USA and a complementary document for the regional field office. These two documents will be integrated and refined in FY98, but they have already formed the basis for reformulated Partner selection standards and for microcredit performance indicators that have been agreed to by existing Partners.

The need for full-scale reorientation to the new focus affected the governance level of Katalysis as well. A new model for board development was approved by the Board and has served as the basis for recruiting six new board members and incorporating the Partner Directors Board as a committee of the Board. The new members bring development, microcredit and financial expertise that bolsters current business expertise and launches a Katalysis board contingent in Washington, DC.

Efforts on behalf of the Partners did not lag as Katalysis convened several Partnership Exchanges that enhanced their understanding of microcredit management and the thrust of microcredit efforts worldwide. The Partnership was represented by all the Partners and key staff from Katalysis/USA and the RFO at the Microcredit Summit in Washington, DC, in February. This global moment instilled great pride in the Partners and deepened their organizational interest in microcredit. Support training coordinated by the RFO followed in financial management, portfolio management systems, microcredit standards and indicators, and fund accounting.

Diversification of funding continued as IDB/MIF funding began and Partners consulted with Katalysis resource development director (RDD) to explore expanding funding support in and through local contacts. Meanwhile, Katalysis increased its educational outreach through Partnership Journey III, taking major supporters to Partner sites in Honduras and Guatemala and detailing the new focus through the Katalysis newsletter, *Field Notes*.

The Partnership expanded by two members in FY97, as FAMA in Honduras and PROCOMES in El Salvador became probationary Partners. They involved themselves in the Partnership Exchange events at their own organizational expense and participated in the Microcredit Summit. Their commitment to the Partnership is very clear, and it is expected that they will become full Partners in Q1 of FY98. Additionally exploration continues in FY98 to expand and strengthen the regional network and begin planning for replication to another region.

Realignment and sustainability were the themes of FY97. These point the way for a deepening of the practice of Partnership and quality management in microcredit and community banking for FY98. The level of confidence and enthusiasm for continued growth and improvement is high. The willingness to learn from the valuable lessons of the year and apply these lessons to future plans and service delivery has also matured to a new level. All of these factors will make for a solid final year in this MG and provide a firm foundation for seeking qualitative growth of experience and expertise in a new application for funding.

I. BACKGROUND TO THE GRANT

Mission

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

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

Programs

Katalysis has had three southern Partners participating in this matching grant: Organización de Desarrollo Empresarial Femenino (ODEF, Organization for Women's Enterprise Development) in Honduras, Cooperación para el Desarrollo Rural de Occidente (CDRO, Cooperative Association for Western Rural Development) and Asociación de Mujeres en Desarrollo (MUDE, Women in Development) in Guatemala. Through the close of year three of the grant Belize Enterprise for Sustainable Technology (BEST) in Belize was a member of the Partnership and a participant in the grant. BEST left the Partnership at the close of year three and the details regarding BEST's role and departure from the Partnership were documented in that annual report and in the midterm evaluation.

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

The Matching Grant (MG) supports both institutional strengthening and partner program strengthening. The Program Development and Support (PDAS) portion of funding supports Katalysis in its work to provide services to strengthen the institutions of the Partners and the Partnership network. Partner program strengthening is directed primarily through Business Development and Promotion (PEBD), the program area that provides technical assistance and training in microenterprise and community banking development. This represents a revision to the original logistical framework and detailed implementation plan (DIP) which included natural resource management and appropriate technology training in the Agricultural Training and Extension Program (AGTE). Emphasis on this area remains only in so far as it is a complement to the work provided by the agricultural training and learning center jointly operated by ODEF and Katalysis, Herencia Verde. The Center and its programs are available to the Partners as they need them. But the focus of the Partnership programs and assistance is now microenterprise and microcredit development.

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. 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.

For the purposes of this MG, there are only three Partners participating. However, Q1 marked a new phase in the Partnership. One new Honduran NGO, FAMA, and another NGO from El Salvador, PROCOMES, were incorporated as probationary Partners. Katalysis expects both to become full Partners in Q1 of FY98. Thus, the expansion of the Partnership is underway. Additional exploration is scheduled for FY98. These and future Partners will be included in new financing plans and provided with appropriate institutional and micro-finance assistance based on their organizational needs as funds become available.

II. PROGRAM METHODOLOGY

Program Goal

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

Program Purpose

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

Program Objectives

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

Methodology

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

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

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

The third objective of the MG has been modified to reflect a focus on AGTE through HV that will service local natural resource management and training in Honduras and extend through the Center's programs to others as need and opportunity warrant.

The fourth objective of the MG is to improve and expand Partner microenterprise development and community banking programs through business development promotion (PEBD). Partner organizations work to provide opportunities for economic development for those who have traditionally been denied access to credit and business training programs, focusing on the rural poor - particularly women.

Program Outputs and Activities (based on 5-yr. DIP *)			Year 4 performance	
Type of activity	5 yr. expected output	Cumulative (yrs 1-4 actual)	Expected (yr. 4 - DIP)	Actual (year 4)
PDAS				
Long Range Planning activities	6	8	2	1
MIS/Proj. Mon. Database activities+	7	7	0	0
Accounting System Installation	4	3	0	0
Accounting System Follow-up	as needed	10	6	10
Fund-raising Training activities	6	5	1	1
Admin. System trngs. +	11	4	1	2
Monitoring, Evaluation, Impact Analysis	8	9	7	3
Partnership Exchange activities	47	49	6	6
Partnership Training activities	6	7	1	2
Documentation*	9	9	1	2
AGTE				
Sustainable Ag/Nat'l Mgt Wksp / Trainees	224 / 1,873	719 / 5894	19 / 145	71 / 521
Ag Credit / Number of Farmers	\$12,900 / 95	\$28,690 / 219	0	0
Appropriate Tech Wksp / Trainees	337 / 2711	438 / 5644	30 / 330	60 / 570
Biogas Plants established	3	1	0	0
Reforestation Proj Comm / Beneficiaries	7 / 1333	25 / 2732	0	0
Organic Gardens Planted / Beneficiaries	245 / 1262	358 / 277	42 / 220	46 / 442
PEBD				
Credit Disbursed / CB, adults and youth	\$385,504	\$473,092	\$76,140	\$169,918
Community Banks (CB) established	72	89	8	14
CB Members trained	1,476	3,628	153	265
Adults trained / Small Business Mgt	2,563	3,906	573	952
Youth trained / Small Business Mgt	150	78	0	0

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

+Original DIP outputs.

III. MONITORING AND EVALUATION

AGTE

At the start of the fiscal year, the Natural Resource Manager (NRM) assisted the ODEF/Herencia Verde (Green Legacy) staff to develop a workplan for FY97 which included activities for the year and a mid-term evaluation of the Herencia Verde project. The mid-term evaluation was performed in Q2 with the participation of Katalysis NRM, ODEF/HV staff and VIDA's technical team. The evaluation report was submitted by the VIDA technical team in Q4. The executive summary of the report states that overall, the construction of the educational center, establishment of the demonstrative farm plots, training of the community farmers, application of sustainable agricultural practices and full operation of the center have permitted the project to play an active role in the northwest Honduran region. However, given that the project has less than a year to be completed, both participating organizations must prioritize those remaining essential activities that contribute to environmental awareness and training of the participants, implementation of sustainable agricultural practices in the communities, and the sustainability of the center itself.

As a result of the HV mid-term evaluation, the NRM and HV staff increased monitoring activities in the field. They were pleased with the communities' progress and active participation throughout FY97. The NRM has also monitored closely the year's activities as performed by the HV staff according to the established workplan for 1997. The staff completed all activities planned for FY97, except the establishment of the community demonstration farm plots.

PEBD

Katalysis Microcredit Program Manager (MEM) began the fiscal year performing a diagnostic of MUDE's accounting system, credit management data base, and financial operations. As a result of the diagnostic, the MEM determined that MUDE had to: 1) fine tune the organization's accounting system, 2) redefine the credit management data base in order to generate usable and accurate information, and 3) restructure its financial operations. The MEM also suggested to MUDE's executive staff that the final audited financial statements be carefully reviewed in order to validate the auditors work. As a result of the monitoring visits to MUDE, the MEM concluded that MUDE was in need of a new management information system and revision of the organization's credit policy to improve its financial operations.

During a field visit to CDRO, the MEM participated in an evaluation of CDRO's community bank program to determine the present status of the program and the program and staff needs. The MEM discussed with the women's program staff a plan to improve the community banking program's methodology.

At the beginning of the fiscal year the USAID Microenterprise Innovation Project (USAID/MIP) representatives Barry Lennon and Oswaldo Oliva, performed an evaluation of ODEF's financial operations and credit program as part of the MIP grant to expand ODEF's credit portfolio. Mr. Lennon prepared a report in which he commended ODEF for its leadership in micro-lending and the organization's progress towards financial self-sufficiency. Mr. Lennon also presented recommendations to ODEF that would improve its financial operations and secure the organization's future growth. Katalysis and ODEF analyzed the recommendations, submitted a response, and continue to move forward in achieving the program goals.

An additional activity with ODEF within the area of evaluation and impact analysis entailed work on the SEEP/AIMS project in coordination with the technical staff of the SEEP Network. This project, intended to test the impact evaluation tool's usefulness in analyzing the socio-economic impact of ODEF's community banking and individual loan programs, will permit ODEF to determine the impact that the program has had to date, make the required changes to provide a better service, and learn to incorporate such impact analysis for the future. RFO staff participated in the training and hope to extend impact analysis training to other members of the Partnership incorporating ODEF's experience and help.

IV. REVIEW AND ANALYSIS OF PROJECT RESULTS BY COUNTRY

HONDURAS

Organización de Desarrollo Empresarial Femenino - ODEF

Organización de Desarrollo Empresarial Femenino (ODEF) was founded in 1985 to help incorporate women and their families into the processes of economic, social, educational, and political change in Honduras. ODEF joined the Katalysis Partnership in 1989.

ODEF's programs emphasize microenterprise development as a means of combating low-paying jobs and persistent unemployment for women. ODEF's two primary programs in this sector are women in business, providing credit and technical assistance to individual low-income women, and community banking, providing the same to solidarity groups of extremely poor women. Given the interconnectedness of the problems facing women in rural Honduras, ODEF also provides support for food production, nutrition, small-scale agriculture, handicrafts, and alternative energy sources.

HIGHLIGHTS OF ODEF ACHIEVEMENTS IN FISCAL YEAR 1997

- **ODEF coordinates with INFOP (National Institute for Professional Development) for the delivery of technical training to its microcredit clients.**
- **ODEF initiates the USAID/MIP project, funding awarded to ODEF to increase its microcredit operations and movement toward institutional sustainability.**
- **ODEF initiates the IDB/MIF project, a counterpart funding awarded to ODEF to strengthen its credit program and Herencia Verde project.**
- **Evaluation of ODEF's management and financial operations performed by representatives of the USAID/MIP project. The evaluation confirmed ODEF's microcredit program advancement.**
- **ODEF is one of two microcredit organizations in the world to participate in a test of an impact analysis model tool under the auspices of SEEP/AIMS.**

Institutional Strengthening - PDAS

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

Indicators of Sustainability					
Indicator	Baseline (end of 1993)*	End of Fiscal Year 1994**	End of Fiscal Year 1995***	End of Fiscal Year 1996****	End of Fiscal Year 1997*****
Number of Staff	43	44	52	50	52
Total Budget+	\$52,135	\$26,250	\$258,851	\$667,000	\$531,630
Total loan portfolio	\$24,518	\$46,167	\$1,016,525	\$1,407,000	\$1,113,760
# computers / % staff trained	5 / 12%	5 / 20%	9 / 25%	12 / 19%	16 / 17%
Number of donors	6	8	6	7	7
Number of beneficiaries	8,320	9,017	2,412 (active beneficiaries only)	4,672 (active beneficiaries only)	6,337 (active beneficiaries only)

* \$1 = Lps. 7.0 ** \$1 = Lps. 8.5 *** \$1 = Lps 9.6 **** \$1 = Lps. 12.22 *****\$1 = Lps. 13.08 +Information for 1993 and 1994 partial budgetary figures.

Long Range Plans

Since ODEF completed its strategic plan almost two years ago and it formed the basis of the application for the USAID/MIP grant proposal, follow-up assistance in the area of long range planning involved close monitoring of the organization's financial operations by way of their financial indicators. At the end of Q4 the MEM and RFD met with ODEF's executive staff to prioritize technical assistance for next fiscal year. ODEF expressed that specific institutional strengthening and technical assistance must be well-focused in order to produce optimal institutional results. Therefore, in order to recommend the necessary adjustments, both ODEF and Katalysis agreed that periodic review and revision of the credit program methodology would be provided in addition to management monitoring to evaluate the institutional plan. The adjustments should permit ODEF to take a course it considers best towards the development and growth of the organization.

Management Information System

At the beginning of fiscal year ODEF completed the data imputing process for the MAS 90 accounting system. The FD and MEM conducted various follow-up visits to ODEF to check the system's working potential. Midway through the fiscal year, ODEF detected that changes in the system's interest rate calculation were needed. Additionally, ODEF had requested that the software manufacturing company install the credit management component. ODEF found that the company was unable to install a credit management system to fit ODEF's needs and link it to the accounting component. ODEF executive staff decided to investigate a similar system developed by the SOFT Corporation Company located in Guatemala. The SOFT Corporation software for credit portfolio management and accounting was identified by various executive staff as a software which has been successfully installed in other organizations and is working well for portfolio management.

Strengthening Fundraising Techniques and Strategies

A core event for each of the Partners was attendance at the Microcredit Summit in Washington, D.C., in Q2. The RDD coordinated full participation by all of the Partners, including the newest probationary Partners, and arranged two fundraising sessions involving all Partner directors. The first part of the session served to introduce the Partner directors to representatives from two funding organizations who made presentations on the funding source within their organizations that support credit programs and criteria for eligibility. Rotary International was represented by Marshall Saunders who described avenues for in-country funding; and Barry Lennon of MIP detailed the organizational strengths needed by groups looking to USAID/MIP for potential microcredit funding. The second session focused on fundraising strategies and key donor agencies for credit funds.

The RDD maintained individual consultations throughout the year with the executive directors of each Partner organization. In addition, during a Q3 visit, she met with various funders in Tegucigalpa, Honduras, seeking support for the HV Center and for ODEF's credit program. As a result of the RDD's contacts and RFO follow-

up, RFO staff submitted proposals for additional funding to FOCAD, a Spanish funding institution, for HV; and they also sent a partnership-wide microcredit proposal to CODESPA, another Spanish funder.

Agricultural Training and Extension - AGTE

Accomplishments in Agricultural Training and Extension						
Description of Project Act.	Outputs					
	Goal	Q1	Q2	Q3	Q4	Total
Sust Ag/Res Wksp / Trainees	19 / 145	14 / 111	10 / 158	17 / 69	30 / 183	71 / 521
Apprpt Tech Wksp / Trainees	10 / 210	2 / 22	10 / 70	8 / 49	4 / 19	24 / 160
Organic Gardens / # Benefcirs	42 / 220	7 / 58	20 / 180	10 / 167	9 / 37	46 / 442

Conservation Agriculture and Environmentally Sustainable Practices - During FY97 ODEF delivered intensive training and provided technical assistance to the beneficiaries. The training to the beneficiaries consisted of lectures, practical demonstrations and follow-up in the communities. The main topics covered in the training were sustainable agriculture which included organic pesticide and fertilizer production, cover crops, soil conservation practices, soil management, crop rotation, land preparation, and crop post-harvest management. ODEF also trained its beneficiaries in natural resource management and environmental education. As a result of this training, the beneficiaries began to establish nurseries for fast growing trees in order to protect their community watersheds and produce trees for firewood.

ODEF was successful in completing the majority of the activities planned for the fiscal year. The sustainable agriculture workshop goals were surpassed by approximately 274% and the number of trainees by 259% (see above chart). This accomplishment shows the effort made by ODEF staff in the deliver of technical assistance and training to the beneficiaries. As a result of the training workshop, forty-two organic gardens were established in the communities.

During FY97 ODEF continued with implementing the planned activities for the Herencia Verde Training and Learning Center. The beneficiaries were hosted as planned; 708 participants were accommodated and trained during FY97 in sustainable agriculture, agroforestry, small animal husbandry and environmental education. The increase in the community participation was very evident this year. The trainings seem to have had a multiplying effect. The community projects continued to be successful because the beneficiaries are applying the techniques learned in the trainings.

Appropriate Technologies - During FY97 ODEF continued to promote the demonstration, construction, and use of the fuel-efficient wood-burning Lorena stoves. The promotion of solar box cookers was reduced this year due to the prolonged rainy season in the region where the project had been introduced. ODEF's staff determined that the region is inadequate for the actual implementation of such a project. In addition, the beneficiaries have difficulties adopting this technology because they are used to their traditional stoves. The Lorena stoves have been successful because they are similar to the traditional stoves used in the communities. During this fiscal year ODEF completed seventeen training activities which included demonstration and construction workshops with 149 participants.

Business Development and Promotion - PEBD

Accomplishments in Business Development and Promotion						
Description of Project Activity	Outputs					
	Goal	Q1	Q2	Q3	Q4	Total
Community Banks established	0*	2	3	1	1	7*
CB Members trained	0*	52	46	22	17	137
Credit disbursed to CBs	0*	\$33,397	\$7,885	\$1,347	\$21,078	\$63,707
Sm Bus Mgt Wksp / Trainees	13 / 275	8 / 52	12 / 46	1 / 31	4 / 17	29 / 146

*ODEF has met its total USAID goals for establishing community banks within the first three years of the grant. ODEF continues to establish banks with the interest growth on the original credit money and its counterpart. ODEF continues to expand its lending portfolio and community banking program through other funding sources. Those banks reported here represent only banks attributable to USAID and counterpart-based funding growth.

Community Banking

In FY97 ODEF continued strengthening its community banking program through the training given to the credit department staff in the areas of: gender sensitivity, human relations, client service, and training methods and techniques. This fiscal year, ODEF hired two consultants, one in the field of training methodologies and the other in development of educational training materials. The training that the staff received is intended to guarantee efficiency and quality in the implementation of the program goals and objectives.

ODEF also continued to focus on the five training modules for client training, including administration, tools for credit control and management, marketing, and parliamentary norms. As a result of the activities completed during FY 97, ODEF was able to increase its active community banks from 163 (FY 96) to 264 (FY 97) and ended the year with 5016 clients. In addition, ODEF reinforced individual client visits to minimize delinquency, while attending to client needs. ODEF's staff also monitored throughout the year clients use of the techniques learned in the trainings.

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

Throughout FY 97 ODEF responded to its clients requests for technical training in various productive areas by coordinating training activities with the Honduran National Institute for Professional Development (INFOP). The trainings, geared to improving the quality and competitiveness of the clients' products were in the areas of deli, soy sauce, and dairy processing, as well as production of mayonnaise, jam, and bakery products.

GUATEMALA

Cooperative Association for Western Rural Development - CDRO

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

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

HIGHLIGHTS OF CDRO ACHIEVEMENTS IN FISCAL YEAR 1997

- **CDRO signs an agreement for counterpart funding with the Spanish Government for the construction of a regional training center for trainings in all areas provided by the organization.**
- **CDRO's women's program staff participates in the national Forum on Women's Rights.**
- **CDRO and the Agricultural Ministry initiate the agricultural, forestry and industrial project.**
- **224 beneficiaries of CDRO's agriculture program successfully sell a portion of their vegetable production to local markets. The earnings were used to buy other basic food staples.**
- **CDRO's administrative decentralization process continues to improve within the organization and the community.**
- **CDRO receives visit from the President of Guatemala to strengthen the relationship between the government and the indigenous population and discusses the possibility for future projects in response to the problems in the rural area.**

Institutional Strengthening - PDAS

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

Indicators of Sustainability					
Indicators	Baseline (End of 1993)*	End of Fiscal Year 1994**	End of Fiscal Year 1995***	End of Fiscal Year 1996****	End of Fiscal Year 1997*****
Number of staff	55	70†	105†	135†	160†
Total budget	\$387,724	\$916,229	\$920,600	\$1,162,122	\$742,567 (only partial, not total)
Total loan portfolio	\$171,480	\$190,173	\$519,485	\$719,436	\$164,759 (C.B. only)
# computers / % staff trained	10 / 100%	12 / 100%	14 / 50%	32 / 75%	40 / 65%
Number of donors	6	12	10	16	18
Number of beneficiaries	40,000††	45,000††	45,000††	2,952 (active beneficiaries)	needs to be confirmed

\$1 = Q5.47* \$1 = Q5.5 ** \$1 - Q5.7 *** \$1 - Q5.95 **** \$1 = Q6.7*****

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

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

Long Range Plans

Planned activities with CDRO's women's program staff in the area of long range plans had to be postponed until the beginning of FY 98 due to problems with the community baking program. During his visits to CDRO the MEM devoted time to discuss with the staff problems that impede the program from meeting the required outputs for the fiscal year in terms of the establishment of community banks. At the end of the fiscal year the MEM and the newly hired Community Bank Coordinator (CBC) discussed with CDRO's staff the activities left pending and plans for reprogramming those activities for FY98.

Management Information Systems

Although CDRO's accounting staff showed considerable progress in the use and management of the FASS accounting system, at year's end the staff informed the RFO of the possibility of the organization acquiring the SOFT Corporation system which links the accounting and credit operations. CDRO's staff considered that this system would meet the need of the organization to keep better track of its credit operations while integrating its accounting operations.

Strengthening Fundraising Techniques and Strategies -

A core event for each of the Partners was attendance at the Microcredit Summit in Washington, D.C., in Q2, which included a partnership training in fundraising strategies and donor contacts. See details above in the section on ODEF..

The RDD maintained individual consultations throughout the year with the executive directors of each Partner organization. In conjunction with the NRM, the RDD worked with CDRO agricultural staff on the preparation of a project profile of the reforestation project for submission to the Moriah Fund. The RDD continued to work with CDRO's education program staff to clarify outstanding issues regarding their proposal to the Banyan Tree Foundation.

Business Development and Promotion - PEBD

Accomplishments in Business Development and Promotion						
Description of Project Activity	Outputs					
	Goal	Q1	Q2	Q3	Q4	Total
Community Banks established	8	0	0	1	3	4
New CB Members trained	153	0	0	30	56	86
Credit disbursed to CBs	\$21,150	0	\$412	\$2,750	\$6,535	\$9,697

Community Banking

During Q4 CDRO's staff worked on reinforcing the changes in the community bank program in reference to its methodologies in order to satisfy the needs of the beneficiaries, to provide prompt services at the appropriate time and to reduce the risk of loan delinquency. Two key changes CDRO staff are considering involve (1) the implementation of the "Automatic Credit System" which provides quick loan disbursement to clients with an excellent credit record and (2) the evaluation of the environment in which the potential client develops her economic activities and lives. However, even with the changes made to satisfy the client's needs, some of the clients consider that the repayment period does not satisfy their needs. This concern has a strong impact on their decision to become a member of a community bank or to continue their membership within the community bank. Katalysis microcredit staff will have to work closely with CDRO's staff in FY98 to assist them in finding a solution to this problem.

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

As a follow-up to the trainings provided by CDRO's staff during the year, the beneficiaries received training in product areas such as baking, embroidery, and traditional sandal production.

Asociación de Mujeres en Desarrollo - MUDE

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

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

HIGHLIGHTS OF MUDE ACHIEVEMENTS IN FISCAL YEAR 1997

- **MUDE acquires a vehicle for its microcredit program for follow-up visits to the communities, easing the traveling load.**
- **MUDE's Board of Directors undergoes a change of members.**
- **MUDE's new Board of Directors participates in the outlining of the organization's five-year strategic plan, developing a clear vision, mission, and goals for the organization.**
- **MUDE establishes new interest rate policies that are intended to move the organization towards its sustainability.**

Institutional Strengthening - PDAS

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

Indicators of Sustainability					
Indicator	Baseline(end of 1993)	End of Fiscal Year 1994	End of Fiscal Year 1995	End of Fiscal Year 1996	End of Fiscal Year 1997
Number of staff	4	7	7	8	11
Total budget	\$36,674	\$36,405	\$33,712	\$132,320	\$100,000*
Total loan portfolio	\$34,264	\$47,551	\$62,638	\$142,487	\$106,067**
# computers / % staff trained	1 / 75%	1 / 75%	3 / 75%	5 / 75%	6 / 95%
# of donors	5	7	5	10	8
Number of bene.	165	445	462	650	611

*New staff brought on in Q4; decrease in budget does indicate some staffing turnover and related problems reported by the MEM in his trip reports. **Decrease in credit portfolio reflects both portfolio losses and the impact of ill-advised credit policy changes that the MEM subsequently helped MUDE revise.

Long Range Plans

At MUDE, during the first quarter the MEM assisted MUDE's staff with the reconstruction of the organization's financial information. The MEM trained the MUDE's executive staff in financial projection methods and fund accounting for NGO's. During Q2-Q3, the MEM performed an evaluation of the organization's structure, financial operations, and credit policies and procedures. Based on the findings, the MEM recommended a

change in the organization's structure and credit policies in order to better utilize staff and the organization's resources. In Q4 the MEM, along with MUDE's staff, performed an institutional diagnostic to develop the organization's strategic plan for the next five-years.

Management Information Systems

During a visit to MUDE, the MEM evaluated the organization's management information system and determined that the system was inadequate to fulfill the organization's current needs. The current system lacks a linkage between the accounting and credit management systems and is not structured adequately to accommodate fund accounting.. Since MUDE needs an integrated system, the MEM has recommended to MUDE executive staff that they consider the SOFT Corporation system as an alternative to the system MUDE presently has.

Strengthening Fundraising Techniques and Strategies

A core event for each of the Partners was attendance at the Microcredit Summit in Washington, D.C., in Q2, which included a partnership training in fundraising strategies and donor contacts. See details above in the section on ODEF.

The RDD maintained individual consultations throughout the year with the executive directors of each Partner organization. The RDD strategized extensively with the executive director of MUDE on accessing funds to expand MUDE's community banking program, especially in planning contacts with Guatemala's Rotary Clubs who in turn would work with US-based Rotary Clubs to provide funding for individual community banks. Along with the RFO's program staff, the RDD also is providing guidance to MUDE staff as they prepare a proposal to the German funder, Misereor.

Community Banking

MUDE's community banking program staff has continued to strengthen the program during FY97 by implementing work methodologies that permit better efficiency and productivity. MUDE's staff prepared workplans that oriented the promoters to providing the community baking groups with follow-up assistance at the appropriate time making each visit as effective as possible . Although MUDE's program has improved as a result of the changes, the program has suffered somewhat given the staff turnovers that occurred during this fiscal year. The program continues to lack the leadership of a coordinator, and this has had an impact on the growth of the program. The combination of staff turnover and lack of consistent leadership impacted both the total budget figures and the credit portfolio. The MEM has made significant recommendations for revising the credit policies. For FY98 Katalysis plans to work with MUDE's staff to assist them in overcoming these obstacles to assure the stabilization, growth and development of the program.

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

In the area of training, MUDE's staff has provided various workshops on human development, credit management, leadership for community bank board of directors, creating a clear vision for the business, and organization.

V. MANAGEMENT: REVIEW AND ANALYSIS OF HQ SUPPORT FUNCTIONS

Project Planning and Management Activities

FY97 brought the implementation of the revised Logframe and DIP, the field visit of USAID MG project officer Mary Herbert, and gradual incorporation of new funding sources (MIF and MIP). With the shift in focus to the microcredit sector, a phase-out strategy for agricultural programming was included in FY97. The strategy spans the life of the HV and MIF grants which each contain some natural resource management obligations. However, Katalysis and the Partners as a group are seeing the wisdom of consolidating program commitments.

Microcredit systems analysis by RFO staff began in FY97 and will be completed in Q1 of FY98. That information will be the basis of TA in FY98, impact analysis preparation, and planning for future microcredit funding. Careful analysis of all TA through year four of MG2 was done in Q4 in order to complete all projected outcomes in the DIP by grant's end. Review of data collection mechanisms at the project site and Partner organization levels needs evaluation and fine-tuning, and the microcredit team will be reviewing these mechanisms in detail in Q1 of FY98.

Overall project management during FY97 brought special challenges. The successful search for a new RFD during Q1 was short-lived, as the new director did not feel he was the appropriate person for the post after six weeks. A second search ensued, with the FD serving as interim field director. As interim director, he ensured the successful beginning of MIF funding and effective continuity at the field office. The final transition to the new director occurred in Q3, with the appointment of Daniel Martinez Steinberger, former director of COVELO. His background in management and microcredit promise to be a good match with the demands of regional management of field office operations. Further staff resource commentary is detailed below.

With regard to organizational reporting in general, MG2 has provided a significant opportunity to consider the consolidation of staff reports in a manner that satisfies multiple audiences. The administrative manager (AM) recommended an integration of several facets of reporting to effectively streamline the burden of reporting. All staff reports will be done on a quarterly basis, with the "overview" from each department serving as an "update" for board members on the activities for the quarter. The respective reports will also contain output specific reports for each major funding source; with a third section for management use detailing the lessons learned for the quarter. The RFD invited the AM to present a training on reporting to the field office staff to introduce this concept. The AM will prepare and present the training to the field staff in Q1 of FY98.

The first phase of a local area network (LAN) was completed at Katalysis headquarters during Q4. This allows all members of the staff to access electronic mail, as well as to send paper-less messages to one another internally. Further, this allows the first phase of cooperative document preparation via shared files without the time-consuming mechanics of shared disks and multiple paper copies. The second phase of the LAN (Q1, FY98) will enhance Internet access for all the staff and create a more seamless sharing of printer resources. The LAN should provide a more effective and efficient sharing of resources. Ongoing upgrades to software will occur as affordable.

During FY97, the financial system at Katalysis/USA was also upgraded to accommodate new government accounting requirements. The new software will greatly simplify the accounting function and facilitate the work of the FD.

Staff Resources

The initial phase of staff realignment with the new focus was completed during FY98, though more remains to be done. Many objectives in the staff realignment process were met: a reexamination of the mission, an identification of the core values of Katalysis, and an initial look at staff development needs. What remains is the integration of new work routines that reflect the progressive move to an efficient microcredit planning and support team both at Katalysis/USA and at the RFO.

FY97 did bring continued staff changes and an important new achievement, the completion of the microcredit team itself. As noted above, a new RFD was in place by Q3. Luis Felipe Borjas, microcredit program manager (MEM) came on board in Q1, and the team was completed in Q4 with two more crucial appointments: Marta Maria Salgado as the community banking coordinator will work extensively with the Partners in training staff promoters and monitoring progress in strengthening their community banking programs. And, Dennis Macray began as microcredit specialist with the headquarters staff.

Competent and clear in her approach, Marta Maria will add much needed skills to the program team. Dennis has past familiarity with Katalysis, having served as an intern during his MBA studies. With his recent experience in microcredit he will be invaluable in guiding Katalysis' planning of the northern component(s) of the microcredit program and in coordinating effectively with the program department in aligning microcredit reporting systems. He and the new RFD worked extensively together during the annual planning to coordinate their plans for developing the community banking model, as well as to consider the possible structure of a credit fund managed by Katalysis.

The new regional field director and the new microcredit specialist had a special orientation to the budget, program and plans for FY98 during the annual planning session in August. The intensive week permitted a careful scheduling of all major initiatives and a full analysis of costs and programmatic obligations. A special session with board members and major donors during that same annual planning week permitted a briefing on Katalysis' microcredit development plans.

Staff development really occurred through the annual planning sessions. Groundwork for annual planning was laid as early as April when a representative group of staff members participated in a pilot application of a new organizational assessment tool developed under the auspices of USAID -- the Discussion-oriented Organizational Self Assessment (DOSA) tool. While results of Katalysis' pilot were skewed by lack of programmatic staff representation, sufficient insight was gleaned to understand the power of the tool and to gain commitment for its future use over the next five years and to use the results as preparation for annual planning. In June, further work was done by each department on budget preparation. Finally, in August the northern staff and the southern as represented by the RFD convened.

A session during the planning days was given to an introduction of the staff to the new board structure and the implications for staff involvement. Further, staff benefited from an extensive updating from the field office by the new RFD. The plans for major initiatives for FY98 were discussed as well. The annual planning provided an opportunity for the new RFD and microcredit specialist (MCS) to be oriented to Katalysis budgeting, programming and future plans. A thorough review of the technical assistance calendar and the fund-development plans for FY98 created a realistic backdrop for structuring plans for all staff activities for FY98. The annual planning and budgeting meetings have taken on a progressively greater significance for the organization. Staff now anticipate the event and contribute to the structuring of it so that it deepens the overall value to strengthening the organization. Vision, mission and values are affirmed. Particulars get consideration, and all staff begin to think of the good of the organization as a whole.

FY96 had seen the reduction of support staff at the Katalysis/USA office. These positions were restored in Q1 of FY97 and two new personnel were hired, one as secretary/receptionist and the other as finance assistant. Support staffing is still short, especially in the resource development department where there are heavy demands for donor contacts and educational outreach.

Changes in personnel during FY96:

Position	Name	Qtr.	Contributions
Katalysis/USA*			
Finance Assistant	Marjo McGowan	1-2	Hired as full-time assistant in finance. Left employ in February.
Finance Assistant	Erica Fernandez	2-3	Served as a temporary employee to assist in the department while the FD was in the field as interim field director.
Finance Assistant	Maurice Vandeyar	2-4	Initially served as interim controller while FD was in field as interim field director. Subsequently appointed as permanent finance assistant.
Secretary/Receptionist	Mary Martin	1	Hired as full-time secretary/receptionist. Serves all departments as support staff. Supervises administrative interns.
Microcredit Specialist	Dennis Macray	4	Hired as full-time microcredit specialist to assist with program planning and development, as well as monitoring of credit activities and grant administration.
Katalysis/Honduras			
Microcredit Program Manager	Luis Felipe Borjas	1	Program manager for microcredit and microenterprise field activities and technical assistance.
Community Banking Coordinator	Marta Maria Salgado de Gonzales	4	Additional microcredit program assistance, especially in the area of community banking technical assistance to Partners.
Regional Field Director	Carlos Dextre	1-2	Hired as RFD, but resigned after six weeks of service.
Interim Field Director	Mario Beltran	2-3	On loan from headquarters, the FD served as interim field director, providing financial management TA to the Partners, as well as appropriate executive representation in the field.
Regional Field Director	Daniel Martinez Steinberger	3-4	Hired as RFD. Strong microcredit and USAID experience in the region.

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

Training and Technical Assistance

The chart on the next page highlights training and technical assistance activities for fiscal year 1997 in comparison to year four of the DIP.

◇ AGTE - Agricultural Training and Extension

Even though the specific USAID contributions toward natural resource management projects was reoriented for all projects except HV in conjunction with ODEF, counterpart commitments continued for CDRO and MUDE. Project management efforts by the NRM on their behalf are noted below.

CDRO

The NRM assisted CDRO's Agricultural staff throughout the fiscal year specifically in the areas of reforestation and natural resource management. The NRM assisted the staff in the implementation of the projects within these areas. In each phase of the projects the NRM provided specific recommendations to assure that the techniques were being applied accordingly. In addition to the trainings and technical assistance to the entire staff, the NRM provided one to one consultation to the Program Coordinator to discuss concerns expressed by the technical staff and project beneficiaries.

MUDE

The technical assistance furnished to MUDE's Agricultural Program staff focused on the strengthening of the program's extension component in order to facilitate the delivery of the training offered to the beneficiaries. The NRM also provided support in the area of sustainable agriculture and energy efficient technologies. The technical assistance provided during the fiscal year has had a positive impact on the implementation of the projects and growth of the program.

ODEF

Throughout the FY97 the NRM continued with the trainings and technical assistance programmed for the HV staff at the Herencia Verde Center and in the field during the visits to the communities. Since the staff has completed most of the training modules in sustainable agriculture and natural resource management, training this fiscal year was focused on high altitude crop production. ODEF's field staff have provided training on this topic to community beneficiaries where high altitude crops are produced.

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

CDRO

Most of the technical assistance and training activities planned for CDRO's Women's Program staff for this fiscal year were unable to be carried out due to time devoted to discussing and finding solutions to the problems being confronted within the community banking program. At years end, the program staff had failed to establish the number of banks programmed for the year and to recover the loans disbursed to various banks. The community banking staff were also faced with discontent of various bank members in regards to loan amounts and repayment periods. These members have threatened to discontinue with the program. Given the above situation, the MEM and recently hired Community bank specialist have already planned a visit to CDRO for the beginning of Q1 FY98 to discuss the status of the community banking program and to plan some viable solutions to the problems the program is facing. CDRO's community banking staff, in conjunction with Katalysis microcredit staff, will prepare a workplan for FY98 that will guide all activities for the next fiscal year.

MUDE

During field visits to MUDE, the MEM met on several occasions with MUDE's Board of Directors and Executive staff to discuss the importance of institutional changes within the framework of the new microcredit and microfinance focus. The MEM has also presented to MUDE's staff how the new microcredit and microfinance focus has contributed to new institutional policies adopted by Katalysis which effect the future of the Partnership. As a result of all the meetings, discussions, and training and technical assistance provided to the organization during the fiscal year, the organization was able to achieve the following: elaboration of the organization's strategic plan; changes to the organization's credit policies; and training of MUDE's accounting and finance staff in fund accounting and financial administration and management.

ODEF

Assistance to ODEF during the fiscal year consisted of monitoring the installation of the MAS 90 management information system and the organization's financial operations. In Q4 the MEM and RFD met with ODEF's executive staff to discuss and establish specific institutional strengthening and technical assistance activities for the following fiscal year. Katalysis and ODEF's executive staff agreed that technical assistance activities will include the revision of ODEF's credit methodology and management monitoring to evaluate the organization's strategic plan.

TRAINING AND TECHNICAL ASSISTANCE

--Fiscal Year, 1997

Activity:	Plan FY97 DIP	Actual Outcomes																	
		Q1			Q2			Q3			Q4								
		M	C	O	M	C	O	M	C	O	M	C	O						
PDAS / PEBD																			
Long Range Plans																			
On-site TA & Training																			
Long-range Plan -- Completed	Q1 & 4																		
Management Information / Accounting Systems																			
On-site TA & Training																			
Fund-raising Techniques / Strategies																			
Donor Rsch, Cultivation & FR Training																			
Proposal Preparation	Q1																		
Follow-up Visits																			
Monitoring & Evaluation																			
Community Bank Diagnostic	Q2																		
Institutional Assessment	Q2																		
Partnership Exchanges/Training Events	2																		
Board Training: Sustainable Programs	Q1																		
Board Training: Policies, Procedures, Standards																			
Microcredit Summit																			
Financial & Admin. Systems Training																			
Covelo: Financial Indicators																			
Covelo: Fund Accounting																			
Documentation																			
NGO Financial Management & Administration	Q1																		
Partnership Board Model																			
AGTE Training & Technical Assistance																			
Reforestation Project																			
Sustainable Agriculture																			
Energy Efficient Technologies																			
Organic Gardens																			
Herencia Verde																			
Partnership Exchange																			
Agriculture Extension																			
Environmental Education																			
Food Processing																			
Natural Resource Program Eval.	Q2-4																		
PEBD Training & Technical Assistance																			
Community Banking																			
Microcredit Training																			

Partnership Exchanges

Partnership-wide trainings were several throughout FY97. Executive directors participated in microcredit trainings related to the development of Katalysis' new full realignment in microcredit at both the November and June board meetings. The issues of organizational sustainability, credit fund administration, the Katalysis community banking model, policies/procedures/standards and new Partner selection criteria, as well as various microcredit mechanisms were presented. Their attendance at and participation in the Microcredit Summit in Q2 was a defining moment for the Partners as members of the Partnership, identifying them strongly with their northern Partner.

Other exchanges throughout the year were meant to develop and strengthen Partner systems in the area of microcredit further -- financial systems and microcredit management systems. The FD provided a financial and administrative systems workshop in Q3; the Soft Corporation introduced a credit management software package for Partner consideration also in Q3. A second workshop on accounting principles by source of funds for NGOs was also presented during Q4 for financial staff and accountants from the Partner organizations; and the Covelo trainers hosted an exchange on key financial indicators for microcredit institutions in Q4. Having been introduced to the new credit standards in the Katalysis business plan and trained in the industry's standard indicators in Q4, the Partners agreed to have Katalysis program staff use the new standards and indicators to provide diagnostic and strategic assistance to their organizations in FY98.

In Q3, the NRM planned an exchange in Tegucigalpa for Partners to visit another agricultural training center and strengthen their understanding and experience of natural resource management. The agenda is included in the attachments.

Long-Range Planning

Over the course of the last three years, Katalysis has been involved in a series of planning processes that led to a number of strategic decisions regarding the future of the organization. The most recent organization-wide strategic planning process centered around the selection of a single program focus, on which to base Katalysis technical assistance to the Partners and the programmatic content of the Partnership network. The chosen focus of microcredit/community banking was enthusiastically endorsed by board, staff, and Partner organizations. With the technical assistance from Sustainable Development Services (SDS), Katalysis contracted two external consultants to develop business plans for Katalysis headquarters and the RFO in Honduras. Following the consultants' work, SDS members critiqued the business plans and spent some time detailing the unique position of Katalysis in the microcredit market. This assistance, plus the promised SDS help in Q1 of FY98 with replication considerations, has been very useful. Both business plans will be integrated into one single document, mapping out the growth of Katalysis and the expansion of Partner microcredit programs over the next five years.

With all this work in progress or completed, Katalysis is well positioned to apply for a third five-year matching grant. The various planning processes have oriented Katalysis board and staff toward a future of consolidation, expansion, and replication in a second geographic region, and the core technical competencies to support these strategies are in place both at headquarters and at the field office.

The RFA issued for this year's Matching Grant Program essentially encompasses in its guidelines several of the key issues that Katalysis had plans to address in its work over the next six years. The RFA workshop in mid-September confirmed that assessment, especially with the strong emphasis on partnership, capacity building of local NGOs, and sustainability of service delivery and local organizations. The synchronicity between USAID strategic objectives and the work of the Katalysis Partnership is encouraging. However, the preparation of the proposal remains a daunting and complex endeavor that will require the concerted effort of headquarters and RFO staff to put together during Q1 of FY98.

Project Fundraising and Marketing

The efforts to strengthen the Partners understanding of fundraising strategies and efforts continued throughout FY97. The Microcredit Summit provided an opportunity for all Partners to meet funder representatives, hear directly some of the eligibility requirements and learn first-hand what contacts Katalysis

facilitates on their behalf. While the move toward microcredit funding plans was the emphasis in FY97, several agricultural-related grants materialized to help ODEF, CDRO and MUDE with their agricultural commitments. These grants are part of the maintenance of effort and phase-out of the natural resource management sector that Katalysis began during FY97.

Contacts with European funders and with groups like Rotary International assisted in diversifying the funding contacts made during FY97. The strengthening of microcredit systems for the Partners received support from CGAP and will be implemented in FY98. And progress in the challenging area of impact analysis began through a pilot project under SEEP/AIMS funding. This pilot project provided training for ODEF staff and assessment of the impact analysis tools; RFO staff participated in the training and will be instrumental in moving the analysis training through the partnership.

Plumbing every source of potential funding continues to widen the circle of private and grant-based sources and enhance sustainability of operations. In FY97, close to 25% of revenue came from individual donors. This includes board members, Katalysis Core Circle members, Major Donors, and small donors. The Major Donor Campaign is designed to increase the donor base in the range of \$500 to \$10,000 and draws its prospects primarily from board and major donor networks. The FY97 major donor campaign committee was small but effective. At the conclusion of Q4, contributions from major donors had exceeded the original goal by over \$35,000. This accomplishment is, in part, attributable to the success of the third Partnership Journey, which prompted increased contributions from long-time donors and new funding commitments from other participants. Smaller contributions are solicited primarily through the semi-annual direct appeals. The combined revenue from those made up about 13% of revenue generated from individuals.

An important initiative in regard to increased fundraising capability from individuals is the new committee structure set up for the recently expanded board. The major donor campaign committee is now integrated into a standing board committee, the Marketing and Fundraising Committee, and continues to be a joint board/staff committee. Adding marketing strategies and materials as a prerequisite for successful fundraising campaigns significantly enhances the long-term success of Katalysis' fundraising from individuals and special interest groups.

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

◇ Katalysis Board of Directors

As part of the organizational alignment with the new focus on microcredit, all segments of the organization were under scrutiny. The board itself, re-examined its membership and set in motion a process for recommending a reconfiguration that would support Katalysis movement into the future. A board development task force was appointed and charged with proposing models for consideration that would be in keeping with the considerations of the Executive Committee and the recommendations of the business plan for recruiting new board members.

Initial considerations were posed to the board at a special second meeting in El Salvador in June. The task force turned its final recommendations over to the Board Development Committee (BDC) and it, in turn, forwarded these to the Executive Committee in Q4 for approval. Following approval, the BDC began intensive recruitment of new members who met the criteria for selection. The prospective members were interviewed, considered, and recommended for approval. By the end of Q4, six additional members had been approved. Orientation via personal meetings with staff representatives, plus delivery of the newly revised Board Members Resource Manual was completed for each member. Three new members from Washington, D.C., included Alex Counts of the Grameen Foundation; Devorah Miller, an experienced microcredit consultant; and James Small, an international businessman with contacts and experience in South America. From the San Francisco Bay Area, Linda Orrick, a financial consultant with more than twenty years in nonprofit sector financial management, joined the board. In addition, long-time Katalysis supporters and major donors Dino Cortopassi and David Pollock also joined the board, bringing their extensive business and marketing expertise to the Katalysis Marketing and Fundraising Committee. The BDC will continue to review possible new recruits for board and committee advisor positions; and once the new members are fully integrated, additional members with appropriate expertise will be recommended. While orientation of new

members and inclusion on new board committees has begun, the Katalysis board meeting scheduled for Q2 of FY98 in Tegucigalpa will further the orientation and integration of the new members.

EXECUTIVE COMMITTEE: The Executive Committee (EC) initiated a review of the board's structure and recruitment needs in light of the new focus and supported the restructuring that brought greater expertise and diversity to the board. The leadership of both the board chair and the founder continue to be important to Katalysis. Yet, the new model for board development seeks to broaden the base of involvement beyond California to include not only business contacts, but financial, microcredit and development expertise, as well as government and funding sector connections. The EC has been supportive of the new directions and helpful in surfacing new prospects.

The EC has met quarterly, monitored budget reports carefully, and been responsive and instrumental in the selection process for the RFD. In addition, the EC was proactive in donor support and cultivation, with the founder providing leadership in the third Partnership Journey, as part of donor education.

BOARD MEMBER INVOLVEMENT: Extensive board member involvement in fundraising through the Major Donor Committee, in the new board committees and reformation of the board in keeping with the new focus on microcredit, as well as donor education and cultivation through the Partnership Journey planning continues to be a vital component of Katalysis' future.

◇ Partner Directors Board

The restructuring of the Katalysis Board of Directors and the detailing of a full committee structure will have direct impact on the formal status of the Partner Directors Board (PDB). It is now officially a committee of the board and will be asked for input on issues and proposed policies facing the board that directly impact Partner organizations and program planning.

During FY97, three PDB meetings were held -- November, June and September. The directors reviewed the USAID midterm evaluation results, advised on the Partnership expansion and assisted with new Partner recommendations, discussed the new microcredit focus and its implications for policies and procedures at the Partner level, evaluated their role on the Katalysis Board, expressed their views on the TA from the RFO, and discussed their respective grant agreement obligations and expected program compliance concerns.

It was through their expressed concern that the Katalysis/Honduras Board was restructured to include non-Partner members to eliminate any appearance of conflict of interest among the Partners. The Partners were also very supportive during the difficulties in securing a permanent RFD, assisting with interviews during the process. They support the relocation of the field office to Tegucigalpa, a more central location that attracts collegial NGOs and professional development personnel.

◇ Katalysis/Honduras Board

During FY97 the Katalysis/Honduras Board of Directors was restructured to include two new Honduran members: Victor Paz, General Manager of the Commerce Bank of San Pedro Sula, Honduras; and Vilma Sierra de Fonseca, Executive Director of the Honduran Council for Private Enterprise (COHEP), in Tegucigalpa, Honduras. They join existing members President/CEO Gerald Hildebrand, of Katalysis, Chairperson of the Katalysis Board Dave Brown, and RFD Daniel Martinez. Their expertise promises to bring a new scope to the regional planning for microcredit development at the field office level.

Development Education

The Katalysis newsletter, *Field Notes*, is an important instrument for communicating with donors, friends and collegial institutions as it informs about developments with the Partnership and its member organizations. The fall issue was particularly significant as it signaled the shift in Katalysis' program focus to microcredit/community banking. The spring issue detailed Partner participation in the Microcredit Summit, new Partners, and new staff.

Education of major donors is at the heart of the Partnership Journeys that have been planned over the past three years. During Q3, thirteen individuals, including the RDD and the RDA, embarked on the third donor trip to Guatemala and Honduras. Direct contact with Partner projects, community bank members, and Katalysis' and Partner staffs increases donor understanding of development issues and demonstrates the impact of donor contributions. Further, it solidifies donors continued commitment to the mission and work of Katalysis. The donor travelers become ambassadors of development efforts upon their return.

One such donor traveler is sponsoring an educational event in Q1 of FY98 to educate community leaders in Stockton about the potential benefit of credit and training on low-income women seeking self-employment. This, like the reception held in Q1 of FY97 where local supporters met current Partner directors during the annual board meeting in Stockton, creates visibility for Katalysis and interest in international development. These events also raise questions about local response to the low-income folks seeking self-determination in the US economy.

Partner Exploration

Partner exploration in Q4 of FY96 identified two potential Partners: FAMA (Association for the Family and Environment), located near Tegucigalpa, Honduras; and PROCOMES (Corporation for Community Projects of El Salvador). These organizations were incorporated as probationary partners for FY97. During the year their executive directors participated in Partner Director Board meetings and in exchanges, such as the Microcredit Summit, for which they covered their own expenses. They are committed new Partners, and they will become full members of the Partnership during FY98. Their executive directors will join the Katalysis Board as voting members, as well.

Looking toward the expansion of the network and strengthening microcredit development efforts in the Central American region, Katalysis expects to select two to three probationary Partners within the next two years. This will become part of the expansion efforts planned in the next matching grant. The exploration is continuing into Q1 of FY98 to gain the initial nominees.

VI. FINANCIAL REPORT

**KATALYSIS NORTH/SOUTH DEVELOPMENT PARTNERSHIP
BREAKDOWN OF AID EXPENSES
 FOR THE YEAR ENDED SEPTEMBER 30,1997**

Expenses in this Cooperative Agreement totaled \$864,791 in the fiscal year that ended September 30,1997. Federal expenses were \$350,000 as shown below.

The federal share was 40.47%

LINE ITEM	HEADQTRS	OVERSEAS	TOTAL	BUDGET 97	% OF BUDGET
SALARIES	76,539	9,821	86,360	125,917	68.59%
FRINGE	21,391	982	22,373	26,127	85.63%
TRAVEL	9,706	2,500	12,206	10,740	113.65%
OTHER DIRECT	91,331	67,730	159,061	117,216	135.70%
TOTAL DIRECT	198,967	81,033	280,000	280,000	100.00%
INDIRECT 25% OF DIRECT	49,742	20,258	70,000	70,000	100.00%
TOTAL DIRECT & INDIRECT	248,709	101,291	350,000	350,000	100.00%
% OF TOTAL	71.06%	28.94%	100.00%		

**KATALYSIS/NORTH/SOUTH DEVELOPMENT PARTNERSHIP
MATCHING GRANT II
FOR THE YEAR ENDED SEPTEMBER 30,1997**

A. BUDGETED VERSUS ACTUAL EXPENDITURES

BREAKDOWN BY PARTNER	A I D F U N D S			P V O F U N D S			T O T A L A I D & P V O		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
KATALYSIS	212,270	212,270	0	315,111	337,595	-22,484	527,381	549,865	-22,484
BEST			0	33,000	33,000	0	33,000	33,000	0
CDRO	30,350	30,350	0	52,000	52,000	0	82,350	82,350	0
MUDE	12,700	12,700	0	67,600	40,000	27,600	80,300	52,700	27,600
ODEF	24,680	24,680	0	65,450	55,950	9,500	90,130	80,630	9,500
TOTAL DIRECT	280,000	280,000	0	533,161	518,545	14,616	813,161	798,545	14,616
INDIRECT COST	70,000	70,000	0			0			0
TOTAL COSTS	350,000	350,000	0	533,161	518,545	14,616	883,161	868,545	14,616
KAT TOTAL	282,270	282,270	0	315,111	337,595	-22,484	597,381	619,865	-22,484
PARTNERS TOTAL	67,730	67,730	0	218,050	180,950	37,100	285,780	248,680	37,100
TOTAL	350,000	350,000	0	533,161	518,545	14,616	883,161	868,545	14,616

KATALYSIS NORTH/SOUTH DEVELOPMENT PARTNERSHIP
SOURCES OF PROJECT FUNDS
FOR THE YEAR ENDED 30 SEPTEMBER, 1997

SOURCE	AMOUNT	% OF TOTAL
AID	350,000	40.09
BOARD OF DIRECTORS	52,925	6.06
FOUNDATIONS	202,195	23.16
MAJOR DONORS	150,076	17.19
CHURCHES	800	0.09
CORPORATIONS	25,000	2.86
CCP	10,000	1.15
INDIVIDUALS	29,212	3.35
DONOR TRIP	16,568	1.90
INTEREST	4,155	0.48
DIVIDENDS	9,994	1.14
GAIN/LOSS SALE OF SECURITIES	-392	-0.04
CSUC CHICO	11,383	1.30
AID/SDS	4,900	0.56
INKIND REVENUE	4,565	0.52
OTHER REVENUE	1,729	0.20
TOTAL	873,110	100.00

Forms 269 and 272 follow.

FEDERAL CASH TRANSACTIONS REPORT

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

Approved by Office of Management and Budget, No. 80-R0182

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

United States Agency for International Development

2. RECIPIENT ORGANIZATION

Name: **KATALYSIS NORTH/SOUTH DEVELOPMENT**
 1331 N.COMMERCE STREET
 STOCKTON, CA 95202

Number
 and Street:
 City, State
 and ZIP Code:

4. Federal grant or other identification number
FAO-018-A-000048

5. Recipient's account number or routing number

6. Letter of credit number
7200161119

7. Last payment voucher number

Give total number for this period

8. Payment vouchers credited to your account

9. Treasury checks received (whether or not deposited)

10. PERIOD COVERED BY THIS REPORT

3. FEDERAL EMPLOYEE IDENTIFICATION NO. @

FROM (month, day, year)
07/01/97

TO (month, day, year)
09/30/97

11. STATUS OF FEDERAL CASH

a. Cash on hand beginning of reporting period	\$ 36.00
b. Letter of credit withdrawals	80,000.00
c. Treasury check payments	0.00
d. Total receipts (Sum of lines b and c)	80,000.00
e. Total cash available (Sum of lines a and d)	80,036.00
f. Gross disbursements	80,018.00
g. Federal share of program income	0.00
h. Net disbursements (Line f minus line g)	80,018.00
i. Adjustments of prior periods	
j. Cash on hand end of period	\$ 18.00

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

13. OTHER INFORMATION

a. Interest income	\$ -0-
b. Advances to subgrantees or subcontractors	\$ -0-

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

15. CERTIFICATION

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

AUTHORIZED CERTIFYING OFFICIAL

SIGNATURE


DATE REPORT SUBMITTED **10/24/97**

TYPED OR PRINTED NAME AND TITLE
GERALD HILDEBRAND PRESIDENT/CEO

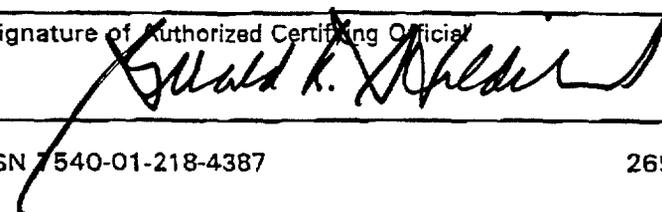
TELEPHONE (Area Code) (Number) (Extension)
209 943-6165

THIS SPACE FOR AGENCY USE

FINANCIAL STATUS REPORT

(Short Form)

(Follow instructions on opposite page)

1. Federal Agency and Organizational Element to Which Report is Submitted AID/FM?gmp/LC		2. Federal Grant or Other Identifying Number Assigned By Federal Agency		OMB Approval No. 0348-0039	Page of Pages
3. Recipient Organization (Name and complete address, including ZIP code) KATALYSIS NORTH/SOUTH DEVELOPMENT PARTNERSHIP 1331 N. COMMERCE STREET STOCKTON, CA 95202					
4. Employer Identification No. 68-0015134		5. Recipient Account Number or Identifying Number FAO 0158-A-003043-00		6. Final Report () Yes (X) No	7. Basis () Cash (X) Accrual
8. Funding/Grant Period From: (Month, Day, Yr.) 09/30/93		To: (Month, Day, Yr.) 09/30/98		9. Period Covered by Report From: (Month, Day, Yr.) 07/01/97	
To: (Month, Day, Yr.) 09/30/97					
10. Transactions		I Previously Reported	II This Period	III Cumulative	
a. Total Outlays		3,615,215.00	231,840.00	3,847,055.	
b. Recipient Share of Outlays		2,115,483.00	151,840.00	2,267,323.	
c. Federal Share of Outlays		1,509,732.00	80,000.00	1,589,732.	
d. Total unliquidated obligations				26,388.	
e. Recipient share of unliquidated obligations				-0-	
f. Federal share of unliquidated obligations				26,388.	
g. Total Federal Share (Sum of lines c and f)				1,616,120.	
h. Total federal funds authorized for this funding period				2,873,467.	
i. Unobligated balance of Federal funds (Line h minus g)				1,257,347.	
11. Indirect Expense	a. Type of Rate (Place an "X" in the appropriate box) () Provisional () Predetermined () Final () Fixed				
	b. Rate 25%	c. Base 219,493	d. Total Amount 54,873	e. Federal Share 18,935	
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation. Basis of application of indirect costs is total direct costs in 11 (C)					
13. Certification: I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.					
Typed or Printed Name and Title GERALD HILDEBRAND PRESIDENT/CEO				Telephone (area code, number, ext) (209) 943-6165	
Signature of Authorized Certifying Official 				Date Report Submitted 27th October, 1997	

FEDERAL CASH TRANSACTIONS REPORT

CONTINUATION

(This form is completed and attached to Standard Form 272 only when reporting more than one grant or assistance agreement.)

2. RECIPIENT ORGANIZATION *(Give name only as shown in Item 2, SF-272)*

KATALYSIS NORTH/SOUTH DEVELOPMENT PARTNERSHIP

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

1. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH THIS REPORT IS SUBMITTED

United States Agency for International Development

3. PERIOD COVERED BY THIS REPORT *(As shown on SF 272)*

FROM *(month, day, year)* 07/01/97 TO *(month, day, year)* 09/30/97

4. List information below for each grant or other agreement covered by this report. Use additional forms if more space is required.

FEDERAL GRANT OR OTHER IDENTIFICATION NUMBER <i>(Show a subdivision by other identifying numbers if required by the Federal Sponsoring Agency)</i> (a)	RECIPIENT ACCOUNT NUMBER OR OTHER IDENTIFYING NUMBER (b)	FEDERAL SHARE OF NET DISBURSEMENTS	
		NET DISBURSEMENTS <i>(Gross disbursements less program income received)</i> FOR REPORTING PERIOD (c)	CUMULATIVE NET DISBURSEMENTS (d)
AO-0158-A-00304300		\$ 76,590.00	\$ 1,409,637.00
CE 0406-A-00602900		3,410.00	180,095.00
5. TOTALS <i>(Should correspond with amounts shown on SF-272 as follows: column (c) the same as line 11h; column (d) the sum of lines 11h and 11i of this SF-272 and cumulative disbursements shown on last report. Attach explanation of any differences.)</i>		\$ 80,000.00	\$ 1,589,732.00

VII. LESSONS LEARNED AND RECOMMENDATIONS

Project Planning and Management Activities

Lessons Learned:

1. Communication between the Partners and the RFO is often incomplete, with the Partners not consulting the RFO in the areas of policy issues that affect project implementation. Further, the executive directors of Partner organizations often do not disseminate programmatic information to the organization's program staff effectively.
2. Partnership as an operative reality is still a challenging concept for the Partner staffs to grasp, especially as this relates to project implementation, management and the provision of effective TA. Partner organizations still need greater understanding of organizational transparency and accountability as these apply to organizational growth and strength.
3. With the refinement of the focus on microcredit, the role of the field office as a hub of the network is paramount and funding is available for the technical program services. The role of Katalysis/USA continues to evolve beyond support for the field office and its operations to the promotion of Partnership as a methodology.
4. Exploration and identification of new Partners to expand the regional network demands increased clarity about the standards for and demands of Partnership, especially as these reflect potentially successful microcredit development organizations.
5. The growth of Katalysis staff and the complexity of project management and reporting sometimes complicates clarity of internal operations.
6. Tightening the microcredit standards for new Partners has had implications for existing Partners and surfaced some of their organizational weaknesses in the area of microcredit management. The Partners also feel a new stress on compliance and accountability.
7. Close work between the grant administrator and the program staff surfaced areas of the revised DIP and Logframe that need special attention in FY98, especially training in impact analysis and final recommendations on the CDRO community banking program.

Recommendations:

1. Emphasis on communication responsibilities at the executive director level in relationship to program development and management is needed. The training might emphasize Partnership values as well as organizational program responsibility and accountability.
2. Review current policies and standards for Partnership in terms of thoroughness and shared understanding at both the executive director and staff levels, ground all TA and training in Partnership values in order to communicate partnership in action, explore culture differences in terms of understanding the concept of partnership as these differences arise, and document the outcomes to assess the how effectively Katalysis is fostering its mission.
3. Close attention to the evolution of the role of Katalysis/USA is necessary to develop a long-term financial sustainability plan for headquarters.
4. Revise the formal Partnership Memorandum of Understanding to encompass Partner responsibilities as these are evolving.
5. Create a clear working agreement on responsibilities as these will be carried out by both headquarters and the field office staffs, especially with respect to Partner relations, microcredit development and management, financial TA, fundraising strategies and TA.
6. Work closely with existing Partners to see if they can make necessary organizational changes to support microcredit portfolio management and growth, and cultivate an understanding among the Partners that compliance issues and accountability to standards are essential means to their organizational well-being.
7. Focus TA and training in impact analysis, data collection, and clear community banking evaluations for all Partners.

Staff Resources

Lessons Learned:

1. The microcredit program team has taken a great deal of time, effort, and resources to develop. The delay has resulted in much of the initial programmatic planning being done at headquarters. The field staff have experienced fragmented understanding of their role and responsibilities, especially during the past year which field director leadership was being solidified.
2. The resource development department's responsibilities incorporate multiple priorities for the organization as a whole. Staff are pulled into many organizational areas, including report writing and administrative support. This hampers the overall effectiveness of resource development and marketing.
3. To-date, Katalysis has not had to have a formal staff orientation program. Recent staff growth now demands a more developed orientation process that begins with the recruitment and hiring process and progresses through the first year of employment.

Recommendations:

1. Full inclusion of the field staff, both old and new members, requires greater program orientation especially to the newly funded initiatives in order to assure complete transfer of the plans to the field and improve program staff understanding and service delivery. When major funding initiatives succeed, a full program staff orientation or briefing needs to be planned so that the transfer of responsibilities to the field staff is smooth and complete.
2. (A) Additional support staff and a refinement of the job descriptions for the RDD and RDA would amplify the effectiveness of marketing, resource development and development education efforts.
(B) Regardless of an additional support staff in resource development, outsourcing of proposal writing will need to be used to augment in-house capacity so that more attention can be given to donor cultivation and marketing.
3. Develop a staff orientation program that fosters a deeper understanding of the mission and values of Katalysis and insures staff incorporation into the partnership ethos.

Training and Technical Assistance

Lessons Learned

1. The TA and training needs vary greatly from Partner to Partner. This impacts all areas of planned TA and joint trainings and demands clear Partner specific assessments and strategic plans so that follow-up by all trainers is appropriate.
2. Short-term and infrequent interventions with the Partners are not effective. Not only do the specific terms of reference need to be clear, the overarching plan within which the TA is structured needs to be clear, and the projected follow-up plans created in detail.
3. Clear, consistent, and cohesive microcredit data is not readily available from all the Partners. The critical nature of this problem and its effects on Katalysis analysis and reporting became clearer as the microcredit program focus deepened.
4. Occasionally conflict of interest issues were raised at the Partner level -- the self-interest at CDRO over raising interest rates for loans to cover costs or the pressure applied at MUDE to give board members a preferential interest rate or to hire a board member's relative. Though conflict of interest as a topic had been part of earlier board training, these issues revealed more training and monitoring was needed.

Recommendations

1. TA and training strategies need to flow from strategic plans developed with the assistance of the RFO staff. All trainers, even those from Katalysis/USA must coordinate training plans carefully with the program staff.
2. Strategic plans need to be developed with sufficient detail and articulation to facilitate the context for TA planning, delivery, and follow-up, as well as project profile development and proposal preparation.
3. Though training and reporting formats are provided on an annual basis, but in view of the concern for improved data collection a new tool and more training is needed. A thorough review of microcredit reporting formats by the microcredit program team is needed in FY98, with a plan for training of Partner

staffs and follow-up monitoring. The goal for tool and data collection should be clarity and consistency, accuracy, reliability, efficiency and effectiveness, and simplicity.

4. Recognizing that conflict of interest challenges will arise and (1) potentially compromise the effectiveness of the organization's microcredit program, as well as (2) the organization's integrity and accountability, clear training in conflict of interest is needed for both Partner boards and staffs. Then, follow-up as appropriate for each organization in terms of implementation at the policy and procedural level needs to be done in order to support executive directors in the implementation of sound practices.

Long-Range Planning

Lessons Learned:

1. The Partners and their governing boards are at various levels of sophistication and understanding in terms of the necessity for and creation of strategic plans. MUDE's plan, for example, is a broad outline that will need to be developed into more detailed annual plans. Only with more detail will project profiles and fundraising strategies be effectively created.

Recommendations:

1. Continue to follow-up with and monitor the implementation of the Partners' long-range plan development so that the plans become a reality and a basis for effective TA and training.

Project Fundraising and Marketing

Lessons:

1. Refinement of programmatic focus on microcredit, increased technical competency and increased scale of Partners' microcredit programs, enhance funding opportunities and contacts.
2. Development cultivation efforts often take at least three years to reflect real funding potential. Partnership Journey III was the most successful to-date, both financially and in terms of participant transformation and support.

Recommendations:

1. Continue to enhance technical competency, service delivery and programmatic scale in keeping with that capacity.
2. In donor cultivation activities, take cultivation time curve into account in evaluating results and success of the efforts.

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

Lessons Learned:

1. Implementation of the organizational focus requires realignment of both staff and board. With that insight, the executive committee instituted a revamping of the board to support governance level changes needed to realize Katalysis' future as a microcredit development organization.
2. It is easy to underestimate the time required and stress created by realignment at all levels of the organization. Careful planning, monitoring, and investment of resources is essential.

Recommendations:

1. The new board model, including an extensive committee structure and ongoing Partner director involvement, was adopted. Careful orientation and mentoring of new board members will be required throughout FY98.
2. Careful planning has been applied to the process of governance changes so far. An ongoing commitment of time, energy and resources is required for FY98 as recruitment is still required to achieve the full complement of new board positions.

ATTACHMENTS
Katalysis ~ USAID Fiscal Year 1997 Annual Report

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

- B. Katalysis North/South Development Partnership Business Plan***

- C. Katalysis Regional Field Office Business Plan***

- D. Documentation:**
 - 1. Katalysis Newsletter -- *Field Notes*, two issues
 - 2. Katalysis Board Development Model*
 - 3. Katalysis Board Resource Manual, Revised*
 - 4. Katalysis North/South Development Partnership Annual Report, FY96

- E. Program Management Documents**
 - 1. Sample of Partner Planning Documents for FY97: CDRO
 - 2. Microcredit Program Performance Indicators (from the Katalysis Business Plan)

- F. Partnership Exchange materials**
 - 1. Financial Systems Management & Training Agenda and Materials*
 - 2. Partner Fundraising Training Agenda, Microcredit Summit
 - 3. AGTE Training Information & Agenda

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

- H. Katalysis MG Staff Travel Log, FY 1997**

- I. Long-Range Plans**
 - 1. MUDE -- Plan / Structural Outline

J. Partner Exploration:

1. **FY97: New Partner Profiles**
 - FAMA, Honduras
 - PROCOMES, El Salvador
2. **FY98: New Partner Search Materials**

K. Partnership Management Documents

1. **Katalysis Board Agendas (November & June)**
2. **Partner Directors Board Agendas (November, June & September)**

L. *Herencia Verde* Mid-term Evaluation*

***All attachments are abridged. Full documents available at the headquarters of Katalysis North/South Development Partnership. Included here are cover, table of contents, executive summary (when appropriate).**

A. Country Data Sheets (Form 1550-11)

- 1. Belize (close out)**
- 2. Guatemala**
- 3. Honduras**
- 4. USA - Headquarters**

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

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

Country Name: Belize

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

Project Implementation:

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

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

Project Funding:

Year	1994	Year	1995	Year	1996	Year	*1997	Year	*1998	Total
AIDS	28,300	AIDS	36,800	AIDS	37,962	AIDS	0	AIDS	0	103,062
PVOS	49,200	PVOS	24,350	PVOS	62,839	PVOS	33,000	PVOS	0	136,389
OTHER		OTHER		OTHER		OTHER		OTHER		
INKIND		INKIND		INKIND		INKIND		INKIND		
LOCAL		LOCAL		LOCAL		LOCAL		LOCAL		
TOTAL	77,500	TOTAL	61,150	TOTAL	100,801	TOTAL	33,000	TOTAL	0	269,451

***In years 1997 and 1998, no A.I.D. funds will go to BEST in Belize. Katalysis has reviewed the midterm evaluation and project effectiveness to-date and decided it is in BEST's organizational best interest to withdraw monetary support for these programs that do not seem to be culturally sustainable. The project officer has concurred. BEST left the Partnership in October of 1996. The final distribution of PVO funds to BEST was completed in Q1, FY97.**

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

Local Counterpart/Host Country Agency:

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

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

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

Country Name: Honduras

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

Project Implementation:

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

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

Project Funding:

Year	1994	Year	1995	Year	1996	Year	1997	Year	1998	Total
AIDS	29,600	AIDS	32,180	AIDS	24,313	AIDS	24,680	AIDS	23,780	134,473
PVOS	38,800	PVOS	37,200	PVOS	34,000	PVOS	37,500	PVOS	131,240	278,740
OTHER		OTHER		OTHER		OTHER		OTHER		
INKIND		INKIND		INKIND		INKIND		INKIND		
LOCAL		LOCAL		LOCAL		LOCAL		LOCAL		
TOTAL	68,400	TOTAL	69,380	TOTAL	58,313	TOTAL	62,180	TOTAL	155,020	413,213

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

Local Counterpart/Host Country Agency:

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

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

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

Country Name: Guatemala

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

Project Implementation:

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

Status: CDRO and MUDE joined with Katalysis in a joint venture in 1991 to strengthen women's programs and form women's community banks in Guatemala. Full programming efforts have been extended to each of these organizations since 1994. CDRO has been operating in Guatemala since 1981, MUDE since 1991.

Project Funding:

Year	1994	Year	1995	Year	1996	Year	1997	Year	1998	Total
AIDS	42,300	AIDS	43,296	AIDS	45,389	AIDS	43,050	AIDS	41,740	215,775
PVOS	113,300	PVOS	165,132	PVOS	74,600	PVOS	62,800	PVOS	125,490	512,102
OTHER		OTHER		OTHER		OTHER		OTHER		
INKIND		INKIND		INKIND		INKIND		INKIND		
LOCAL		LOCAL		LOCAL		LOCAL		LOCAL		
TOTAL	155,600	TOTAL	208,428	TOTAL	119,989	TOTAL	105,850	TOTAL	167,230	727,877

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

Local Counterpart/Host Country Agency:

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

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

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

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

Headquarters: Stockton, California

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

Project Implementation:

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

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

Project Funding:

Year	1994	Year	1995	Year	1996	Year	1997*	Year	1998*	Total
AIDS	101,700	AIDS	237,724	AIDS	242,606	AIDS	282,270	AIDS	284,472	1,148,772
PVOS	81,500	PVOS	380,401	PVOS	417,477	PVOS	337,260	PVOS	478,990	1,695,628
OTHER		OTHER		OTHER		OTHER		OTHER		
INKIND		INKIND		INKIND		INKIND		INKIND		
LOCAL		LOCAL		LOCAL		LOCAL		LOCAL		
TOTAL	183,200	TOTAL	618,125	TOTAL	665,784	TOTAL	619,530	TOTAL	763,462	2,850,101

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

Program Manager:

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

B. Katalysis/USA Business Plan *

- **Cover**
- **Table of Contents**
- **Executive Summary**
- **Strategic Recommendations**



DRAFT
Business Plan

Presented by Judy Painter

Prepared by Judy Painter and Lee Babcock
May 15, 1997

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HISTORICAL AUDITED FINANCIAL STATEMENTS FOR 1995, 1996

COMMUNITY BANK PORTFOLIO REPORT AND NOTES
JOB DESCRIPTIONS FOR MICRO FINANCE SPECIALIST AND CFO
RESUMES OF CORE MANAGEMENT STAFF
BOARD OF DIRECTORS BACKGROUND

KATALYSIS BUSINESS PLAN

June 1997

The business plan was commissioned by Katalysis as part of the Focus Implementation Strategy. All recommendations are those of the consultant and are presented to the Katalysis Board of Directors for review and comment.

I. EXECUTIVE SUMMARY

A non profit corporation founded in 1984, Katalysis has worked with indigenous NGOs in Latin America in the program areas of sustainable agriculture, appropriate technology, natural resource management, institutional strengthening and, since 1989, microcredit. Katalysis is known for its unique approach to partnership development, incorporating Southern partner participation in all major strategic decisions of the agency.

Katalysis plans to use this unique niche in conjunction with microcredit/community banking. With a firm foundation of over 9,000 clients and an outstanding loan portfolio of \$2.5 million, the Katalysis' Partnership will expand from 5 to 10 partners, and from one to two regions reaching over 47,000 clients with a portfolio of nearly \$5 million. Regional Field Offices (RFOs) will support this effort through hands-on technical assistance, tool and system development, as well as financial intermediation. Each RFO will act as an APEX or second tier financial intermediary, serving a number of local institutions. Katalysis will support the RFOs for a period of three to five years until financial and organizational systems are in place. After this period, Katalysis will make the strategic decision to spin the Apexes off as independent entities or retain ownership. Individual RFO business plans will be developed in coordination with Katalysis over the next 18 months.

Community Banking will be the main methodology promoted through Katalysis and the RFOs although other types of lending will be explored if the need arises and organizational capacity is in place.

Management and technical capacity will be enhanced within Katalysis/USA with a microcredit specialist, a chief financial officer, and two support positions. These positions will be phased in between FY 1997 and FY 1999. RFO staff will be reduced by 50% as non-microfinance programs are phased out. Training in the areas of general microcredit/community banking, financial analysis, marketing and database management will increase Katalysis' basic technical literacy, facilitating communication with donors and practitioners as well providing better program management. Changes for the Katalysis board will be mainly those of expansion, diversity, and microfinance knowledge. This will be especially apparent in the executive and fundraising committees.

Katalysis and partners will adhere to rigorous business standards both in portfolio management and institutional development. This affects future partner selection in that partners must have microcredit as a pivotal program and be committed to financial

sustainability and a business orientation along with working with impoverished populations on a large scale. Uniform reporting standards will be required along with acceptance of industry standards for portfolio and institutional management.

Projected sources and uses of funds for loan capital and operating revenue are detailed in the financial statements and portfolio projections. An additional \$2.5 million in loan capital is projected and yearly operating expenses increase from \$547,508 in FY 97 budget to \$856,369 in FY 2000. Finances for the RFO in Honduras are not reflected in the financial statements, although Katalysis will continue to manage the assets through a holding company arrangement. Funding for the new RFO scheduled for FY 99 is captured in the financials showing a total of \$517,359 in operating expenses in the first two years.

An ambitious funding schedule projects increases in grant revenue by 250%, unrestricted income from major donors and direct mail is slightly decreased and foundation funding increases by 25%. The new major source of projected income is operations revenue where Katalysis staff will collect fees for technical assistance to field programs, interest income from debt Katalysis lends directly to the Honduran RFO, and a portfolio service fee for all loan capital raised by Katalysis. An increase in Mutual Fund interest is based on a steady 12% return on the balance of mutual fund investment.

**Katalysis North/South Development Partnership
Business Plan
Strategic Recommendations**

1. Methodology:

Recommendation #1 a-- Katalysis' microfinance program currently focuses on a community banking methodology, which has been well received among the Partners. While microfinance includes other methodologies such as solidarity and individual lending, these two approaches will not be the initial focus of this plan. These other approaches may be explored should a more diverse portfolio prove to be beneficial to clients and partners.

- recommended action: approval

Recommendation #1b -- That Katalysis Partnership create its own community banking model featuring distinctive principles tested by experience and rooted in a collaborative process that involves all current Partner organizations.

- update on process and timeline for articulating model and specific tools for technical assistance and training, monitoring, and evaluation
- action recommended: approval of concept

Recommendation #1c -- That Katalysis develop a "tool box" of products and services as detailed in the business plan.

- review and discuss the proposed product and services list
- action recommended: approval of main categories in the list

2. RFO

Recommendation 2a --

Katalysis/Honduras and each subsequent RFO will become an independent entity in the long run, although Katalysis will retain an equity ownership in each field office that is established. In the short term, the Honduran office assets will be managed by Katalysis through a management agreement and the new RFO will operate as a branch office. Each RFO will lend directly to partners and invest in their operations on an equity basis. Thus Katalysis' ultimate role will be one of supporting the partners through the RFOs in order to build strong Southern networks of microfinance institutions.

- premature recommendation
- action recommended: table for more analysis

Recommendation 2b -- Katalysis/Honduras process and timeline for creating a business plan

- present the plan outline and timeline
- action recommended: questions, discussion, notes (information forwarded to Management Team and RFD)

3. Technical Capability

Recommendation 3a – That Katalysis upgrade its technical expertise at both Katalysis/USA and Katalysis/Honduras and continue staff and board training

- introduction of Daniel
- update on progress in creating the team
- action recommended: confirmation of steps taken

4. Governance:

Recommendation 4a – Katalysis needs a diverse but manageable board that will play an active role in overseeing the organization's assets and strategic direction. This requires that each member bring skills, contacts, and/or credibility to the board.

The recommended selection criteria for new board members is that new members (a) have government linkages, (b) offer financial expertise or other related private sector linkages, (c) bring visibility and credibility from microcredit or microfinance community, (d) demonstrate fundraising willingness and capabilities, and (e) represent gender and cultural diversity.

- discuss criteria
- action recommended: approval of criteria for board member selection

Recommendation 4b – Reduce the board size by removing partner directors to eliminate conflict of interest and maintain a manageable working board as Katalysis Partnership grows.

- core discussion: consider how Katalysis can best balance preserving the southern voice, accommodate growth of the Partnership to new regions, and maintain an effective and workable board size?
- action recommended: retain the southern Partner representation and adopt a plan for transition to a representative model as the Partnership expands and replicates.

5. Expansion

Recommendation 5a – Katalysis will expand the existing network by at least two new partners in Central America over the next three years.

- discussion
- recommended action: approval

6. Replication

Recommendation 6a – Katalysis will replicate its program in a new region in FY98 and establish an RFO in FY99.

- discussion
- recommended action: approval

Recommendation 6b -- A program reaching at least 2000 clients will be in place prior to the new RFO's establishment.

- discussion
- recommended action: approval

7. Partner Criteria

CURRENT PARTNERS

Recommendation 7a -- Katalysis and its Partners will adhere to proposed financial policies and procedures in the implementation of its microcredit program.

- discussion
- recommended action: approval

Recommendation 7b -- Katalysis and its Partners will abide by proposed standards of microcredit reporting procedures.

- discussion
- recommended action: approval

NEW PARTNERS

Recommendation 7c -- Katalysis will establish the following criteria for selecting new Partners:

7.1 Potential new Partners will have microcredit as a pivotal institutional program.

7.2 The new Partner's client base will be 2000 or more.

7.3 Appreciation of financially sustainable development. Able to make business-based management decisions regarding operational expansion and efficiency. Committed to achieving full financial sustainability in five to seven years given proper technical and financial support. Willing to expand to adhere to target client levels that will allow for sustainability.

7.4 Recognize need for management capacity in standardized financial analysis and accounting systems. Willing and able to report on institutional financial situation through standardized balance sheet, income statements, and budget analysis as well as regular loan portfolio reports.

7.5 Committed to working with very low income populations, especially women. Able to work with community and solidarity systems. Able to balance economic and social tensions inherent in community banking programs.

- discussion of criteria
- recommended action: approval

8. Sources of Funds

Recommendation 8a -- Katalysis will seek USAID matching grant funding for partnership replication in new regions and address expansion of programs in the current region through funding sources like MIP, PRIME and USAID Mission funds.

- discussion
- recommended action: approval

Recommendation 8b -- Katalysis will begin to explore new finance instruments to underwrite microcredit services, such as an internal loan fund, external loans, guarantee funds, and program related investments.

- discussion
- recommended action: approval of exploration

Katalysis: Products and Services

Several tools and products are scheduled for development. This package of services is based on partner needs and complement RFO/APEX services. Development of these products will result from information exchange and documentation between partners and from Katalysis' participation in the broader microfinance community. Cross organizational and cross regional transference of technologies will be a fundamental service.

KATALYSIS' PRODUCT AND SERVICES

Partnership through Community Banking manual: Katalysis is now in the process of documenting and expanding its Partnership model in the context of building strong community bank programs. This manual would include the principles and mechanisms of Partnership and show how they complement those of community banking.

Community Bank Program Management Manual: Include basic methodology, loan collection techniques, Monitoring forms, Extension techniques, and CB level reporting formats and internal controls. Katalysis is now in the process of designing and developing its Partnership Community Banking model based on partners' best practices.

Portfolio Projection Software: This is now in the process of development in RFO Honduras but needs to further refinement.

Portfolio and Financial Management and Accounting System:

Currently the partner ODEF is using the database system MAS 90 that provides extensive accounting and portfolio reports. RFO in Honduras has also developed an Excel database for portfolio management. Partners are now being exposed to both as the MAS 90 may be too sophisticated for some organizations. Katalysis will assist in ensuring all partners have a timely and accurate system that provides necessary information for management.

A training workshop and accompanying manual to efficiently introduce these systems to partners will be documented and distributed to participating partners.

Impact Assessment Tools: Katalysis has applied to work with the SEEP Evaluation Working Group to test impact tools and train ODEF staff. Currently ODEF is a finalist in this process.

Institutional Development Package: These are standards formerly articulated by partners; however, they lack a mechanism to insure implementation and oversight. Katalysis will work with RFO in creating institutional development tools along with implementation and monitoring.

- Board development/ Strategic Planning
- Staffing structures and job descriptions
- Staff training manuals/procedures
- Personnel Handbook
- Accounting System
- Credit policies
- Internal Controls for portfolio, accounting, inventory
- Planning and budgeting tools

⁵. Bridge fund loans are guaranteed letters of credit issued by a U.S. bank to a local Southern bank. The local bank then issues a loan to partner at a negotiated rate and will draw on the letter of credit in the event of default. Katalysis would make enough margin through the investment of guarantee fund to cover transaction costs incurred in issuing the letter of credit.

- Annual audit

Agreement of Services and Obligations between Katalysis or RFO and Partners.

- Expected Performance outputs and standards
- Expected Technical Assistance
- Financing agreement

Fundraising package: The director of development has begun to create some of these materials but they have not been documented or systematized

- Proposal format
- Educational materials and media examples
- Training Workshop to present tools
- Negotiation skills

Financing: Katalysis has plan to build an internal loan fund for on-lending to partners either directly or through a bridge fund mechanism.⁵

C. Katalysis Regional Field Office Business Plan

- **Cover**
- **Preface**
- **Table of Contents**
- **Executive Summary**

Katalysis Regional Office For Central America: Business Plan

DRAFT

**Submitted to:
Katalysis**

**Prepared by:
Gustavo A. Gómez**

September 1997

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Preface

This paper was prepared by consultant, consultant, Gustavo A. Gómez, under contract with Katalysis. The purpose of the assignment was to draft a business plan for Katalysis Regional Office for Central America working in conjunction with its staff.

The assignment was estimated to take 3 weeks of which 2 were spent in Honduras where the Regional Office is located from August 31 through September 13, 1997. The time at the field was used to gather information mainly from the Regional Office and to discuss issues and options with the staff. Although there was not the opportunity to visit the offices of the Katalysis partner organizations, brief meetings were held with representatives of some of the organizations during other activities held in Tegucigalpa. Meetings were also held with representatives of 7 institutions either involved with or interested in the microenterprise sector.

The author of this paper is thankful to Mr. Gerald Hildebrand, President and CEO of Katalysis and to Mr. Daniel Martinez, Regional Director, for their support and for the opportunity to carry out this assignment. Thanks also go to the staff of the Regional Office for their time and cooperation despite their multiple activities during the period of the assignment and to Mario Beltran from Katalysis/USA.

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Executive Summary

KRO's mandate is to foster the development of economically self-sufficient microfinance NGOs. In order to achieve this objective, KRO will carry out functions of a Technical Unit providing selected NGOs with technical assistance and training. In addition, it will perform lending activities as a second story financial facility with funding obtained from donors either through KHO or directly through KRO or any Katalysis country office. By the year 2002, at least 3 of the NGOs assisted by Katalysis will have reached their economic self-sufficiency and another 3 will have achieved their financial self-sufficiency.

There is a large gap between the potential credit demand and supply for the poorest microentrepreneurs. Hundreds of thousand of the poorest microentrepreneurs in the region have a need for, but not access to financial services. Only about 15% of the microentrepreneurs have obtained credit. The largest microentrepreneurs are the ones most reached by credit services from the formal financial sector. Microfinance NGOs are normally the only organizations that provide credit to the poorest microentrepreneurs.

Achieving the economic self-sufficiency of the partner NGOs is the strategic objective of KRO. In the long-run, once the partner NGOs have achieved their economic self-sufficiency, the strategic objective will switch to becoming a self-sustainable second story financial institution specialized in providing credit to NGOs.

Through the provision of technical assistance and training on a methodological and timely manner, KRO will assist partners in their efforts to achieve economic self-sufficiency. The institutional development and financial plans to achieve economic self-sufficiency will contain specific agreed-upon targets and indicators that the NGOs must achieve at given dates during the period of the plans. KRO will consider stopping the provision of assistance to any organization that does not meet the established targets and indicators. On the other hand, those organizations that achieve the agreed-upon progress will qualify for obtaining capitalization funding (if available) should they be undercapitalized.

Those organizations that have an adequate amount of capital and are meeting agreed-upon progress indicators will qualify for credit from a Credit Fund that KRO will establish. KRO will approve loans on a timely manner for partner NGOs. Through its linkages with the partners, KRO will know when they are ready for loans.

The justification for establishing a Credit Fund arises from the need to make credit available to partner organizations that achieve both a suitable financial structure to leverage their capital and the capability to grow and expand their outreach. These organizations would improve their financial performance and self-sufficiency by increasing their portfolio.

During the first 5 years of the Fund's operation, all of the interest income earned will be credited to the Fund to capitalize it. In this manner, there will a significantly larger amount of funds available for lending during the last part of the 5-year period when more partner organizations will meet the requirements to obtain loans from the Fund. On the other hand, this strategy is also consistent with the long-run self-sufficiency objective of the KRO. The Fund will result in having a larger capital base in comparison to a strategy in which interest income generated by the Fund is

used to finance operating costs of KRO. It is assumed that all of KRO's operating costs will be financed through grant funding during the 5-year period from October 1, 1997 through September 30, 2002.

The total funding required for the 5-year period would be close to \$8 million broken down into \$5.4 million for capitalization and loans for NGOs, and \$2.6 million for technical assistance and core office costs. **Approximately \$xxxx of these amount is already funded through existing grant agreements.**

The long range institutional objective of KRO is to function as a self-sufficient organization. Beginning in the fiscal year 2003, KRO will start charging a fee for any technical assistance or advisory services to any of the financially self-sufficient partners. It will also start using part of the interest income from the Credit Fund to finance its operating cost, but it will continue maintaining the value of the fund in real economic terms.

In addition to providing credit to its traditional partner organizations, KRO could in the long-run also provide other organizations with access to its credit facility. The profitability and risk of the credit operations will be a fundamental part of the analysis of credit applications. KRO will also give consideration to equity investment in those partner organizations that might become formal financial entities.

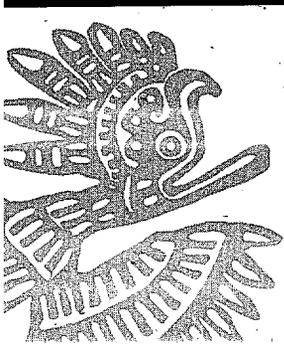
D. Documentation:

- 1. Katalysis Newsletter -- *Field Notes*,
two issues**

- 2. Katalysis Board Development Model***
 - Cover
 - Background Introduction
 - Board Structure, Selected Pages
 - Committee Structure, Selected Pages

- 3. Katalysis Board Resource Manual,
Revised ***
 - Cover
 - Table of Contents

- 4. Katalysis North/South Development
Partnership Annual Report FY 1996**



FIELD NOTES

SPRING/SUMMER 1997

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

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MEETING THE CHALLENGE:

Katalysis Partners Hit Ground Running with Microcredit Focus

IN FEBRUARY, 2,900 people from all sectors of society and 137 countries came together in support of a single goal: To reach 100 million of the world's poorest families, especially women, with credit for self-employment and other financial and business services by the year 2005. This goal, launched at the Microcredit Summit in Washington DC, targets the poorest of the poor: women and men who eke out a living on less than one dollar a day.

Microcredit capitalizes on the "irrepressible desire and innate capacity of people to improve their situation and to succeed, for themselves and especially for their children," and is based on over twenty-five years of learning and achievement. Today, microcredit programs reach over eight million people on six continents and in nearly every country. The Summit goal may seem daunting, but it is matched by the commitment and energy of microcredit practitioners, non-profit organizations, advocacy groups, financial institutions, governments, corporations, academia, and an increasing number of private citizens.

For Katalysis and its Southern Partners, the Microcredit Summit affirms the Partnership's decision made in June 1996 – eight months before the event – to focus its efforts on Women's Community Banking programs. With over ten years of experience in the field, Katalysis knows that community banks encapsulate four core development values: the empowerment of women, sustainability, equity, and productivity. By providing small loans (often less than \$100), business training, and education to solidarity groups of



Katalysis welcomes two new Southern organizations to the Partnership: The Association for Family and the Environment (FAMA) and the Corporation for Community Projects of El Salvador (PROCOMES). Katalysis Resource Development Director, Jutta von Gontard, FAMA Executive Director, Camila Elvir, Katalysis President, Jerry Hildebrand, and PROCOMES Executive Director, Blanca Flor Bonilla, at the Microcredit Summit in February.

borrowers, poor women are achieving new levels of personal and economic success.

The Microcredit Summit's challenge is clear and Katalysis has responded in full force. Katalysis' current Partners are committed to reaching over 50,000 families through their community banking programs by the year 2005. To achieve this goal requires a laser-like focus, world-class programs, and sufficient financial resources.

Strong institutions – in both the North and South – are essential for
continued on page 6

KATALYSIS NORTH/SOUTH DEVELOPMENT PARTNERSHIP

a non-profit
organization
serving low-income
communities in
developing countries
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newsletter is printed
on recycled paper.

WHAT IT TAKES:

Characteristics of Successful Microcredit Programs

- Targeting the very poor, especially women
- Quick disbursement of small, short-term loans
- Delivery of credit and related services in culturally appropriate, user-friendly, and convenient ways
- Clear loan recovery strategies and procedures
- Incentives to access larger loans
- Interest rates that cover the cost of operations
- Built in savings opportunities for borrowers
- Commitment to, and training for, democratic participation in decision-making by clients
- Sustained delivery to a significant and growing number of poor clients
- Accurate and transparent management and information systems
- Access to business information and expertise

*Excerpted from the Microcredit
Summit Declaration (Feb. 1997).*

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CHAIR'S NOTES



DAVID BROWN

BOARD OF DIRECTORS

Founder:

Robert E. Graham
Namaste Foundation
Carmel, California

Chair:

David A. Brown
Reynolds & Brown
Concord, California

Santa de Euceda
Organization for Women's
Enterprise Development
San Pedro Sula, Honduras

Gerald B. Hildebrand
Katalysis Partnership
Stockton, California

Anthony LaFetra
Rain Bird
Glendora, California

**Catarina Mendoza
Silvestre**
Association for
Women in Development
Villa Nueva, Guatemala

Sylvia J. Rosales-Fike
Spanish Speaking
Unity Council
Oakland, California

Gregorio Tzoc Norato
Cooperative Association
for Western Rural
Development
Totonicapán, Guatemala

Luz Vega-Marquis
National Economic
Development & Law
Center
Oakland, California

PARTNERSHIP-DRIVEN COMMUNITY BANKING

WHAT A MOUTHFUL! And yet, Partnership-driven community banking is precisely what Katalysis has set out to accomplish. We are committed to a community banking program focus that is deeply rooted in Katalysis' unique Partnership methodology. Some have asked if our Partnership management style is compatible with the "hard-edged, bottom line" demands of financial institutions? The answer is not only yes, but a resounding YES!

Partnership emphasizes relationships, open communication, participatory decision making, team work, and a balance between power and authority. Partnership requires strong agreement on not just goals, but values as well. Others in our field might refer to these sorts of organizational characteristics as "soft and fuzzy." But I know that the Partnership ethos has strengthened our team and fostered a real ownership of Katalysis' community banking program focus.

Katalysis, in the North, has performed a vital role in developing our new program focus, but we couldn't have created it on our own. We developed ideas into proposals through much study and effort. We orchestrated the process through communication of these ideas and by bringing people together and presenting new possibilities. We networked with funding sources and combined the potential of resources with new directions. We played a catalytic role which produced new opportunities and action.

Our Southern Partners voiced their distinctive input throughout this process. Their knowledge about the needs and potential of local communities, families, and microenterprises is necessarily superior to ours. They are the local community banking experts; after all, they have

been practicing it for years. They are giving their direct input into the creation of the Katalysis Partnership-driven community banking model, and as a result, our work will be far more successful.

Commercial banking is one of the most hierarchical industries in the world and our community banking program will have more "hard-edged" bottom line elements than we are used to. It will

require a new level of precision and timeliness in our information reporting systems. Because of the financial commitment involved, community banking will require that Partner organizations enter into more legally binding agreements. The requirements will create some tension. They might initially be seen as invasive and not respectful of another Partnership covenant: organizational autonomy. This will take more communication and participatory processes but, in the end,

will result in stronger organizations.

Our strength is in our teamwork; partnership stimulates rigorous professional excellence. Each Katalysis Partner is committed to over twenty internal institutional standards covering governance, finance, management practices, and program development. We are well prepared to meet the banking industry's demands for fiscal performance and accountability.

Partnership, as we have developed it over twenty years, is the perfect management arrangement for a social enterprise that has both a humanitarian and a monetary bottom line. We are intent upon creating economically sustainable organizations in the South that are delivering the most effective community banking services possible. We feel Partnership-driven community banking is the best program combined with the best management style to accomplish our mission of enabling low-income people to gain self-reliance; and we're doing it! ♦

*Partnership-driven
community banking is
the best program
combined with the
best management style
to accomplish our
mission of enabling
low-income people to
gain self-reliance.*

KATALYSIS - USA

Gerald B. Hildebrand
President & CEO

Mario Beltrán
Director of Finance

Margaret Diener, O.P.
Administrative Manager

Colleen Donovan
Development Associate

Mary Martin
Secretary/Receptionist

Jutta von Gontard
Director of Development

KATALYSIS - Honduras

Daniel Martinez
Regional Director

Leonardo Alvarez
Natural Resource
Program Manager

Luis Felipe Borjas
Microcredit Program Manager

Rosario Campos
Program Assistant

Marta Luz Castro
Administrator

Wilfredo Mancía
Office Assistant

Juan Repich
Accountant

Deysi Rosa
Accounting Assistant

Vanessa Thomas
Program Assistant

Doris Zavala
Secretary/Receptionist

PARTNER UPDATES

AUDE Association for Women in Development



AUDE promoter Maria Chiquival and Antonia 'Lenda display loan records for the "Estrellas de Atitlan" (Stars of Atitlan) microenterprise group in antiago Atitlan, Guatemala.

Inspired by the Microcredit Summit in February, AUDE has resolved to increase its efforts to spread community banking in Guatemala. According to Executive Director, Catarina Mendoza, MUDE plans to double its program in 1997 and add another 20 community banks in 1998. This news was recently revealed at a General Assembly meeting held in April. The General Assembly is composed of the 95 founding members of MUDE and has legal oversight over the association. The demand for MUDE's services continues to grow and careful planning is in the works on how best to meet this need while providing for organizational sustainability. ♦

NEW PARTNER!

PROCOMES Corporation for Community Projects of El Salvador

PROCOMES was founded in 1989 at a time when the civil war in El Salvador was ravaging the country. Its original mission was to provide assistance to those communities most affected by the war. After the peace accords in 1992, PROCOMES initiated its long-term development strategy which includes providing credit and training services to small entrepreneurs. Led by Executive Director Blanca Flor Bonilla, PROCOMES now serves over 1,600 women through its community banking program. ♦

CDRO Cooperative Association for Western Rural Development

On March 4, the President of Guatemala, Alvaro Arzú, spoke in front of CDRO's General Assembly at its Totonicapán headquarters and visited nearby community projects. CDRO is known throughout Guatemala as one of the best organized and most effective Maya organizations. Although Arzú did not make any specific commitments to CDRO, the visit is a positive display of political interest and support for indigenous initiatives. ♦

ODEF Organization for Women's Enterprise Development

ODEF is one of two organizations selected as a field site to test new impact assessment tools for microenterprise development programs. Systematic and substantive evaluations of microenterprise services are rarely implemented in the field due to staffing, budgetary, and time constraints. Developed by a SEEP Network design team in coordination with the AIMS Program (Assessing the Impact of Microenterprise Services) of USAID, the assessment tools integrate both qualitative and quantitative evaluation methods at the client, business, household, and community levels. The final results of this work will be broadly distributed throughout the microcredit community and used by ODEF and other Katalysis Partners to improve program performance. ♦

NEW PARTNER!

FAMA Association for Family and the Environment

Started in 1990, FAMA works to improve the quality of life, especially family health and nutrition, for the rural poor in the central east region of Honduras, near its Juticalpa headquarters. With a staff of 17, FAMA is currently serving over 2,150 borrowers from 112 community banks.

As a Katalysis Partner, FAMA will receive technical assistance and training in fundraising, program management, information systems, and financial controls. Through Partnership Exchange training with Katalysis Partners, FAMA will share its hard-earned lessons and learn from the experience of others. Like other Partners, FAMA is focused on improving its microcredit services and working to achieve organizational sustainability. ♦



FAMA's Executive Director, Camila Elvir, was born and raised in Tegucigalpa, Honduras and now lives in Juticalpa with her husband and four children. Trained as a nurse, social worker, and accountant, Mrs. Elvir began her career with Meals For Millions in 1981 and has been a dedicated community leader ever since.



FAMA community bank members participate in a bread baking and pastry making workshop held in Danlí, Honduras. FAMA's training emphasizes family health and nutrition.

65



SAN JOSÉ V COMMUNITY BANK WELCOMES VISITORS

**KATALYSIS DONORS
WITNESS POWER OF
THEIR INVESTMENT**

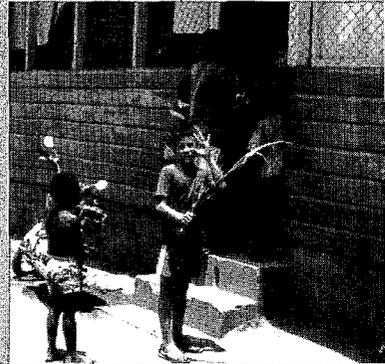
FESTIVE PALM FRONDS, colorful balloons, and streams of yellow and green crepe paper, cheerfully filled the schoolroom where Katalysis donors recently met with members of the San José V Community Bank. The visit was part of the third Katalysis Partnership Journey, a trip designed to connect individual investors directly with the microentrepreneurs they support.

It was a beautiful, but hot, Honduran morning when the travelers arrived in the Colonia San José V, the community from which the bank takes its name. The summer rains had not yet started and a heavy dust lingered in the air; but no one even seemed to notice – for a very special event was about to take place. As the visitors from California, Oregon, and South Dakota took their seats around long white tables, the story of the San José V Community Bank began to unfold.

COMMUNITY BANK ON THE EDGE OF TOWN

Situated on the urban periphery of San Pedro Sula, the Colonia San José V is like many inner cities found through-

out the US: economically stagnant, underserved by city social services; a place where makeshift housing and ad hoc security are the norm. Gangs, disenfranchised youth use fear to impose order and keep outsiders at



In these communities, neighbors watch out for each other and form interlocking support systems to care for even the most basic needs.

The San José V Community Bank began in August 1996 with a loan of 16 lempiras, roughly \$73, for each of sixteen members. Today, the bank has twenty-six members and is in its third loan cycle. As expected with community banking programs, each success

payment is followed by a slightly larger one; this cycle, members of the San José have received between 2,500 and 3,000 lempiras (\$208-\$250) in credit to invest in their small businesses.

Most of the community bank members run small businesses in light of a particular skill they have and local opportunities for sales. Many of the San José V bank members make tamales, tortillas or snack foods to sell; some buy and sell clothing, cosmetics, basic household items, or fire-

wood; and several women prepare tamales to sell to shift workers at the local *tiquilas* (garment factories).

Each week, members go to the bank treasurer's home to make their payments with loan capital, interest, and savings. Community bank members are required to pay commercial interest rates so that they have more ownership in the outcome. The message is clear -

credit is not charity, but a personal investment. It is also an education in commercial lending practices, serving as an excellent training ground for women who will someday qualify for credit from local banks.

Since the San José V Community Bank began less than a year ago, it has saved a collective total of 6,900 lempiras (\$575). These savings belong to the bank and are earning interest like any other account. Here again, the purpose is two-fold: savings become working capital for members, and initiating a savings account provides a lifelong lesson in personal financial management.

ODEF: FOCUS ON TRAINING, WOMEN AND GROWTH

Promoters from the Organization for Women's Enterprise Development (ODEF) meet with members of the San José V Community Bank every week to provide training in areas such as business administration, gender awareness, the basics of how credit works, legal aspects of borrowing, human development, credit assessment, marketing, leadership, environmen-

tal awareness and hygiene, and food processing.

Women account for approximately 80% of the participants in ODEF's Community Banking program. All but one of the twenty-six members of the San José V Community Bank are women. This gender emphasis is deliberate as women have proven to be excellent investments: increased earnings enable children to attend school longer, receive medical care, and grow up in a safer environment.



Treasurer Alva Luz Valaquez reports on the San José V Community Bank's current loan amounts, weekly payments, and total savings.

Women also face specific barriers to economic and entrepreneurial success. A lack of collateral and credit history are two major stumbling blocks for women; but low literacy rates, unfamiliarity with banking systems, and social isolation also inhibit these fledgling entrepreneurs.

ODEF is one of two Katalysis Partners in Honduras. As one of the most successful indigenous micro-credit organizations in Honduras, ODEF is currently in a period of unprecedented expansion. Within three years, ODEF will reach 12,000 microentrepreneurs.

INVESTING IN PEOPLE

After the introductions, progress reports, and group questions were done, a great feast awaited the visiting guests from Katalysis and ODEF. The meeting with the San José V Community Bank was more than an opportunity to learn how even modest investments make a significant difference in the lives of small-scale entrepreneurs. It was an opportunity for two cultures to come together in a reciprocal exchange of conviction, friendship, and faith in a better future.

At the San José V Community Bank, and at others visited throughout the week-long Partnership Journey, Katalysis donors listened, learned, broke bread with a few of the thousands of women in developing countries who are improving their lives with training and small loans. The investment works not just because of the economic power of enterprise, but because it invests in the irreplaceable drive to improve one's self and family. ♦



On behalf of the San José V Community Bank, Maria de Jesus Fajardo (left) paid tribute to Wendy Graham (right) with a heartfelt speech and a bouquet of beautiful yellow carnations.

TRIBUTE TO WENDY GRAHAM

"Our training in gender has shown us that we women are the base and grounding for decisions taken by our Life Partners. For this reason, we wish to honor Mrs. Wendy Graham with the presentation of this bouquet of flowers. In our community of San José V, our task is to foster self-esteem and value ourselves as women. We have acquired knowledge and skills which, from this moment forward, we will put in practice with our families - and our children will put in practice with their children."

- Maria de Jesus Fajardo

"To see the women gathered in their best outfits (even when it was 99 degrees, they still wore stockings); to hear them bravely stand before us and personally tell how they used their loans and the difference it made in their lives, and moreover, in their families' lives; to taste the beans and tortillas and tamales they proudly made for us; to touch them with hugs which transcended any language barrier - these were tangible experiences that made me realize that I am a participant in a process which is making a huge difference - one by one by one."

- Wendy Graham

Reflecting on the Third Katalysis Partnership Journey

KATALYSIS UPDATES

Nicaraguans in Stockton for Microcredit Training

In March, twenty-five Nicaraguan microcredit practitioners received three days of intensive training at the Katalysis office in Stockton. Luis Felipe Borjas, Katalysis Microcredit Program Manager, led the participatory workshops which were part of a month-long program sponsored by the Center for International Studies at CSU Chico and the Academy for Educational Development of USAID.



Nicaraguan microcredit leaders at the Katalysis office in Stockton.

Participants return to their home communities with improved technical skills, clearly defined Action Plans, and strategies to address challenges faced by their organizations. The program offers Nicaraguans a rare opportunity to exchange ideas with their professional counterparts and network with trainers from neighboring countries. Microcredit activities are on the rise in Nicaragua where unemployment and mass poverty are widespread problems. Katalysis is looking to extend its network to Nicaragua in 1998. ♦

Partnership Journey: Travels from the Heart



This spring, a small group of Katalysis donors packed their walking shoes and water bottles to travel to the homes and villages of community bank members in Guatemala and Honduras. They gathered in the same community centers at classrooms where the banks themselves meet. Donors were able to enter into a dialogue of solidarity and spirit with women participating in microcredit programs run by MUDE and ODEF. Partnership Journeys are designed to enable donors to experience the catalytic power of their investment of time, energy, and money in the communities they seek to help. ♦

COMMUNITY BANKS IN BRIEF

As of March 31, 1997, Katalysis Southern Partners have a total of 524 community banks with over 9,800 borrowers, benefiting nearly 50,000 people, especially women and children, in communities throughout Central America.

Partner	Active Banks	Borrowers
• MUDE (GUATEMALA)	22	448
• CDRO (GUATEMALA)	49	766
• ODEF (HONDURAS)	202	4,758
• FAMA (HONDURAS)	112	2,161
• PROCOMES (EL SALVADOR)	139	1,672
TOTAL:	524	9,805

MEETING THE CHALLENGE

continued from page 1

success in the microcredit field. Accounting systems, credit management policies, sophisticated financial analysis and business planning, loan policies, specialized personnel, appropriate board composition, executive leadership, and strategies to access investments and credit funds are the "nuts and bolts" of a well-running program.

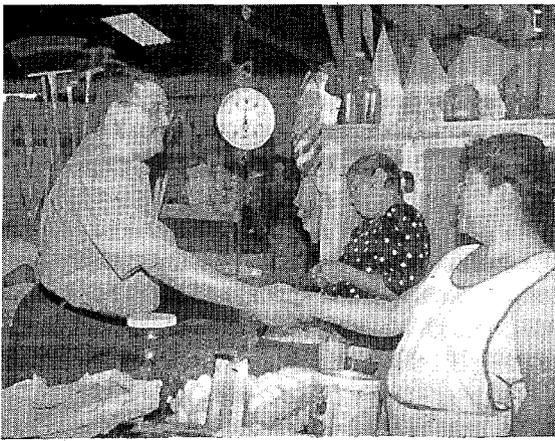
Building such institutions has long been the hallmark of the Katalysis Partnership. And to meet the challenges of the microcredit industry, Katalysis has invested strategically to hone its in-house technical expertise. At Katalysis/Honduras, Microcredit Program Manager, Luis Felipe Borjas, works with Southern Partners in key program areas such as credit portfolio analysis, financial management systems design, credit policy, and community banking methodology. Regional Field Director, Daniel Martínez, not only provides regional leadership, but also brings years of hands-on experience in microcredit and community banking to the Katalysis/Honduras team. To

complement field experts, Katalysis' headquarters in Stockton, CA will soon be welcoming a Microcredit Specialist of its own.

As Katalysis sharpens its own microcredit tools, it is also increasing the reach of the Partnership. Last November, two new Southern Partner organizations joined the network: the Association for Family and Environment (FAMA) in Juticalpa, Honduras, and the Corporation for Community Projects of El Salvador (PROCOMES) in San Salvador. In their respective communities, they are known for their clear commitment to the development goals of women's community banking and the long-range sustainability of their organizations. Collectively, FAMA and PROCOMES serve close to 4,000 low-income clients with credit and training. Both new Partners are led by dynamic women and are fully dedicated to the microcredit goals.

Unprecedented vitality and focus are permeating Katalysis' work as it rises to the challenge of reaching 50,000 families with community banking services by 2005. Spurred on by the Microcredit Summit and with strong Partners in place, the Katalysis Partnership is ready to go! ♦

NEW REGIONAL DIRECTOR BRINGS MICROCREDIT LEADERSHIP TO PROGRAM TEAM



THE KATALYSIS Partnership is pleased to welcome Daniel Martinez as the new Regional Director of Katalysis/Honduras in San Pedro Sula. Mr. Martinez brings extensive expertise in organizational development, program evaluation, and impact analysis to the Katalysis team. Once a small-business owner himself, Mr. Martinez has most recently worked as General Manager of the COVELO foundation, the preeminent provider of microcredit technical assistance and training to non-governmental organizations (NGOs) in Honduras. A native Honduran, Mr. Martinez has earned an MBA from the University of Texas and completed graduate work at Harvard. Welcome! ♦

FAREWELL TO INGRID!

Pioneering Katalysis Regional Director, Ingrid Faulhaber has begun a new position at the Ford Foundation in Mexico City. While with Katalysis, she provided key program leadership and was instrumental in establishing the Katalysis/Honduras field office in San Pedro Sula. In Mexico, Ms. Faulhaber will apply her expertise in microenterprise to improve the asset-base and livelihoods of poor families throughout the region, with a special focus on women. ♦

KATALYSIS MISSION



- ♦ **KATALYSIS** supports low-income people to gain self-reliance by helping them to improve their economic, social and environmental conditions.
- ♦ We work through multi-lateral partnerships with community based organizations using participatory processes to provide training and technical assistance in microenterprise development, women's community banking, and institutional strengthening.
- ♦ We are creating a partnership model of international development which allows all participants to relate as equals, relaxing the hierarchical mindset and replacing power with process as the means of effecting organizational goals.

THANKS TO DONORS!

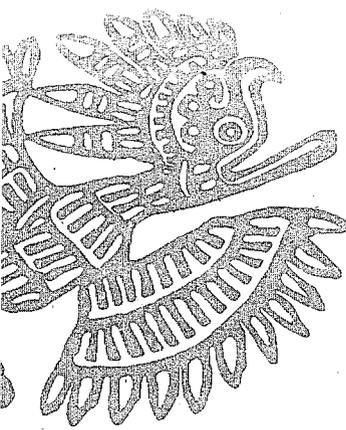
With great thanks, Katalysis would like to acknowledge the generous financial contributions it has received from individuals and families, major donors, and its board of directors. This support sustains the Partnership network and its work with low-income women in Central America. In addition, Katalysis gratefully recognizes recent grants from the following institutions:

- | | | | |
|--|---|--|---|
| • The Brande Foundation | • Food For All | • Justice Organizers, Leadership & Treasurers Foundation | • Niles (Fremont) Rotary Club |
| • California Wellness Foundation | • Food Industry Crusade Against Hunger | • Ludwick Family Foundation | • Rotary Club of Santa Cruz |
| • Capecchio Foundation | • Fundación VIDA | • MAZON: A Jewish Response to Hunger | • Rotary Foundation of Rotary International |
| • Catholic Healthcare West | • The Gap Foundation | • Mitsubishi Corporation | • University Rotary Club of Palo Alto |
| • Conservation, Food and Health Foundation | • Inter-American Development Bank / Multi-lateral Investment Fund | • The Moriah Fund | • U.S.A.I.D. |
| | • International Foundation | • Namaste Foundation | • Wallace Genetic Foundation |
| | | • New Field Fund of the Tides Foundation | |

MEETING THE MICROCREDIT CHALLENGE!

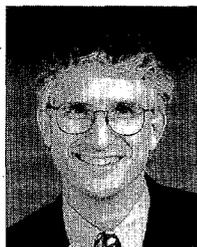
PLEASE SUPPORT the microcredit movement with a financial contribution to the Katalysis Partnership. Together, we can assist low-income women in Guatemala, Honduras, and El Salvador to achieve new levels of personal and economic success through small loans and business training.

<input type="checkbox"/> Enclosed is my contribution of \$ _____	<input type="checkbox"/> Please send a information about the Katalysis Partnership to:
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Katalysis is a 501(c)(3) non-profit organization. Your contribution is 100% tax-deductible.
 Mail to: **KATALYSIS**, 1331 North Commerce St., Stockton, CA 95202

GUEST EDITORIAL



DAVE ELLIS

is an author, workshop leader, and philanthropist. His focus is on developing strategies to assist people in creating a wonderful life.

Mr. Ellis was a driving force in the recent Microcredit Summit and is now spearheading The People's Fund, an educational and fundraising campaign for the replication of microcredit programs through the Grameen Foundation USA.

FIELD NOTES

is edited by
Colleen Donovan

designed by
Chris Molé

Katalysis is a
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HUMANITY'S GREATEST SUCCESS: End Abject Poverty in Our Lifetime

IT IS POSSIBLE for us to end abject poverty in our lifetime. Children no longer need to die of starvation, malnutrition, and preventable diseases. Families no longer need to be homeless. Capable adults no longer need to be without opportunity to work and contribute to their family and their community. Currently, over one billion people on our earth survive on less than a dollar per day. It's possible to turn this around over the next few decades.

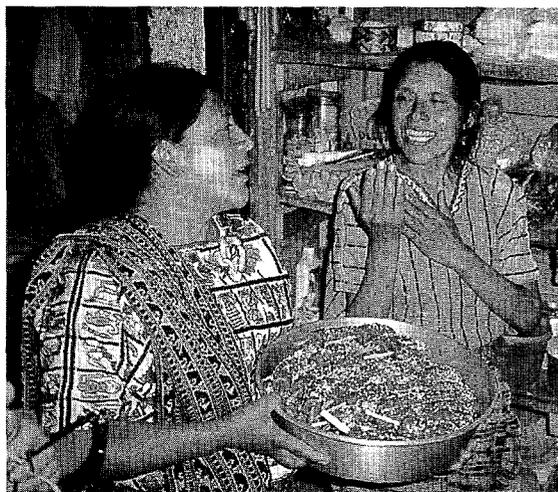
Microcredit is one proven way to assist people to bring themselves out of poverty. In the last 20 years around the world, small loans have assisted millions of people break all the bonds of poverty.

I have seen the research that demonstrates the effectiveness of microcredit, but more importantly, I have seen the faces of families who have escaped poverty through microcredit.

In April, I traveled to Guatemala and Honduras with Katalysis. Once again I was reminded of the miracle of providing small loans to women. The partners of Katalysis not only help women out of poverty, they alter social systems by assisting these women to realize their power.

The results are personal. Magdalena Pablo used her loan to buy a freezer that she now uses to make and store chocolate-covered, frozen bananas. This micro-business creates enough profit for Doña Magdalena to educate her children and may some day provide her with medicine for her worsening diabetes.

In the last three years, I have seen similar miracles and talked to women with similar stories



MUDE promoter Maria Chiquival discusses business expenses and profits with microcredit recipient Magdalena Pablo in Santiago Atitlan, Guatemala.

PHOTO BY DAVID POLLOCK

in Bangladesh and India. The microcredit movement is also helping women out of poverty in Miami, Chicago and South Dakota.

Over eight million families are currently being assisted worldwide because they have access to credit.

The Microcredit Summit was held in Washington, DC in February. Nearly 3,000 people from around the world were brought together for the purpose of reaching 100 million

of the world's poorest families, especially the women of those families, with microcredit for self-employment and other financial and business services by the year 2005. The goal is doable.

And, if we can end poverty for 500 million people in the next decade, then we can end abject poverty completely in our lifetime.

You, as Katalysis supporters and partners, are involved in this movement. And, you can even become more involved. Please expand your role in bringing microcredit to many more families. Please congratulate yourselves on what you are doing now, and consider doing more.

If you are giving your time, please also give some money...and more time. If you are investing your money to expand microcredit, please also give your time...and more money. This project is worthy of all of us. Ending abject poverty in our lifetime will be a success exceeding most anything humanity has ever accomplished. It is a project that honors how we spend our time, our money, our attention, and our love. ♦

KATALYSIS NORTH/SOUTH DEVELOPMENT PARTNERSHIP

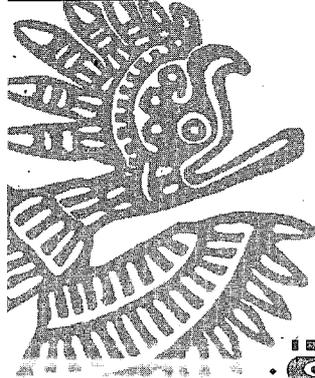
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FIELD NOTES

Special Microcredit Issue!

FALL/WINTER 1996-97

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

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MICROCREDIT: SIGNPOST FOR THE FUTURE

WITH OVER A DECADE of development experience in hand, the Katalysis Partnership is taking action to dramatically expand its microcredit programs: women's community banking and individual loans. This ambitious initiative has received inspiring support with the announcement of two new Partnership grants: one from the Microenterprise Innovation Project (MIP) of USAID and the other from the Multilateral Investment Fund (MIF) of Inter-American Development Bank. (Please see related story on page 6.)

The Microenterprise Innovation Project or MIP grant has been awarded jointly to Katalysis and one of its Partners, Organization for Women's Enterprise Development (ODEF) in northern Honduras. This three-year investment will provide nearly \$853,500 for credit, training, and technical assistance to start 480 new community banks, reaching 10,760 clients by the end of its third year, and ensure ODEF's financial sustainability. The Katalysis-ODEF-MIP alliance will also help ODEF build its technical capacity in credit portfolio management and other financial systems. The total program costs are \$1.1 million which includes \$300,000 in private counterpart funds to be raised by Katalysis and ODEF.

The MIP grant will enable ODEF to reach small-scale microentrepreneurs in rural villages who, in the face of chronic poverty, have started their own home-based businesses. These clients - 95% women - will receive business training and loans starting at \$70. All loans are paid back with interest and savings. Microcredit programs, such as ODEF's, are the most effective and sustainable way to support Katalysis' bottom-line purpose of assisting low-income people gain



A microentrepreneur in the "El Dulce Nombre de Jesus" (Sweet Name of Jesus) women's community bank is using her loans and training to improve sales at the market in Antigua, Guatemala. (PHOTO COURTESY OF M. SINGER)

self-reliance by helping them to improve their economic, social and environmental conditions.

Microcredit approaches, which include community banking and individual loans, are part of a global movement that was pioneered by the Grameen Bank in Bangladesh just twenty years ago. Today, estimates are that microcredit programs reach 8 million of the very poor in developing countries. In addition, there are nearly 400 microcredit programs in the U.S. that provide credit, training and peer support to assist low-income entrepreneurs. In February 1997, there will be a Microcredit Summit in Washington, D.C. to orga-

nize practitioners and advocates with the objective of "reaching 100 million of the world's poorest families, especially the women of those

(continued on page 3)

THE CASE FOR MICROCREDIT

1. Very poor people are a good credit risk, especially in the context of mutual responsibility systems.
2. Sustainability and profitability of programs in the developing world are achievable.
3. Microcredit models have exhibited a high level of replicability.
4. Programs grow to serve large numbers of very poor people.
5. Microcredit helps borrowers work their way out of poverty.
6. Microcredit programs stimulate savings accumulation among poor people.
7. Microcredit programs become vehicles for a variety of desirable social developments.

Excerpted from The Microcredit Summit Draft Declaration (8/21/96).

KATALYSIS NORTH/SOUTH DEVELOPMENT PARTNERSHIP

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

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FOCUS!

MANY MONTHS AGO Katalysis launched an initiative called Focus Quest. The objective was to examine the things we were doing, or could be doing, and to identify the program that produced the strongest results consistent with our mission of supporting low-income people gain self-reliance. Once identified, we would focus our efforts on that program.

What is "focus" anyway? Depends on whether it's a verb or a noun. The Heritage Dictionary reveals that the verb means "to direct toward a common center; to concentrate." And the noun means "a point of origin from which ideas and activities emanate...the core, hub, root or heart." Interesting how the verb narrows inward while the noun radiates outward, isn't it? With this in mind, let's take a look at what Katalysis is initiating.

As you read this, Katalysis is committing to Community Banking/Microcredit as our program focus. This means the Katalysis Community Banking/Microcredit product will be our core, our heart. And we will concentrate our efforts on that product. Let me tell you why we chose this. "Wait a minute," you might be saying to yourself, "before you tell me that, tell me why you're focusing in the first place!"

It's simple. We can do a better job if we have just one thing to do rather than ten. And so can you. It's a fact of life. And we want to do the very best job of assisting low-income people in gaining self-reliance that we can. Which brings us back to focusing on Community Banking/Microcredit.

It's a gang-busters concept. In Bangladesh, where the Grameen Bank's village banks now have more than 2,000,000 members, founder Muhammad Yunus talks about putting "poverty into the museum." The head of the United

Nations Development Program calls it a "remarkable tool... for poverty eradication." The President of The World Bank says "I am personally absolutely committed to this..." Hillary Rodham Clinton visited a program in India and said "Against enormous odds, Indian women are transforming their lives."

But we didn't need those opinions to show the power of small loans with training to the poor. We merely looked at what's being done within the Katalysis Partnership so far. Right now we have

249 Community Banks with over 5,000 borrowers. In addition there are more than 1,200 individual borrowers. That means there are currently more than 6,200 people, mostly women, who are receiving credit and training and, in return, paying market rates of interest and repaying their borrowings on time. Remember this program is not a hand-out, it is a hand-up.

And what are the results? High repayment rates - 97%. High rates of business success - 95%. Thousands of jobs. High savings rates - more than 6,000 of the borrowers have savings accounts, virtually all of them for the first time. And remember, just about every borrower has a family. That means over 25,000 children are benefiting from better diets, schooling, housing and medical care. And the borrowers feel good about themselves facing a harsh world with new-found confidence.

As good as these numbers are - and the heartwarming success stories that lie behind them are even better - they're just the beginning. With total concentration, *with focus* on this program, we expect to double these numbers in only two years.

Remember that Karen Carpenter song "We're only just begun..."? Wouldn't that be a great motto for us? Katalysis is entering its second decade - and it promises to be even more exciting and productive than the first! ♦



Wendy and Robert Graham meet entrepreneurs and their children at MUDE community bank, Superación Femenina (Women's Empowerment) in Villa Lobos II, Guatemala. (PHOTO BY N. MAYER)

WALKER - 11/07/06

WALKER - 11/07/06

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PARTNER UPDATES

Association for Women in Development (MUDE)



MUDE Agronomist, Wilfido Torres, and Leonardo Alvarez, Katalysis' Natural Resource Program Manager, have worked effectively to exceed expectations for MUDE's Organic Food Production and Fuel-Efficient Food Processing project. Over 750 low-income women are involved with the project; 81 participants have established their own organic family garden and 105 women have constructed fuel-efficient Chefia stoves in their homes. Due to increasing participant interest, MUDE plans to expand the project in order to reach more women in the coming year and to add an environmental education component to the training.

Organization for Women's Enterprise Development (ODEF)

Despite a few recent logistical setbacks, the *Herencia Verde* (Green Legacy) project is operating at full force. Leaders from twenty communities are receiving special hands-on training at the

Herencia Verde center and will then take back information about the environment, soil and water conservation, energy-saving technologies, organic agriculture, small animal husbandry and food processing to their families and communities. The project has recently received a one-year \$30,000 grant from the Food Industry Crusade Against Hunger to improve farming practices, family nutrition and to promote the conservation of natural resources in 15 communities.

Cooperative Association for Western Rural Development (CDRO)

• Children attending Xenajtajuy Elementary School are one of three classes to receive lessons about the environment and forests as part of CDRO's successful reforestation project. With the support of teachers, CDRO's agriculture program is working to change attitudes about natural resource conservation by educating children and involving them in school nurseries. One school, the "Oficial Rural Mixta" in Chipuac has taken the initiative to sell forest trees and plants grown in their nursery to the community. Earnings are reinvested in the project, thus initiating the process of self-sufficiency.

• CDRO marked another milestone by electing two women to its five-member Board of Directors. Josefina León López and Augustina Cúa Garcia are both from communities in the Totonicapán region and will each serve two-year terms.



Children from CDRO's Environmental Education Project gather around pine seedlings from their school nursery.

Belize Enterprise for Sustainable Technology (BEST)

• In July, BEST and Katalysis hired a Belizean consulting firm to do a complete diagnostic of the organization. One of the benefits of long-standing partnerships is that Partner organizations are well-positioned to offer each other support and consultation as needed. The consultant's report will serve a "blue print" for improving BEST's program effectiveness and meeting current institutional challenges.

MICROCREDIT (continued from page 1)

families, with credit for self-employment by the year 2005." Katalysis and its Partners will be delegates to that conference.

The Katalysis Partnership, with its unique model of North/South cooperation and shared values, is well positioned to contribute to the world-wide microcredit movement. With leadership from ODEF in Honduras, Katalysis Partners are working together to develop their own community banking model – one which adheres to key operational tenets, but allows for cultural and communal customization. This will be one of the first *Southern-initiated* community banking models since Grameen), with most others hav-

ing originated in the North. The Katalysis community banking model will provide the mechanism for expanding the Partnership into El Salvador and Nicaragua.

Katalysis is committed to ongoing institutional strengthening of its Southern Partners, who make loans to low-income clients. Katalysis' role is to provide hands-on business tools to help Partners make management decisions and provide accurate financial accountability. This work is especially important as Partner organizations strive to reach the size and efficiency levels that will make them financially sustainable service agencies. According to the draft Microcredit Summit Plan of Action, "The single biggest constraint to

expanding microcredit...is the need to build local institutional capacity in communities around the world. This is an even greater challenge than mobilizing the money to fund this objective." Katalysis and its Partners have strengthening indigenous organizations as their number one priority.

As in all endeavors, the expansion of Katalysis' microcredit programs will be carried out in the spirit of true Partnership, honoring the well-established principles of mutual respect, trust, equality and accountability. With these two new grants in hand as a foundation and directive for the future, the Katalysis Partnership can look forward to exciting and challenging work ahead. ♦



BANKING ON WOMEN'S ENTERPRISE AND INNOVATION

KATALYSIS COMMUNITY PARTNERSHIP PROGRAM

FOR THOSE WHO TRAVEL the mostly dusty and bumpy backroads of Guatemala and Honduras to meet members of a community bank, their first impressions are strikingly similar. Despite each village's unique setting and circumstance, the words "articulate," "industrious," "passionate," and "competent" emerge time and time again to describe the women who have joined forces to change their lives through a Katalysis community bank. The travelers themselves are often as diverse as the community banks they visit and yet, they too, share common traits. For starters, all

have become integral members of the Katalysis Community Partnership Program for Women's Community Banking.

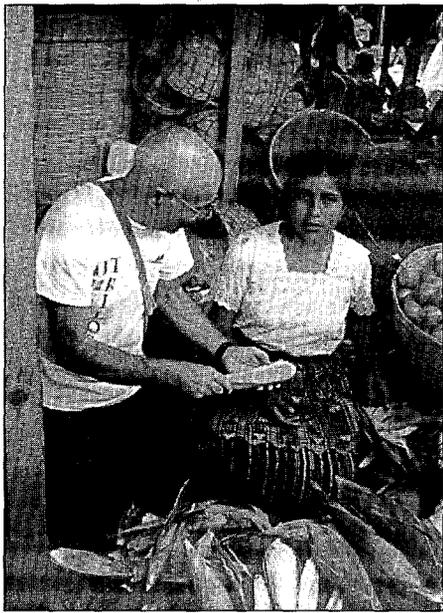
Katalysis began this program in 1989 and since then has directly connected over 50 individual sponsors, small foundations, service clubs and businesses with a community bank in Central America. The community partnership investor provides seed capital and financial support for training to small groups of women. Of the 249 community banks Katalysis Partners have started in the last eight years, twenty percent have been financed through the Community Partnership Program.

FOCUS ON WOMEN

Community banks occasionally invite men to join, especially husbands who are helping their wives with a family business, but the vast majority of bank members are women. The gender emphasis is deliberate: poverty disproportionately affects women. Reproductive health care is a major concern, and the state that of the 1.3 billion abso

VEGETABLE STAND Sales of fresh produce are brisk for this community bank entrepreneur in Guatemala. A group of Katalysis donors were able to see the impact of their investment firsthand during a Partnership Journey to Central America. (PHOTO BY W. GRAHAM)

- people living less than \$1.00 a day - over 90 million, are men. Community investors know women resource-apply credit as low as to start or extend their enterprises: raising chickens, weaving traditional textiles and spinning, producing or selling vegetables at the local market. Women also actively participate in community activities and support each other in times of family crisis. Twenty-seven times of a hundred, the community members pay



SMALL-SCALE FARMER Robert Singer discusses this season's corn harvest with a member of the "El Dulce Nombre de Jesus" (Sweet Name of Jesus) community bank in San Antonio Aguas Calientes. (PHOTO BY M. SINGER)

cal food production. Thus, community banks become a powerful development tool to help communities solve the problems they face.

PARTNERSHIP SPIRIT

Community Partnership Program investors also share an understanding held deeply within the Katalysis ethos: local, indigenous organizations rooted in the community are best situated to work directly with community banks. Katalysis, as the northern member of the Partnership con-

tributes most effectively and concretely by supporting these community-based institutions. This role takes various forms - programmatic technical assistance and training, institutional strengthening, and resource development - and yet it is always delivered through the Katalysis partnership methodology which is grounded in respect, trust and mutual accountability.

UNIQUE APPROACH

Katalysis' responsibility in the Community Partnership Program is often less discernible to visiting travelers who, not surprisingly, prefer to spend their time in villages talking to bank members rather than in San Pedro Sula, Totonicapan or Villa Nueva studying spreadsheets. Perhaps unique to all other community banking models, Katalysis' commitment to Partner organizations works to ensure that these programs have excellent client services, build accurate management and information systems, maintain accountability of funds and become sustainable organizations.

As renewed energy and resources are focused on community banking, the Katalysis distinctive Community Partnership Program will continue to bring together the North and South in villages across Central America to create a new generation of enterprise, innovation and security in a brighter future. ♦



CHICKEN VENDOR Community bank members improve themselves as well as their businesses. At the bi-weekly meetings, bank members learn to make decisions, resolve problems and support one another in times of need. (PHOTO BY M. CASTRO)



CANDLE MAKER This candle maker is from CDRO's "Nueva Esperanza" (New Hope) Women's Community Banking in the small village of Paxtoca, Guatemala. The bank has 13 members and was financed by the Rotary Club of Palo Alto. (PHOTO BY M. CASTRO)



BREAD BAKER Small businesses not only increase the wealth of low-income women, they also provide wholesome, locally-produced commodities like bread. (PHOTO BY W. GRAHAM)



WEAVER In the community of Santiago Atitlán, a MUDE microentrepreneur and her daughter proudly display traditional clothing made for sale in the local market. (PHOTO BY J. VON GONTARD)

their loans on time with interest savings, and increased earnings are needed to meet household necessities such as food, education and health care. Self-help, not hand-outs, also matter greatly to investors in Katalysis' Community Partnership Program. The key success is enabling the poor to pull themselves out of poverty with a program that fosters responsibility, self-esteem and financial self-sufficiency. Katalysis' community banks take care to provide the appropriate economic tools and focused training to help bank members improve themselves and overcome stumbling blocks to their entrepreneurial success.

EARNINGFUL TRAINING

In each community bank technical assistance and training is provided by a Katalysis Partner extension activist or "promotora." The promotoras are generally from one of the communities they serve and work directly with bank members to teach them about everything from grassroots finance (credit interest and savings mechanisms) to small-business skills (marketing feasibility research, quality control and pricing). In

Katalysis community banking model, promotoras also work with bank members to meet other self-defined needs that affect their families: nutrition, health, literacy, education and lo-

KATALYSIS UPDATES



On a clear April day last spring, **David Pollock**, founding chair of the Katalysis Core Circle, was out running for more than just the finish line of the Big Sur International Marathon.

In fine philanthropic form, Mr. Pollock raised over \$4,800 for Katalysis through pledges from friends and colleagues for each of the 26 miles he ran. Congratulations for completing a true physical – and fiscal – feat!

Katalysis Core Circle Setting New Standards in Donor Participation

An innovative idea of integrating and involving committed donors was initiated by the Katalysis Partnership in October 1995. It's called the *Katalysis Core Circle*. Celebrating its one-year anniversary this month, the *Katalysis Core Circle* is a small group of individuals who are committed to effectively leveraging funds to nourish the very heart of Partnership operations. They are people who are engaged in an activist approach to philanthropy, individuals interested in contributing of themselves as well as their financial resources. The *Katalysis Core Circle* embraces individual talents, experiences and passions as regenerative assets that can make meaningful investments in a relationship-based network like the Katalysis Partnership.

With the leadership of David Pollock and Lynne Twist, the *Katalysis Core Circle* has opened itself up to a broad range of related activities for itself, families and friends. Partnership Journeys are a primary bridge that connect Circle members to Katalysis' work in Central America. These are annual trips to Guatemala or Honduras to see projects in action and to meet women entrepreneurs, indigenous artisans and subsistence farmers that Katalysis Partners serve. The next Partnership Journey is scheduled for spring 1997. Another unique opportunity provided for Circle members was a visit with the Dalai Lama in Bloomington, Indiana this past July. Six Circle members and ten of their friends and family took part in this momentous event. The *Katalysis Core*

Circle is setting new standards in donor participation, learning and sharing with one another in the pursuit of the Katalysis mission.

Katalysis Partner Directors meet in San Pedro Sula, Honduras



Katalysis Partner Directors met in September to discuss Partners' business including grants, organizational focus and adding Partner organizations in El Salvador and Honduras. ♦

COMMUNITY BANKS IN BRIEF

This table presents the current number of active community banks and borrowers in Katalysis' Southern Partners' programs. This information will be appearing regularly in FIELD NOTES to keep readers informed of the Partnership's progress and growth.

Partner	Active Community Banks	Borrowers
MUDE	15	320
CDRO	48	817
ODEF	176	3,822
BEST	10	114
TOTAL:	249	5,073

NEW GRANT LAUNCHES MICROENTERPRISE PROJECTS FOR KATALYSIS PARTNERS

THE MULTILATERAL INVESTMENT FUND of the Inter-American Development Bank recently approved a three-year, \$1.69 million grant to Katalysis for the development of rural microenterprises with Southern Partner organizations in Central America. This grant, in conjunction with the three-year grant from the Microenterprise Innovation Project of USAID (see article on page one), establishes a solid foundation for Southern Partner organizations to significantly expand and intensify their microenterprise

portfolios.

The MIF grant enables Katalysis Southern Partner organizations to provide badly needed training and financial services in community banking, marketing and appropriate technology to 10,670 low-income participants in Guatemala and Honduras. In all, over 50,000 children will benefit from improved family well-being; 170 new community banks will be started and nearly 5,000 new businesses created. The total cost of this program is \$2.79 million, which includes 1.1 million in local counterpart funds.

The program's marketing component will train microentrepreneurs to select products with export potential, such as some artisan goods and processed foods, and to market them at the national level

and abroad. The program's financial services component will provide instruction for microentrepreneurs on how to get credit and for nongovernmental organizations on how to start and expand community banks. The program's third component will train microentrepreneurs in the use of new technologies and production practices, particularly farming, and thereby enhance their prospects for earning income.

The Multilateral Investment Fund, an autonomous fund of the Inter-American Development Bank, provides grants and investments to promote private sector growth, labor force training and small enterprise modernization in Latin America and the Caribbean. ♦

RANT ACKNOWLEDGMENTS

e Katalysis North/South Development Partnership and Southern Partner organizations are pleased to acknowledge current support from the following institutions:

- ngelica Foundation
- tkinson Foundation
- apecchio Foundation
- onservation, Food
- nd Health Foundation
- ebley Foundation
- ood For All
- ood Industry Crusade
- gainst Hunger
- hanny B. Good
- oundation
- reenville Foundation
- Independent Charities of America
- Inter-American Development Bank
- International Foundation
- Justice Organizers, Leadership & Treasurers
- Harris and Eliza Kempner Fund
- Ludwick Family Foundation
- John D. and Catherine T. MacArthur Foundation
- MAZON: A Jewish Response to Hunger
- Mitsubishi Corporation
- Moriah Fund
- Namaste Foundation
- New Field Fund of the Tides Foundation
- Odwalla, Inc.
- Presiding Bishop's Fund for World Relief
- Rain Bird Mfg. Corp.
- Rotary Foundation International
- U.S.A.I.D.
- VIDA Foundation
- Women of Our Hemisphere Achieving Together
- Women's Charities of America
- Working Assets

KATALYSIS MISSION



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

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

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

IN MEMORY OF COREY B. VENNING

The Katalysis North/South Development Partnership would like to express our enduring gratitude to the friends and family who gave commemorative gifts in memory of Corey B. Venning of Olympia, Washington.



Marilyn Singer with new friends at the market in Antigua, Guatemala. Mrs. Singer and her husband, Robert, recently traveled to the village of San Antonio Aguas Calientes to meet with members of "El Dulce Nombre de Jesus" (Sweet Name of Jesus), a MUDE community bank they funded by rallying the support of their friends, family and colleagues. The Singers were in Guatemala this September to aid a local eye clinic in San Tomas. (PHOTO COURTESY OF M. SINGER)

WARM THANKS TO OUR SUMMER INTERN!

This summer Katalysis greatly benefited from the work of a super-industrious intern: **Jonda Hammons**. An environmental studies and business student, Jonda brought her ever-ready skills and constant good cheer to Katalysis' Stockton office. We wish Jonda good luck in her senior year at the University of Minnesota and send her a big thank you from the Katalysis staff.

BANKING ON WOMEN!

PLEASE HELP the Katalysis Partnership reach more low-income women by investing in our microcredit and community banking programs.

<input type="checkbox"/> Enclosed is my contribution of \$ _____	<input type="checkbox"/> Please send a friend information about the Katalysis Partnership:
Name _____	Name _____
Address _____	Address _____
City _____	City _____
State _____ Zip _____	State _____ Zip _____

Katalysis is a 501(c)(3) non-profit organization. Your contribution is 100% tax-deductible.

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

GUEST EDITORIAL



MONIQUE COHEN

is a senior technical advisor in the Office of Microenterprise Development, USAID where she manages the Assessing the Impact of Microenterprise Services Project. Originally from New Zealand, she has spent the last 20 years working on development issues for a range of organizations including foundations, NGOs, the World Bank, universities and a non-profit organization. She is currently on detail from Virginia Tech.

(The views expressed here are the author's and do not reflect those of USAID.)

FIELD NOTES

is edited by Colleen Donovan
special contribution by Haleh Pourafzal
designed by Chris Molé

THE CLIENT COUNTS: MEASURING IMPACT

FIRST, THEY RECOUNTED how they used their loans, then they talked about how the credit had improved their lives. Later, they took on practitioners who had failed to promote women's control of resources. This assertiveness came from a group of women from SEWA and Friends of Women's World Banking in India and Corfass in Colombia, speaking not in the villages or urban low income neighborhoods in which they live, but on the stage of Habitat II, an international forum, held in Istanbul last June.

What I was watching in Istanbul was an expression of economic empowerment, a goal of many microenterprise programs. Both obvious and intangible, empowerment is integral to a client's progress along a path that lessens her vulnerability to crises and moves beyond a life circumscribed by immediate survival to a situation of relative economic security and, ultimately, growth. With empowerment comes an increasing control over resources and, hopefully, the right to choose and plan as she looks to the future.

When asked if their programs had these impacts, field workers are apt to respond with anecdotes about individuals and their economic and social successes. Smiling faces make good copy. Unfortunately, they are not a concrete measure of aggregate impact. For practitioners to say more about why microfinance matters, what is needed are credible data which show progress towards improved well-being of the clients and their families, greater empowerment of women, and community development.

All credible impact stories depend on a careful selection of indicators. For many organizations like Katalysis where the program is client driven, this perspective – not the donor's – should be the guide. The appropriate markers of change should reflect the paths people travel in generating a sustainable income or ensuring the welfare of

their families.

Impact information can tell us whether access to services makes a difference, whether the business is growing, or the number of meals eaten daily has gone from two to three. The significance of the results is improved when it can be shown that those with access to financial services are doing better than those without.

Making the argument for impact analysis is different from generating the appropriate information. It requires comparing the clients' situation before they take a loan and after a predefined period of participation. Change is cumulative. More often, the effects of credit are more apparent after the receipt of multiple loans.

Assessing impact need not overburden the implementing organizations. Simple monitoring tools can track impact in tandem with business management; before and after

visits can be contracted to outsiders. The research approach will be strongly influenced by how the organization wants to use the information: to review the bankability of repeat borrowers or to tune its services to be sure they reach the poor.

Mature and stable programs are necessary for households and their members are to attain greater economic security and become the confident women I met in Istanbul. In turn, empowerment of poor women makes for good clients and successful results in the field. I am pleased to see that this perspective is fundamental to Katalysis' vision of the potential impact of community banking. Furthermore, Katalysis is committed to listening and responding to their clients as well as integrating impact analysis into its programs. In this way Katalysis, with its partners, will be able not only to assess the effect of the services provided but also to ensure that community banking fulfills what they believe is its potential, to address women's empowerment. ♦

"...empowerment of poor women makes for good clients and successful results in the field."

KATALYSIS NORTH/SOUTH DEVELOPMENT PARTNERSHIP

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Katalysis Board Development

I: A Model of Growth & Partnership

II: Standing Committees: Job Descriptions

**Presented to
The Executive Committee**

by

The Board Development Task Force

Dave Brown, Board Chair
Margaret Diener, Administrative Manager
Jerry Hildebrand, President & CEO
Sylvia Rosales-Fike, Board Member

Haleh Pourafzal, Consultant

July 23, 1997

Katalysis Board Development

Part I

A Model of Growth & Partnership

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July 23, 1997

Introduction to the Board Development Packet

On April 21, 1997, the Executive Committee formed a Board Development Task Force to recommend a model for Katalysis board development. What follows is the result of that work. It was approved by the Executive Committee on August 5, 1997.

The content incorporates:

1. The executive committee's decision to expand and strengthen the committee structure within the board;
2. The executive committee's "Board Development Guiding Principles" formulated on April 21, 1997;
3. The 1997-2000 business plan's "Recommended Criteria for Board" ratified by the board in June, 1997;
4. The self-assessment matrix developed by the executive committee in February, 1997.

This packet includes two parts:

Part I: A Model of Growth & Partnership. This presents the overall structure and composition of the board and articulates the principles that guide board development and relationships. This document provides the overall context for organizing the board and recruiting board members.

Part II: Standing Committees Job Descriptions. This section identifies the board's standing committees and describes the function of each committee. It serves as a guide for placing current board members in the appropriate positions and for developing a picture of additional skills necessary for board membership. As committees meet, they will study their respective committee description, offer revisions and additions if necessary to the board development committee, and identify skill gaps that may be filled with volunteer advisors and/or additional board members. This latter information will be useful in detailing further board recruitment.

[Part III: Recruitment Matrix and Position Profiles -- please see special note following Part II.]

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9/11/97

Introduction

This paper presents the evolving structure and composition of Katalysis' board of directors. This is the model of a growing organization focused on micro-credit and dedicated to partnership. It is built on guiding principles set by the executive committee in April, 1997 (See Appendix D). The model is the result of extensive deliberations by board and staff about the strengths and weaknesses of past practices and what it takes to create a vibrant and efficient board with the commitment and skills necessary to make Katalysis a successful player in the micro-finance industry.

Context

Katalysis' organizational development is and will continue to be marked by two primary changes:

(1) The move to a micro-credit-focused organization, with its special challenges of a double bottom-line: achieving both social benefits and market-driven profitability.

(2) The dual dynamics of institutional growth and decentralization: working with a larger number of Partners, in more countries and new regions; and creating successful regional training and consulting centers.

The goal of board development, therefore, is not only to align the board with the demands of micro-credit, but also to catch up to the needs of a growing, multi-layered, international development organization.

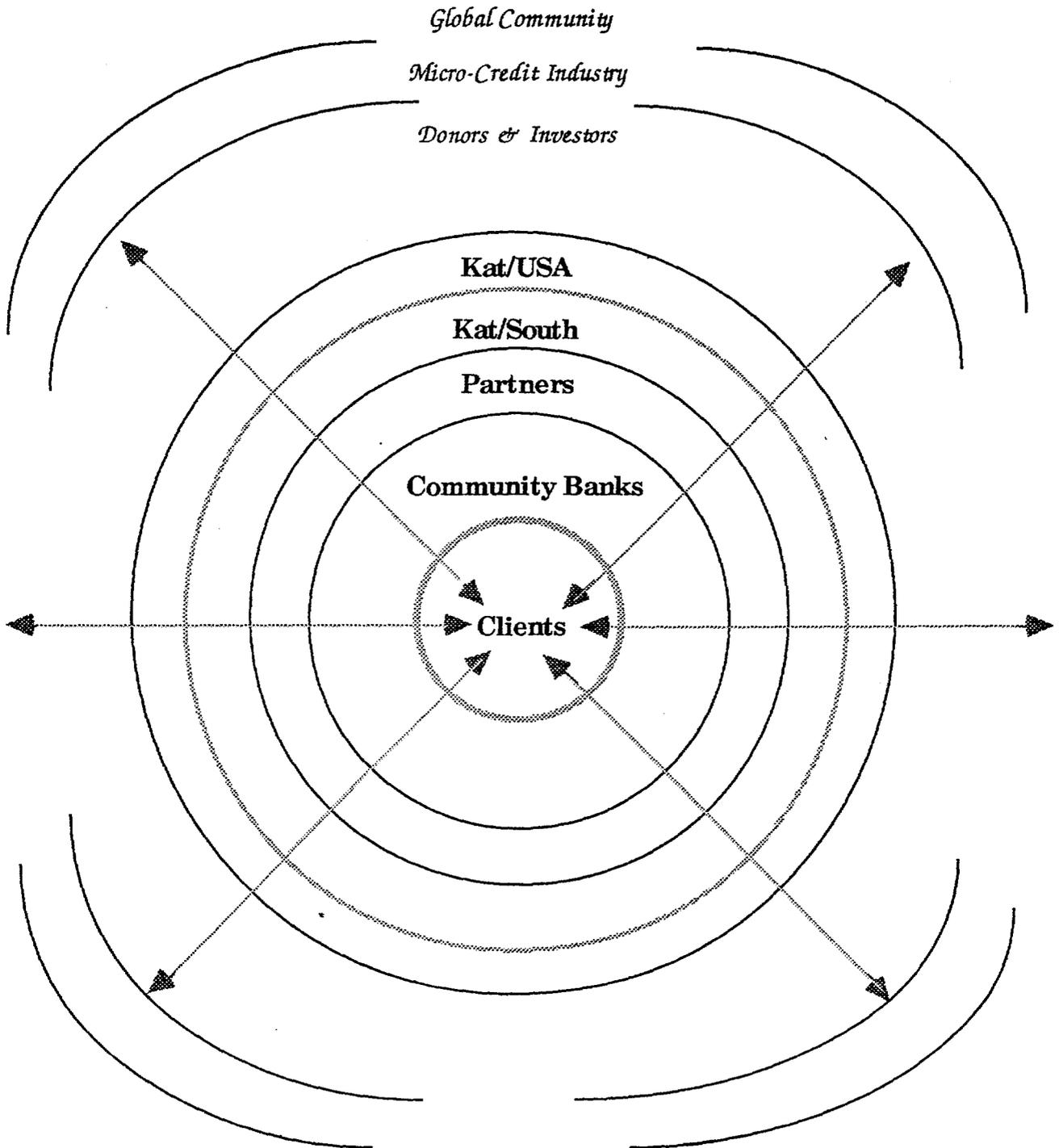
Core Value

In a market-driven enterprise such as micro-lending, Katalysis focuses the entire organization, including its board, on the needs of the clients: the binding force (common mission) of all stakeholders. Furthermore, with focus on community banking, the Katalysis model of Partnership can be advanced to become fully aligned with the core principles of community banking: belief in the inherent potential of every individual and organization; honoring everyone's humanity; extending respect, dignity, peer support, responsibility, accountability, and group guarantee of individual units. The synchronization of organizational values with product attributes creates coherence throughout the system. (See Appendix 2).

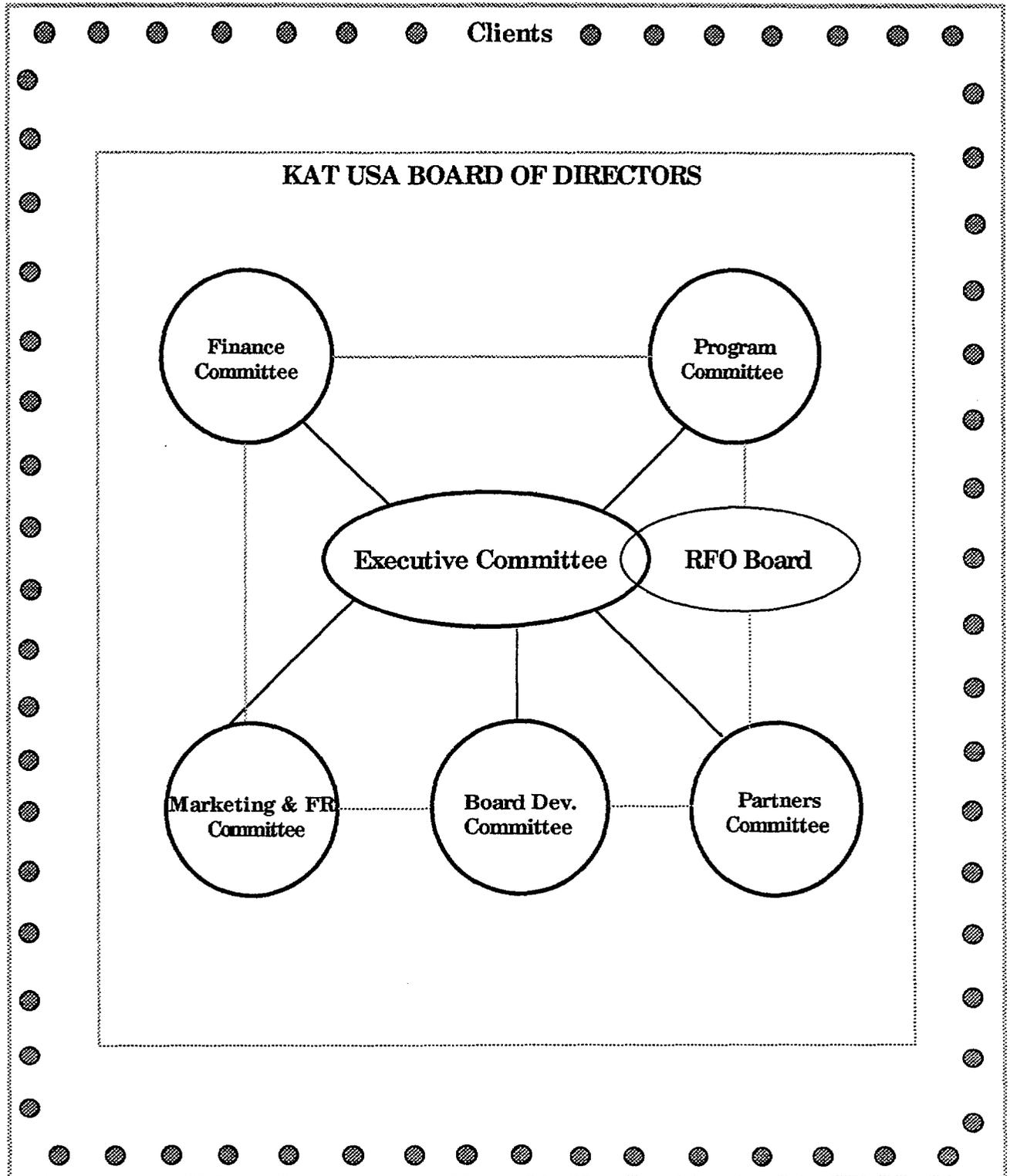
Because community banks are composed mostly of women, one could say that the dynamics that account for their success permeate a feminine model of relating. As we extend this model to Katalysis Partnership, including the workings of the board, one feature stands out: inclusion and transformative linking of the parts rather than control and domination. To the extent that there is hierarchy, it is recognition of systems within systems: every individual or group plays a distinct role, and all are linked through responsibility, accountability, and efficient communication. The following diagram and ensuing model are intended to capture these core values.

The Board of a Market-Driven Enterprise

- Everyone is driven by the common center (client needs), and every circle's immediate client is the next circle toward the center.
- The entire partnership radiates outward to effectively reach investors, donors, the micro-lending industry, and other allies.



Board Structure



Committees are linked through on-going communication and representation on the executive committee. (Committee chairs are members of the executive committee.)

Description of Board Structure

The key operatives in this structure are: communication & efficiency.

The board structure preserves and improves three key features:

1. Partners seats on the board. This is Katalysis' uniqueness: it deepens the practice of Partnership, provides valuable input into board discussions, and gives partners a useful international standing. For the present, the board will include all southern partners (5) as voting members.

- Voting abstention by those subject to conflict of interest is addressed in a policy statement that considers not only the partners, but also the CEO, board members who may be paid consultants, and board members who may be investors (lenders) -- since special laws apply to non-profits.

- When Katalysis replicates Partnership in the next region (South America), the issue of each partner having a voting seat on the board will be reconsidered. This topic of discussion is on-going.

2. A highly responsible executive committee. Given the board's large size and geographic spread, an active executive committee is key to ensuring quick turn-around in decision-making and to supporting staff. In optimizing this structural strength, the executive committee improves its workings by:

- Keeping the full board informed of all key decisions made between board meetings and engaging it in substantive discussions of key issues during the board meetings. In turn, the full board entrusts the executive committee with full authority to make decisions on its behalf between board meetings. **The executive committee meets quarterly in the Bay Area.**

- Becoming more efficient in process and in the choice of issues it focuses on. The strength of other standing committees facilitates this.

3. Highly active standing committees. The current fundraising committee is expanded to "Marketing & Fundraising." In addition, four other committees are formed: Finance, Board Development, Program & Partnership Expansion, and Partners (formerly Partners Directors Board).

- The chair of each committee is also a member of the executive committee. Out-of-town committee chairs may choose to have a co-chair.

- When a special topic (e.g., strategic plan) is on the table, a short-term task force is formed for that purpose.

With a highly responsible executive committee and a very active committee structure in which most board members participate, **the full board meets only once a year** -- in one of the regions where Katalysis works. (The executive committee may call a second meeting if necessary). The annual board meeting is a festive event where members share the spirit of Partnership, discuss important issues, and make key decisions.

Additional Notes on Board Structure

A. Examples of issues brought to the full board for discussion & ratification:

- a. Strategic plan/business plan/organizational direction.
- b. Mission.
- c. Values.
- d. Financial policies: budgetary, investment, lending, reserve, etc.
- e. Philosophy of development and strategic options in micro-lending.
- f. Policies around major grants, when the timing of bringing forth these items coincides with the full board meeting.
- g. Expansion and replication (partners, countries, regions).
- h. Partnership policies and standards.

B. What it takes to make the committee structure work:

- a. Cost-effectiveness: the cost in staff time of preparing for committee work is offset by (1) high participation on the part of the board, and (2) high levels of board expertise.
- b. Decentralization & delegation: committees are trusted by the board; staff are trusted by the CEO. Committees are strong, active, and efficient. They also understand Katalysis and board-established policies and offer recommendations within these policies, thereby increasing their chances for consensus and approval.
- c. Specialization: board and staff members concentrate on 1-2 areas and are willing to know less about others.
- d. Team work: everyone participates fully, everyone takes on tasks and delivers on promises, everyone is accountable to the group, the group upholds individual accountability. Just like a successful community bank!
- e. Efficiency: adequate preparation for meetings, brief and concise reports, focused facilitation, good follow-up.
- f. Electronic link-up and dialogue to enhance participation (particularly nationally and internationally).

Katalysis Board Development

Part II

Standing Committees: Job Descriptions

A guide for forming committees and recruiting members

**Presented to
The Executive Committee**

by

The Board Development Task Force

**Dave Brown, Board Chair
Margaret Diener, Administrative Manager
Jerry Hildebrand, President & CEO
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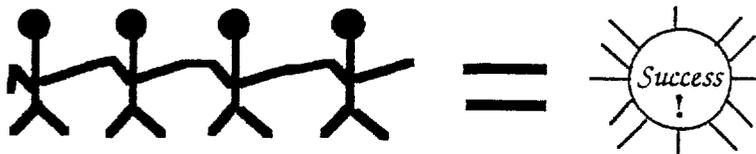
Haleh Pourafzal, Consultant

July 23, 1997

Role of Standing Committees

When an organization grows, the Board of Directors branches out into Standing Committees to deepen Board involvement and to create efficiency. Because committees are smaller than the full board, they can plan and act more effectively in specialized areas. Committees are *not* policy-making bodies. Rather, they make recommendations to the executive committee (or the full board when clarified as such) and provide the information the board needs to make good decisions.

1. Standing committees are long-term sub-groups of the board, while *ad hoc* committees ("task forces" or "working groups") are formed short-term for a specified task.
2. In organizations that value democracy and participative management, committees are composed of not only board members, but also staff. In addition, an effective practice is to recruit non-board advisors to the committees. Over time, some advisors can become board members if deemed mutually rewarding.
3. Standing committees are set up by the board, conduct their work on behalf of the board, and are accountable to the board (via the executive committee) for establishing and meeting measurable objectives.
4. The board must delegate to committees, i.e., be confident that they know how to do their job and can act with integrity and in full view of the organization's mission, values, reputation, and sustainability.
5. The board evaluates the performance of the committees.
6. Committees set their own meeting schedules based on their particular area of focus. The executive and finance committees meet quarterly. Others, such as program and fundraising, meet as required by their work plans.
7. If a committee's function ceases to be relevant to the needs of the organization, it is eliminated or re-structured by the board.



Role of the Committee Chair

The committee chair (or coordinator) is the facilitator of the team process and the link between the committee and the full board. It is useful for each committee also to have a co-chair to share responsibility. A compatible woman-man team is an effective practice.

The chair/co-chair:

1. Clearly articulates the committee's job description to other team members. Orients new committee members, or delegates this to a team member.
2. Initiates team dialogue and facilitates agreement on the committee's inner workings: ground rules for attendance and participation, how decisions are made (vote, consensus, common ground, etc.), who takes notes, who reports, communication between committee meetings, and other process issues.
3. Schedules all meetings and contacts others to attend.
4. Sets the agenda for meetings in consultation with other team members.
5. Makes sure that relevant documents are sent to committee members prior to each meeting.
6. Facilitates the meetings (or delegates) : helps the group stay focused, resolve conflicts, reach decisions, and record the result of its work.
7. Delegates responsibilities and tasks to team members or asks members to volunteer for tasks.
8. Maintains continuity of focus between meetings.
9. Serves on the executive committee where all committees coordinate their work.
10. Reports the team's work and recommendations to the executive committee or the full board.
11. Communicates closely with the board chair and the CEO to decide who should serve on the committee.
12. When useful for coordination, asks the board chair and the CEO to attend committee meetings.
13. Evaluates the work of the committee with committee members and with the executive committee.

Communication Features of the Katalysis Committee Structure

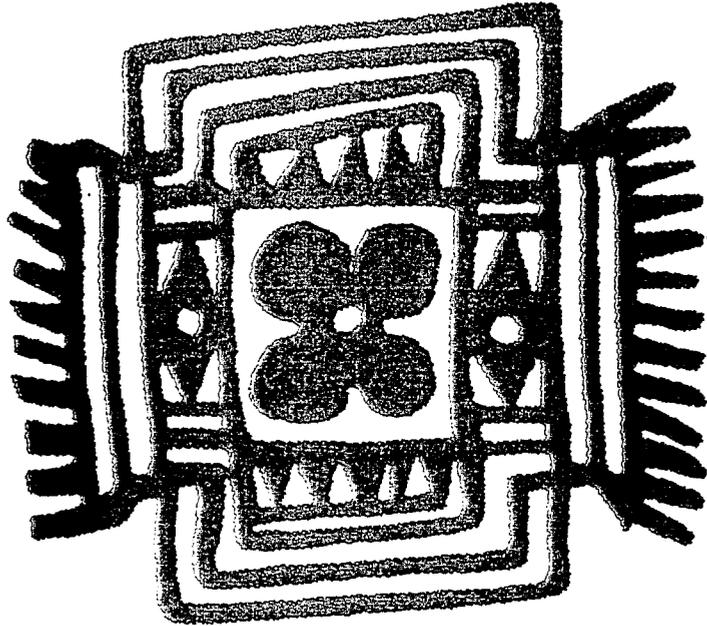
- The executive committee meets quarterly.
- The finance committee meets quarterly.
- Other committees meet as necessary and as they decide. They make their own schedules to meet board-established deadlines for submitting recommendations.
- Management reports are sent quarterly to the finance committee and the executive committee.
- Staff/management reports are sent to other committees as necessary to facilitate the committees' work plans.
- The finance and fundraising committees give quarterly updates to the executive committee. Other committees also give quarterly updates as applicable. The executive committee decides which issues go to the board for dialogue and decision.
- The executive committee serves as the central hub of information about all policy issues and key strategic decisions related to: program direction and quality, financial security and sustainability, partnership expansion and replication, board recruitment, and organizational management and staff development.

Suggested quarterly meeting schedule for executive and finance:

This meeting schedule is designed to increase efficiency by aligning staff's reporting for executive and finance committees with staff's other program reporting and operational obligations. **Reports can be ready for mailing by the 10th of the month in which the meeting is scheduled.** Therefore, in order to allow committee members sufficient time to read the materials, it is best to schedule the meetings after the 17th of the months indicated.

Quarter of FY	Period	Meeting Date
1	Oct 1 - Dec 31	February (full board) -- region
2	Jan 1 - Mar 31	May
3	Apr 1 - June 30	August (annual planning)
4	July 1 - Sept 30	November

Board of Directors Resource Manual



Katalysis

North/South Development Partnership

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

*November 1995
Revised August 1997*

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Board of Directors (FY97)

Founder:
Robert E. Graham
Namaste Foundation

Chair:
David A. Brown
Reynolds & Brown, Inc.

Dean A. Cortopassi
San Tomo Group

Santa de Euceda
Organization for Women's
Enterprise Development

Gerald B. Hildebrand
Katalysis Partnership

Anthony LaFetra
Rain Bird Mfg. Corp.

Catarina Mendoza Silvestre
Association for Women in
Development

David Pollock
Kaessbohrer, A.G.

Sylvia J. Rosales-Fike
Spanish Speaking Unity Council

Gregorio Tzoc Norato
Cooperative Association for
Western Rural Development

Luz Vega-Marquis
National Economic
Development & Law Center

Katalysis/USA

Gerald B. Hildebrand
President & CEO

Mario Beltrán
Director of Finance

Margaret Diener, O.P.
Administrative Manager

Colleen Donovan
Development Associate

Dennis Macray
Microcredit Specialist

Mary Martin
Secretary/Receptionist

Jutta von Gontard
Director of Development

Katalysis/Honduras

Daniel Martinez
Regional Field Director

Leonardo Alvarez
Natural Resource Program Manager

Luis Felipe Borjas
Microcredit Program Manager

Rosario Campos
Program Assistant

Marta Luz Castro
Administrator

Martha María de Gonzales
Community Banking Coordinator

Wilfredo Mancía
Office Assistant

Juan Repich
Accountant

Vanessa Thomas
Program Assistant

Doris Zavala
Secretary/Receptionist

KATALYSIS

North/South Development Partnership

Annual Report FY 1996

Katalysis North/South Development Partnership

1331 N. Commerce St. • Stockton, CA 95202

phone: (209) 943-6165 • fax: (209) 943-7046 • e-mail: Katalysis2@aol.com

gb

The Katalysis Partnership Network: Highlights from 1996



MUDE

Association for Women
in Development
*Asociación de Mujeres
en Desarrollo*
Villa Nueva,
GUATEMALA

MUDE was founded in 1991 to support low-income women in their efforts to improve economic conditions, to raise self-esteem, and to increase participation in the community development process. With a staff of 11, MUDE provides credit and training to 18 community banks, 15 microenterprise groups; and to clients in their agricultural training and extension program.



CDRO

Cooperative Association
for Western Rural
Development
*Cooperación para el
Desarrollo Rural de
Occidente*
Tonicapán,
GUATEMALA

Since 1981, CDRO has practiced a holistic approach to community development in the Tonicapán region. Applying participatory processes rooted in Mayan traditions, CDRO and its staff of 104 serve over 25 communities with eight complementary programs in social services, infrastructure, agriculture, women, consumption, artisan, health and education. As of September 1996, CDRO has 48 community banks with 838 borrowers and a credit portfolio of \$142,421.

OUR MISSION

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

*We work through multilateral partnerships with community-
based organizations using participatory processes to
provide training and technical assistance in microcredit
development, community banking
and institutional strengthening.*

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



PROCOMES

Corporation for Community
Projects in El Salvador /
Corporación de Proyectos
Comunales de El Salvador
San Salvador, EL SALVADOR

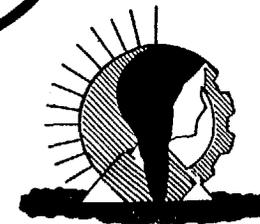
Since 1989, PROCOMES has worked to foster community development and economic enterprise initiatives through organization, training, credit, and technical assistance with consideration of gender, giving priority to marginalized urban communities. With a staff of 38, PROCOMES currently provides financial and non-financial services to 1,800 clients, including 870 community bank members. PROCOMES' community banking loan portfolio at the end of 1996 was \$412,864.



FAMA

Association for Family
and the Environment
*Familia y Medio
Ambiente*
Juticalpa,
HONDURAS

Started in 1990, FAMA works to promote innovative technologies that stimulate individual efforts and community groups' initiative, sustainability in Honduras, and quality of life. FAMA currently serves over 2,000 borrowers from 109 community banks. FAMA's training to borrowers emphasizes family health and nutrition.



ODEF

Organization for
Women's Enterprise
Development
*Organización de
Desarrollo Empresarial
Femenino*
San Pedro Sula,
HONDURAS

Founded in 1985, ODEF's mission is to help incorporate women and their families into the processes of economic, social and environmental change in order to improve their standard of living. ODEF currently has 56 staff members and serves over 5,000 clients from 175 community banks. ODEF is in a period of rapid growth and as of September 1996 has a loan portfolio of over \$1.5 million.

Message from the President & CEO

Dear Friends,

The past year was nothing less than a watershed year for the Katalysis Partnership. It was a year marked by tremendous advances in the structure, programs and direction of Katalysis. Perhaps our most exciting accomplishment of the year is reaching agreement on a new program focus: women's community banking/microcredit.

While we have been involved in women's community banking since 1989, this is the first time that we have made a strategic decision to exclusively focus on a single program area. The inquiry process involved all Partnership stakeholders -- Partners, staff, and board -- and the end result was unanimous.

We believe that women's community banking and microcredit programs best address the Partnership's bottom-line purpose of helping low-income people in developing countries gain self-reliance. We accomplish this by providing small loans, business training and education to fledgling entrepreneurs so that they can improve their economic, social and environmental conditions. At the same time, we are committed to organizational sustainability in both the North and South.

I am proud to say that the focus is already helping us to reach more low-income entrepreneurs with small loans, training and education. At the end of FY 1996, the Partnership network was serving 9,454 low-income borrowers from 493 community banks, benefiting over 47,000 people, mostly women and children. That's an 86% increase in the number of people served!

This year is one of great breakthroughs and visions for the future. I invite you all to join us in this exciting new era of the Katalysis Partnership.

Sincerely,

Gerald B. Hildebrand
President & CEO

Year in Review: Top Ten Stories of 1996

- ◆ **High Program Growth**
At the end of FY1996, Katalysis Partners were serving nearly 9,500 borrowers from 493 community banks with small loans, business training and education. Outstanding loan portfolio exceeds \$2.2 million.
- ◆ **Budget Balanced**
Through diligent fiscal management, tough decision-making, and strategic budgeting, Katalysis ends the year with an increase in net assets.
- ◆ **New Program Focus for Katalysis**
After an intensive internal inquiry, Katalysis makes microcredit/community banking programs the cornerstone of its program activity.
- ◆ **Two Multi-Year, Partnership Grants Approved**
Funds from the Inter-American Development Bank and USAID will provide \$2.5 million for Partner microenterprise projects over three years.
- ◆ **Katalysis/Honduras Core Staffing in Place**
Bilingual, microcredit specialists from Central America were hired to complete the Partnership program team at the Katalysis Regional Field Office in San Pedro Sula, Honduras.
- ◆ **New Partners Selected in Honduras and El Salvador**
Familia y Medio Ambiente (FAMA) and Corporación de Proyectos Comunes de El Salvador (PROCOMES) join Katalysis Partnership.
- ◆ **New Fund Accounting Systems Installed for two Partners: CDRO (Guatemala) and BEST (Belize)**
FASS systems lay the foundation for growth in microcredit services.
- ◆ **Overhead Below 25%**
Goal to maintain overhead rate below 25% achieved: FY95 - 24.9%; FY96 - 21.9% and FY97 is projected at around 14%.
- ◆ **Mid-Term Evaluation for USAID Matching Grant Completed**
Progress on a five-year grant for Partner projects in three countries was successfully completed and results have been constructively implemented.
- ◆ **Première of First Ever Katalysis Video:**
"The Katalysis Partnership: A Model of Sustainable Development for the 21st Century" visually captures the essence of our mission and helps educate others about our work in Central America.

Financial Report - FY 1996

CONDENSED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended Sept. 30, 1996	Year Ended Sept. 30, 1995
Support and Revenue	\$ 1,008,781	\$ 919,167
Expenses:		
Program Services	748,065	725,786
General and Administrative	159,196	157,604
Fund Raising	<u>61,444</u>	<u>70,925</u>
Total	968,705	954,315
Losses	0	41,465
Total expenses and losses	\$ 968,705	\$ 995,780
Increase (Decrease) in Unrestricted Net Assets	40,076	(76,613)
Net Assets, Beginning of Year	255,569	332,182
Net Assets, End of Year	<u>295,645</u>	<u>255,569</u>

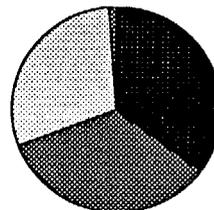
CONDENSED STATEMENT OF FINANCIAL POSITION

	Year Ended Sept. 30, 1996	Year Ended Sept. 30, 1995
Assets:		
Cash	\$ 115,828	\$ 88,052
Receivables	73,024	66,516
Investments	106,101	106,100
Property and Other	<u>90,991</u>	<u>41,800</u>
Total	\$ 385,944	\$ 302,468
Liabilities and Net Assets:		
Liabilities	90,299	46,899
Net Assets	<u>295,645</u>	<u>255,569</u>
Total Liabilities and Net Assets	\$ 385,944	\$ 302,468

An audited Comparative Financial Report: September 30, 1996 and 1995 prepared by Bowman and Company, LLP, is available upon request.

Revenue FY96

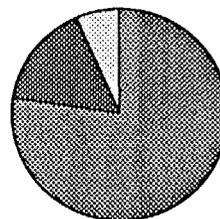
Total: \$ 1,008,781



- Foundations, Corporations & Churches: 34%
- Government, Other: 35%
- Individuals & In-Kind: 30%
- Investments: 1%

Expenses FY96

Total: \$ 968,705



- Program Services: 78%
- General & Administration: 16%
- Fund Raising: 6%

Financial Support Provided By:

The Angelica Foundation
 The Capecchio Foundation
 Conservation, Food & Health Foundation
 Food For All
 Food Industry Crusade Against Hunger
 Greenville Foundation
 Independent Charities of America
 International Foundation
 Justice Organizers, Leadership and Treasurers
 Inter-American Development Bank
 Harris and Eliza Kempner Fund
 Ludwick Family Foundation
 John D. and Catherine T. MacArthur Foundation
 MAZON: A Jewish Response to Hunger
 Mitsubishi Corporation
 Moriah Fund
 Namaste Foundation
 The SEEP Network/CARE
 The Tides Foundation
 USAID
 VIDA Foundation
 Women's Charities of America
 Working Assets

E. Program Management Documents

- 1. Sample of Partner Planning Documents for FY 1997: CDRO**
- 2. Microcredit Program Performance Indicators (from Katalysis Business Plan)**

USAID - Katalysis Partnership

ADENDUM A RESUMEN DEL ACUERDO
COOPERATIVO

FAO-0158-A-00-3043-00

AÑO FISCAL 1997

CDRO



KATALYSIS/HONDURAS
COMPAÑEROS EN DESARROLLO

Enero 8, 1997

Gregorio Tzoc Norato
Director Ejecutivo
Cooperación de Desarrollo Rural de Occidente (CDRO)
Totonicapán, Guatemala

Estimado Don Gregorio:

Reciba un cordial saludo del personal de la Oficina Regional de Katalysis para todo el personal de CDRO. Esperamos que el año fiscal 1996 haya sido productivo y de mucho aprendizaje. Para este nuevo año fiscal todo el personal de Katalysis desea continuar fortaleciendo las organizaciones compañeras y sus programas para el beneficio de las comunidades atendidas.

Favor de encontrar adjunto el paquete completo de información para la Concesión de Contraparte AID - Año Fiscal 1997. Para este año fiscal se hicieron unas modificaciones en la Concesión de Contraparte AID después de las recomendaciones presentadas por el Sr. Loren Park quien realizó la Evaluación de Término Medio, las cuales se reflejan en la hoja del presupuesto y en los formatos. Todo los documentos modificados y adicionales se encuentran en el paquete mencionado.

Se le enviará por DHL el paquete a CDRO. Si tiene alguna pregunta favor llamar a la Oficina Regional de Katalysis.

Es oportuno también para hacer un recordatorio del primer informe trimestral del año fiscal 1997. El informe deberá ser enviado a la Oficina Regional de Katalysis a más tardar el miércoles 15 de enero 1997. Sugerimos, Si es posible que se envíe el informe antes de la fecha mencionada ya que Mario Beltrán tiene planificado una visita a Honduras y sale el martes 20 de Enero, y necesitará tiempo para revisar el informe financiero y tramitar el desembolso.

Deseamos que todo el personal de CDRO tenga un próspero año nuevo. Agradecemos cualquier sugerencia o comentario sobre este asunto. Muchísimas gracias por su colaboración.

Atentamente,

Vanessa Thomas -- Katalysis

cc: Carlos Dextre, Margaret Diener -- Katalysis
Personal de CDRO encargado de preparar el informe trimestral AID

Indice

- I. Personal Encargado de los Informes de la Concesión AID
- II. Presupuesto AID y Contraparte - AF 1997
- III. Presupuesto de CDRO de la Concesión AID - AF 1994 - AF 1998
- IV. Metas Programáticas - AF 1994 - AF 1998
- V. Formato para el Informe Programático Trimestral
- VI. Formato para el Informe Financiero Trimestral

Nota: El Calendario de Actividades será enviado después

**Personal Encargados
de los Informes de la Concesión AID
AF 1997: 1 Octubre, 1996 - 30 Septiembre, 1997
CDRO - Katalysis**

En el siguiente cuadro se encuentra los nombres del personal (o puestos si están vacantes) e la Oficina Regional de Katalysis responsables de los informes trimestrales y anuales de AID:

Función	Puesto - Oficina Regional - SPS	Encargado
Coordinador/a de Concesión	Director/a Regional	Carlos Dextre
Coordinadora de Informes	Asistente de Programas	Vanessa Thomas
Informe PDAS	Director/a Regional	Carlos Dextre
Informe PEBD	Jefe de Microempresas	Luis Felipe Borjas

En el siguiente cuadro se encontrará los nombres del personal de CDRO encargado de las siguientes funciones para la Concesión de Contraparte de AID durante el año fiscal 1997 (la misma persona puede ocupar varias funciones). Favor de revisar el cuadro de CDRO y hacer los cambios necesarios. Si se hace algún cambio, favor de enviarlo vía fax a la Oficina Regional de Katalysis:

CDRO		
Función	Departamento / Puesto	Encargado
Coordinador/a del Convenio	Director Ejecutivo	Gregorio Tzoc Norato
Informes Financieros	Auditoría	Federico Mendez
Informes PDAS	Coordinador de Proyectos	Santos Norato
Informes PEBD	Programa de la Mujer / Directora	Aza Victoria García

CDRO

PRESUPUESTO TOTAL DE ACUERDO COOPERATIVO CON LA AID
 INCLUYE PRESUPUESTO DE AID MAS CONTRAPARTE DE KATALYSIS Y CDRO
 AÑO FISCAL 1997
 DEL 01 DE OCTUBRE , 1996 AL 30 DE SEPTIEMBRE, 1997
 (EN DOLARES EE.UU)

PRESUPUESTO DE LA CONCESION POR ELEMENTO DE COSTO

ELEMENTO DE COSTO	AID	CONTRA- PARTE KATALYSIS	CONTRA- PARTE CDRO	TOTAL
SUELDOS	5,930	7,754	7,754	21,438
BENEFICIOS	1,470	1,911	1,911	5,292
GASTOS DE VIAJES Y VIATICOS	400	520	520	1,440
OTROS GASTOS DIRECTOS Y CREDITO	22,550	29,815	29,815	82,180
TOTAL DE PRESUPUESTO	30,350	40,000	40,000	110,350

PRESUPUESTO DE LA CONCESION POR CATEGORIA PROGRAMATICA

AGTE

SUBTOTAL AGTE

PEBD

SUELDOS	5,930	7,754	7,754	21,438
BENEFICIOS	1,470	1,911	1,911	5,292
GASTOS DE VIAJE	400	520	520	1,440
OTROS GASTOS	0	0	0	0
INTERCAMBIO ENTRE COMPAÑEROS	800	1,040	1,040	2,880
CREDITO BANCO COMUNALES	21,150	27,495	27,495	76,140
CREDITO MUJERES DE NEGOCIO	0	0	0	0
SUMINISTROS	100	380	380	860
MONITOREO CONTINUO	500	900	900	2,300
SUBTOTAL PEBD	30,350	40,000	40,000	110,350
PRESUPUESTO TOTAL	30,350	40,000	40,000	110,350

PREPARED BY MARIC
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CDRO
Presupuesto de Acuerdo Cooperativo con la AID
Años Fiscales 1994-1998
(en Dolares EE.UU.)
 Modificado 12 de Noviembre 1996

Presupuesto de la Concesión por Elemento de Costo

Elementos de Costo	AF1994	AF1995	AF1996	AF1997	AF1998	Total
Sueldos	8,130	8,130	7,730	5,930	5,610	35,530
Beneficios	2,020	2,020	1,920	1,470	1,390	8,820
Gastos de Viaje y Viáticos	3,600	1,900	1,900	400	400	8,200
Otros Gastos Directos y Crédito	<u>17,490</u>	<u>16,180</u>	<u>17,290</u>	<u>22,550</u>	<u>22,550</u>	<u>96,060</u>
Total del Presupuesto	31,240	28,230	28,840	30,350	29,950	148,610

Presupuesto de la Concesión por Categoría Programática

	AF1994	AF1995	AF1996	AF1997	AF1998	Total
AGTE						
Sueldos	2,200	2,200	2,200	0	0	6,600
Beneficios	550	550	550	0	0	1,650
Gastos de Viaje	1,500	1,500	1,500	0	0	4,500
Otros						
Fondo Económico-Ecológico	1,700	1,700	1,700	0	0	5,100
Crédito - Proyectos Agrícolas	4,300	4,300	4,300	0	0	12,900
Proyectos de Reforestación	1,200	1,200	1,200	0	0	3,600
Suministros	400	400	400	0	0	1,200
Monitoreo Continuo	<u>750</u>	<u>750</u>	<u>750</u>	<u>0</u>	<u>0</u>	<u>3,750</u>
Subtotal AGTE:	12,600	12,600	12,600	0	0	37,800
PEBD						
Sueldos	5,930	5,930	5,530	5,930	5,610	28,930
Beneficios	1,470	1,470	1,370	1,470	1,390	7,170
Gastos de Viaje	2,100	400	400	400	400	3,700
Otros Gastos						
Intercambio entre Compañeros	700	700	800	800	800	3,800
Crédito - Bancos Comunales	4,940	3,930	7,540	21,150	21,150	58,710
Crédito - Mujeres de Negocio	2,800	2,600	0	0	0	5,400
Suministros	100	100	100	100	100	500
Monitoreo Continuo	<u>600</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>
Subtotal PEBD:	18,640	15,630	16,240	30,350	29,950	110,810
Total Presupuesto	31,240	28,230	28,840	30,350	29,950	148,610

Metas del Programa PDAS - CDRO

El Cronograma de las Actividades de Fortalecimiento Institucional abajo indica los aspectos más importantes de las actividades de Katalysis con CDRO y los otros Compañeros para el año fiscal 1995. Bajo planes estratégicos indica una capacitación al nivel del compañerismo, el cual incluirá un análisis de los sistemas y de la organización. También un programa de capacitación se ofrecerá para fortalecer sus estrategias de recaudación de fondos, lo cual estará relacionado con investigación de relaciones con los donantes.

Los informes trimestrales e información adicional para el informe anual tendrán el formato estandarizado, con información adicional para el informe anual.

Talleres para capacitación de Compañerismo se llevarán a cabo en conjunto con la reunión del consejo de Katalysis en T4. Este taller tocará temas sobre recaudación de fondos en base a nuestro compañerismo.

Una visita preliminar de las actividades que se realizarán en los primeros dos trimestres de AF 1996 está incluida.

Cronograma Consolidado de las Actividades de PDAS (Fortalecimiento Institucional)

	AF 97				AF 98			
	T1	T2	T3	T4	T1	T2	T3	T4
Planes Estratégicos a Largo Plazo								
Plan Estratégico Completado								
Sistemas de Información Gerencial								
Evaluación de Necesidad: Sistema de Crédito								
Criterio y Desarrollo del Sistema de Crédito								
Visita de Seguimiento, Asistencia Téc. y Cap: Sis. Contable								
Técnicas/Estrategias Recaudación de Fondos								
Investigación y Relación con Donantes								
Preparación de Propuestas								
Monitoreo/Evaluación								
Informes Trimestrales								
Informe Anual								
Evaluación/Análisis de Impacto								
Diagnostico Bancos Comunales: CDRO								
Evaluación Bancos Comunales: CDRO								
Agricultura/Manejo de Recursos Naturales								
Intercambio de Compañeros								
Capacitación de Compañerismo								

Metas del Programa AGTE y PEBD - CDRO

El siguiente cuadro indican las metas modificadas para los programas en AGTE y PEBD para los 5 años de la Concesion de Contraparte de AID.

AGTE	FY94	FY95	FY96	FY97	FY98
TALES-cursos de capacitación de tres días	1	2	2	0	0
TALES-Líderes de extensión agrícolas capacitados			40	0	0
Talleres de agricultura sostenible por TALES y los grupos	2	2	3	0	0
Personas capacitadas en agricultura sostenible por los TALES	60	60	90	0	0
Comunidades con proyectos de reforestación	3	2	2	0	0
Beneficiarios de proyectos de reforestación		1333		0	0
Crédito agrícola proveído (AID) (\$)	4300	4300	4300	0	0
Grupos de agricultores ayudados con crédito agrícola	5	10	12	0	0
Miembros grupos de agricultura ayudados con préstamos	20	30	45	0	0
PEBD	FY94	FY95	FY96	FY97	FY98
Nuevos bancos comunales	4	3	5	8	8
Miembros capacitados en bancos comunales	60	60	95	153	153
Nuevo crédito a bancos comunales (\$)	4940	3930	7540	21150	21150
Microempresarias ayudadas con crédito	15	15	0	0	0
Benef capacitados en microempresa*	80	75	95	115	115
Nuevo Crédito a microempresarias (\$)	2800	2600	0	0	0

* Incluye mujeres microempresarias y miembros de bancos comunales.

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Formato para el Informe Trimestral
Concesión de Contraparte de US AID
AF 1997: 1 octubre, 1996 - 30 septiembre, 1997
CDRO - PDAS

Nombre de Persona llenando formato:	
Puesto/Organizacion:	
<u>Favor Informar en Dolares</u>	Tasa de Cambio a USS: 1 por Q.
Informe hasta:	Fecha (hoy):

PDAS / Fortalecimiento de Capacidad Institucional

Indicadores Generales	'AF97 Meta	Resultados Actuales				
		T1	T2	T3	T4	Total
≠ Total personal						
≠ consultorías a corto plazo						
Total presupuesto						
Total gastos						
% gastos programáticos						
% gastos indirectos						
Total cartera de crédito						
≠ de computadoras						
% personal capacitado en computación						
≠ de donantes activos						
≠ de beneficiarios activos						

Información sobre la Recaudación de Fondos

Donaciones recibidas

Donante	Monto	Proyecto/Programa	Fechas activas

Propuestas sometidas

Donante	Monto	Proyecto/Programa	Fecha de aprobación

¹ Favor incluir las metas del año en los espacios de este renglón.

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Formato para el Informe Trimestral
Concesión de Contraparte de US AID
AF 1997: 1 octubre, 1996 - 30 septiembre, 1997
CDRO - PDAS

En hoja separada, favor de contestar las siguientes preguntas:

1. Favor describir cualquier *nuevo* sistema organizacional desarrollado o llevado a cabo durante el trimestre, incluyendo nuevos equipos adquiridos y capacitaciones ofrecidas al personal. Referente a computadoras adquiridas, sistemas de contabilidad o de manejo de proyectos desarrolladas, sistemas de manejo de información desarrollados y actividades de planificación llevados a cabo. Solo tiene que informar sobre los cambios durante el último trimestre.
2. Favor describir cualquier necesidad institucional nueva o adicional que le gustaría pedir asistencia de Katalysis. Qué tipo de asistencia sería mas útil para el próximo trimestre?
3. Durante el último trimestre, cuál asistencia de Katalysis fue mas útil a su organización?Cuál fue menos útil? Por qué?
4. Favor llenar formatos para cada actividad de intercambio entre compañeros en que participaron durante el último trimestre.
5. Favor adjuntar una copia de cada documento producido por su organización durante el último trimestre.

INFORME DE ACTIVIDADES DE INTERCAMBIO ENTRE COMPAÑEROS

Favor sacar fotocopias de este formato para que cada participante en cada actividad de intercambio entre compañeros llene uno después de cumplir con la actividad. Gracias.

Nombre de Persona llenando formato:

Puesto/Organización:

Localidad del Intercambio:

Fecha del Intercambio:

Participantes en el intercambio:

ONG visitada _____ ONG invitada _____

1.Cuál fue la meta del intercambio?

2. Cuáles fueron los beneficios principales a su organización? Favor de incluir información sobre la asistencia técnica o capacitación ofrecida, el aprendizaje de los participantes, y los impactos anticipados que tendría la actividad en los programas de su organización.

3. En qué manera mejoraría la actividad en el futuro? Favor incluir su opinión del valor de la capacitación, los beneficios anticipados vs. actuales, la organización general de la actividad, y la calidad de planificación para el evento.

4. Qué tipo de seguimiento es necesario para aprovechar el impacto del intercambio?

Formato para el Informe Trimestral

Concesion de Contraparte de US AID

AF 1997: 1 octubre, 1996 - 30 septiembre, 1997

CDRO - PEBD

Nombre de Persona llenando formato:

Puesto / Organization:

Favor Informar en Dolares

1\$US= _____ Q.

Periodo:

Fecha de Hoy:

PEBD / PROMOCION Y DESARROLLO DE NEGOCIOS

Bancos Comunales	AF '97	Resultados Actuales				
Indicadores	Meta	T1	T2	T3	T4	Total
En esta sección, favor informar sobre los bancos comunales nuevos y/o existentes financiados por la Concesion de Contraparte de AID o con fondos de contraparte de Katalysis solamente.						
= bancos comunales activos						
= Nuevos bancos comunales	8					
= Actividades de capacitación a nuevos bancos						
= Participantes en actividades de capacitación BC	153					
= Horas capacitación ofrecidas por CDRO a BC						
= Horas capacitación recibidas por cada participante						
= Actividades de capacitación en microempresa						
= Participantes en actividades de capacitación ME	115					
= Horas capacitación ofrecidas por CDRO en ME						
= Horas capacitación recibidas por cada participante						
= Prestamos otorgados a bancos comunales						
Monto de crédito otorgado a BCs con fondos AID	\$21,150					
Monto de crédito otorgado a BCs con fondos Kat.	\$27,495					
Monto de crédito otorgado a BCs con fondos CDRO	\$27,495					

En esta sección, favor informar sobre todos los bancos comunales en su programa.

= total de bancos activos						
= total de nuevos bancos comunales						
= total de participantes en capacitaciones						
= Visitas de seguimiento a bancos comunales						
= Visitas de seguimiento a miembros						
= Socios acumulados al final del trimestre						
% Mujeres						
= Prestatarios en el trimestre						
% Mujeres						
= Beneficiarios indirectos(1)						
= Empleos generados en el trimestre						
= Empleos sostenidos acumulados al final del trim.						
Costo por unidad de crédito otorgado						
Monto total otorgado a Bancos Comunales en trim.						
Saldo pendiente de Crédito Otorgado al final del trim.						
Prestamo promedio por prestatario(2)						
Porcentaje de préstamos en mora (3)						
Porcentaje de préstamos internos en mora(4)						
Ahorros acumulados						
Otros ingresos acumulados de los bancos						
Tasa de capitalización interna (5)						

(1) Favor describir la forma de recopilación o cálculo

(2) Monto total otorgado a Bancos Comunales / # Prestatarios

(3) Monto en mora / Saldo pendiente de crédito otorgado

(4) Monto interno en mora / Saldo interno

(5) (Ahorros acumulados+ Otros ingresos acumulados) / Saldo pendiente de crédito otorgado

Favor incluir hoja electrónica con informe

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Formato para el Informe Trimestral

Concesión de Contraparte de US AID

AF 1997: 1 octubre, 1996 - 30 septiembre, 1997

CDRO - PEBD

En hoja separada, favor contestar las siguientes preguntas:

Preguntas Programáticas

¿Cómo han ayudado las actividades realizadas en los proyectos de bancos comunales-microempresa a lograr las metas establecidas por el Programa de Promoción y Desarrollo de Negocios?

¿Cómo han ayudado los métodos usados por su programa (perfil de proyecto, planes de asistencia técnica, programación, evaluación, etc.) a la implementación y buen funcionamiento de los proyectos de microempresa, y bancos comunales? ¿Cómo podrían ser mejorados estos métodos?

Preguntas Específicas - Proyectos

¿Cuáles prácticas o técnicas nuevas fueron utilizadas por los participantes?

¿Qué tipo de asistencia técnica y capacitación se ofreció a los participantes durante el trimestre?

¿Qué provechos obtuvieron los participantes?

¿Qué tipos de problemas ha tenido su programa en la planificación y ejecución de asistencia técnica y capacitación al nivel de los proyectos durante el trimestre?

¿Fueron las metas trazadas para este trimestre realizadas en su totalidad? ¿Qué tipo de necesidades técnicas o financieras le impidieron cumplir con los objetivos de los proyectos?

¿Cuál asistencia técnica de Katalysis fue mas útil al Programa de PEBD? ¿Por qué?

¿Cuál asistencia técnica de Katalysis fue menos útil al Programa de PEBD? ¿Por qué?

¿Qué asistencia técnica de Katalysis proveería más beneficios en el fortalecimiento del Programa PEBD para el próximo trimestre?

_____ TRIMESTRE

Nombre de Persona llenando formato _____

COOPERACION PARA EL DESARROLLO RURAL DE OCCIDENTE (CDRO)

Informe Financiero Trimestral de CDRO AF 1997 de la Concesión con AID					
Area Programatico	Total Aplicado en trimestre	Total Aplicado a la Fecha	Total Presupuesto	Saldo del Presupuesto Total	% Aplicado a la Fecha
AGTE					
Sueldos			\$0		
Beneficios			\$0		
Gastos de Viaje			\$0		
Proyectos de Refreestación			\$0		
Suministros			\$0		
Monitoreo continuo			\$0		
SUBTOTAL-AGTE			0		
PEBD					
Sueldos			\$5,930		
Beneficios			1,470		
Gastos de Viaje			400		
Intercambio entre compañeros			800		
Crédito - bancos comunales			21,150		
Suministros			100		
Monitoreo continuo			500		
SUBTOTAL-PEBD			30,350		
TOTAL AGTE/PEBD			\$30,350		

Favor utilizar este formato para el informe trimestral e indicar en el espacio de arriba el trimestre.

Firma _____

Fecha _____

Katalysis Partnership
Microcredit Program Performance Indicators

In FY97, Katalysis introduced a measurement system for the microcredit program performance indicators. The principles and standards were approved by the Partnership in June 1997 and will be applied to all partners in FY98.

Katalysis uses the common standards for measuring the performance of institutions and their microcredit programs based on analysis of key indicators. These standards are a combination of best practices from the microfinance industry and are reflections of the criteria recommended by USAID's Office of Microenterprise Development, the SEEP Network Best Practices guidelines, and key indicator guidelines from the Covel Foundation of Honduras.

Financial Performance: Portfolio Reporting

Partners evaluate their financial performance by applying ratio analysis of key financial and portfolio data. Using the attached portfolio reporting format, Katalysis is best able to compare Partners' performance and analyze the key indicators. (see *Portfolio Reporting Definitions and Table*)

Microcredit Program Management: Policies and Standards

Several indicators are used to determine the effectiveness of the organization and its microcredit program. This information is derived from the financial statements, portfolio reporting documents and supporting program descriptions. The microcredit program efficiency ratios analyze the Partner's effectiveness and self-sufficiency in providing services to its clients. (See *Financial Policies and Standards*)

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PORTFOLIO REPORTING DEFINITIONS

The report format compares the current with past reporting period. These indicators compare active, current numbers. These numbers are not cumulative but reflect the current state of each reporting period.

Example:

A. OUTREACH LEVEL	THIS PERIOD	LAST PERIOD
1.# of local NGO partners	5	5
2.# of community banks	55	50
3.# of clients (borrowers + savers)	1650	1500
4. # of borrowers	1500	1450
5. Female	85%	85%

Cumulative numbers are collected only for the \$ value of loans disbursed.

Reporting Frequency:

Partners to RFO reporting frequency: Monthly

RFO to Katalysis reporting frequency: Monthly

RFO regional summary to Katalysis: Quarterly

Definitions:

The definitions below correlate to the quarterly report format attached. The reports used by the partner to the RFO is largely the same as that used by the RFO reporting to Katalysis. Some of the indicators are self explanatory. Definitions are numbered according to the report format.

OUTREACH LEVEL

3. # of clients: Total number of clients savings and/or borrowing with the community bank program.

Active clients this period would be only those currently savings and/or borrowing.

4. # of borrowers: Total number of clients who are borrowing from the community bank program during this period. Some banks have members who save but do not borrow.

CREDIT PORTFOLIO EXTERNAL ACCOUNT

6. **# of loans disbursed to individual members:** How many clients received loans during this period? This number is important as it is used in the average loan size calculation.

7. **# of loans outstanding to individual members at end of period:** Total number of individual loans owed to community banks at the end of the period.

8. **Total \$ value of loans outstanding:** Current value of loans owed by community banks to partners at the end of the period. This indicator includes only principle

9. **Average outstanding loan size:** The average size of loans during the period. The figure will show if loans are growing within a program and within a region. In the beginning, this indicator stays close to the size of initial loan size as new community banks are frequently being opened.

Total \$ value of loans outstanding/# of loans outstanding to individual members at end of period

10. Repayment:

% on payment on time:

Total principal payment received during the period/

Total principle payments due during the period + total principal payments past due

Total principal payments due during the period must include payments that were made on time and those that were not. Total principal payments past due includes payment that were due before this period that have not yet been paid or written off.

portfolio at risk:

Total \$ value of loans that have one or more payments past due

Total \$ value of outstanding loans

Percent of the total \$ value of outstanding loans that is composed of loans with payment past due than one day. The numerator includes principal amount only and includes the entire loan principle amount outstanding, not just the amount of principle that has fallen due and not been received.

% of loans in default:

Total value of loans 120 days (or more) past due/

Total \$ value of outstanding loans

Percent of outstanding portfolio composed of loans with payments more than 120 days past due. All loans with payments more than 120 days past due should be written off as bad debt (indicator # 17)

11. **Total \$ value of loans disbursed:** Value of new loans disbursed to community banks this period. This amount should be added to last reporting periods amount to track **cumulative loans disbursed** for each year of operation. Be sure to note the exchange rate used in this period.

CREDIT PORTFOLIO INTERNAL ACCOUNT

The internal account of a community bank program must be monitored with equal scrutiny, as the level of debt and risk members have accumulated through lending their own savings can affect the external account performance. The definitions are the same as those used for the external account. Only average loans size is not tracked as internal averages fluctuate widely and are not necessarily and indicator of growth or targeting.

SAVINGS:

17. **Total \$ value of savings:** Amount of savings currently on deposit with the community bank program

18. **# of active savers:** Number of individual clients who are currently savings with the community bank program. These clients may or may not be borrowing in addition to savings.

19 **Internal capitalization ratio:**

Total \$ value of savings

Total \$ value of loans outstanding

The percent showing how a programs is mobilizing savings as a percent of loans outstanding. This is an important indicator as it gives some indication of how secure loans are and if clients are able to save and take out larger loans.

SUSTAINABILITY

21. **Financial Income:** Income from partners credit activities. This includes interest on current and past due loans, loan fees and any fines levied as penalties.

22. **Operating Expenses:** The aggregate expenses incurred by all partners related to loan portfolio management. For multi-purpose institutions, all direct costs of financial operations and an appropriate portion of the institutions overhead should be included. Main categories to include are:

salaries, benefits, administrative expense, rent, utilities, travel, depreciation, training (if directly related to function or management of loan funds e.g., methodology, bookkeeping, literacy, portfolio management) loss on currency conversion, etc.

23. Bad Debt: Loans not recovered after 120 days should be considered bad debt. This indicator states aggregate \$ amount of loans with payments of 120 days or more past due. This bad debt must be reflected in the financial statements through a loan loss reserve.

24. Financial Costs:

Financial costs include: interest paid by partners to banks or other institutions (such as Katalysis), interest paid by partners to clients who deposit savings under the partners care (this will not be a likely scenario for most of Katalysis partners in the short term). This indicator is aggregate of such costs paid by the partner(s) institutions.

25. Cost of inflation:

$$\{inflation\ rate \times equity\} - [\{inflation\ rate - interest\ rate\ paid\} \times concessional\ loans]$$

The inflation rate used should be equal to the actual market rate of inflation reported in country. Equity (or net worth) usually equals the loan fund that is owned outright by the partner (they do not have to repay it ever). Equity also includes the net surplus or deficit of the current financial statement and any retained earnings. Net fixed assets would not be included. The second half of the equation (the right of the +), would be applicable only if the partner accesses concessional loans for loan fund capital.

Cost of inflation is important to track for partners portfolio that are made up primarily of donated or concessional loans. Inflation will erode the value of their portfolio over time unless adjustments in interest rates and investment strategies are made. If the loan portfolio is made up primarily of commercially borrowed funds, the interest or financial costs would capture inflation costs.

26. % of Sustainability:

Below are two levels of sustainability. The first is referred to as Operational Sustainability. This is the first level all programs try to achieve within three years. The second is Financial Sustainability. This much more difficult level should be targeted in five to seven years.

1. Operational:

$$\frac{\text{Financial Income (15)}}{\text{Operating expenses (16) + bad debt (17)}}$$

2. Financial:

$$\frac{\text{Financial Income (15)}}{\text{Operating expenses (16) + bad debt (17) + financial costs (18)+ inflation(19)}}$$

RFO/ PARTNER COMMUNITY BANK PORTFOLIO REPORT TO KATALYSIS			
REPORTING PERIOD _____ to _____			
PARTNER: _____			
LEVEL OF KATALYSIS INVESTMENT AS OF THIS PERIOD: _____			
A. OUTREACH LEVEL		THIS PERIOD	LAST PERIOD
1. # of local NGO partners			
2. # of community banks			
3. # of clients (borrowers + savers)			
4. # of borrowers			
5. % female			
B. CREDIT PORTFOLIO		THIS PERIOD	LAST PERIOD
EXTERNAL ACCOUNT			
6.# of loans disbursed to individual members			
7. # of loans outstanding to individual members at end of period			
8. Total \$ value of loans outstanding			
9. Average outstanding loan size (9/8)			
10. Repayment			
a. % of payments on time			
b. Portfolio at risk			
c. % of loans in default			
			CUMULATIVE
11.Total \$ Value of loans disbursed.			
CREDIT PORTFOLIO INTERNAL ACCOUNT		THIS PERIOD	LAST PERIOD
12.# of loans disbursed to individual members			
13. # of loans outstanding to individual members at end of period			
14. Total \$ value of loans outstanding			
15. Repayment			
a. % of payments on time			
b. Portfolio at risk			
c. % of loans in default			
			CUMULATIVE
16.Total \$ Value of loans disbursed			
C. SAVINGS		THIS PERIOD	LAST PERIOD
17. # of active savers			
18. Total value of savings			
19. Internal capitalization (18/14)			
D. SUSTAINABILITY		FOR THIS PERIOD	LAST PERIOD
21. Financial income			
22. Operating expenses			
23. Bad debt			
24. Financial Costs			
25. Cost of inflation			
26. % of financial self sufficiency			
E. AGING REPORT EXTERNAL ACCOUNT		FOR THIS PERIOD	LAST PERIOD
a. % of portfolio payment late >30 days			
b. % of portfolio payment late > 60 days			
c. % of portfolio payment late > 90 days			
d> % of portfolio payment later > 120 days			
F. EFFICIENCY RATIOS AND TRENDS			
a. #of Active borrower per loan officer			
b. # Active borrowers per management staff			
c. Portfolio per credit officer			
d. Cost per unit of currency lent			
e. cost per loan			
EXCHANGE RATE END OF THS PERIOD: LOCAL CURRENCY : SUS			

FINANCIAL POLICIES AND STANDARDS FOR KATALYSIS AND PARTNERS

Financial statements: Balance sheet, income statement and cash position will be created monthly. The RFO will perform ratio analysis on these statements as per the attached sheet. This ratio analysis is taken from the SEEP publication, Financial Ratio Analysis of Micro finance Institutions

Loan loss reserve policies:

Below is one industry standard. Katalysis may need to adjust standards for each partner depending on their historical loan losses. However, it is advised that loans past 120 days past due be adequately provided for in the financial statements.

Sufficient provision to cover 100% of loans 120 days or more past due, and 35% of all loans 1-119 days or more past due.

Interest rate policy:

Interest will be set according to operational costs, historical loan loss costs, any financial costs and adjusted periodically for inflation.

In countries with high inflation, this policy may not be realistic. It is often advisable to research how other banks, especially the central bank is reacting in terms of interest rate adjustments. Often banks know they may be losing money due to inflation but fear that by raising rates accordingly, they will lose all business.

Capital structure

Partners should have at least 65% of performing assets in credit portfolio activity. Non performing assets should be limited to 10% of institutions overall asset structure.

The portfolio generally provides the highest return in a microfinance institution and therefore efforts should be made to keep this the largest performing asset.

Audit Policy:

Katalysis, RFO and partners will have annual external audits. Spot internal audits of the partners will be conducted by the RFO as part of the ongoing technical assistance Katalysis provides.

Default / Delinquency Rate:

Katalysis and partners will target delinquency rate of no more than 5% and a default rate of no more than 3%.

Efficiency ratios and trends:

Active borrower per loan officers : General standard 300:1

active borrowers per Management staff: This rate should be rising

Portfolio per credit officer : This rate should be rising

Cost per unit of currency lent: This rate should be falling

Cost per loan: This rate should be falling

F. Partnership Exchange Materials

1. Financial Systems Management & Training*

- Agenda
- List of Modules

2. Partner Agenda, Microcredit Summit, Including Fundraising Training

- Letter of Invitation
- Agenda for the Week

3. AGTE Training

- Letter of Invitation
- Agenda for the Week

Katalysis/Honduras
Partnership Training in Financial Management
May 19 - 21, 1997

The Agenda is attached in Spanish. The training modules included packets on:

- Budgeting in Small Service Organizations
- Financial Administration
- Internal Controls
- Evaluation of Administrative Systems
- Cash Flow

All Partner organizations were represented at the training. Full modules available and on file at Katalysis headquarters.

KATALYSIS / HONDURAS

CAPACITACION SOBRE GESTION FINANCIERA

Para La Red de Compañeros de Katalysis
Del 19 al 21 de Mayo, 1997

AGENDA

LUNES 19

8:00 a.m I. BIENVENIDA

8:15 a.m II. TIPOS DE EMPRESAS

A. Basada en Presupuesto

B. Basada en el Mercado

10:00 a.m RECESO

10:15 a.m C. Rentabilidad

D. La Cultura dentro de la Empresa

E. Importancia de las utilidades

F. El Papel del Consumidor en las Economías del Mercado

G. El Metaproducto

H. Premium Non Nocere

12:00 m. ALMUERZO

1:30 p.m III. ADMINISTRACION FINANCIERA

A. Qué es Administración Financiera ?

B. Las Herramientas

4:00 p.m RECESO

4:15 p.m C. Presupuesto
 D. Glosario de Términos Financieros

6:00 p.m CENA

MARTES 20

8:30 a.m IV. **CONTROL INTERNO**

 A. Definición

 B. Objetivos

 C. Elementos

10:30 a.m RECESO

10: 45 a.m D. Organización

 E. Sistemas Básicos de Control Interno

12:00 p.m ALMUERZO

1:00 p.m V. **DEMOSTRACION DEL PROGRAMA DE CONTROL DE
 CARTERA Y CONTABILIDAD POR SOFT CORPORACION**

3:30 p.m RECESO

3:45 p.m VI. **EVALUACION DE SISTEMAS ADMINISTRATIVOS**

 A. Introducción

 B. Perfil Estratégico

 C. Organización

6:00 p.m **CENA**

MIERCOLES 21

8:30 a.m D. Manejo de Personal
 E. Información Contable
 F. Control de Presupuesto

10:00 a.m **RECESO**

10:15 a.m G. Manejo de Capital de Trabajo
 H. Manejo de Planta y Equipo
 I. Adquisición de Bienes

12:00 m. **ALMUERZO**

1:00 p.m J. Mercadeo
 K. Planificación a Largo Plazo

2:45 p.m **VII. COMENTARIOS FINALES**

3:00 p.m **VIII. EVALUACION**

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The Microcredit Week

1 February to 8 February 1997

AGENDA

Saturday, 1 February

Arrival in Washington DC (All Arrivals at Washington National)

Lodging:

Sheraton Washington Hotel
2660 Woodley Rd. at Connecticut Ave, NW
Washington, DC 20008
tel. 202.328.2000
fax:202.234.0015

Sunday, 2 February

7:30 - 8:30 a.m. Breakfast
8:30 - 10:00 a.m. Registration
10:00 - 12:00 The Week in Review - Partner Briefings
12:00 - 1:00 p.m. Lunch
1:00 - 3:30 p.m. Opening Ceremony
4:00 - 6:00 p.m. Council Meetings
6:15 - 7:00 p.m. Delegation Meetings
7:30 p.m. Dinner (informal gathering)

Monday, 3 February

7:30 - 8:30 a.m. Breakfast (Session with Marshall Saunders, Rotary)
9:00 - 10:30 a.m. Plenary Session
11:00 - 12:30 p.m. Meet the Challenge Sessions I (see separate schedule)
12:30 - 3:00 p.m. Lunch and free time
(Jutta/ Camila "person" Learning Xchange Booth)
3:00 - 4:30 p.m. Meet the Challenge Sessions II (see separate schedule)
5:00 - 6:30 p.m. Regional Plenaries/National Meetings - networking
7:00 p.m. DINNER w/Mitsubishi, FICAH, Monsanto

Tuesday, 4 February

7:30 - 8:30 a.m. Breakfast
10:00 - 11:30 a.m. Council Meetings
11:30 - 1:30 p.m. LUNCH and free time
1:30 - 3:00 p.m. Closing Plenary - Official End of Microcredit Summit
3:00 - 6:00 p.m. (Free time for individual meetings, rest, shopping, etc.)
6:30 - 7:30 p.m. Discussion of Microcredit Summit

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7:30 p.m. (impressions, value, lessons, follow-up)
DINNER

Wednesday, 5 February -

7:30 - 8:30 a.m. Breakfast
9:00 - 12:30 p.m. Partner Directors Meeting (see corresponding agenda)
Facilitator: Jerry Hildebrand
12:30 - 1:30 LUNCH
2:00 - 5:30 p.m. Workshop on Community Banking Model
Facilitator: Luis Felipe Borjas
5:30 - 7:30 p.m. Free Time
7:30 p.m. Dinner and free time

Thursday, 6 February

7:30 - 8:30 a.m. Breakfast
9:00 - 12:30 p.m. "Fundraising for Credit" Workshop
Facilitator: Jutta von Gontard
12:30 - 2:00 p.m. LUNCH
2:00 - 3:30 p.m. Credit For Agriculture
Presenter: Barry Lennon, AID/MIP
4:00 - 5:30 p.m. Credit Fundraising Strategy
Facilitator: Jutta von Gontard

Friday, 7 February
Departure



KATALYSIS

NORTH/SOUTH DEVELOPMENT PARTNERSHIP

a non-profit organization
serving low-income groups
in developing countries

Memorandum

Para: Los Directores Compañeros
Blanca Flor Bonilla, Santa de Euceda, Camila Elvir,
Catarina Mendoza, y Gregorio Tzoc Norato
De: Jutta von Gontard
Re: La Cumbre de Microcredito y Otras Actividades
Fecha: 21-Enero-97

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ithony LaFetra
in Bird, Inc.
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socation of Women in Development
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e Williams Group
ckton. California

Como todos Ustedes están conscientes, estamos preparando la participación en la Cumbre de Microcredito y otras actividades que se van a desempeñar durante la semana de Febrero 1 a Febrero 8. La Cumbre de Microcredito ha sido convocada por un grupo de líderes de corporaciones y Onus del campo de Microcredito con el fin de promover Microcredito como una herramienta para erradicar la pobreza en los países de desarrollo. La declaración que fue repartida durante la reunión de la junta directiva de Katalysis en Noviembre da mucho detalle sobre las metas y los objetivos de la cumbre.

Además de participar en las actividades de la cumbre, vamos a aprovechar de estar todos juntos para realizar otras actividades de importancia e impacto a todos los que pertenecemos a la red del compañerismo tales como:

- **Reunión de los directores compañeros.** Por primera vez estarán participando las compañeras de FAMA y PROCOMES. Jerry les entregará la agenda para esta reunión después de haber consultado con cada una (o) de Ustedes.
- **Taller sobre el "Modelo de Bancos Comunales de la Red Katalysis".** Con este taller se continua la discusión sobre mejores practicas con el fin de poner en marcha el proceso necesario para determinar el "modelo".
- **Taller "Recaudación de Fondos para la Cartera de Crédito".** En este taller vamos a explorar las fuentes para crédito que existen al momento y explorar nuevas fuentes para el futuro, inclusive prestamos con terminos favorables de instituciones como es el *Calvert Fund*.

Individualmente ya les comuniqué que hemos hecho disposiciones para su viaje a Washington. DC, saliendo de sus respectivos lugares de partida el día 1 de Febrero y regresando el día 8 de Febrero. Mario Beltran llevó los boletos a Honduras (el va a estar con Katalysis/Honduras durante esta semana, con FAMA el día 28 de Enero,

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y en Guatemala a partir del 30 de Enero) y va entregárselos personalmente. El boleto para Blanca Flor se lo va a mandar directamente de Stockton vía DHL.

Lo que sigue es el resumen de las actividades planificadas para esta semana y una agenda mas detallada será enviada por fax a cada una (o) de ustedes al inicio de la semana entrante.

Itinerario 1 de Febrero a 8 de Febrero, 1997

Sábado, 1 de Febrero

- Llegada en Washington (ver su itinerario)

Domingo, 2 de Febrero

- Cumbre de Microcredito
- Presentación sobre la Fundación Rotario Internacional por Marshall Saunders (en la tarde)

Lunes, 3 de Febrero

- Cumbre de Microcredito

Martes, 4 de Febrero

- Cumbre de Microcredito

Miércoles, 5 de Febrero

- Reunión de los directores compañeros (Mañana)
- Taller sobre el "Modelo Bancos Comunales del Compañerismo Katalysis"

Jueves, 6 de Febrero

- Recaudación de Fondos Crédito (Mañana)
- Presentaciones (Tarde)
 - Representante de Calvert Fund
 - Barry Lennon (AID/PIM) sobre crédito agrícola

Viernes, 7 de Febrero

- Visitas a donantes
 - CDRO: Banyan Tree y Moriah Fund
 - ODEF: AID/PIM y FICAH/Monsanto
 - PROCOMES: Public Welfare Foundation y Arca Foundation
 - MUDE: Mitsubishi
 - FAMA: FICAH/Monsanto

Sábado, 8 de Febrero

- Regreso a Honduras/Guatemala/El Salvador y California (en la madrugada).

Reservaciones:

Hemos hecho reservaciones en el *Sheraton Washington Hotel*, el mismo hotel donde se desempeñan todas las actividades de la cumbre Microcredito:

Sheraton Washington Hotel
2660 Woodley Rd. at Connecticut Ave, NW
Washington, DC 20008
tel. 202.328.2000
fax:202.234.0015

Transporte:

Hemos coordinado los itinerarios de tal manera que todos llegamos mas o menos a la misma hora el sábado en la noche. Cuando les mando el itinerario detallado también les aviso como nos vamos a reunir en el aeropuerto para ir juntos al hotel.

Otros Comentarios:

Según la agenda de la cumbre, los primeros tres días (2, 3, y 4 de Febrero) están dedicados a las sesiones y actividades de la cumbre. No hemos hecho planes fuera de esta agenda para poder aprovechar de toda la información que se presenta durante estos días y también de los contactos que individualmente vamos a hacer con representantes de otras ONGs. Habrá oportunidades durante los tiempos del almuerzo o de la cena para cultivar estos contactos.

Adjunto a este memorándum les estoy mandando sus itinerarios de viaje. Dentro de pocos días les llegara una agenda mas detallada. Favor llamarme con cualquier pregunta o inquietud en relación a su viaje.

Hasta muy pronto en Washington!

Nombre _____

**La Cumbre de Microcredito
CONOCER EL RETO, SESIÓN I
Lunes, 3 de febrero de 1997
(11:00 - 12:30 p.m.)**

Tema Global: Mejorando las Practicas de las Organizaciones Microcrédito	Asistencia **	Organizador	Participantes
<i>Los Básicos de Diseñar un Programa Sostenible de Microcrédito para Servir a los Muy Pobres</i> (Capacitacion; Tasa de Interes; Vencimiento de Prestamos; Establecer Indicadores de Rendimiento e Impacto; Asegurar Participación de Prestatarios; Establecer Ahorros, Etc.)		John Hatch Finca USA	John Hatch Jackie Bass Ellen van der Brugge Alicia Poucar Sharon D'Onofrio
Tema Global: Mobilizar Recursos Para Microcredito			
<i>¿Cuales son las Fuentes de Fondos Donados?</i> (para la Fase de Desarrollo del Programa, para Expansión y para Redes de Practicantes? ¿Como Pueden Estos Fondos contribuir a la sostenibilidad de las inistuciones que sirven a los mas pobres? ¿Que Fondos Existen para Capital de Prestamos? ¿Que Fondos Existen para Fortalecimiento Institucional?		Rupert Scofield Finca/USA	Gladis de Enriquez (Finca/Hon) Santa de Euceda (ODEF) Jim France (Opportunity International/Bogotá) José Corbelo (BID/FOMIN)
Tema Global: Fortalecer, Apoyar y Vincular Organizaciones de Microcredito			
<i>¿Como Pueden Practicantes en Microcrédito Formar Redes y Asociaciones Nacionales?</i>		C. Aguilar Cruz COPEME/Perú	C. Aguilar Cruz Gory Swarez Julia Herrera Jorge Oroza Manrique Antonio Gayoso

** Favor de indicar en este espacio cual de estas sesiones desea atender
Habrá la oportunidad de registrar el día domingo en la mañana.

Nombre _____

CONOCER EL RETO, SESIÓN II
Lunes, 3 de febrero de 1997
(3:00 - 4:30 p.m.)

Tema Global: Mejorando las Practicas de las Organizaciones Microcrédito	Asistencia**	Organizador	Participantes
<i>Los Básicos de Diseñar un Programa Sostenible de Microcrédito para Servir a los Muy Pobres</i> (Capacitación; Tasa de Interés; Vencimiento de Prestamos; Establecer Indicadores de Rendimiento e Impacto; Asegurar Participación de Prestatarios; Establecer Ahorros, Etc.)		John Hatch Finca/USA	John Hatch Jackie Bass Ellen van der Brugge Alicia Poucar Sharon D'Onofrio
<i>Moviendo Hacia La Sostenibilidad Institucional:</i> Establecer Tasas de Interés Apropriados, Asegurar el Vencimiento; Mantener Costos Bajos		Maria Otero ACCION/USA	Maria Otero Maria Marta Padilla Carlos Castello Alberto Undurraga Rich Rosenberg

** Favor de indicar en este espacio a cual de estas sesiones va a asistir.



KATALYSIS/HONDURAS
COMPAÑEROS EN DESARROLLO

RECEIVED
18-4-97

18 de Abril de 1997
San Pedro Sula

Gregorio Tzoc Norato
Director Ejecutivo
Cooperación para el Desarrollo Rural de Occidente

Estimado Don Gregorio,

Reciba un cordial saludo para usted y el personal de CDRO.

Por medio de la presente, nos permitimos invitarle al evento de Intercambio de Compañeros sobre Recursos Naturales, el cual se realizará con fondos del Proyecto de Apoyo a la Microempresa financiado por el BID / FOMIN.

Dicho evento está programado para los días del 5 al 9 de mayo del presente año, en diferentes regiones de Honduras como ser Tegucigalpa, El Zamorano, Santa Lucía y Siguatepeque. Por lo que les recomiendo a los participantes que aterricen en Tegucigalpa.

La persona invitada a participar en el evento deberá ser un técnico de los Programas Agrícolas y de Recursos Naturales de su organización.

La oficina de KATALYSIS / HONDURAS reembolsará sus gastos y asistirá en la parte logística como ser: transporte, alimentación, alojamiento y comunicación. Esperamos nos confirme quien participará por CDRO lo mas pronto posible. Adjunto encontrará la Agenda a desarrollarse en dicho Evento.

Atentamente.

Mario Beltrán

Mario Beltrán
Director Interino

cc: archivo

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KATALYSIS / HONDURAS

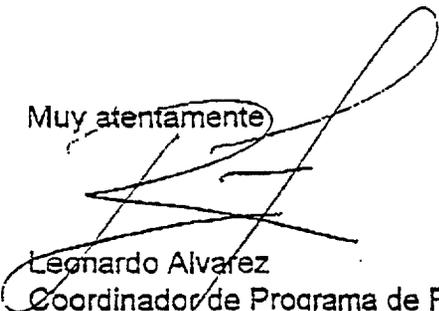
A: MARIO BELTRAN
cc: MARTHA LUZ CASTRO
cc: ROSARIO CAMPOS
DE: LEONARDO ALVAREZ
FECHA: 19 DE MARZO, 1997
ASUNTO: INTERCAMBIO ENTRE COMPAÑEROS

El Programa de Recursos Naturales tiene planificado un intercambio de compañeros a realizarse en las fechas comprendidas del 5 al 9 de Mayo / 97. En este intercambio participaran un miembro del personal técnico de los programas agrícolas y recursos naturales las organizaciones compañeras de MUDE, CDRO y ODEF.

Esta actividad será ejecutada con fondos del proyecto de Apoyo a la Microempresa financiado por el BID / FOMIN.

Adjunto a esta usted encontrara la agenda a ser desarrollada durante el evento.

Muy atentamente



Leonardo Alvarez

Coordinador de Programa de Recursos Naturales

**AGENDA
INTERCAMBIO ENTRE COMPAÑEROS
PROGRAMA DE RECURSOS NATURALES**

FECHA	HORA	ACTIVIDAD	LUGAR	RESPONSABLE
DOMINGO 4 DE MAYO, 1997		<ul style="list-style-type: none"> • Arribo de los participantes a Tegucigalpa, Honduras • Traslado de los participantes al Centro Internacional W. K. KELLOGS Zamorano, Tegucigalpa, Honduras 	Tegucigalpa	L. Alvarez
LUNES 5 DE MAYO, 1997	8:00 am - 5:00	Capacitación en agricultura sostenible <ul style="list-style-type: none"> • Preparación de medios de crecimientos para siembra en almácigos • Preparación de suelos • Preparación de abonos orgánicos sólidos y líquidos 	Zamorano	Técnicos Zamorano
MARTES 6 DE MAYO, 1997	8:00 am - 5:00	Capacitación en agricultura sostenible <ul style="list-style-type: none"> • Preparación de soluciones nutritivas para aplicación foliar y al suelo • Siembra de hortalizas en bandejas , almácigos y directa al suelo • Preparación de soluciones naturales con acción repelente • Preparación de soluciones con acción insecticida, fungicida 	Zamorano	Técnicos Zamorano
MIÉRCOLES 7 DE MAYO, 1997	8:00 am - 5:00	Capacitación en agricultura sostenible <ul style="list-style-type: none"> • Reciclamiento de materiales orgánicos • Lombricultura 	Zamorano	Técnicos Zamorano
JUEVES 8 DE MAYO, 1997	8:00 am - 5:00	Visita a Finca Loma Linda <ul style="list-style-type: none"> • Agricultura sostenible y medio ambiente • Intercambio de experiencias de las organizaciones 	Santa Lucía	Eliás Sánchez Leonardo Alvarez

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FECHA	HORA	ACTIVIDAD	LUGAR	RESPONSABLE
		participantes en los programas de agricultura sostenible y medio ambiente <ul style="list-style-type: none"> • Exposición de los avances de los proyectos en implementación 		
VIERNES 9 DE MAYO, 1997	9:00 am - 1:00 4:00 pm	Visita Centro de Capacitación La Semilla del Progreso <ul style="list-style-type: none"> • Agricultura sostenible y medio ambiente • Regreso de los participantes a sus lugares de origen 	Siguatepeque	Jacobo Laureano Leonardo Alvarez

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**G. Katalysis Consultants, Interns and
Volunteers Chart**

Katalysis Volunteers, Temporary Staff and Consultants, FY96

NAME	POSITION/DATES OF SERVICE	PURPOSE
Julie Ambrose	Q4	Vice President of Marketing for the San Tomo Group. Consulted on Katalysis marketing strategy.
Lee Babcock	Q3	Financial analyst/consultant. Assisted with drafting the Katalysis/USA business plan.
Alicia Blanco	Q1-3	Translator. Provided Spanish to English and English to Spanish documents for the Partners.
Dino Cortopassi	Q1-2	Executive director consultation on implementation of the microcredit focus.
Serena Cosgrove	Q3	Translator for board meeting in El Salvador.
COVELO	Q4	Workshop for Partnership Exchange event: microcredit performance criteria and financial management.
Chris Dunford	Q2-4	SDS consultant -- FFH President/CEO. Critiqued the Katalysis business plan and submitted recommendations.
Elaine Edgecomb and Carter Garber	Q4	Consultants for the SEEP/AIMS social economic impact survey -- trained ODEF and RFO staff and conducted the survey at ODEF beneficiary sites.
Tobbie Edwards	Q1	CPA consultant. Performed annual audit for Katalysis.
Gustavo Gomez	Q4	Business consultant. Produced the Katalysis/Honduras business plan.
Robert and Wendy Graham	Q1-3	Partnership Journey III planning and implementation.
Raya Hanlon	Q3	Financial consultant. Did staff training for non-financial managers.
Sherrie Ilse	Q4	Planning of an evening event to educate Stockton community organizers about community banking and microcredit lending.
Dick Irish	Q2	Professional recruiter. Contributed a board member referral.

Robert Kile	Q3	San Francisco-based consultant in non-profit board recruitment. Contributed board development committee training in recruiting nonprofit board members.
Deborah Kulisch	Q4	Student intern from University of the Pacific providing office support, translation assistance, and support in communications/development education.
Cheryl Lassen	Q4	SDS consultant -- Lassen Associates. Critiqued the Katalysis business plan and submitted recommendations.
Barry Lennon	Q2	USAID MIP consultant. Critiqued ODEF's financial management and ag credit presentation with O. Oliva. Also, made a presentation to the Partners during the Microcredit Summit in Washington, D.C., to raise their awareness of MIP criteria for selection.
Virginia Magaña	Q3	Member of the Procomes staff who provided local arrangement assistance for the board meeting in El Salvador.
Oscar Oswaldo Oliva	Q2	Worked with Barry Lennon and critiqued ODEF's financial management and ag credit presentation.
Judy Painter	Q3	Microcredit consultant. Drafted Katalysis/USA business plan.
Gillian Pollock	Q4	Student intern. Participant in the Partnership Journey III and member of major donor family. Office assistance in development education area.
Haleh Pourafzal	Q1-4	Organizational development consultant assisting with board development and alignment with the new microcredit focus.
Tenley Ruth	Q3	Translator for board meeting in El Salvador.
Marshall Saunders	Q2	Participated in Partners training during Microcredit Summit -- described accessing Rotary funding at the in-country level.
Lotti Silber	Q3	Secretary for board meeting, El Salvador.

H. Katalysis MG Staff Travel Log, FY 1997

KATALYSIS NORTH/SOUTH DEVELOPMENT PARTNERSHIP

**Travel Log
Fiscal Year 97**

TRAVELER	DATES	DESTINATION	PURPOSE
Alvarez, Leonardo	11/16 -29/96	Guatemala	CDRO: observations and recommendation re: the programs. Close monitoring and discussions with all employees re: ag. restoration projects. MUDE: Follow-up to all projects and monitoring of all sustainable ag projects, including organic gardens and Chefina stoves.
	1/9 - 15/97	Guatemala / El Salvador	MUDE & PROCOMES: visit by L.F. Borjas, C. Dextre, & L. Alvarez - met with Executive Directors to review organizational needs, strengths and future TA service plans.
	4/13 -26/97	Guatemala	MUDE & CDRO: Visit training and technical assistance
	6/2-5/97	Juticalpa, Olancho	FAMA - Visit training and technical assistance.
	6/15-28/97	Guatemala	MUDE & CDRO: Training and application of technical skills expressly for existing projects. An effort was made to develop new projects in new communities.
	6/30/97	Honduras	FAMA: diagnostic observations & recommendations
Beltran, Mario	1/22/97 - 2/8/97	Honduras / Guatemala	RFO - training with finance accountant. CDRO- follow -up training on FASS MUDE - financial systems assessment.
	3/17/97 - 5/24/97	Honduras	RFO- temporary assignment regional field director- workshops training programs.
	9/6/97 - 9/19/97	Honduras	Tegucigalpa - attend second annual meeting of the program and evaluation committee of MIF. Tegucigalpa - Partner Directors Meeting. All in attendance.

Borjas, Luis Felipe	11/6 - 10/96	Guatemala	MUDE: Diagnostic of micro-credit and financial systems as these support the credit management for community banking. Information relevant for MIP preparation and ongoing TA.
	12/01 - 17/96	Guatemala	MUDE: Evaluate progress on recommendations made in November re: audit and finance personnel.
		El Salvador Juticalpa	CDRO: Participated in the community banking program evaluation, identified areas for TA, the timeline for same, and made recommendations on aspects of managing credit. PROCOMES: Performed a diagnostic as to eligibility for membership in the Partnership. FAMA: Performed a diagnostic evaluation of this new Partner's readiness for participation in IDB/MIF.
	12/1-3/96	El Salvador	PROCOMES: System and organizational evaluation for Partner incorporation.
	1/9 - 15/97	Guatemala / El Salvador	See above description under Alvarez
	2/3-7/97	Washington DC	Microcredit Summit participation; Partners training.
	3/9 - 4-1-97	Chico, USA	Training workshop - for AED Program
	4/13- 26/97	Guatemala	MUDE & CDRO: Visit training and technical assistance
	4/15-18/97	Guatemala	CDRO: training re: methodology-first tri-mistrial visit- Evaluated the agreement of activities set forth in the first quarter. Identified existing problems and made suggestions to correct these problems. Developed contracts between CDRO and KAT.
	4/21-25/97	Guatemala	MUDE: Institutional strengthening training. Addressed problems and made changes.
	5/ 5-9/97	Managua, Nicaragua	AED follow-up visit - training workshop.
	6/23-7/12/97	Guatemala	CDRO/MUDE follow-up visits
	7/23-26/97	Guatemala	FAFIDESS: Potential Partner, evaluation visit.
8/4-8/97	Tegucigalpa	Workshop/ training (Covelo)	

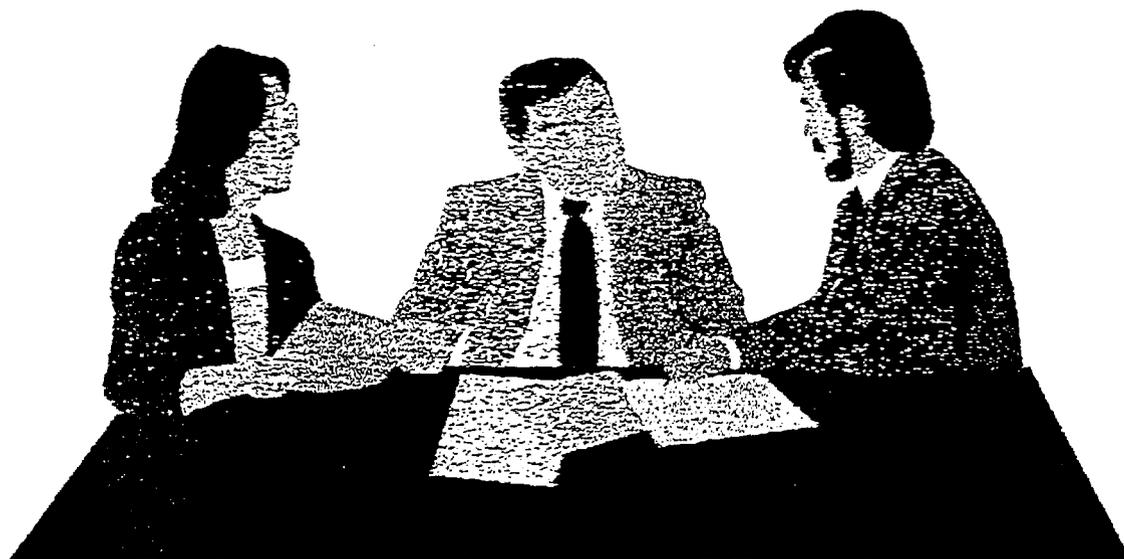
Castro, Marta Luz	5/11-18/97	Guatemala	CDRO/MUDE: MIF preconditions preparation.
	8/4-8/97	Tegucigalpa	Partnership Exchange event -- financial indicators and fund accounting workshop by Covelo
Dextre, Carlos	12/01 - 10/96 1/9 - 15/97	with L.F. Borjas	See above descriptions for visits to Procomes and FAMA. See above description under Alvarez
Diener, Margaret	3/14/97 - 3/18/ 97	Washington DC	Interviewed RFD candidate (Bolstad); prospective Board Member (J. Small); attended US/AID sponsored workshop (DOSA) on organizational self - assessment.
Donovan, Colleen	2/1/97 - 2/5/97	Washington DC	Attended Microcredit Summit
	4/8-9/97	Honduras	Update and training on Grants Management procedures document
Hildebrand, Gerald	10/14 - 20/96	Washington, DC	SEEP conference for executive directors of PVOs engaged in micro credit programs. Attended the poverty lending group meeting and the PACT board meeting. Networked with key funders, including IDB/MIF, MIP, USAID, and World Bank/CGAP.
	1/27/97 - 2/1/97	Honduras Tegucigalpa & San Pedro Sula	Met with AID & IDB, MIP (B. Lennon) in Tegucigalpa. Interviewed RFD candidate; met with staff of RFO re: personnel issues. Met with ODEF re: HV and RFD issues.
	2/1 - 8/97	Washington DC	Attended Microcredit Summit; Partners Directors Meeting
	4/26 - 5/7/97	Guatemala & Honduras	Orientation for the new RFD-Daniel Martinez
	6/7 - 15/97	El Salvador/ Honduras	Board of Directors meeting; and Partner Directors' Board meeting.
	9-13 - 19/97	Washington DC	AID Workshop - Numerous meetings, SDS/World Bank/SOS/Sallie Jones & Mary Herbert/IDB/FINCA/Grameen/IDB/Gustavo Gomez
Macray, Dennis	7/9-10/97	Washington DC	Workshop re; AID: PVO Financial Managers/ Indirect Costs

Martinez, Daniel	6/7-12/97	El Salvador	Board of Directors Meeting - presented training on Micro-credit mechanisms and sustainability. Participated in the Partner Directors' Board meeting.
	6/23 - 27/97	Guatemala	Visit/ Orientation
	7/3-4-/97	Guatemala	Workshop:
	8/4-8/97	Tegucigalpa	Workshop/ training (Covelo)
Repich, Juan	5/28-30/97	Pena Blanca, Cortes	Participant at workshop /conference for VIDA.
	8/4-8/97	Tegucigalpa	Partnership Exchange event -- training in financial indicators and fund accounting by Covelo.
Thomas, Vanessa	12/9 - 14/96	Guatemala	Attended a conference on micro-finance sponsored by IDB.
	3/13/97	Honduras	Visited ODEF to familiarize herself with ODEF's community banking processes and procedures as background to improving Katalysis donor reporting procedures.
Von Gontard, Jutta	2/1 - 8/97	Washington DC	Attended Microcredit Summit; provided resource development training for Partners
	3-31 - 4-16/97	Guatemala & Honduras	MUDE: Worked with staff to develop short-term fund-raising strategy. Honduras: Worked with NRM and HV staff on sustainability strategy for HV.
	9-13 - 19/97	Washington DC	AID Workshop - Numerous meetings, SDS/World Bank/SOS/Sallie Jones & Mary Herbert/IDB/FINCA/Grameen/IDB/Gustavo Gomez

I. Long-Range Plans

1. MUDE --Plan / Structural Outline

**MUJERES EN DESARROLLO
MUDE**



DIAGNOSTICO INSTITUCIONAL

JUNIO 1997.

*Diagnostico Institucional
Mujeres en Desarrollo-MUDE*

DIAGNOSTICO INSTITUCIONAL MUJERES EN DESARROLLO- MUDE

DIAGNOSTICO INTERNO.

Fortalezas y Debilidades

Fortalezas.

Estructura Organizacional.

- Cuenta con personería Jurídica que la faculta para promover y organizar a la mujer de escasos recursos e incorporarla al proceso socio-económico del país mediante la búsqueda de su desarrollo integral a través de proyectos económico sociales.
- Existe una estructura organizacional formal vigente compuesta por una Asamblea General, Junta Directiva, Directora, Personal Ejecutivo y Personal Operativo y Personal Técnico en crédito, medio ambiente y agricultura.

Clima Organizacional:

- El personal tiene una disposición y actitud positiva para el logro de los objetivos institucionales
- La mayor parte del personal tiene conocimiento claro de sus funciones y tareas y están enterados de la labor que desarrollan los demás.
- Todo el personal de nuevo ingreso recibe inducción al trabajo.

Administración y Finanzas:

- El equipo (Vehículos, mobiliario y equipo de oficina) tiene un mantenimiento adecuado.

Sistemas:

- Personal con conocimientos básicos de computo.

Servicios de Crédito:

- Conocimiento y experiencia en el programa de crédito de Bancos Comunales.

Diagnostico Institucional
Mujeres en Desarrollo-MUDE

- Credibilidad e identificación de los usuarios con el servicio que ofrece MUDE.

Debilidades:

Estructura Organizacional.

- No existe autonomía operativa.
- Se adolece de una adecuada estructura organizativa en el programa de crédito.
- Existe concentración de actividades por parte de la Dirección Ejecutiva, en aspectos relacionados con la tramitación y aprobación de créditos del grupo de las asociadas.
- No se cuenta con un programa específico de capacitación, asesoría y fortalecimiento de los microempresarios.

Clima Organizacional.

- No se cuenta con un manual de puestos y salarios actualizado.
- Se adolece de políticas y normas sobre una estructura salarial.
- No existe un plan definido de capacitación para todo el personal.
- Existe en el personal incertidumbre en relación su permanencia en la institución.
- No existe una oportuna comunicación entre los niveles Legislativos y Ejecutivos de la Institución.
- Poco conocimiento a todos los niveles de lo que es la Autosuficiencia y su importancia para el futuro de MUDE.

Diagnostico Institucional
Mujeres en Desarrollo-MUDE

Administración y Finanzas.

- Aunque el crédito a la microempresa es su principal actividad económica, únicamente ha logrado a Junio de 1997 una cartera de Q. 753.0 Miles.
- Únicamente cuenta con un patrimonio de Q. 1,150.0 Mil.
- En seis años de operación se ha logrado alcanzar únicamente un 5.7% de Autosuficiencia Financiera.
- No se ejecuta una evaluación y control adecuada de las actividades planificadas.
- La contabilidad y registro de las operaciones de crédito se efectúan manualmente.
- No se manifiesta a nivel de estados financieros la reserva para préstamos incobrables.
- Las políticas de crédito no son apropiadas para alcanzar una mayor rentabilidad de la cartera.
- No se cuenta con una optima administración financiera.

Sistemas.

- No se cuenta con un sistema integrado de computo para el registro y control de las operaciones de contabilidad y de la cartera de crédito.

Servicios de crédito.

- La labor de seguimiento de las promotoras de crédito no es adecuada en aspectos de control de la mora.
- No se cuenta con información actualizada del Mercado potencial.
- Los manuales de crédito disponibles no están actualizados.
- Limitada disponibilidad de recursos para colocar en cartera.
- En seis años de operación únicamente se han organizado 31 Bancos Comunales.
- Centralización de recursos de crédito en un número reducido de beneficiarias.
- No existen políticas claras, uniformes y definidas de crédito.

Diagnostico Institucional
Mujeres en Desarrollo-MUDE

Análisis del Medio Ambiente o Aspectos Externos:

Oportunidades y Amenazas

Oportunidades:

Servicio de Crédito

- Existencia de Instituciones que ofrecen apoyo y asistencia técnica y financiera para mejorar la calidad del servicio de crédito.
- Potencial de clientes ilimitado para Bancos Comunales y a través del proyecto de agricultura sostenible.

Factores Económicos, Sociales y Demográficos:

- Apoyo al sector Microempresarial de Instituciones como Fepyme y Pyme
- Crecimiento de la población microempresarial

Amenazas:

- Disminución de las donaciones directas de los Organismos Internacionales de apoyo.

Factores Económicos, Sociales y Demográficos

- Inflación fluctuante entre 11 y 15%.
- Alto índice de delincuencia.

MUJERES EN DESARROLLO MUDE



PLAN ESTRATEGICO

1997-2000

GUATEMALA

JUNIO 1997.

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INTRODUCCION.

Como una actividad de Fortalecimiento Institucional desarrollado con la Organización "Mujeres en Desarrollo" -MUDE en la República de Guatemala y dentro del marco de Planificación Estratégica como un instrumento metodológico para cumplir con objetivos Institucionales, se presenta el Plan Estratégico para 1997 - 2000.

El Documento del Plan Estratégico contiene; La actividad a la que se dedica MUDE es decir su Misión Estratégica, los objetivos y metas estratégicas identificadas a fin de alcanzar la Visión que nos hemos propuesto para MUDE.

VISION

**PARA EL AÑO 2000 SER UNA INSTITUCION
MANEJADA EMPRESARIALMENTE Y
PRINCIPALMENTE POR MUJERES LIDERES,
PARA LOGRAR SU CONSOLIDACION Y
PERMANENCIA ANTE LA SOCIEDAD
GUATEMALTECA EN APOYO A LA PEQUEÑA Y
MICROEMPRESA.**

MISION

MUDE, COMO ENTIDAD DE DESARROLLO PRESTARA SERVICIOS DE CREDITO Y CAPACITACION AL SECTOR MICROEMPRESARIAL, A TRAVES DE METODOLOGIAS DE TRABAJO EXITOSAS QUE LE PERMITA ALCANZAR SU AUTOSUFICIENCIA, CON EL FIN DE MEJORAR EL NIVEL Y CALIDAD DE VIDA DE SUS CLIENTES.

OBJETIVOS ESTRATEGICOS

- Fortalecer y Mejorar administrativa y financieramente a MUDE en todas las acciones que desarrolle.
- Consolidar los servicios crediticios y capacitación, mejorando su calidad y cobertura de clientela.

ESTRATEGIAS CLAVES

En cumplimiento del primer objetivo Estratégico:
FORTALECIMIENTO ADMINISTRATIVO Y FINANCIERO DE MUDE.

Organización Interna:

- Actualizaremos los estatutos de la Organización acorde a los requerimientos del Plan Estratégico.
- Actualizaremos la estructura Organizativa, Administrativa y Operativa de MUDE acorde a los requerimientos del Plan Estratégico.
- Evaluaremos y actualizaremos los procesos vigentes que permitan una mayor agilidad y eficiencia en la entrega de los servicios a los clientes.
- Actualizaremos los sistemas de computo que permita mejorar la funcionalidad Institucional en los aspectos financieros, contables y administrativos.

Administración:

Personal

- Ejecutaremos programas de capacitación para fortalecer los recursos Humanos de la Institución.

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- Actualizaremos los manuales para la administración de personal.

Planificación y control:

- Implementaremos el sistema de Planificación Estratégica y Planes Operativos Anuales (POA), para mejorar la gestión y control empresarial de MUDE.
- Fortaleceremos los mecanismos de programación y seguimiento de actividades para retroalimentar y dar solución de problemas.
- Aplicaremos indicadores de eficiencia operativa para facilitar la toma de decisiones para la consecución de la autosuficiencia.

Finanzas:

- Automatizaremos el Sistema de Información Gerencial.
- Buscaremos incrementar progresivamente el nivel de autosuficiencia operativa, Financiera y Económica de MUDE.
- Fortaleceremos y mejoraremos los instrumentos de control para la oportuna toma de decisiones.
- Aplicaremos disciplinas financieras que nos permitan proteger el patrimonio de MUDE, para alcanzar su liquidez, solvencia y sostenibilidad.
- Evaluaremos mensualmente el comportamiento de la cartera de crédito para conocer su evolución y hacer los ajustes oportunos.

En cumplimiento del segundo Objetivo Estratégico:
CONSOLIDACION DE LOS SERVICIOS.

Crédito:

- Actualizaremos las políticas y normas de crédito vigentes en cuanto a tasas de interés, montos, plazos, calculo de los intereses, cobertura del área geográfica y usuarios del programa.
- Fortaleceremos la metodología de los Bancos Comunales como una herramienta apropiada para la entrega del servicio de crédito.
- Evaluaremos periódicamente el comportamiento de la cartera de crédito para conocer su evolución y efectuar los ajustes requeridos.
- Definiremos un crecimiento ordenado de la actividad crediticia coherente con la demanda y posibilidades de crecimiento de MUDE.

Capacitación:

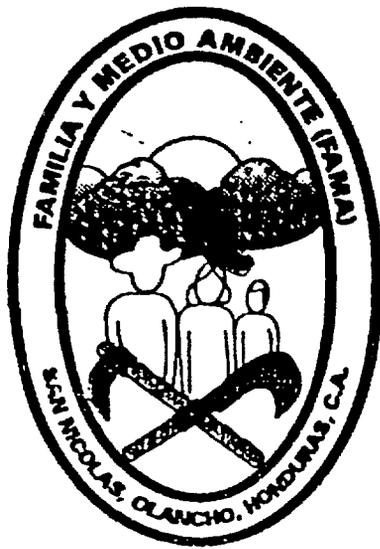
- Actualizaremos los programas y contenidos de capacitación de acuerdo a las necesidades de los clientes.
- Desarrollaremos la capacidad organizativa y técnica de los clientes de MUDE para el manejo ordenado y sostenible de sus proyectos.

J. Partner Exploration:

1. FY 1997 -- New Partner Profiles

- FAMA, Honduras
- Procomes, El Salvador

2. FY 1998 -- New Partner Search Materials



FAMA - Family and the Environment

Mission

FAMA's mission is to introduce and implement innovative technologies which provide resources and information to stimulate individual efforts and community groups' initiative and sustainability in Honduras and improve the physical and spiritual quality of life.

Location: Juticalpa, Honduras
Apartado 111
tel/fax: 504.85.2773

Executive Director: Camila Elvir

Staff: 15 (7 credit promoters, 3 administrative/financial staff; 4 agricultural extensionists)

Board of Directors: 5 members (3 women, including the President)

Programs: Credit with Education; Sustainable Agriculture

Microcredit Programs:

- **Community Banks:** Number of banks:: 113; Outstanding Loans:: \$123,275; clients: 2,011.
Of the outstanding loans, 80% are for microenterprise development and 20% for agriculture.

Credit Portfolio: \$123,275

Number of Clients: 2,011

Sustainability Factor: 24%

Annual Budget: \$161,000 (July/96 - June/97)

Funding Sources: Kellogg Foundation, FICAH, Inter-American Foundation, SOS

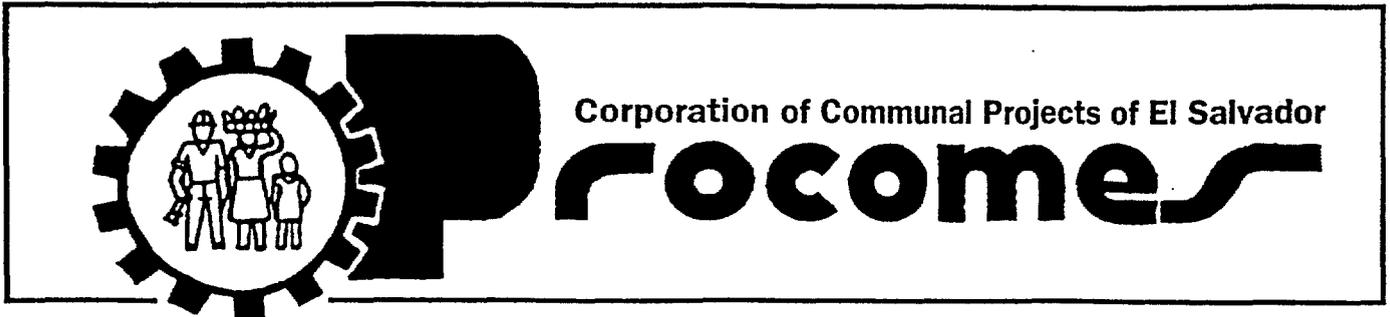
What does FAMA bring to the Katalysis Partnership?

- Access to the Kellogg Foundation for funding of Herencia Verde
- Experience with credit to small farmers
- Community Banking model which accommodates a strong educational component
- North/North Alliance: Freedom from Hunger

What does the Katalysis Partnership bring to FAMA?

- The opportunity to solidify and expand its microcredit activities
- Operational funds for its community banking program through the IDB/MIF grant
- Application of Katalysis Partners experiences to achieve sustainability
- Access to training and technical assistance in key areas
- Joint fundraising for expansion of credit programs

Information as of 11-96



Procomes - Corporación de Proyectos Comunales de El Salvador
Organizational Profile

Mission

Contribute to sustainable human development at the local level by fostering community development and economic enterprise initiatives through organization, training, popular credit, and technical assistance with consideration of gender, giving priority to the people of marginalized urban communities.

Location: San Salvador

Ciudad Satélite, Calle Jupiter J-35
phone: 503.274-0321
503.284-5304

Executive Director: Blanca Flor Bonilla

Number of Staff: 31 (Administration: 19; Department of Social Development 6; Department of Management 2; Department of Economic Development 10; Department of Planning 3 and Directorship 2.)

Board Composition: 9 Members (3 women, including the President)

Programs: Training and Technical Assistance; Alternative Financial Systems; Gender and Development; Community Projects; Institutional Strengthening; Housing Trust; Research and Consulting

Microcredit Programs:

- **Community Banking:** Outstanding Loans: \$246,933; 555 clients; 77% women
- **Individual Credit:** Outstanding Loans: \$60,820; 50 clients; 58% women
- **Solidarity Groups:** Outstanding Loans: \$203,783; 381 clients; 68% women
- **CRS Fund:** Outstanding Loans: \$130,098; 555 clients; 80% women
- **Appropriate Technology:** Outstanding Loans: \$22,896; 120 clients; 24% women
- **Housing Credit:** Outstanding Loans: \$19,687; 120 clients; 24% women
- **Small Associated Enterprises:** Outstanding loans: \$10,627; 2 clients; 0% women
- **Associated Microenterprises:** Credito colocado: \$13,747; 9 clientes; 66% mujeres

Credit Portfolio: \$708,594 (As of 30 September 1996)

Number of Credit Clients: 1,792 (As of 30 September 1996)

Annual Operating Budget: \$220,027

Funding Sources: Procomes operating funds come from 17 European and US funding institutions. Germany - Bread for the World/Misereor; Switzerland: Caritas; Worker's Fund; of Switzerland; Brucker and Terres des Hommes; Norway: Popular Assistance of Norway; Sweden: Diakonate of Sweden; Spain: Intermon, Acsur, Entrepueblos, Paz y Tercer Mundo; Sodepaz; Britain: Oxfam, Christian Aid; Belgium: Oxfam; US: CRS, Oxfam, Earth Trust, Share Foundation. Some of these funds are committed through 1999.

What does Procomes bring to the Katalysis Partnership?

- Access to European Funders
- Community Foundation model for possible replication
- Experience w/Ag Credit
- Experience w/solidarity groups
- Impact analysis of women's empowerment
- Experience w/institutionalization of gender perspective
- North/North alliances: CRS, Share, Michael Shimkin

What does the Katalysis Partnership bring to Procomes?

- Opportunity for exchange of experiences and shared learning
- Application of Katalysis Partners experiences to achieve sustainability
- Access to training and technical assistance in key areas
- Joint fundraising for expansion of credit programs

Note: The above have been taken directly from Procomes' answers to our questionnaire.



KATALYSIS
NORTH/SOUTH
DEVELOPMENT
PARTNERSHIP

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

BOARD OF DIRECTORS

founder
 Robert E. Graham
 Lamaste Foundation
 Carmel, California

chairman
 David A. Brown
 Reynolds & Brown, Inc.
 Concord, California

budget Cullerton
 elize Enterprise for
 Sustainable Technology
 Belize

Anta de Euceda
 rganization for Women's
 nterprise Development
 in Peiro Sula, Honduras

erald B. Hildebrand
 atalysis Partnership
 Stockton, California

Anthony LaFetra
 ain Bird, Inc.
 Lenora, California

atarina Mendoza Silvestre
 ssociation of Women in Development
 Ella Nueva, Guatemala

ohn M. Perkins
 uthor/Lecturer
 aim Beach Gardens, Florida

ylvia J. Rosales-Fike
 panish Speaking Unity Council-
 Oakland, California

ose Sackey-Milligan
 eace Development Fund
 Amherst, Massachusetts

osé Elías Sánchez
 ranja Loma Linda
 Santa Lucia, Honduras

regorio Tzoc Norato
 ooperative Association for
 Western Rural Development
 Quetzaltenango, Guatemala

uz Vega
 ational Economic and Law Center
 Oakland, California

oy O. Williams
 ne Williams Group
 Stockton, California

TO: EDUARDO ALBAREDA
 FR: JERRY HILDEBRAND
 RE: PROPOSED VISIT TO AID/PERU MISSION
 DATE: 26 OCTOBER 1997

Greetings, Eduardo! Thank you very much for your thoughtful reply to my memos and phone calls. I am pleased that Harry Wing will be able to join us. I remember him well from our prior matching grant negotiations with AID/PVC. I also look forward to meeting Jaime Giesecke at that time.

I appreciated your suggestions for possible groups to meet with while I am in Lima. I am familiar with the fine work that both CRS and FINCA are doing in Peru. In actuality, Katalysis is a smaller version of both PVOs and has a methodology (Partnership) slightly different in perspective, but with very similar objectives.

Katalysis likes to enter a country and work with local NGOs that have an ongoing microcredit program. We provide services that will strengthen the local institution's management and administration capability (usually the Achilles heel of most development organizations) as well as fortify and expand their microcredit portfolio. Thus we are looking for Peruvian NGOs that are not already receiving this kind of assistance from US PVOs like CRS and FINCA. Your assistance in helping us to identify such *local* organizations with whom I could meet in November would be very helpful. I am especially interested in connecting with NGOs that directly impact the AID Mission's strategic objectives.

I do have an appointments scheduled with Jorge Oroza of COPEME and Martha Pro Santana of CEPDUR. I met Jorge at the Microcredit Summit in Washington last February, but have not had any prior association with Martha. I will also be calling Dr. Diego Fernandez-Concha with PRISMA, at your suggestion. I have left open Monday afternoon, Tuesday and Wednesday to schedule additional appointments. Meeting with you and other Mission staff and potential Peruvian NGO Partners is the sole purpose of my visit to Peru at this time. I will be staying at the Sheraton Lima, again thanks to your thoughtful recommendation.

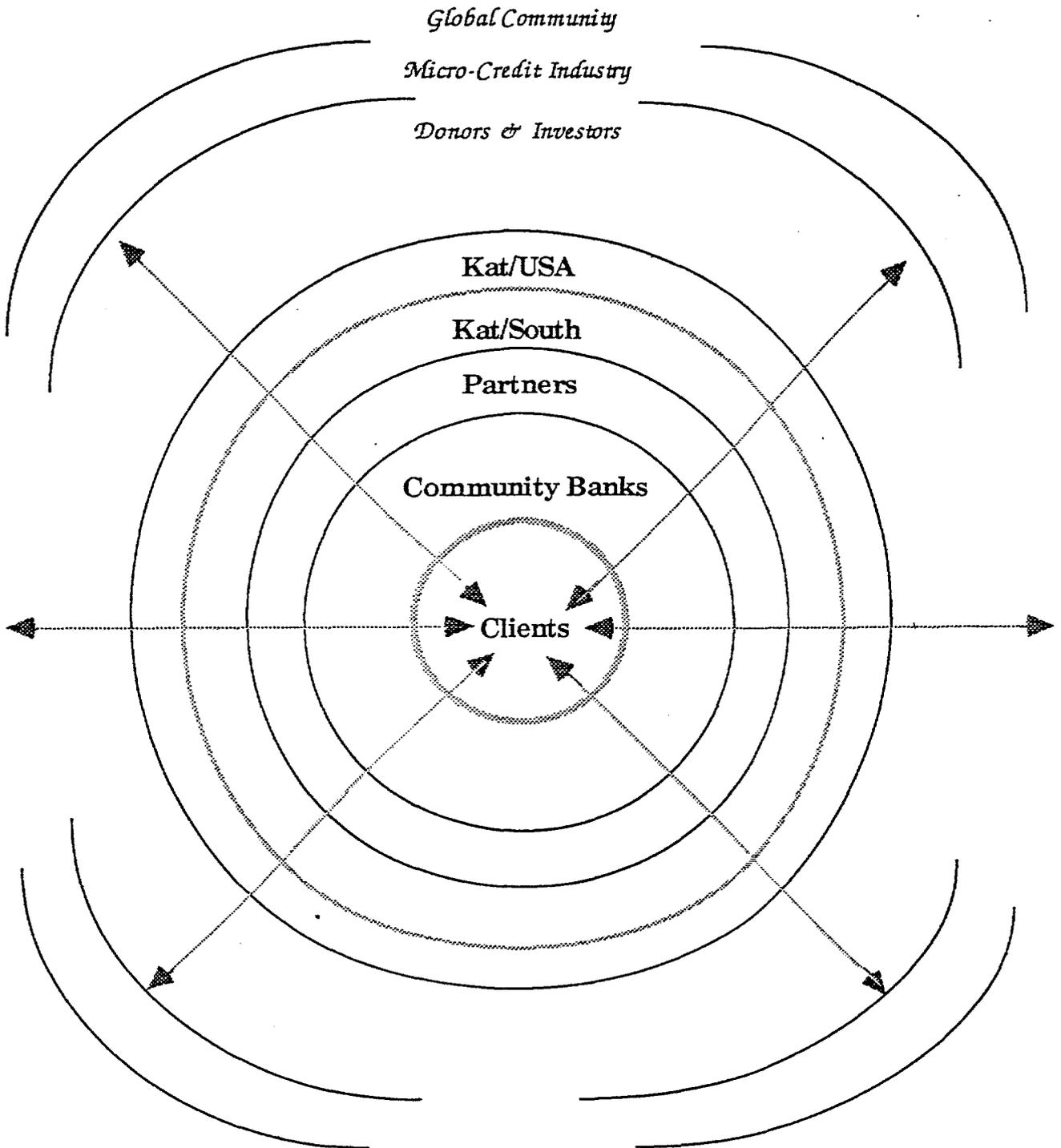
I am eagerly looking forward to my trip and to meeting you.



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The Board of a Market-Driven Enterprise

- Everyone is driven by the common center (client needs), and every circle's immediate client is the next circle toward the center.
- The entire partnership radiates outward to effectively reach investors, donors, the micro-lending industry, and other allies.



Katalysis North/South Development Partnership
Previous and Current USAID-Funded Projects
1 October 1997

The following is a summary of funding that the Katalysis North/South Development Partnership and its Partners have received from USAID since 1989:

1. Katalysis/USAID Cooperative Agreement

Number: OTR 0158A-00-0108-00

Funding Source: USAID/Washington (via Katalysis)

Total Amount: \$600,000

Term: FY 1991-93

Purpose: To strengthen the institutional, programmatic and financial development of Katalysis, its Partner organizations and the Partnership model, in order to develop the capacity to expand and sustain essential self-help services to low-income people, particularly women, in Guatemala, Belize and Honduras. Program objectives were to strengthen the organizational capabilities of Katalysis' Southern Partners; to strengthen and develop the Katalysis Partnership, and to improve and expand program services offered by each Partner in natural resource management, microenterprise development, and community banking.

Evaluation: A final evaluation was conducted upon completion of the grant.

2. Katalysis/USAID Cooperative Agreement

Number: FAO 0158-A-00-3043-00

Funding Source: USAID/Washington (via Katalysis)

Total Amount: \$1,750,000

Term: FY 1994-98

Purpose: To strengthen the institutional, programmatic and financial development of Katalysis, its Partner organizations and the Partnership model, in order to develop the capacity to expand and sustain essential self-help services to low-income people, particularly women, in Guatemala, Belize and Honduras. Program objectives are to strengthen the organizational capabilities of Katalysis' Southern Partners; to strengthen and develop the Katalysis Partnership, providing for the extension of the Partnership model; and to improve and expand program services offered by each Partner in natural resource management, microenterprise development, and community banking.

Evaluation: A mid-term evaluation was completed in August 1996 by an independent consultant.

3. ODEF/Katalysis Joint Venture Agreement

Project Number: CA-522-0385-A-00-3330

Funding Source: Fundacion Vida (USAID/Honduras Mission funds)

Total Amount: \$1,092,992

Amount: \$823,992 (ODEF Share)

Term: 3 Years, Beginning February 1995

Purpose: To establish an agricultural and environmental learning and training center (*Herencia Verde*) in northern Honduras. This center will enable rural farm families to

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gain new skills in conservation farming which will serve to protect and improve local natural resources, improve the standard of living, and develop leadership capability to transfer new technologies to their home communities.

Evaluation: A mid-term evaluation was completed by the VIDA Foundation in April 1997.

4. SEEP Planning Grant

Applicant: Katalysis North/South Development Partnership

Project Number: PCE-5448-A-00-5004-00

Funding Source: SEEP/CARE (USAID Funds)

Amount: \$21,900

Term: 6 Months, July 1, 1995 to December 31, 1995

Purpose: To provide institutional strengthening to its Partner organizations in Central America that will increase the outreach, scale and financial sustainability of their programs in microenterprise development and community banking. The planning activities undertaken during the grant period enabled Katalysis and ODEF to develop the computer software to project financial data for its five-year sustainability strategy which forms the basis for its business plan.

Evaluation: No.

5. Implementing Grant Program, Microenterprise Innovation Project

Applicant: Katalysis North/South Development Partnership

Project Number: PCE-0406-A-00-6029-00

Funding Source: USAID/Washington

Amount: \$853,467

Term: FY 1997-99

Purpose: To support ODEF in the implementation of a three-year program that will significantly increase the scope and depth of its financial and non-financial services to extremely poor women in Honduras, while helping the organization to achieve full financial self-sufficiency by the end of the program. Grant includes \$651,291 in credit.

Evaluation: An independent field assessment was completed by USAID technical experts in January 1997.

6. Assessing the Impact of Microenterprise Services Grant

Applicant: Katalysis North/South Development Partnership

Project Number: (not yet available)

Funding Source: USAID/Washington

Amount: \$7,500

Term: FY 1997

Purpose: As part of the Assessing the Impact of Microenterprise Services (AIMS) project of the Microenterprise Innovation Project, ODEF was selected as one of two organizations in the world to do field testing of impact assessment tools developed by experts from the Small Enterprise Education and Promotion (SEEP) Network.

Evaluation: Grant in progress.

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Katalysis Core Value: Partnership

Partnership has different meaning to different people, and that is fine. Taking Partnership as an institutional value, the following attributes are articulated repeatedly by various staff and board members. It is interesting that they mirror the values inherent in community banking. This is a sign of coherence: affinity between aspired values and product attributes.

- Non-hierarchical thinking--such as having confidence in the capacity of the South for self-determination, or having confidence in the ability of poor women to pay back their loans.
- Respect for diversity and for each part's integrity--such as allowing each organization to have its unique structure, mission, staffing, management style, and strategic direction. Or allowing each woman client to have the business that best matches her needs and skills.
- Trust--evidenced in candid communication, financial transparency, and willingness to drop defensiveness and be open to suggestions.
- Compañerismo (solidarity and peer support)--manifested through personal attention, standing up for each other, laughing and having fun with one another, creating a sense of community, learning together, and supporting each other based on personal experience.
- Competence--bringing the necessary skills to ensure highest quality programs and optimal performance.
- Responsibility-- activating the awareness that every part must do its particular share in order for the whole to prosper.
- Accountability--everyone honoring and fulfilling their commitments to the group: as in paying back loans or submitting reports on time, producing quality outcomes, and exercising fiscal control within their unit. Having and enforcing a system of "reward and punishment."
- Sustainability--as in being committed to cost recovery at the program level, to financial security at the institutional level, to market viability at the micro-enterprise level, and to accumulating savings at the community bank level.
- Commitment--keeping the vision alive and supporting each other through thick and thin.



Katalysis North/South Development Partnership **COMMUNITY BANKING PROGRAM**

◆ **METHODOLOGY: Partnership - Driven**

The Katalysis North/South Development Partnership's community banking program provides credit and training to low-income microentrepreneurs, primarily women, in Guatemala, Honduras and El Salvador. Organized in small groups (15 to 30), bank members receive a series of loans (\$70 to \$300) which are paid back with interest and savings. Training is designed to enhance bank management, business development, and personal growth. The Partnership's first bank was started in 1989 by the Organization for Women's Enterprise Development (ODEF) in Honduras. Since then, the program has radiated and is now practiced by all five of Katalysis' Southern Partners.

◆ **CURRENT PORTFOLIO: Managed Growth**

The cumulative Katalysis Partnership portfolio has grown tremendously in the last year; there are now approximately 10,500 borrowers, 680 banks and \$1.9 million in outstanding loans.

KATALYSIS PARTNER	Number of Microcredit Borrowers	Number of Community Banks	Outstanding Loan Portfolio
CDRO/Guatemala	783	50	\$144,194
MUDE/Guatemala	675	38	\$140,000
ODEF/Honduras	4,910	224	\$1,147,009
FAMA/Honduras	2,261	126	\$194,251
PROCOMES/El Salvador	1,907	240	\$276,730
Total	10,536	678	\$1,902,184

Data as of 07/01/97

◆ **CLIENT TRAINING: Growth for the Entrepreneur & the Enterprise**

Client training is a vital component of Katalysis Partners' community banking program. All bank members receive training in conducting feasibility studies, how credit and community banks work, product marketing, leadership and personal development. This type of training complements the financial services, and improves overall performance of banks and individual businesses. As a result, defaults on loans decrease and clients' savings accumulate. Additional training modules are designed to address the crippling social, health, and environmental conditions clients face in their communities. For instance, in addition to the basic training in financial management and business-related skills, ODEF offers group training in gender and family issues, sustainable agriculture, organic family gardens, sanitation, family hygiene, and energy-efficient technologies.

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THE KATALYSIS PARTNERS: At A Glance

Katalysis North/South Development Partnership

- ◆ President & CEO: **Gerald B. Hildebrand**

Katalysis/USA

- ◆ 1331 N. Commerce St.
Stockton, CA 95202 USA
- ◆ phone: (209) 943-6165
- ◆ fax: (209) 943-7046
- ◆ e-mail: katalysis2@aol.com

Katalysis/Honduras

- ◆ Apartado Postal 3622
San Pedro Sula, Cortés, HONDURAS
- ◆ phone: (504) 52 57 53
- ◆ fax: 011 (504) 52 61 78
- ◆ e-mail: katrfohon@mayanet.hn



CDRO

Cooperative Association for
Western Rural Development
*Cooperación para el Desarrollo
Rural de Occidente*

- ◆ Executive Director: **Gregorio Tzoc Norato**
Tierra Blanca Poxtuj
Totonicapán, GUATEMALA
- ◆ phone: (502) 9 66 2175 or 2177 or 2179
- ◆ fax: (502) 9 66 2183

Since 1981, CDRO has practiced a holistic approach to community development in the Totonicapán region. Applying participatory processes rooted in Mayan traditions, CDRO and its staff of 104 serve over 25 communities with eight complementary programs. CDRO has 50 community banks and 783 microcredit borrowers.



FAMA

Family and the Environment
Familia y Medio Ambiente

- ◆ Executive Director: **Camila Elvir**
Apartado Postal 115
Juticalpa, Olancho, HONDURAS
- ◆ phone/fax: (504) 85 1381

Started in 1990, FAMA works to improve the overall standard of living of the poor, especially women and young children, in central Honduras. FAMA accomplishes this primarily through its strong social commitment and community banking program. FAMA currently serves over 2,260 borrowers and has 126 active community banks.



MUDE

Association for Women in
Development / *Asociación de
Mujeres en Desarrollo*

- ◆ Executive Director: **Catarina Mendoza**
3a Calle A 1-27A, Lomas del Sur
Villa Nueva, GUATEMALA
- ◆ phone/fax: (502) 6 311 663

MUDE was founded in 1991 to support low-income women in their efforts to improve economic conditions, to raise self-esteem, and to increase participation in the community development process. With a current staff of 11, MUDE provides credit and training to 38 community banks and microenterprise groups, serving 675 microcredit borrowers.



ODEF

Organization for Women's
Enterprise Development
*Organización de Desarrollo
Empresarial Femenino*

- ◆ Executive Director: **Santa de Euceda**
Apartado Postal 357
San Pedro Sula, Cortés, HONDURAS
- ◆ phone: (504) 58 12 80
- ◆ phone/fax: (504) 58 03 74

Founded in 1985, ODEF's mission is to help incorporate women and their families into the processes of economic, social and environmental change in order to improve their standard of living. ODEF currently has 56 staff members and serves nearly 5,000 clients and 224 community banks.



PROCOMES

Corporation for Community Projects in
El Salvador / *Corporación de Proyectos
Comunales de El Salvador*

- ◆ Executive Director: **Blanca Flor Bonilla**
Ciudad Satélite, Calle Júpiter J-35
San Salvador, EL SALVADOR
- ◆ phone/fax: (503) 274 0321

Since 1989, PROCOMES has worked to foster community development and economic enterprise initiatives through organization, training, credit, and technical assistance with consideration of gender, giving priority to marginalized urban communities. With a staff of 38, PROCOMES currently provides financial and non-financial services to 1,900 clients.



Katalysis North/South Development Partnership

A social enterprise serving low-income groups in developing countries

FOUNDED: In 1984 as a 501(c)(3) tax-exempt, non-profit organization.

MISSION: *Katalysis supports low-income people to gain self reliance by helping them to improve their economic, social and environmental conditions. ♦ We work through multilateral partnerships with community-based organizations using participatory processes to provide training and technical assistance in microenterprise development, community banking and institutional strengthening. ♦ We are creating a partnership model of international development which allows all participants to relate as equals, relaxing the hierarchical mindset and balancing power with process as the means of effecting organizational goals.*



THE PARTNERSHIP PROCESS:

Katalysis has pioneered a new model of development assistance which derives from a fundamental belief that participation is the key to sustainable change. The model is based upon partnership with independent, grassroots organizations in Central America, and capitalizes on the strengths of both Northern and Southern organizations, allowing for maximum learning and impact. Katalysis strengthens Southern Partner organizations in two critical areas:

- ♦ **Project expertise** to strengthen the impact of Partners' community banking and microcredit programs; and
- ♦ **Institutional support** to ensure each organizations' long-term sustainability and effectiveness.

Specifically, Katalysis provides Southern Partner organizations with technical assistance and training to build capacity in strategic planning, financial management, information management systems, networking, resource mobilization, monitoring, impact analysis and evaluation, fundraising and communications.

SOUTHERN PARTNERS: Our Partners are independent, community-based organizations that extend hands-on technical assistance, training and credit to those groups most affected by poverty – especially women. Partner programs significantly enhance local management skills, income-generating capacity, personal savings, family well-being, and self-sufficiency among beneficiaries.

COMMUNITY BANKING & MICROCREDIT PROGRAMS:

Katalysis community banking and microcredit programs provide modest loans (starting at \$70) to low-income microentrepreneurs, primarily women. All loans are paid back in full with savings and interest. Katalysis Partner programs also provide a range of complementary training in business management, skills building and personal development.

Microcredit Borrowers	Community Banks	Outstanding Loan Portfolio
10,536	678	\$ 1,902,184

Data as of 7/1/97.

STAFF: Katalysis has a team of eight professionals at the headquarters in Stockton, California; the Regional Field Office in San Pedro Sula, Honduras is staffed by eleven Central Americans.

BUDGET: FY 1998 budget is \$2,121,161 (with a 12 % overhead rate).

AVAILABLE PUBLICATIONS:

- ♦ *The Katalysis Partnership: A Model of Sustainable Development for the 21st Century* (video)
- ♦ *Choosing Partnership: The Evolution of the Katalysis Model* (monograph)
- ♦ *Field Notes* (semi-annual newsletter)

PLEASE SEE REVERSE . . .

KATALYSIS: NEW PRODUCTS AND SERVICES

Katalysis is currently developing several tools and products for enhancing performance among the partnership. This package of services is based on partner needs and complement RFO/APEX services. Development of these products will result from information exchange and documentation between partners and from Katalysis' participation in the broader microfinance community. Cross organizational and cross regional transference of technologies will be a fundamental service.

KATALYSIS' PRODUCTS AND SERVICES

Partnership through Community Banking manual: Katalysis is now in the process of documenting and expanding its Partnership model in the context of building strong community bank programs. This manual would include the principles and mechanisms of Partnership and show how they complement those of community banking.

Community Bank Program Management Manual: Include basic methodology, loan collection techniques, monitoring forms, extension techniques, and CB level reporting formats and internal controls. Katalysis is now in the process of designing and developing its Partnership Community Banking Model based on partners' best practices.

Portfolio Projection Software: This is now in the process of development at the RFO Honduras but needs further refinement.

Portfolio and Financial Management and Accounting System:

Katalysis is assisting in ensuring that all partners have a timely and accurate system that provides necessary information for management. Following ODEF's pilot testing of the database system MAS 90 that provides extensive accounting and portfolio reports, the partners will upgrade to a full financial management system developed in the region by SoftCorporation of Guatemala, with installation and training supported by the World Bank's CGAP. The RFO in Honduras has also developed an Excel database for portfolio management and reporting.

A training workshop and accompanying manual to efficiently introduce these systems to partners will be documented and distributed to participating partners.

Impact Assessment Tools: Currently an evaluation tool to determine the impact of microcredit programs is being tested by Katalysis and ODEF. The survey was developed by the SEEP Network's Evaluation Working Group and is being tested by ODEF, one of two organizations selected globally for applying the impact assessment tool. Upon successful completion, these tools will be transferred to all

partners for future use.

Institutional Development Package: These are standards formerly articulated by partners; however, they lack a mechanism to insure implementation and oversight. Katalysis will work with RFO in creating institutional development tools along with implementation and monitoring.

- Board development/ Strategic Planning
- Staffing structures and job descriptions
- Staff training manuals/procedures
- Personnel Handbook
- Accounting System
- Credit policies
- Internal Controls for portfolio, accounting, inventory
- Planning and budgeting tools
- Annual audit

Agreement of Services and Obligations between Katalysis or RFO and Partners.

- Expected Performance outputs and standards
- Expected Technical Assistance
- Financing agreement

Fundraising package: The director of development has begun to create some of these materials but they have not been documented or systematized

- Proposal format
- Educational materials and media examples
- Training Workshop to present tools
- Negotiation skills

Financing: Katalysis is designing an internal loan fund for on-lending to partners directly. Eventually Katalysis will do so through a guarantee or bridge fund mechanism.¹

¹ . Bridge fund loans are guaranteed letters of credit issued by a U.S. bank to a local Southern bank. The local bank then issues a loan to partner at a negotiated rate and will draw on the letter of credit in the event of default. Katalysis would make enough margin through the investment of guarantee fund to cover transaction costs incurred in issuing the letter of credit.

NEW PARTNER SELECTION CRITERIA

Katalysis has established the following criteria for selecting new Partners:

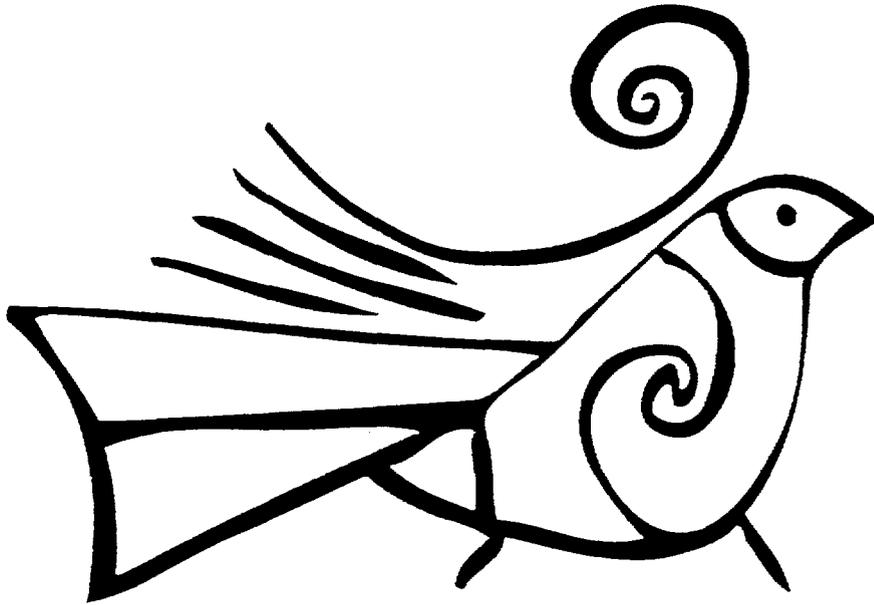
- Potential new Partners will have microcredit as a pivotal institutional program.
- The new Partner's client base will be 2000 or more.
- Appreciation of financially sustainable development. Able to make business-based management decisions regarding operational expansion and efficiency. Committed to achieving full financial sustainability in five to seven years given proper technical and financial support. Willing to expand to adhere to target client levels that will allow for sustainability.
- Recognize need for management capacity in standardized financial analysis and accounting systems. Willing and able to report on institutional financial situation through standardized balance sheet, income statements, and budget analysis as well as regular loan portfolio reports.
- Committed to working with very low income populations, especially women. Able to work with community and solidarity systems. Able to balance economic and social tensions inherent in community banking programs.
- Interested in Partnership Relationship. Presence of Katalysis will make a difference. Open to work with the Partnership Community Banking Model.

K. Partnership Management Documents

**1. Katalysis Board Agendas
(November & June)**

**2. Partner Directors Board Agendas
(November, June, & September)**

Katalysis North/South Development Partnership



REUNIÓN DE LA JUNTA DIRECTIVA

Nuestro Anfitrión es
Procomes
San Salvador, El Salvador
8 - 11 June 1997

**Katalysis North/South Development Partnership --
Board Meeting — San Salvador, El Salvador
Agenda
Revised and Approved June 9, 1997**

Date

Topic

6/8

Sunday

Site visits, overview of Procomes projects for board members

6/8

Festive Dinner – all board members & RFD

6/9

Monday

Board Meeting Theme:
The Business Plan / Review and Approval of
Strategic Recommendations

Welcome to new partners (Sylvia)

Introduction and welcome to Daniel Martinez (Jerry)
Approval of the minutes

Finance Report (Robert)

Workshop from Mr. Martinez Regional Field Director

Lunch

Focus Implementation (Jerry)

Methodology (Jerry)

Dinner

MB

6/10

Tuesday

Meeting resumes	(Sylvia)
Methodology	(Jerry)
Business Plan for the Regional Field Office	(Daniel)
Technical Capability	(Jerry)
Expansion	(Dave)
Replication	(Dave)
Break	
Governance	(Dave)
Lunch	
Partners Criteria	(Daniel)
Break	
Sources of Funds	(Robert)

Announcement: Next Board Meeting:
California,
November 9 - 12, 1997 (arrive on 8th; depart
on 12th)

Program for Site Visits

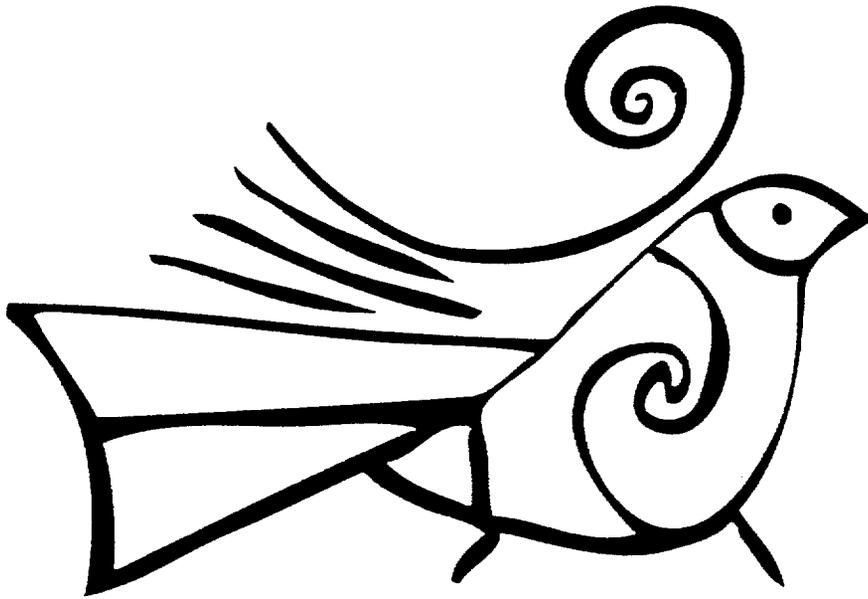
Sunday, June 8

TIME	PLACE	ACTIVITY	CONTACT
9:00 - 10:30	Community of San Luis	<p>Visit to bank members</p> <p>Presentation by the members. The history of the place and emergence of the community bank.</p> <p>Questions and responses.</p>	Rosa Ma. Miguel
10:45 - 12:30	Mejicanos	Meeting with the El Retiro Community Bank	Rosa Ma. Miguel
12:30 - 2:00	Lunch	Almorzar Pampa Argentina	
2:00 - 5:00	Visit to Nejapa	<p>Meeting in the park</p> <p>Presentation by members. Credit Committee</p> <p>Visit to a production/work site.</p>	<p>Mayela Francisco Rosa Ma.</p> <p>Mayela</p>
5:00 - 6:00		Return to the hotel.	
7:00		Festive Dinner	

**Katalysis North/South Development Partnership --
Board Meeting ~ San Salvador, El Salvador
Agenda**

Date	Topic	Supporting Documentation
6/8	<i>Sunday</i>	
	Site visits, overview of Procomes projects for board members	
6/8	Festive Dinner -- all board members & RFD	
6/9	<i>Monday</i>	
	Board Meeting Theme: The Business Plan / Review and Approval of Strategic Recommendations:	
10 a.m.	Facilitator: Sylvia Rosales-Fike	
5 mins.	1. Minutes	√
5 mins.	2. Agenda -- review and approval	√
20 mins.	3. Welcome of new Partners as observers -- brief introduction and opportunity for directors to speak about their organizations -- Sylvia	<ul style="list-style-type: none"> • Profiles: Procomes & FAMA
5 mins.	4. Introduction and welcome of Daniel Martinez -- Jerry	<ul style="list-style-type: none"> • Resume
15 mins.	5. Finance Report -- 7 months balance sheet -- Robert Action Requested: Information only	<ul style="list-style-type: none"> • Financials
10 mins.	6. Focus Implementation -- Jerry Institutional Alignment: Vision and Values	<ul style="list-style-type: none"> • Katalysis Core Value: Partnership
1 hour	7. Methodology -- Jerry	<ul style="list-style-type: none"> • Executive Summary of the Business Plan
12 - 1:30	LUNCH served 12 - 1 (please note these are facility's meal service time) -- the actual break time will be an hour and a half.	<ul style="list-style-type: none"> • Related Strategic Recommendations • Katalysis: Products and Services

Katalysis North/South Development Partnership



REUNIÓN DE LA JUNTA DIRECTIVA

**Nuestro Anfitrión es
Procomes
San Salvador, El Salvador
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KATALYSIS



**NORTH / SOUTH
DEVELOPMENT
PARTNERSHIP**

Annual Board of Directors Meeting

Hosted by Katalysis/USA

Stockton, California
November 14 ~ 15, 1996

Board Meeting Topics -- Preliminary Agenda

DAY I -- 9 a.m. to 5 p.m. -- Katalysis Office

1. Welcome and opening of the meeting -- Dave Brown
2. KATALYSIS' FOCUS* (See section 10 of books for background materials)
 - 2.1. Where we are in the process -- Haleh
 - 2.2. Institutionalizing a new focus: a perspective from personal experience -- Chris Dunford
 - 2.3. Partner Reports -- What is the current state of the micro-credit program and where is it going as you see it in your organization?
 - 2.4. ODEF model of community banking: Miguel Navarro
 - 2.5. Follow-up questions, discussion -- Haleh
 - 2.6. Final board approval -- *decision*
 - 2.7. Next steps -- implementation process, business plan, SDS assistance -- Haleh
 - 2.7.1. *board discussion/input*

DAY II -- 9 a.m. to 5 p.m.

1. Approval of Minutes* -- *decision*
2. Approval of Agenda* -- *decision*
3. Katalysis Financials -- Mario/Jerry
 - 3.1. Review of fiscal 96 finance report*
 - 3.2. Review and approval of FY97 budget* -- *decision*
 - 3.3. Endowment update
 - 3.4. Review of overhead and indirect cost rates -- information
4. Fiscal 97 Fundraising Strategy* -- Jutta/Jerry
 - 4.1. ANCHORS -- background information and current issues
 - 4.1.1. USAID MG2
 - 4.1.2. MIP
 - 4.1.3. MIF
 - 4.1.4. VIDA
 - 4.2. Foundations
 - 4.3. Major Donors / Core Circle
 - 4.4. Individuals
 - 4.5. Realigning current grants to reflect focus
5. Regional Field Office*(flow chart and resumes) -- Margaret/Jerry
 - 5.1. Recruitment outcomes
 - 5.2. Other transition issues

6. Partner Directors Meeting -- Jerry
 - 6.1. Issues discussed FY96
 - 6.2. Results
 - 6.3. New standards and policies *

7. AID mid-term evaluation* -- Margaret/Jerry
 - 7.1. Results and recommendations -- questions and discussion

8. Partner separation/BEST* -- Jerry
 - 8.1. State of affairs and process
 - 8.1.1. PDB input
 - 8.1.2. grant impact analysis and decisions (AID, MIF)
 - 8.1.3. final decision (post mid term evaluation)
 - 8.2. Discussion, questions

9. New partner search -- Jerry
 - 9.1. Information:
 - 9.1.1. criteria*
 - 9.1.2. process*
 - 9.1.3. target countries and potential candidates
 - 9.1.4. funding sources for new partner(s)
 - 9.1.5. timetable *
 - 9.2. Discussion, questions

10. Board Issues -- Dave
 - 10.1. Role of the Executive Committee (EC)
 - 10.2. Recommendations from the EC available at the meeting -- discussion and decision
 - 10.2.1. composition
 - 10.2.2. structure -- committees
 - 10.2.3. meeting schedule
 - 10.3. Election of officers
 - 10.4. Date and site for next international meeting

Close of the second evening, 7 to 9 p.m.: *Festive Reception and Light Buffet, Board Members and Friends of Katalysis*

Partner Directors' Board meeting -- Saturday, November 16, 9 a.m. to 12 noon.

*indicates materials provided in this booklet

**REUNION DE LOS DIRECTORES COMPANEROS
WASHINGTON D.C.: 5 de Febrero de 1997**

- I. Presentación de los Nuevos Compañeros:**
 - A. FAMA/HONDURAS**
 - B. PROCOMES / EL SALVADOR**
 - C. FUENTES de FINANCIAMIENTO**

- II. La Renuncia de Carlos Dextre:**
 - A. Las Razones**
 - B. La Estrategia de Reclutamiento**
 - C. Un Plan Interino**

- III. Estatus de las Concesiones Actuales:**
 - A. AID (CDRO, MUDE, ODEF)**
 - B. PIM (ODEF); Propuesta (FAMA)**
 - C. VIDA (ODEF)**
 - D. FOMIN (MUDE, CDRO, ODE^F; Los Nuevos Compañeros)**
^

- IV. Los Asuntos Particulares del Compañerismo de Katalysis**
 - A. La distribución de fondos:**
 - 1995
 - 1996

 - B. La distribución de asistencia técnica y capacitación**

 - C. El rol y la composición de la Junta Directiva de Katalysis/Honduras**

 - D. El rol del Director Regional**

 - E. El sitio de la Oficina Regional**

 - F. La expansión de la Red**

 - G. La mision y vision de Katalysis/Honduras**

V. Las Actividades de Katalysis:

A. El plan de negocios para la sostenibilidad de Katalysis/California

B. El viaje de los donantes mayores (abril)

C. La reunión de la Junta Directiva de Katalysis (junio)

VI. El horario para el resto de la semana en Washington

LOS DESEMBOLSOS A LOS COMPAÑEROS

	1995	1996
MUDE	\$61,443	\$55,765
CDRO	\$86,939	\$68,325
BEST	\$62,160	\$97,962
ODEF	\$59,515	\$42,313

PARTNER DIRECTORS MEETING STOCKTON: 16 NOVEMBER 1996

AGENDA

1. KATALYSIS/HONDURAS STAFFING:

- LUIS FELIPE BORJAS, MICROCREDIT MANAGER
- CARLOS DEXTRE, REGIONAL FIELD DIRECTOR
- OPENING: COMMUNITY BANKING COORDINATOR

2. CURRENT GRANT IMPLEMENTATION:

- AID MG2 (ALL)
- MIF (ALL)
- MIP (ODEF)
- PARTNER TRAINING NEEDS

3. NEW PROPOSAL PREPARATION:

- MIP2 (POTENTIAL PARTNERS: MUDE, FAMA, PROCOMES)
- WORLD BANK

4. NEW PARTNER RECOMMENDATIONS:

- HONDURAS: FAMA
- EL SALVADOR: PROCOMES

5. FOCUS IMPLEMENTATION:

- COMMUNITY BANKING MODEL
- MICROCREDIT SUMMIT
- KATALYSIS BUSINESS PLAN

PARTNER DIRECTORS MEETING EL SALVADOR: 11 JUNE 1997

1. REVIEW OF BOARD ACTIONS ON BUSINESS PLAN
RECOMMENDATIONS: JERRY
 - PARTNER REPRESENTATION ON KAT BOARD
 - PARTNER CRITERIA/STANDARDS
 - KATALYSIS COMMUNITY BANKING MODEL
 - NEW FUNDING SOURCES AND MECHANISMS
 - PLAN FOR AG PROGRAM PHASE OUT

2. RFO STATUS: DANIEL
 - STAFFING
 - CURRENT ACTIVITIES
 - FUTURE PLANS

3. NEW PARTNER UPDATE: CAMILA & BLANCA
 - FAMA
 - PROCOMES

4. FINANCIAL SYSTEMS: JERRY & DANIEL
 - MARIO'S WORKSHOP
 - ALTERNATIVE SYSTEMS RESEARCHED
 - SOURCES OF FUNDING

5. FUNDING AGREEMENTS: JERRY, SANTA
 - AID MATCHING GRANT
 - MIF
 - MIP
 - SEEP

L. *Herencia Verde* Mid-Term Evaluation*

- Letter from VIDA
- Cover
- Table of Contents
- Executive Summary



Fundación Hondureña de Ambiente y Desarrollo

Tegucigalpa, 4 de julio de 1997

Lic. Santa de Euceda
Directora Ejecutiva
ODEF
Ciudad

RECIBIDO 09 JUL. 1997

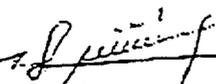
Estimada Lic. de Euceda:

Me dirijo a Usted con el propósito de remitirle el documento final de la Evaluación de Medio Término del Proyecto "Centro Herencia Verde", Proyecto ejecutado por la alianza entre la organización que usted dirige y KATALYSIS.

El documento recopila toda la información existente al momento de su elaboración, así como las valiosas observaciones de su persona y del equipo de trabajo del Proyecto. Como ya es de su conocimiento, más que una evaluación crítica unilateral de la ejecución de los Proyectos, consideramos estas herramientas como procesos participativos de apoyo para detectar las fortalezas y debilidades de las organizaciones y los Proyectos y para vertir recomendaciones que mejoren el desempeño de los mismos en lo que resta de vida de la donación y en el futuro.

Espero que estas herramientas sean utilizadas en beneficio de ODEF, KATALYSIS y del Proyecto.

Atentamente.


Jorge A. Quiñóniz A.
Director Ejecutivo

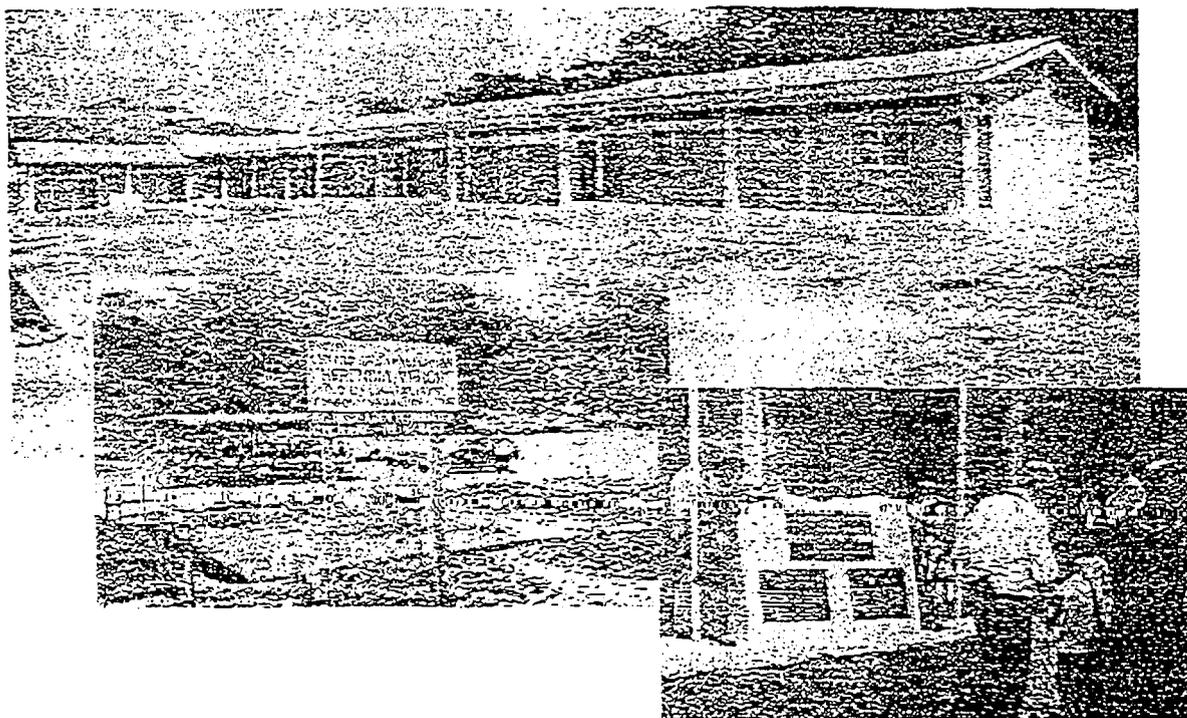
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Proyecto: CENTRO HERENCIA VERDE

(Proyecto ejecutado por la Organización de Desarrollo Femenino (ODEF)
y la Fundación KATALYSIS)



CENTRO HERENCIA VERDE: Una vista parcial de la infraestructura del Centro Herencia Verde (arriba), la puesta de la primera piedra al iniciar la construcción en marzo de 1995 (abajo izquierda), y la inauguración del centro al finalizar la construcción en noviembre de 1995 (abajo derecho).

Elaborado por la Dirección Técnica de Fundación VIDA

Tegucigalpa, Honduras
Abril de 1997

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EVALUACION DE MEDIO TERMINO PROYECTO CENTRO HERENCIA VERDE

RESUMEN EJECUTIVO

Objetivo del Proyecto

El Proyecto es ejecutado por la "Organización de Desarrollo Femenino" (ODEF) en alianza con la fundación KATALYSIS/Honduras (Compañeros en Desarrollo). El objetivo general del mismo es mejorar y conservar los recursos naturales y el medio ambiente de las comunidades participantes en los departamentos de Santa Bárbara y Cortés, con el fin de promover el desarrollo humano con mayor autoestima.

Propósito y Métodos de La Evaluación

El propósito de esta evaluación es conocer y comentar sobre el avance de la implementación del Proyecto y asegurar que la ejecución se enmarca hacia los resultados esperados. Siendo una evaluación rápida y formativa, su afán es conocer y donde sea oportuno reorientar el Proyecto para que sea más exitoso en cumplir sus objetivos. El equipo de evaluadores recolectó información general sobre la ejecución del Proyecto, hizo visitas de observación a las actividades en el campo y entrevistó el personal clave, analizó la información recolectada y elaboró un borrador para discusión, mismo que fue enriquecido con el personal del Proyecto para la preparación del documento final.

Avance del Proyecto

A la fecha el Proyecto cumple dos de los tres años de ejecución programados. Las actividades que el Proyecto ejecuta se encuentran estructuradas en dos principales áreas: el establecimiento y operación del Centro Herencia Verde y la capacitación y seguimiento comunitario del Proyecto. A continuación se presenta los principales hallazgos encontrados.

Establecimiento y operación del CHV

- El Centro Herencia Verde se encuentra debidamente construido, equipado y en funcionamiento. A la fecha, la capacidad instalada del Centro se encuentra sub-utilizada.
- La finca demostrativa en el predio del Centro tiene más de un año de estar funcionando y con el apoyo del sistema de riego y la infraestructura para manejo de especies menores, es capaz de producir y servir como herramienta de capacitación durante todo el año.
- En el Proyecto participan aproximadamente 25 personas entre personal de ODEF, de KATALYSIS y del Centro Herencia Verde. De este personal, 17 personas están contratados a tiempo completo en el desarrollo directo del Proyecto.
- La capacitación de personal ha sido puntual sin responder a un plan de capacitación.
- A la fecha 13 promotores, 1 coordinador del Centro, 1 coordinador del Proyecto y 1 capacitador han sido empleados y se han retirado del Proyecto por diversas causas.
- 7 de las 10 condiciones críticas de la revisión administrativa-financiera de ODEF han sido superadas.
- El apoyo de KATALYSIS hacia ODEF ha estado orientado principalmente a aspectos técnicos en el establecimiento y operación del CHV, en el desarrollo de la finca demostrativa y en la presentación de propuestas para la consecución de recursos (económicos y técnicos).

El Proyecto ha desarrollado y mantiene relaciones con una variedad de organizaciones, relaciones que no forman parte de estrategia de aprovechamiento organizacional.

- ODEF ha logrado grandes avances en la consecución de recursos financieros y técnicos.
- Durante 1996 se realizó el esfuerzo para elaborar el plan de sostenibilidad del Proyecto, esfuerzo que produjo una serie de documentos, mismos que no son totalmente viables en el corto plazo.

Capacitación y seguimiento comunitario

- En cuanto al material de apoyo para capacitación, se cuenta con un curriculum que consta actualmente de seis módulos, que son: manejo de especies menores, concientización ambiental, organización y liderazgo comunitario, agricultura sostenible, agroforestería y procesamiento de alimentos, siendo este último el que aún no se ha implementado.
- El sistema formal de monitoreo y evaluación de actividades con VIDA, es decir Planes Operativos Anuales e Informes Trimestrales se han preparado y presentado conforme a las guías para su elaboración.
- De las 34 comunidades inicialmente programadas, el Proyecto está atendiendo 21 comunidades, 6 en el departamento de Cortés y las 15 restantes en el departamento de Santa Bárbara.
- La capacitación permite impartir módulos a dos grupos por semana, en cursos con duración de 2 días y medio cada uno. El número promedio de asistentes en cada módulo es de 12-15 personas.
- El establecimiento programado de las 8 fincas modelo, no se ha concretizado por falta de interés y de capacidad económica de los beneficiarios de las mismas.

Ejecución presupuestaria

- La ejecución financiera del Proyecto a la fecha, Lps. L3,046,966.67 y \$52,901.03, es de aproximadamente el 86% del monto donado en lempiras y 19.6 % del monto donado en dólares, para una ejecución promedio del 58.8%.

Conclusión General y Recomendaciones

A dos años de su inicio, el Proyecto "Centro de Capacitación en Medio Ambiente y Entrenamiento en Agricultura Sostenible - Herencia Verde (CHV)" ha logrado el establecimiento y operación del Centro Herencia Verde. La construcción del centro educativo, el establecimiento de la finca demostrativa, la capacitación de agricultores y la aplicación de prácticas de agricultura sostenible han permitido establecer una clara presencia del proyecto en zona nor-occidental de Honduras. Por otro lado, la gestión de la ONG ha resultado en la consecución de recursos financieros y técnicos significativos. Sin embargo, debido a que resta menos de un año para la finalización del Proyecto, se deberá priorizar aquellas actividades esenciales que contribuyan a la concientización y capacitación de participantes, la implementación de las prácticas en las comunidades y la sostenibilidad del Centro Herencia Verde a mediano y largo plazo.

Recomendaciones:

- ◊ Será necesario generar una estrategia formal de aprovechamiento de las relaciones interinstitucionales a nivel técnico y administrativo/gerencial.
- ◊ Definir en lo que resta de vida del Proyecto, la estrategia de sostenibilidad del mismo, estrategia que deberá guiar el desarrollo de las actividades en el mediano y largo plazo.
- ◊ Se debe incrementar el número de capacitaciones y de ser necesario el número de veces que una misma persona asista al Centro.

- ◇ Se deberá consolidar la capacitación sobre medio ambiente a los beneficiarios del programa de micro-crédito de ODEF.
- ◇ Analizar la viabilidad de extender la duración de los cursos y ponerlo en práctica.
- ◇ Realizar un diagnóstico base de las comunidades que no cuentan con dicho estudio.
- ◇ Considerar un sistema más eficiente de seguimiento que reduzca costos y mejore la utilización de los recursos.
- ◇ Incorporar el ingrediente de Manejo Integrado de Plagas en el seguimiento a las actividades de campo.
- ◇ Llevar registro de aquellos agricultores que no se han capacitado pero que reciben apoyo y han aplicado prácticas en sus propiedades.
- ◇ Que se estandarice el proceso de registro de información para crear una base de datos que sirva como herramienta para la toma de decisiones.