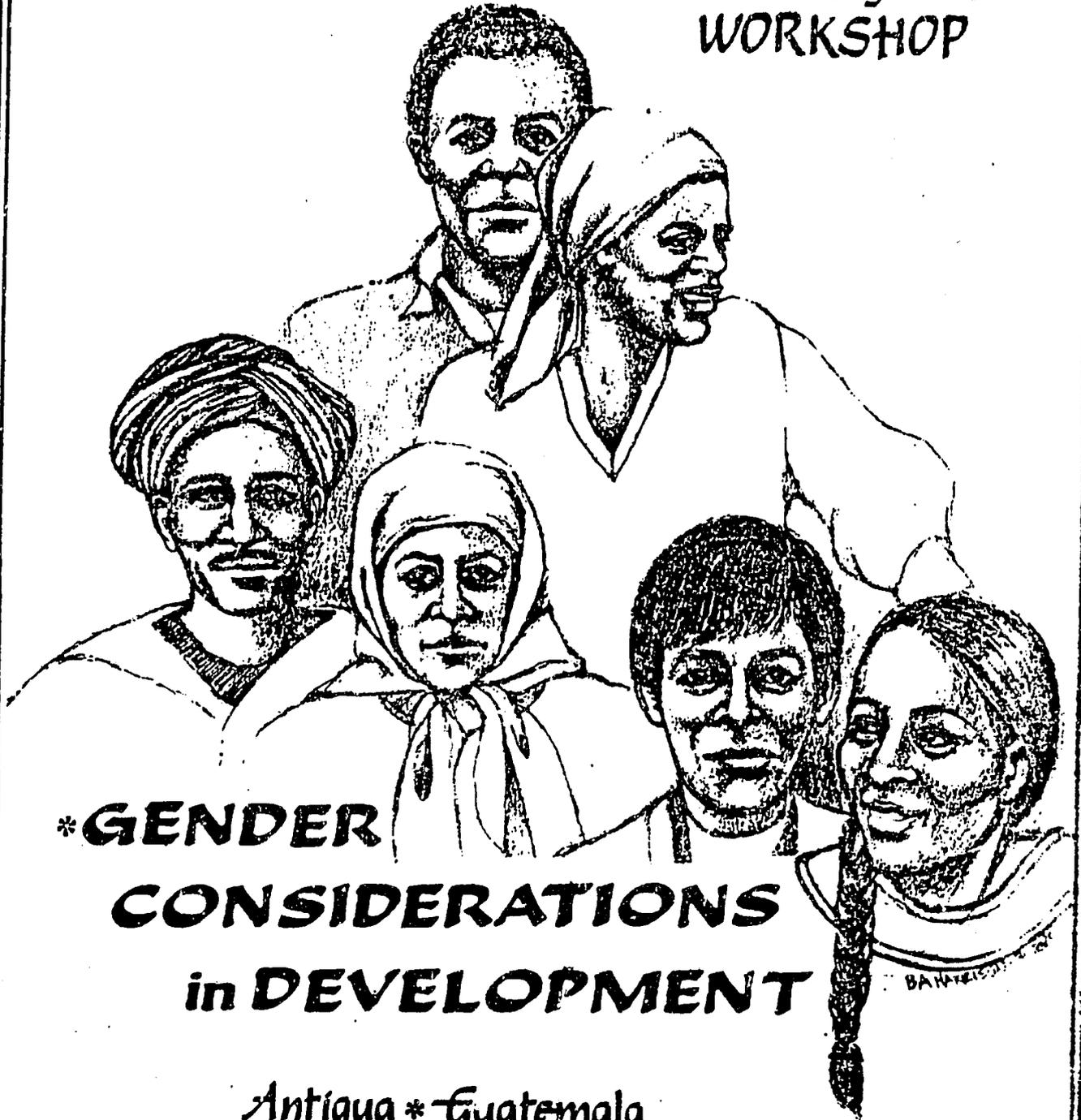


* USAID *

LATIN AMERICAN and CARIBBEAN REGIONAL
WORKSHOP



*** GENDER
CONSIDERATIONS
in DEVELOPMENT**

Antigua * Guatemala

November 14-16, 1988

PARTICIPANTS' WORKBOOK

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

October 26, 1988

DEPUTY ADMINISTRATOR

Dear Participant:

It is a pleasure to welcome you to A.I.D.'s "Gender Considerations in Development" Workshop for the Latin American and Caribbean ("LAC") Region. Your participation in this effort furthers the Agency's commitment to the integration of women in mainstream projects.

The importance of women and gender issues to the overall economy of Latin America and the Caribbean has been well established. Women play a critical role in all aspects of agricultural production and in household farm decision-making and they form an important part of the agricultural wage labor force. In the private sector, women tend to predominate in the low-income areas of services, commerce, and garment making. In most LAC countries, women constitute a sizable percentage of those working in the informal sector and their participation in informal sector activities differs from that of men in a variety of ways.

As the participation of women is crucial to achieving increased agricultural production and improved performance in private enterprise, I applaud your efforts to help us better institutionalize the inclusion of women in A.I.D.'s programs and projects. Working together, we can and will take the critical steps needed to ensure that women's contribution to the LAC Region's economic growth is maximized.

I welcome your full participation in this workshop knowing that this will lead to greater success in our programs and projects.

Sincerely,


Jay F. Morris

GENDER CONSIDERATIONS IN DEVELOPMENT
USAID Latin America and Caribbean Regional Workshop
Antigua, Guatemala
November 14-16, 1988

SUMMARY SCHEDULE

<u>SUNDAY, NOV. 13</u> Afternoon & Evening	<u>TRAVEL DAY</u> ARRIVALS, REGISTRATION AND SETTLING IN INFORMAL RECEPTION
<u>MONDAY, NOV. 14</u> 8:15 A	SESSION 1 - WELCOME AND OFFICIAL GREETING
	SESSION 2 - ORIENTATION
	SESSION 3 - EXPLORATION OF THE PROBLEM: INCORPORATING GENDER INTO DEVELOPMENT ACTIVITIES
	SESSION 4 - WAYS OF ADDRESSING THE PROBLEM
1:00 P	LUNCH
3:00 P	SESSION 5 - THE GENDER VARIABLES MATRIX AND SKILL PRACTICE
7:00 P	WORKING DINNER
<u>TUESDAY, NOV. 15</u> 8:15 A	SESSION 6 - INFORMATION RESOURCES AND HOW TO TAKE ADVANTAGE OF THEM
	SESSION 7 - GIF CHART FOR A PP AND SKILL PRACTICE
1:00 P	LUNCH
3:00 P	SESSION 8 - STRATEGIES TO OVERCOME BARRIERS TO WOMEN'S PARTICIPATION IN DEVELOPMENT ACTIVITIES
8:00 P	SPECIAL INTEREST SESSIONS
<u>WEDNESDAY, NOV. 16</u> 8:15 A	SESSION 9 - STRUCTURAL ADJUSTMENT AND GENDER
	SESSION 10 - INDIVIDUAL WORK PLANNING
1:00 P	LUNCH
3:00 P	SESSION 11 - SUMMARY, EVALUATION AND CLOSURE
5:00 P	CLOSING CELEBRATION
<u>THURSDAY, NOV. 17</u>	TRAVEL DAY

GENDER CONSIDERATIONS IN DEVELOPMENT
USAID Latin America and Caribbean Regional Workshop
Antigua, Guatemala
November 14-16, 1988

WORKSHOP GOALS

To increase awareness of, knowledge about, and motivation and skills for incorporating gender considerations into every stage of the U.S.A.I.D. development process.

WORKSHOP OBJECTIVES

By the end of the workshop, participants will:

- 1) have utilized the Gender Information Framework (GIF) Charts for incorporating gender in the project development processes for a PID and a PP in the agricultural and/or small scale enterprise sectors;
- 2) have analyzed a development program, project or activity for which they are responsible in terms of gender consideration;
- 3) have developed a specific individual work plan for incorporating gender consideration into a development program, project or activity for which they are responsible; and,
- 4) have examined some of the impacts of structural adjustment on "vulnerable groups", with a gender related focus.

DESIRED OUTCOMES

At the end of the workshop, participants will:

- 1) be able to relate the six factors in the Gender Variable Matrix to specific programs/projects;
- 2) be able to use the Gender Information Framework as a resource document to incorporate gender considerations into development programs/projects;
- 3) be able to utilize the Gender Considerations and Key Questions in the Charts for working with a PID and a PP;
- 4) be aware of examples and types of resources available within the host country and elsewhere to gather the data for effective design and adaptation decisions incorporating gender;
- 5) be aware of and able to apply strategies for program or project adaptation incorporating gender considerations.

- 6) be aware of types of linkages between structural adjustment and gender considerations in development activities in a Mission's portfolio.

Workshop Participants, Attendees and Staff
LAC Bureau Regional
Women in Development Workshop
(November, 1988)

Participants

1. Belize Mary Ellen Tanamly, GDO, WID Officer
2. Bolivia Edward Kadunc, Chief, Project Dev. & Implementation Officer
Reese Moyers, Chief, Private Sector Office
3. Colombia
4. Costa Rica Rich Garland, Project Dev. Officer
Sylvia Fletcher, WWB
5. Dom. Republic Anne Beasley, Private Sector Officer
6. Ecuador David Alverson, Agriculture Dev. Officer
Betsy Davis, PC Ecuador
Eve Brown, PC Ecuador
7. El Salvador Ted Landau, Project Dev. Officer
8. Guatemala Amalia M. Alberti
Laura Duisberg, Private Sector Officer
Tulley Cornick, Project Dev. Officer
Tom Kellerman, Dept. Prgm. Officer
Joe Lombardo, Proj. Dev. Officer/USAID
Elvira de Saenz de Tejada
9. Haiti Richard Burns, Project Development Officer
Catherine McIntyre, Agriculture Dev. Officer
10. Honduras Ellen Leddy, Educ./WID Officer
Richard Weldon, Project Dev. Officer
11. Jamaica Nancy Hardy, Program Officer
Richard Owens, Agriculture Dev. Officer
12. LAC/W Elizabeth Warfield, Finance Officer
Rafael Rosario, Ag. Dev. Officer
13. Peru Alan Silva, Deputy Director
14. RDO/C Michael Taylor, Program Office
Douglas Chiraboga, Project Development Officer

15. ROCAP Joe Kelly, Training Advisor
Paul Tuebner, Dept. Project Dev. Officer
Jayne Lyons, Contractor
16. Rita Gallin Project Director, MUCIA/WID
Helen Henderson, Projector Director, CID/WID

Attendees

Jack Francis, LAC Bureau WID Officer, LAC/W
Melinda Keenan-Wood, Special Asst. to AA, LAC/W

Paul Carlson, PPC/WID

Staff

Training Team

Virginia Hubbs-Caye, Lead Trainer, The Omega Group
Al Rollins, Materials Development Specialist/Trainer, The Omega Gp.
Bettye Harrison-Burns, Trainer, The Omega Group
Rosalie Huisinga Norem, Trainer, The Omega Group
Donald Spears, Trainer, The Omega Group

Logistics/Administrative Support

Clark Horvath, The Omega Group
Leslie Russ, " " "

Adjunct Staff - Philip Boyle, PPC/WID

Evaluation Team

Irene Boostrum Jillson, Policy Research Institute
John Mongeon

Videotape Crew

Antionette Ford, President, Telspan International
Michael Brown, Cameraman, " "
Nelson Ginebra, Cameraman, " "

LAC Bureau FYs 1988/1989
Women in Development
Action Plan

A. Introduction

Section 113 of the Foreign Assistance Act of 1973 requires that U.S. bilateral development assistance programs "be administered so as to give particular attention to those programs, projects, and activities which tend to integrate women into the national economies of foreign countries, thus improving their status and assisting the total development effort." This section of the FAA responds to the increasing concern of the development assistance community and developing countries that women participate fully in the tasks and benefits of economic growth. It is A.I.D. policy to implement fully the "Percy Amendment" through the inclusion of a role for women in all of the Agency's programs and projects.

Even with the considerable time and attention devoted to this effort over the years, development programs still are not paying sufficient attention to women's roles. A recent Agency-wide evaluation of A.I.D.'s Women in Development (WID) activities stated that "A.I.D.'s WID policy is not being implemented fully or vigorously, and there is little enthusiasm and few incentives for doing so." It further stated that "given the lack of regularized systems and procedures, the initiative and interest of individuals has been the most significant variable influencing the degree to which WID concerns are incorporated within A.I.D. programs and projects. Follow-through on WID-related issues by Missions is a principal constraint on the impact of WID interventions. Only when Mission leadership supports WID, can the program be truly effective."

On February 1, 1988, Administrator Woods reviewed with the Agency's Senior Staff the results of this evaluation and the importance of A.I.D. meeting its WID responsibilities under the FAA. As a result of that meeting it was determined that each A.I.D. Bureau would develop a WID Action Plan outlining steps to be taken to ensure the institutionalization of WID policy in our program and projects.

B. Actions to be Taken

1. Prepare and send guidance to LAC Missions requiring that all new projects consider WID issues in their design. The guidance will cover two Mission actions: (a) The project team will ensure that the design is based upon knowledge and consideration of women's roles relevant to the project, ideally through the collection and use of gender-disaggregated data. Designers should consider possible constraints to women's participating in and benefitting from project activities. (b) Design documents (PIDs, PPs) must include a specific section which discusses/outlines the actions the design committee/team has taken to ensure that WID has been integrated into the project. This narrative section is necessary so that it is clear what steps the Mission has taken to ensure that WID has been integrated into the project.

- a. Date action to be completed: June 30, 1988.
- b. Action office: LAC/DP.
- c. Support office: LAC/DR.

2. Develop and conduct a regional WID Workshop for LAC A.I.D. staff and other development professionals. Tentative dates are September 26-28, 1988. The purpose of the workshop is to provide participants with information, techniques, tools, and guidelines for using and incorporating gender considerations into programs and projects. It will be designed to assist Missions and LAC/W staff to respond effectively to Action Number 1 above.

- a. Date action to be completed: October 1, 1988.
- b. Action Offices: PPC/WID and LAC/DP.
- c. Support Office: AA/LAC.

3. Follow up the regional WID workshop with a series of individual Mission WID workshops, two or three a year. A workshop agenda has already been developed by the International Center for Research on Women and two workshops already conducted in Bolivia and Guatemala. A third is scheduled for April 1988, in the Dominican Republic. These Mission workshops would address issues related to specific Mission programs and projects.

- a. Date action to be completed: October 31, 1988.
(one month after regional workshop is completed)
- b. Action office: LAC/DP.
- c. Support office: PPC/WID.

4. Review/evaluate Mission PPs to determine how effective USAIDs have been in implementing Action Number 1 above.

a. Date action to be completed: 1) Review of PPs will be continuous, and 2) Evaluation of all FY 1989 Bureau PPs during First Quarter of FY 1990.

b. Action office: LAC/DP.

c. Support office: LAC/DR.

5. Prepare and send guidance to LAC Missions requiring that all project/program evaluations include in the scope of work questions which require the evaluators to examine the effect/impact of the project/program on women. This, of course, relates directly to the inclusion of a WID dimension in the design of a project/program (Action Number 1 above), to more fully ensure that women's concerns are included in the LAC Bureau's assistance activities.

a. Date action to be completed: 1) Review of evaluations will be continuous, and 2) Evaluation of all FY 1989 Bureau evaluations during First Quarter of FY 1990 (combined with the evaluation outlined in Action Number 4 above).

b. Action office: LAC/DP.

c. Support office: LAC/DR.

6. Review all LAC Bureau Action Plans in FY 1988 and FY 1989 to ensure that each contains a meaningful plan to emphasize WID as is required. Develop issues, as appropriate, and include in the guidance cable to each Mission.

a. Date action to be completed: June 30, 1988, for FY 1988 plans and June 30, 1989, for FY 1989 plans.

b. Action Office: LAC/DP.

c. Support office: LAC/DR.

7. Review all CDSSs submitted to LAC/W through FY 1989 to ensure that each complies with the CDSS guidance on including WID in the strategy discussion. Comment, as appropriate, on each CDSS.

a. Date action to be completed; Initial review completed June 30, 1988; subsequent reviews on June 30 of each year.

b. Action office: LAC/DP.

c. Support offices: LAC/DR and relevant Desk.

8. Arrange for a WID presentation to be made at the LAC Bureau technical-staff biannual meetings, such as Private Sector Officers, Rural Development Officers, Education Officers, Health Officers, etc. Also, arrange for WID presentations at conferences for Mission Directors, Program Officers, and Project Officers, during FYs 1988/1989.

a. Date action to be completed: Arranged as needed.

b. Action Office: LAC/DP.

c. Action Office: LAC/DR.

9. When this Action Plan is approved, send the plan to all LAC Missions with an endorsement from the LAC Assistant Administrator.

a. Date action to be completed: March 15, 1988.

b. Action Office: LAC/DP

c. Support Office: None.

WANG 5430:2/9:LAC/DP
Redraft:2/25

- 4b. Please comment on whether you think it has had an impact or not, and in what ways.
5. In your context and experience, what is the general attitude and position of host country ministries and officials about gender issues and women in development?
6. What questions do you have with regard to gender considerations in development which you would like answered in this workshop?
7. What are your individual objectives with regard to your participation in this workshop? (List up to five)
- 8a. Have you attended any training or workshops on gender issues in development?
() Yes () No
- b. If yes, please list them and describe any impact that you believe they have had on your program or project activities.

GENDER INFORMATION FRAMEWORK

GENDER VARIABLE MATRIX

The workshop has been designed to respond to questions and concerns that have been raised by AID personnel about how and why to incorporate gender considerations into AID's programming.

In response to this concern, a set of tools, information and guidelines has been developed that can function as a resource/reference work and as a training tool in the consideration of gender issues. Called the Gender Information Framework (GIF), this resource document parallels AID's planning process by providing information for incorporating gender considerations in the CDSS, Action Plan, PID, and Project Paper.

The GIF is based on the findings in Women in Development: AID's Experience, 1973-1985, Vol. 1, Synthesis Paper, by the Center for Development Information and Evaluation that

mainstream projects that ensure women's participation in proportion to their roles and responsibilities within the project's baseline situation are more likely to achieve their immediate purposes and their broader socioeconomic goals than are projects that do not. (p. xiv)

This finding suggests that planners must first be aware of the key gender differences in the baseline situation. A tool from the GIF that indicates the kinds of information needed is the Gender Variable Matrix. A copy of this Matrix follows. As the name states, this Matrix is a tool for identifying if and how gender is a variable at the household level. It is a graphic representation of the analytical process to identify how men's and women's roles and responsibilities differ and the implications of such differences for development programming.

The analysis depicted in the Matrix first examines four factors where differences are likely to be significant: division of labor, income, expenditure patterns, and access to and control of resources. The Matrix then reviews the implications for programming in terms of constraints and opportunities presented by identified differences.

In the Matrix, the factors listed above are accompanied by "Key Questions," which suggest the aspects of those factors that are likely to be most important for programming.

The Matrix is useful in clarifying where gender is a variable in the development process at all stages of programming, beginning with the formation of a country programming strategy. For the CDSS, an understanding of how gender

affects the situation to be addressed at the household level provides an anchor for the macro-economic data that in most cases is used to inform country analyses. At the project development or adaptation level, clarification of gender variables will be more detailed and provide the kind of information to target resources effectively.

As suggested by the above, information needs about gender roles and responsibilities will vary with the level of programming. The Key Questions in the Matrix are not data requirements; they indicate the kinds of issues that need to be considered in development programming. Because of widespread concern about the implications of collecting gender-disaggregated data, a session addressing data needs has been included in the workshop agenda.

Guidelines on how to use information about gender variables at specific stages of AID programming (Country Development Strategy Statement, Project Paper, etc.) are provided in another tool in the GIF, "Gender Considerations in Design," which will be reviewed in the workshop in Guatemala.

GENDER INFORMATION FRAMEWORK: GENDER VARIABLES MATRIX

Purpose: To identify where gender might intervene in social and economic production systems to be affected by development activities.

How to Use: To identify how factors in Column 1 are affected by gender, consider questions in Column 2 for both men and women. The space in Column 3 can be used to chart information (optional).

COLUMN 1	COLUMN 2	COLUMN 3
FACTOR	Key Questions	Activities/Responsibilities Male Female
1. Allocation of labor - household activities - agricultural production	<p>Who is responsible for which aspects of household maintenance (fuel/water provision, building maintenance, child care, food preparation, etc.)? What is time allocation by gender and age? How do time and labor allocations vary with economic class or position in household?</p> <p>What are the activities of household members that contribute to agricultural and livestock production? (Analyze by crop and/or by livestock animal.) How do these activities vary by season? Is shared labor available; if yes, on what basis?</p>	
2. Sources of income - farm - non farm	<p>What income or food is generated from crops, livestock, and crop/livestock by-products (e.g. milk, manure)? How much and in what season? To what extent are inputs and technical assistance available and utilized? How and where are foods marketed?</p> <p>In what kinds of non-farm small scale enterprises (SSE) are men and women engaged (e.g., clothing production, sale of prepared foods, trading?) Who uses tech. assistance, credit, purchased raw material and to what extent? How and where are SSE goods and svcs. marketed? What income is derived from wage labor (manufact., contract labor, etc.) What is total income from non-farm employ't? How do male/female incomes vary by season?</p>	
3. Expenditures	<p>Who is responsible for which elements of family expenses and provisioning (e.g., staple grains, vegetables, school fees, medical care, clothing, ceremonies?)</p>	
4. Access/control of resources	<p>What are the resources (e.g., labor, land, credit, technical assistance) required for current productive activities? What is the extent of control over resources and how does that affect ability to increase economic productivity?</p>	
5. Constraints to participation in development	<p>What are the key constraints to the participation of men and women in the major areas of A.I.D. programming? (e.g. labor, access to credit) for major productive activities?</p>	
6. Opportunities to use/expand productivity	<p>What are the special skills and knowledge resulting from gender differences in roles and responsibilities (e.g., specialized agricultural knowledge, marketing skills) that can be used or enhanced to increase economic productivity?</p>	

16

How to use this chart:

As you follow AID Handbook or guidance cable instructions for preparation of the PID, refer to the "Gender Considerations" in the left column of this chart to identify how gender might be a variable in the host country situation and how to consider it in the proposed project. "Key Questions" in the right column suggest in more detail how gender issues might be explored.

GENDER CONSIDERATION

Document Heading: PROJECT DESCRIPTION

1. Problem statement: begin to consider how gender affects the problem to be addressed.
2. Project purpose statement: use gender distinctions in terminology (e.g., men and women farmers, male and female entrepreneurs) as appropriate.
3. Statement of expected project achievements: consider if achievement of objectives is reasonable given gender differences in roles and responsibilities, access to project resources, and project benefits.

Document Heading: OUTLINE OF THE PROJECT AND HOW IT WILL WORK

Project Elements

- 4.1 Where gender variable matrix has indicated project will affect women's activities, identify strategies that are appropriate to male and female in roles and responsibilities.
- 4.2 Identify technical issues in the project design that will affect/be affected by men's and women's roles and responsibilities.
- 4.3 Review project components for consistency with what is known about the organization of activities the project will affect and constraints posed by that organization.
5. Include strategies to obtain gender-disaggregated data and feedback from both men and women in project monitoring and evaluation systems where their activities will be affected by the project.

KEY QUESTIONS

1. How do men & women participate in activities project will affect? How do division of labor, income, expenditure patterns by gender affect the problem? How do gender-based constraints to access to resources affect the situation? Have both men & women participated in defining the problem?
3. To what extent will participation of both men & women affect project achievement? For example, will achievement of project objectives require contribution of family labor or group self help labor? If yes, does project design enable and encourage participation of both men & women?
- 4.1 What kinds of approaches to solving the problem would draw upon the skills and knowledge of men & women? What strategies would enable the participation of both men and women?
- 4.2 Whose labor/financial responsibilities are supported by the proposed technical package or technical assistance? Do new technologies take into account gender division of labor, gender differences in crop production, and/or gender-specific constraints to increased productivity? Have host country women & men participated in developing strategies to address development constraints?

Document Heading: FACTORS AFFECTING PROJECT SELECTION
AND FURTHER CONSIDERATION

6. Social considerations discussion:

6.1 Include known information about key gender variables in analysis of factors affecting project activities;

6.2 Consider who benefits and how;

6.3 Identify gender considerations related to ability to participate in project;

6.4 Consider differential impact of project by gender.

7. Economic considerations: examine how the proposed approach will affect men's and women's economic roles and improve family well being.

8. Consider the technical expertise and experience of proposed recipient country implementing agency in reaching women; consider developing such capacity as part of the project if needed.

9. Assess budget estimates for consistency with needs and opportunities described in social considerations section.

10. Design strategy:

10.1 summarize data needs for Project Paper (PP) or pre-PP study;

10.2 indicate how such data will be collected and analyzed;

10.3 recommend PP team composition necessary to ensure gender issues are effectively addressed.

11. Logframe: disaggregate by gender: purpose, inputs, outputs, indicators where appropriate.

6.1 What information is available and what is needed on key socio-cultural factors including division and seasonality of labor, intra household incomes and expenditures, seasonal variations in income and expenditures, access to resources, access to project benefits, key constraints?

6.2 Are beneficiaries appropriate according to what is known about the organizations of activities the project will affect? Will project benefits provide sufficient incentive to encourage participation?

6.3 What are prerequisites to participation (e.g., literacy, land,) and how do these affect ability to participate and benefit?

6.4 Will the project have differential short or long term impact by gender? How might this impact affect project sustainability?

7. Are economic benefits consistent with income and expenditures patterns? How will project interventions affect these patterns?

8. What is the experience of the implementing agency in reaching women in their economic (productive) roles? What linkages exist to ensure feedback from both men & women to researchers, extensionists, planners, etc. involved in project implementation?

9. Where gender is a factor in activities to be affected by the project, does the budget include the funds necessary for appropriate staffing, data collection, outreach to both men & women?

WOMEN IN DEVELOPMENT - LAC TRAINING

PRE-TRAINING ASSESSMENT

1. Training Goal and Objectives

The overall workshop goal is:

To increase awareness of, knowledge about, and skills and motivation for incorporating gender considerations into every stage of the U.S.A.I.D. development process.

The overall workshop objectives and related desired outcomes are listed on the following page. For each desired outcome, please indicate, on a 6-point scale, the degree to which you believe you are currently aware of, knowledgeable about, or have skills related to the outcome (as appropriate). Fill in one number for each item, 6 being the highest and 1 being the lowest rating. Also, please comment on the rationale for your rating (e.g., prior training, extensive experience gathering data in the host country).

2. If you have not already done so, please complete the Participant's Information Form and give it, and this form, to Ginny Caye or Irene Jillson prior to the first session on Monday.

Thank you!

WOMEN IN DEVELOPMENT - LAC TRAINING
PRE-TRAINING ASSESSMENT

Participant #

	Pre-Workshop Rating (1 = lowest, 6 = highest)	Comments	Post-Workshop Rating (1 = lowest, 6 = highest)	Comments
1. Participant is aware of gender issues and the importance of considering gender in the program and project development process.	_____	_____	_____	_____
2. Participant is able to relate the six factors in the Gender Variable Matrix to specific development programs or projects for which they are responsible.	_____	_____	_____	_____
3. Participant is able to utilize the Gender Considerations and Key Questions in the Charts for working with a PID and a PP.	_____	_____	_____	_____
4. Participant uses the Gender Information Framework as a resource document in incorporating gender issues in the program and project planning process.	_____	_____	_____	_____
5. Participant is able to assess the relative utility of existing data for use in answering questions posed by the GIF.	_____	_____	_____	_____
6. Participant is aware of resources that are available within host countries and elsewhere (including AID/W) to gather the data for effective design and adaptation decisions incorporating gender.	_____	_____	_____	_____
7. Participant is able to develop strategies that overcome barriers that they identify in specific development program and project activities with regard to women's participation.	_____	_____	_____	_____
8. Participant is aware of the types of linkages between structural adjustment and small scale enterprises in terms of gender considerations.	_____	_____	_____	_____
9. Participant has prepared an action plan for incorporating gender considerations into one component of their Mission planning process, and has identified various strategies to ensure consideration of gender in program/project planning at his/her mission (or organization).	_____	_____	_____	_____

20

DAY 1

<u>Time</u>	<u>Activities</u>
8:15 A	<u>OPENING SESSION</u> - Welcome and Introduction
8:45 A	<u>SESSION 2: ORIENTATION</u>
10:00 A	BREAK
10:15 A	<u>SESSION 3: EXPLORING THE PROBLEM.</u> - Presentation/Discussion - Media Presentation/Reflection
11:45 A	<u>SESSION 4: WAYS OF ADDRESSING THE PROBLEM.</u>
1:00 P	LUNCH AND STUDY
3:00 P	<u>SESSION 5: THE GENDER VARIABLE MATRIX.</u> - Presentation/Discussion - Skill Practice in Small Groups
5:30 P	BREAK
7:00 P	DINNER AND PRESENTATIONS

SESSION 1: WELCOME AND INTRODUCTION

Time: 1/2 Hours

Objectives

At the conclusion of this session, participants will:

1. have been officially welcomed to the training workshop by representatives of the sponsors;
2. have been introduced to the training staff, the logistics and administrative team, the evaluation staff and the video team; and
3. have heard the vision and expectations of PPC/WID, the LAC Bureau and the Regional representative.

Time

Activities

8:15 A

Plenary Session

- Welcome from LAC Bureau WID Officer, Jack Francis.
- Welcome and Opening Presentation from LAC Region, Paul White, Deputy Director, Guatemala Mission.
- Introduction of Lead Trainer, Virginia Caye and Workshop Staff.

SESSION 2: ORIENTATION

Time: 1 Hour and 25 Minutes

Objectives

At the conclusion of this session, participants will:

1. be aware of why the workshop is being conducted and what we intend to accomplish together;
2. know which of the expectations we can and cannot address;
3. know the names and work locations of at least 3 people they did not know before;
4. have begun to feel comfortable enough with the trainers and with each other to share their ideas and opinions; and
5. be aware that their active participation is critical to the success of the learning experience.

<u>Time</u>	<u>Activities</u>
8:45 A	Plenary Session - Climate Setting - Expectations - Workshop Goal and Objectives
9:10 A	Small Groups' Get Acquainted Exercise
9:25 A	Reports from Small Groups
10:00 A	Summary - Hopes (Objectives), Norms and Assumptions
10:10 A	Break

SMALL GROUPS' TASK

- o Introduce yourselves to each other.
- o Select a spokesperson for your group who will introduce the group members and share the results of your discussion with the total community.
- o Develop a list on a flipchart of the following:
 - What you hope will happen during the workshop.
 - What you hope will be avoided during the workshop.
 - What you need to do during the workshop to help your "hopes" happen.

SESSION 3: EXPLORING THE PROBLEM

Time: 2 Hours and 10 Minutes

Objectives

At the conclusion of this session, participants will:

1. be able to describe how appropriate consideration for gender relates to other issues which they must address in the process of improving the way development is carried out;
2. recognize how failure to give consideration to gender differentiation can impede project success and/or the process of development; and
3. appreciate how the consideration of gender in specific aspects of development policy and project design can increase the success potential of a project.

<u>Time</u>	<u>Activities</u>
10:25 A	Plenary Session - Problem Overview
10:35 A	Media Presentation and Reflection
11:30 A	Small Work Groups
12:05 P	Group Report and Discussion
12:20 P	Summary and Reflection
12:35 P	Close of this Session

THE PROBLEM

Gender differentiated roles and responsibilities/activities have generally been underestimated in reviewing the development environment and formulating development strategies. The most compelling evidence of this comes in observing the failure to ensure women's participation in projects at levels commensurate with their baseline traditional responsibilities.

CONTRIBUTING FACTORS



CURRENT SITUATION RE: GENDER CONSIDERATION IN DEVELOPMENT



EFFECTS

DEVELOPMENT PROCESS

PROBLEMS
AND
NEEDS

RESOURCES
- Natural
- Human
- Economic



Mission - To address human needs in a manner which is effective, efficient and sustainable.



Change - Programs and Projects

Cause



Effect - Sustaining or replenishing resources.

HYPOTHESES

- o Some ways of addressing human needs are better than others.
- o The better approaches use resources in such a way that they are replenished as the needs are addressed.

EFFECTS

- Smaller output
- Destabilization of family
- Maintain or increase the inequality between genders.
- People are denied access to resources.

- Lack of Information
- Traditional Attitudes/Language
- Poor Understanding of the Roles & Activities for Men and Women in the Baseline Situation
- Lack of Education and Understanding of Economic Value of Both Genders

SESSION 4: WAYS OF ADDRESSING THE PROBLEM

Time: 20 Minutes

Objectives

At the conclusion of this session, participants will have:

1. reviewed major legislative activities related to Women in Development;
2. reviewed A.I.D. policies and procedures for incorporating gender variables in development programs/project design and implementation;
3. discussed how the LAC training fits into the larger strategy for institutionalizing WID concerns;
4. become aware of how the Gender Information Framework can be used as a resource in training and development programming; and
5. been introduced to the resources of PPC/WID for carrying out legislative and agency mandates.

<u>Time</u>	<u>Activities</u>
12:35 A	Introduction to Session and Lecture
12:15 P	Questions and Answers
12:55 P	Break for Lunch and Study (Gender Variable Matrix and GIF Chart III, P1D, handed out)

LEGISLATION

- o Program/project evaluations include assessments of impact on and success in reaching women.
- o Training for all Washington and mission-based staff
- o AID to report March 1, 1989

AID ADMINISTRATOR ACTION ITEMS

- o Bureau and Field Mission Action Plans
- o Sex-Disaggregated Data or Explanation/Strategies to Collect
- o Documents Describe Strategies to Include Women
- o WID Training, Especially in Agriculture and Private Sector
- o Increased Number of Women in Participant Training

.....

Next Step

Bureau Cable

PPC/WID STRATEGY
(Resources)

4 Major Components:

- o Technical Assistance
- o Research/Pilot Endeavors
- o Training
- o Information Dissemination

WOMEN IN DEVELOPMENT LEGISLATION

- Signed 9/30/88
- Not less than \$5 M additional funds
- Not less than \$3 M for matching USAID missions
- Congressional interests:
 - o Collect, analyze, use sex-disaggregated data in all country program and research documents; if not, why; strategies to obtain and use;
 - o Percentage of women participants in approximate proportion to their traditional responsibilities in target activities or their proportion in the population - whichever is greater;
 - o Increased training opportunities for women; young girls (5-15 years).

SESSION 5: THE GENDER INFORMATION FRAMEWORK (GIF)

Time: 2 1/2 Hours

Objectives

At the conclusion of this session, participants will:

1. become aware of how the Gender Information Framework can be used as a resource in development programming and training;
2. be able to list and utilize the 6 key gender variables in the Gender Variable Matrix; and
3. have reviewed a Project Identification Document (PID) using the PID Chart from the GIF to identify how gender is an issue and the implications of this for a project design.

<u>Time</u>	<u>Activities</u>
3:10 P	1. Overview of the GIF
	2. Presentation of the Gender Variable Matrix
3:50 P	3. Practice with the Gender Variable Matrix - Reading Edited Ecuador PID and Background Paper
4:00 P	4. Total Group - Analyzing PID using the Gender Variable Matrix
4:15 P	Stretch Break
4:20 P	5. Practice with the PID chart (6 Table Groups) - Reading Edited D.R., PID and Background Paper
	Groups will be asked to take 40 minutes to:
	- identify where gender is a variable in the project situation; determine the implications for the main components; and
	- identify what gender disaggregated information is missing.
5:10 P	6. Small group reports
5:35 P	7. Summary and Closing of this Session - Hand out D.R., and Ecuador PPs for study

GENDER INFORMATION FRAMEWORK (GIF)

What: Resource tool - design, adaptation, evaluation, review

Why: Address question of how to incorporate gender
Change focus from "WID" to gender as the issue

How
Developed: From earlier training.

GIF:

Underlying Premises:

- o Gender is important.
- o Understanding of gender in baseline situation is key factor: match between project resources and situation.
- o Way to understand baseline situation is through analysis and use of gender disaggregated data.

GIF:

How Organized:

- o Follows Handbook 3 and Guidance cables.
- o 3 Major Components:
 - Gender Variable Matrix
 - Gender Considerations Charts
 - Summary of Guidelines for Document Review
- o Uses: design, guidance for consultants project review, adaptation, training.
- o Supports process.

GENDER VARIABLE MATRIX

- o Gender is a variable: household is not an indivisible unit.
- o Matrix is a tool to clarify where gender might intervene, where more information is needed.
- o 6 Key Factors: labor, income, expenditures, access to and control of resources, constraints, and opportunities.
- o When to use: throughout process.
- o Level of detail; utility of each factor varies.

WHERE GENDER MIGHT BE A VARIABLE:

LABOR:

1. Women's labor involved in fuelwood collection.
2. H.H. affects/increase women's labor.
3. Women as primary agriculture lists.
4. Competing demands for time.

WOMEN IN DEVELOPMENT: A.I.D.'S EXPERIENCE

"The Major Finding....Is That:

Mainstream Projects that ensure women's participation in proportion to their roles and responsibilities within the project's baseline situation are more likely to achieve their immediate purposes and their broader socio-economic goals than are projects that do not."

AID/CDIE
April, 1987

DAY 1
SESSION 5.6

43

MATRIX

<u>VARIABLE</u>	<u>KEY POINTS</u>	<u>WHY IMPORTANT</u>
Labor Allocation	Who does what?	Double duty Target resource Avoid adverse impacts
	Seasonality	
	Access to help	
Income	Sources Seasonality Diversity Use of T.A., Inputs, etc.	Avoid reducing "hungry" season Help More resilience How to increase income
Expenditures	Who pays what? % Contributed	M / W have different responsibilities How will change in income affect ability to pay
Access to, control of resources	Who has access to and control of labor, land, capital, information, technical assistance, etc.	Affects ability and incentives to participate
Constraints to participation	M/W face different constraints	Affects ability incentive to participate
Opportunity	M/W different roles and responsibilities; help target programs, projects.	Need to take advantage of resources

GENDER VARIABLE MATRIX

- ALLOCATION OF LABOR
 - o h.h. activities
 - o agriculture production
 - o other activities

- SOURCES OF INCOME

- EXPENDITURES

- RESOURCES
 - o access
 - o control

- CONSTRAINTS

- OPPORTUNITIES

GROUP TASK

- Identify where gender is or might be a variable in the project situation.
- Identify what gender disaggregated information is missing.
- Record results of your discussion on flipchart.

PROJECT PAPER: FORESTRY SECTOR DEVELOPMENT PROJECT

The attached document is a synthesized edition of the Project Paper for the Forestry Sector Development Project in Ecuador. It has been edited to be as brief as possible, while still including enough information to enable workshop participants to explore how gender might be considered in the design process at this stage.

This document has been chosen only as a vehicle for improvement of skills related to gender issues. It is not an evaluation of the project itself.

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET	1. TRANSACTION CODE <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number _____	DOCUMENT CODE 3
--	--	----------------------------------	----------------------------------

2. COUNTRY/ENTITY ECUADOR	3. PROJECT NUMBER 518-0023
4. AGENCY/OFFICE LAC	5. PROJECT TITLE (maximum 40 characters) FORESTRY SECTOR DEVELOPMENT

6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 03 31 88	7. ESTIMATED DATE OF OBLIGATION (Under "B:" below, enter 1, 2, 3, or 4) A. Initial FY <u>82</u> B. Quarter <u>4</u> C. Final FY <u>85</u>
---	--

8. COSTS (\$000 OR EQUIVALENT \$) =						
A. FUNDING SOURCE	FIRST FY <u>82</u>			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	700	650	1350	2300	5800	8100
(Grant)	(400)	(100)	(500)	(1300)	(300)	(1600)
(Loan)	(300)	(550)	(850)	(1000)	(5500)	(6500)
Host Country		350	350		7500	7500
Other Donor(s)						
TOTALS	700	1000	1700	2300	13300	15600

9. SCHEDULE OF AID FUNDING (\$000)									
APPROPRIATION/PURPOSE CODE	B. PRIMARY TECH. CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
ARDN 233	160	160			1600	6500	1600	6500	
TOTALS									

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each) 067 096 079 054 721 968	11. SECONDARY PURPOSE CODE
12. SPECIAL CONCERN CODES (maximum 7 codes of 4 positions each) A Code ENV R/AG LAB PART LAB COOP BS In Amount 8100 7600 3000 3000 3000 1000 3000	

PROJECT PURPOSE (maximum 150 characters)

To strengthen the capacity of Ecuadorian Forestry Sector Institutions to undertake afforestation/reforestation activities and to manage productive and protective forests.

13. SCHEDULED EVALUATIONS Interim MM YY MM YY Final MM YY 1 2 8 4 0 6 8 6	15. SOURCE/ORIGIN OF GOODS AND SERVICES <input type="checkbox"/> 000 <input checked="" type="checkbox"/> 941 <input type="checkbox"/> Local <input type="checkbox"/> Other (Specify) _____
---	--

14. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment)

16. APPROVED BY	Signature: <i>John A. Sanbrailo</i> Title: Director USAID/ECUADOR	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY 0 6 1 5 8 2
------------------------	---	---

FORESTRY SECTOR DEVELOPMENT

PROJECT PAPER

TABLE OF CONTENTS

	<u>Page</u>
BACKGROUND AND JUSTIFICATION	1
A. Statement of the Problem	1
1. Status of Forestry and Forest Resources Development in Ecuador	1
2. Opportunities for the Development of Ecuador's Forest Sector	1
3. Constraints on Solving Forestry Sector Problems.	3
a. Technical.	3
b. Socio-Cultural	3
c. Institutional.	4
B. GOE and Ecuadorian Private Sector Policies and Programs	5
C. Other Donor Activities	5
D. USAID Country Development Strategy	6
II. PROJECT DESCRIPTION	6
A. Project Goal and Purposes.	6
B. Description of Project Activities.	7
1. Institutional Development of the National Forestry Program (PNF)	7
2. Productive Forestry Applied Research and Pilot Demonstration.	11
III. PROJECT ANALYSES.	17
A. Technical Analysis Summary.	17
B. Economic Analysis Summary	18
C. Social Soundness Summary	19
D. Administrative and Institutional Feasibility.	22
E. Environmental Concerns.	23

I. Background and Justification.

A. Statement of the Problem.

1. Status of Forestry and Forest Resource Development in Ecuador.

Most economic activity related to forestry in Ecuador, except for large amounts of eucalyptus planting in the highlands, has involved the exploitation of natural forests. Although the current contribution of forestry activities to Ecuador's GNP is low, the sector offers a relatively untapped potential for contributing to Ecuador's economic development. The total production value of forest industries has increased from 2.2 percent in 1970 to 4.6 percent in 1978 as a share of total manufacturing. Total employment in forestry related activities is estimated to be the fulltime equivalent of 30,000 persons, excluding the substantial amount of human effort devoted to gathering fuelwood. Despite Ecuador's hitherto abundant supplies of wood, the country has historically run a net trade deficit in forest products. In 1978, the latest year for which statistics are available, Ecuador imported approximately \$50 million of forest products, primarily pulp and paper products, while in the same year it exported approximately \$17 million of forest products.

It is likely that Ecuador's seemingly vast forest resource will be effectively depleted within 15-20 years. Further, the clearing of Ecuador's forests, in addition to bringing about the destruction of a valuable resource, exacerbates other serious environmental problems such as soil erosion and, ultimately, desertification. This phenomenon, which is the end product of deforestation and soil erosion, is taking place at an alarming rate in many areas of the coast and highlands. It is estimated that within the past 25 years arid land in Ecuador has increased by 31.5 percent with 10,000 square kilometers now estimated to be arid. One recent study estimates a progressive rate of desertification of approximately 5,000 hectares per year.

2. Opportunities for the Development of Ecuador's Forest Sector.

a. The Future Demand for Wood Products.

The major internal demand for forest products is for fuelwood, construction and industrial uses. Total roundwood equivalent requirements for these purposes averaged 210,000 cubic meters between 1975 and 1980. By 1990, consumption is projected to be between 8,200,000 and 10,200,000 cubic meters. Further rapid growth of demand is projected for the

following decade as well. By the year 2000 demand for roundwood will have more than doubled from current consumption levels.

A significant amount of current consumption of roundwood (approximately 80 percent) is used for fuel. This use is likely to continue for the indefinite future--as long as supplies of fuelwood are available--since the relative price of the major petroleum derivative fuels, kerosene and gasoline, which are currently subsidized, will undoubtedly increase during the next several years. Internal demand for sawnwood, wood-based panel and pulp and paper products will also grow very rapidly during the current decade. In addition, there is a significant internal demand for other forest products, in particular, natural rubber used for tire manufacturing. Currently, Ecuador produces about twenty percent of its natural rubber requirements while it imports the rest. The annual value of imported rubber is \$3.9 million.

The future export market for forest products is also very promising, although it is more subject to international economic cycles and to changes in relative prices of exported products with possible substitute products. Ecuador has been the world's leading exporter of balsa wood for the past forty years. It is probably that the volume consumed for industrial uses will increase significantly during the coming two decades. The export market for high value decorative veneer plywood panels made from tropical hardwoods has developed rapidly during recent years. Ecuador currently exports panels to Columbia and Venezuela but has not yet tapped potentially very lucrative markets in the United States and Europe. The future export possibilities for these panels are very great compared to current production levels.

b. Need for Protective Forests

The massive deforestation which is taking place in Ecuador has a number of deleterious impacts. In many circumstances the clearing of forests combined with inappropriate land uses or land use technologies results in a significant degradation of the soil resource. This has several consequences. First, soil productivity is often irreversibly degraded. Second, increased erosion rates often jeopardize major downstream investments in hydroelectricity, irrigation and/or potable water. In addition, the desertification process which is occurring in parts of Ecuador is undoubtedly exacerbated.

3. Constraints on Solving Forestry Sector Problems

a. Technical

A major constraint to the rational development of Ecuador's forest sector is the lack of knowledge about the tropical forest resource. Although two Ecuadorean universities offer degree programs in forestry and the PNF has conducted several two year programs to train forest technicians, there are obvious deficiencies in the quantity and quality of the human resource base at both the professional and technical levels. The quantitative deficiency is caused in great part by a lack of information about the forest resource in Ecuador. Most of the limited research conducted in the tropics has been highly academic in nature with few linkages to the practical implementation of forestry programs.

In the Ecuadorean highlands Monterrey pine and eucalyptus are being planted; however, the planting is generally done with little technical knowledge about either nursery or plantation management.

b. Socio-Cultural

A major consideration in the development of any large scale forest management/forestation activities is the relationship between the forest resource and the rural population in the Sierra, coastal, and Amazonian regions.

The Sierra population pressures combined with inequitable land distribution mean that land areas which, by their physical characteristics (soils, slope, altitude) should be classified as suitable only for forests, are being cultivated or used as pastures. In addition, the major use of the forest resource in the Sierra is as fuelwood. The rural highland population therefore does not appreciate future potential benefits from, for example, industrial utilization of pine trees. Consequently, there are limitations imposed by socio-cultural factors on the type of reforestation which is carried out as well as on how it is carried out. The recent tendency by the Ecuadorean forest sector agencies active in the highlands to promote the development of pine plantations presents several dangers over the long run.

First, massive plantings of pines are very likely to impinge upon land which has alternative uses within a campesino economy which already faces a severe land constraint. In particular, plantations are likely to be located on land which currently serves for pasture. Also, the very large demand for firewood and resulting increasing scarcity means that from the campesino's perspective, eucalyptus may be a more attractive species to plant than pine--for which no

current use exists in the highland campesino economy. A related socio-cultural issue is that of incentives which may be required to stimulate campesino participation in reforestation activities. Because there is little understanding of future economic benefits which may be obtained from reforestation activities and because of economic pressures which tend to encourage productive activities which have quick returns, incentives, additional to future returns from reforestation, are likely to be required.

In the humid tropical areas of Esmeraldas and the Amazonian region population pressures are not as great as in the highlands. Nevertheless, significant colonization is occurring in these areas--including areas of Esmeraldas which have been assigned as concessions to forest industries. The colonists are interested in exploiting the land, not the forest, resource. They are interested in generating cash incomes but since that are not often unfamiliar with the nature of the environment which they are exploiting, they usually (1) do not make much money and (2) poorly manage the land which they put into cultivation so that its fertility is quickly lost. Colonists will often harvest the more valuable trees found on their exploitations. Neither colonist nor Indian has a clear understanding of the fragility of the humid tropical environment and how to rationally exploit it so that it can be utilized on a continuous basis.

c. Institutional

The major limitations on the rational development of Ecuador's forest resources is institutional. The public and private sector organizations which work in the forest sector: (1) lack the institutional capacity to effectively address the issues and problems of the sector; and (2) do not adequately coordinate efforts to make optimal use of the human and financial resources which are available to them.

Despite the proliferation of public and private sector entities which currently or potentially have a role to play in the productive or protective functions of forestry, the institutional capacity to plan and implement forest sector programs is very weak. Further, there has been relatively little inter-institutional coordination in either forest production or forest protection. The PNF's implementation of highland reforestation activities in the past have often placed it in the competition with the regional and specialized forestry institutions. In the management of humid tropical forests the PNF has tended to assume an adversary relationship with the private sector enterprises involved in the exploitation of the timber resource. In the case of the protective forest/watershed management activities, only

recently have there been manifestations of a desire to cooperate and to pool the very limited resources currently available for this purpose.

B. GOE and Ecuadorean Private Sector Policies and Programs.

Both public and private entities are involved in the development of Ecuador's forestry sector. The GOE has undertaken several policy and programmatic initiatives within recent months which contribute significantly to the future rational development of the forest resource. Private sector initiatives, primarily by wood product industries interested in assuring future timber supplies, have also begun to demonstrate their real concern for the development of the forest sector by initiating promising reforestation experiments.

A comprehensive Forestry Law was passed by the Ecuadorean Congress and signed by President Hurtado in August 1981. The law not only provides significant tax incentives for afforestation/reforestation activities, but also provides the legal base for a rational use of the forest resource.

C. Other Donor Activities

1. International Donors

The United Nations Food and Agriculture Organization (FAO) has provided technical and other assistance to establish a forest sector training and research center at Conocoto in the highlands near Quito and a humid tropical forest experimental station at La Chiquita in Esmeraldas Province. However, FAO technical assistance has lacked complementary funds to carry out research and field demonstration activities. FAO is not currently providing assistance to the forestry sector nor does it plan to provide assistance in the near term.

2. Other Bilateral Donors

3. Other U.S. Government Efforts

Because of the effective manner in which the PNF has utilized PCV's, USAID and Peace Corps/Ecuador have agreed that the PNF will coordinate the activities of the PCV's with project activities; a formal agreement between A.I.D. and Peace Corps on this matter is unnecessary. The Inter-American Foundation (IAF) has recently signed an agreement with the Fundacion Natura to expand its community forestry promotional activity which it began with assistance from USAID's Special Development Activity Fund. The IAF will provide \$225,850 to finance projects in 25 indigenous highland communities.

D. USAID Country Development Strategy.

The A.I.D. program in Ecuador is designed to assist the country to promote economic growth with equity and to address some of its highest priority development problems: extensive rural and urban poverty, stagnating agricultural production, rapid population growth, growing environmental degradation, and the need to rationalize use and increase availability of energy resources. Forestry is an approved sector within USAID's CDSS.

USAID's project portfolio may be divided into two distinct stages. The first stage involves the resumption of the A.I.D. program in Ecuador in FY 1980 after a seven year phase-out period. The major focus of this first phase has been institution building and technology transfer related to the GOE's rural development efforts, including agricultural development and health delivery services, a Title XII program to assist with the transfer and adaptation of rural technologies key to the improvement of agricultural production and productivity; improvement of the Ministry of Agriculture's capacity to carry out a campesino training program; and development and promotion of low cost renewable energy technologies suitable for replication in the rural sector, together with development of an institutional capacity to promote energy conservation and improved energy sector policies. Finally, a number of OPG's to PVO's have been financed in the USAID's start up program, including an environmental conservation activity being implemented by Fundacion Natura.

Under already approved loans and grants, A.I.D. is financing:

- Technical assistance for the GOE's Integrated Rural Development Secretariat;
- Financial and technical assistance for implementing agricultural production and primary health care delivery in two IRD subprojects located in the Central Sierra (Salcedo in Cotopaxi Province and Quimiag-Penipe in Chimborazo Province) and one IRD subproject (Jipijapa in Manabi Province) in coastal Ecuador; and
- Campesino training in the above three IRD projects as well as in other GOE IRD projects.

II. PROJECT DESCRIPTION

A. Project Goal and Purpose

The goal of the project is to increase the productive use of Ecuador's forest resources.

The purpose of the project is to strengthen the capacity of Ecuadorean forest sector institutions to undertake afforestation/reforestation activities and to manage productive and protective forests. This purpose will be achieved by: (1) strengthening the National Forestry Program's capacity to mobilize, coordinate, and provide technical assistance in support of other private and public sector institutions engaged in forestry activities; (2) implementing a program of productive forestry field demonstrations which includes a significant amount of applied research; and (3) developing the GOE's capacity to develop and implement management plans for critical watersheds which are important for the protection of major economic resources.

B. Description of Project Activities

1. Institutional Development of the National Forestry Program (PNF)

a. Introduction

The National Forestry Program (PNF) is the national level entity responsible for developing forest sector policies as well as for planning and programming forest sector activities.

This project will provide resources which are channelled to or through the PNF to help develop its capacity to mobilize resources of other institutions. Specifically, the project will strengthen the PNF's capabilities in: (i) the planning and programming of productive and protective forest activities; (ii) coordinating research; (iii) the dissemination of technical information; and (iv) the provision of technical support for forestation and for productive and protective forest management activities.

(1) Enhanced Planning and Programming Capability

(2) Research Coordination Capability

A capability to coordinate forestry research will be developed within the PNF's Research and Training Department.

The PNF will enter into cooperative agreements with other public and private Ecuadorean institutions to implement research activities which have been identified either by the PNF or by the cooperating institution. 1/ The PNF will share in the costs, monitor the research results, and disseminate the research findings. To carry out such a role, the PNF's own institutional capacities must be strengthened through the provision of training, technical assistance and necessary equipment.

Two PNF professionals will be trained in forest pathology and forest entomology, respectively. Laboratory equipment for these specialties will be installed in existing facilities at the PNF's Conocoto research station located 14 kilometers from Quito. In addition, PNF personnel will be given short-term training in forestry field research techniques. A seed bank will be established in existing facilities at Conocoto to allow the PNF to coordinate the acquisition and distribution of native and imported tree seeds for research purposes as well as for general planting requirements.

(3) Information Dissemination

The project will establish an information dissemination capacity within the PNF Research Department's documentation center. Research findings, statistical information and other data relevant to the improved planning and implementation of forest sector activities will be gathered and disseminated. The center will collect information relevant to the development of Ecuador's forest sector and will publish it in appropriate forms, including a periodic bulletin for forestry sector professionals and technicians and simply "how to" guides for non-professionals engaged in forestry activities. Much of the necessary information will be obtained from the results of the productive forestry field demonstrations and the protective forest/watershed management activities included in this project. The center will sponsor ten two-day technical and informational workshops to promote information exchange among forestry sector personnel in which an average of forty professionals and technicians will attend. These workshops will, when feasible, be based on the field demonstration activities described in project components two and three below.

(4) Strengthened Technical Assistance/Outreach Capability

The final major institution-building output is the strengthening of the technical assistance/outreach capacity of the PNF's twenty district offices. Both the professionals (ingenieros forestales) and the technicians (peritos) who are assigned to district offices will be given the task of providing technical assistance to groups and institutions who wish to undertake forestry activities as a primary responsibility. A program of on-going, in-service training for the district office personnel will be developed and implemented to familiarize them with PNF's new focus. In addition, six district offices will double their nursery

These applied research activities generally will be incorporated as an element of the productive forestry field demonstrations financed under Project component described in Section II-B-2 of the Project Paper.

capacity in order to meet an increasing demand for tree seedlings.

Training will focus not only on the upgrading of technical knowledge in such fields as nursery and plantation management, species selection, disease identification, and protective forest management, but also in such important topics as social relations and project design. Training will generally consist of short courses prepared by the line staff of the PNF with the assistance of the long and short term technical experts provided by the project. The training methodology will emphasize the active participation and "hands-on" field practice by the personnel who are receiving the training. Training courses will be open to personnel from other public or private entities which are involved in forestry, including members of campesino or Indian communities, cooperatives or associations as appropriate. Approximately 25 short courses will be implemented during the project. Course size will generally range from 20 to 30 students.

The operation of tree nurseries is a key support function of the district offices which will become increasingly important in the future. Currently, seedling production is often a constraint to carrying out reforestation activities. As demand for seedlings by communities and groups interested in reforestation expands, the operational capacity of PNF nurseries must be increased. This will be accomplished through nurseries, through applied investigation in nursery management technologies, and through an expanded nursery infrastructure.

b. Inputs

(1) Technical Assistance

A major input into the institutional strengthening process is the provision of a long term (48 pm) contractor or PASA advisor who will advise the PNF on aspects of its reorganization. The advisor will assist USAID with the technical monitoring of the project and serve as a liaison with USAID. Other technical assistance will be provided as follows:

- management assistance (5 pm) to assist the PNF in its transition toward a support role;
- planning assistance (12 pm) to assist the PNF's planning, programming, and evaluation unit in macro-planning and project design and evaluation;
- a nursery management specialist (12 pm) to help the PNF upgrade its nursery facilities;

- a forest pathologist and a forest entomologist (8 pm each) to set up specialized laboratories and provide on the job training to PNF personnel working in these fields;
- an information specialist (5 pm) to assist the PNF establish an information/data bank and an information dissemination mechanism.

Also, the services of an Ecuadorean anthropologist (15 pm) will be provided on a part time basis to advise the district office personnel on how best to interact with groups or institutions which are participants in forestry activities as well as to provide training to PNF personnel and to advise the PNF on social aspects of specific forestry activities in which it may collaborate.

(2) Training

The major training focus will be in-service training primarily for technical personnel located in the district offices. When possible, the training will be carried out by professionals from the various technical offices of the PNF's headquarters. The in-service training courses will be developed with the assistance of the external and local technical experts financed by the project. The A.I.D. loan will help finance local costs of the in-house training as well as of the technical/information workshops. Representatives of other public and private sector groups and organizations will also be candidates for training if they require technical or additional knowledge in forestry to more adequately carry out their responsibilities. Items eligible for financing include the salaries of trainers, material costs, and per diem costs for trainers and participants.

Other training requirements include: (a) Long-term (one year) training in forest sector planning for the end of the PNF's Planning and Evaluation Department with a concentration in the design and evaluation of forestry projects; (b) short-term training for 10 members of the PNF's central and district office staff in forestry field research techniques; (c) short-term training in project design for five other members of the PNF's central staff, including members of technical departments; (d) short-term training in forestry statistical analysis for the Department's statistician; and (e) master's degree training in forest pathology and entomology for two members of the PNF staff in the U.S. at a specialized third country institution such as CATIE.

Training will be loan funded in the amount of \$400,000 while the GOE will provide \$150,000 in counterpart.

(3) Equipment and Materials

Loan funds will finance basic equipment and materials need, including:

- A small micro-computer/wordprocessing system and duplication equipment and supplies to assist in the development of the information data bank and dissemination activities;
- Laboratory equipment for the forest pathology and entomology laboratories;
- Equipment for the seed bank and a small fund to purchase seed for research and demonstration purposes;
- Equipment and materials for nursery expansion and improvement.

A list of estimated equipment and materials requirements is provided in Annex VII. Loan funding for equipment and materials will amount to \$200,000. In addition, \$200,000 of GOE counterpart financing will be provided for materials and supplies.

(4) Additional Staff and Studies

The expansion of the PNF's promotional, technical assistance and coordination roles can in large part be achieved through the judicious reassignment of its current staff. Nevertheless, specialized functions in research, training and information systems will require new personnel. The PNF will add two professionals to its research staff, as well as a training coordinator and an information management specialist in order to cover these needs. The GOE counterpart contribution to cover the additional personnel amounts to \$150,000. Also, \$100,000 of loan funds will be used to finance contracts and short-term consultants to carry out studies in collaboration with members of the PNF's Planning and Evaluation Department. Approximately 50 percent of the loan funds will be used to finance project evaluation activities. Ecuadorean institutions will provide counterpart funding \$100,000 for local contractors, data processing, staff salaries and materials.

2. Productive Forestry Applied Research and Pilot Demonstrations.

a. Introduction

This component is the major focus of the project, accounting for about 70 percent of the total funding. The magnitude of funding for this component is essential to fully implement

the process learning approach of the project. First, a wide variety of research needs exist. These include species elimination trials, plantation establishment and management techniques, disease and insect problems and nursery practices. At the same time, it is equally important to field test a variety of:

- reforestation alternatives
- institutional arrangements for carrying out needed reforestation; and,
- extension techniques that permit foresters to successfully relate to individual farmers, communities, and Indians who will carry out reforestation.

Second, given Ecuador's myriad socio-cultural, economic, climatic, topographic, geographic and land-tenure conditions, there must be a relatively large number of research and demonstration activities. Third, the field pilots planned under this component are intended to be of a scale that will clearly demonstrate commercial viability. Some 10,000 will be planted or managed in these activities.

Three basic categories of productive forestry field demonstration activities will be implemented in the highlands, arid coast and humid tropics. These basic categories are plantations, natural regeneration, and on-farm and agro-forestry. Plantation forestry involves tree planting on significant parcels of land (ranging from five to several hundred hectares). Plantation forestry is afforestation/reforestation where forestry is the principal use of the land. Enrichment plantations in the humid tropics are plantations of valuable species within existing remnant forests. Natural regeneration is the management of the natural regrowth of native species. On farm forestry (or agro-forestry) involves tree with agricultural and/or livestock activities. Species trials are field research trials which test the suitability of different species to specific climate and soil conditions.

In the Sierra and arid coastal areas commercial-scale models for integrating multipurpose forestry within a framework of overall community development will be demonstrated. In addition to increasing the wood supply for industrial purposes this activity would promote afforestation to produce fuelwood, aid soil conservation/recovery, and serve as windbreaks. The demonstration will include pine and eucalyptus but will not be limited to these species. Participating institutions, in addition to community groups, will include private industry and mixed sector forestry institutions (the Empresa de Desarrollo Forestal - EMDEFOR), Integrated Rural Development projects and regional or provincial institutions.

In the humid tropical lowlands three types of scale experimental production models will be demonstrated: natural forest management, enrichment of natural forests and agro-forestry. They will integrate the inhabitants of the humid tropics, whether natives or colonos into an ecologically and socially sound as well as economically beneficial system of sustained yield management of the tropical forest resource base. Indian associations and cooperatives formed by colonos as well as private and mixed-capital enterprises and regional development organizations will participate in carrying out these experimental activities.

b. Outputs

The specific outputs of this component of the project are pilot activities of commercial scale that test various institutional and silvicultural schemes for reforestation in the four distinct regions of Ecuador, and that serve as demonstrations of replicable forest management systems. The project will provide a series of proven technologies and tested institutional arrangements between PNF and executing agencies cooperating in reforestation projects.

(1) Sierra. - The following reforestation schemes will be tested in the Sierra:

(a) Plantation Demonstration Activities

In the Sierra three types of plantation demonstrations will be tested. These include pine plantations with intercropping, new species of pine, and eucalyptus with varied planting techniques. They will demonstrate methods and techniques to increase production of wood and non-wood forestry products, to decrease plantation establishment costs, and to match appropriate tree species with site characteristics. Approximately 4,000 hectares will be planted under the project.

(b) On-Farm Demonstration Activities

Seventy-five farmers will be chosen to participate in a program of on-farm tree planting for the production of food, fuel, shade, fodder, and construction wood. Trees will be planted for wind rows, boundaries and live fences. Where appropriate, linear plantings across slopes will be established with grasses (e.g., penco) and fruit trees (e.g., capuli) to retard soil erosion and produce fodder and food. The farms are one to five hectares in size. Species of Eucalyptus, Cupressus, Casuarina, Acacia, Juglans, Salix, Alnus, Populus, Prosopis, and native fruit bearing trees will be considered. This is the largest single activity within the project. Because previous forestry development has

focussed on the Sierra, the PNF has a human resource base in place which will facilitate this level of activity. In addition, other existing institutional mechanisms, e.g., EMDEFOR and IRD projects, will increase the effectiveness and impact of the Sierra plantation demonstrations.

(c) Natural Regeneration

The PNF will enter into 25 agreements with individual landowners or communities to protect selected areas from fire and grazing for a period of five years. The PNF will provide fencing and data collection, and the landowner will contribute the land and protection. These demonstrations will be on very eroded steeply sloping lands, and generally will not exceed five hectares. The importance of these trials will be to record the type and value of the natural vegetation that grows, and to demonstrate the potential productivity of apparently unproductive land.

(2) Arid Coast. The following reforestation schemes will be demonstrated in the arid coast:

(a) Plantation Forestry

A total of 500 hectares in plots of at least 10 hectares, will be established with as many as 20 communities, using tree species which provide fuelwood (e.g., E. camaldulensis), fodder (e.g., Prosopis juliflora) and fruit (e.g., tamarindo).

(b) Natural Regeneration

Three plots of 25 hectares each of community-owned land will be fenced and protected from grazing in the Santa Elena Peninsula. These plots will be studied for five years to collect data on natural revegetation. The same will be done in the Jipijapa IRD project area, in conjunction with reforestation efforts. The pilot areas animals have grazed for a prudent (as yet underdetermined) period of time.

(c) On-Farm Forestry

On farm forestry in the arid coast will concentrate on shade trees for coffee plantations in Jipijapa. Approximately 600 hectares will be planted in widely spaced shade trees such as Leucaena and Guaba.

(3) Humid tropics. - Humid tropical lowland demonstration activities include:

(a) Humid Tropical Lowland Enrichment Plantations

A series of four enrichment plantations of about 250 hectares each will be demonstrated in remnant forests where concessions have already depleted the most valuable species. These will be highly controlled, regularly spaced plantations using species characterized by local high value, rapid growth and relative insensitivity to competition by other species. These activities are designed for relatively large-scale industrial plantations, because of the management needs and long-term nature of anticipated returns. The project will establish demonstration plots testing four different fast growing species, Laurel, Cero, Pachaco, and Mascaray, initially on 25 hectare plots, which will be expanded over five years to 250 hectares per species (total of 1,000 hectares).

(b) Humid Lowland Agro-Forestry

A program of combined agricultural and forestry management will be demonstrated to encourage forest production on small and medium sized rural holdings. The agro-forestry combination balances the delayed return on investment in forestry by more immediate returns from agricultural activities. Agro-forestry pilot projects will be conducted on 600 hectares in the northwest coastal area, and on 400 hectares in the Oriente. Agro-forestry plots will combine trees with permanent cash crops, temporary cash crops, and subsistence crops. Each plot will consist of 10 hectares dedicated to subsistence crops, with the remaining 40 hectares used for market-oriented agro-forestry activities. For both the northwest and Oriente the following systems will be used: Laurel or Cedro with bananas or coffee; Pachaco with rice, hard corn and pasture; Teak with rice, corn, and beans; and Balsa with rice and corn.

(c) Humid Lowland Natural Forest Management

The project will establish food plots of 400 hectares each in the northwest and in the Oriente to demonstrate natural regeneration of valuable species in relatively unmodified humid tropical forest through a process of selective cropping and subsequent assistance in regrowth of these species.

(4) Species Trials

A series pilot of species trials will be conducted in conjunction with the field demonstration activities in each of the different climatic environments. Approximately 20 trials will be established each year.

(a) Inputs

Inputs for this component include technical assistance, equipment and materials, some additional staff for the PNF and financing for field demonstration/applied research activities which will be carried out in cooperation with other groups and institutions. Training necessary to carry out this component is included in the institution-building component. Annex VII contains details on cost estimates.

(1) Technical Assistance

Long-term technical assistance will be provided in:

- Tropical Forestry Management (36 pm) to supervise overall implementation of the agro-forestry, enrichment plantation and natural forest management demonstrations in the humid tropics.
- Plantation Management (36 pm) to supervise implementation of highland and dry coastal field demonstrations and to provide specialized assistance in nursery and plantation management.

Short-term assistance is required as follows:

- Applied Forestry Field Research Design (9 pm) to assist the PNF establish its field research methodology;
- Forestry Extension (7 pm) to advise on extension techniques appropriate for Ecuador;
- Agro-forestry (6 pm) to advise on technical aspects of agriculture-forestry and livestock-forestry systems;
- Dryland Tree Species (4 pm) to advise on species appropriate for Ecuador's dry coastal areas.

In addition, the forest economist, the applied forestry field research design expert, the forest entomologist, and forest pathologist included under the institution-building component will devote significant amounts of their time and effort to the applied research and field demonstrations financed under this component. The short-term technical assistance will be provided on a periodic basis throughout the life of the project. Technical assistance requirements for this component will be financed with both loan funds (\$450,000) and grant funds (\$450,000).

(2) Equipment and Materials

Total A.I.D. funding for equipment and materials for this component is \$150,000 for the vehicle, tools and implements.

Additionally, teams of data collectors will be needed to record information relevant to the objectives of each reforestation activity. Two methods will be used to carry out this function: The first is to use local community members who, by gathering data, can be informed of the objectives and progress of the project and, consequently, have more interest in its outcome, and ultimately relate the outcome of the demonstrations to other community members. The second is to provide a small allowance to cover subsistence and thesis costs for university forestry students who have an interest in these activities and will undertake practical, problem-oriented thesis topics related to the applied research and field demonstration in which they will gather data for this project. Both methods will provide the opportunity for wider dissemination of project results. These costs, which amount to \$50,000 are included in the cost of the field demonstrations.

(3) Field Demonstration Activities

Loan funds will finance 50% of the costs of all field demonstration activities, including applied research, which are carried out under the project. The remaining costs will be financed by the collaborating institutions, participating communities, and individual landowners. This is the average for the entire component and will vary among the field demonstrations because of the diverse operating mechanisms and budgetary possibilities of the different groups and institutions which will collaborate with the PNF in the implementation of the productive forestry field demonstrations. The amount of loan funds used for a field demonstration will vary from 20 to 80 percent of the cost of the demonstration. When the PNF collaborates with private enterprise, PNF contribution will be approximately 20 percent. Demonstrations established in collaboration with other governmental institutions will involve approximately equal cost sharing. Reforestation for demonstration purposes carried out in participants will have loan financing which approaches 80 percent.

The total cost of demonstration plantations, on-farm tree planting, natural regeneration and management, species trials and other demonstrations is \$5,800,000. A.I.D. loan funds will finance \$2,600,000 while Ecuadorean institutions and participants will contribute the remainder.

III. PROJECT ANALYSES

A. Technical Analysis Summary (See Annex VI)

1. Productive Forestry Applied Research and Pilot Field Demonstrations.

Major technical questions which will be addressed by the applied research/field demonstration activities include:

- The feasibility of using native species in highland and dry coastal forestry programs;
- The feasibility of inter-cropping in highland pine plantations;
- The feasibility of natural forest management in the humid tropics;
- The feasibility of natural regeneration in the highlands and dry coastal zone.

2. Protective Forest Delimitation and Management

The major technical constraint--lack of good land use maps--is being gradually resolved through the activities of the National Regionalization Program (PRONAREG) and CLIRSEN. To the extent that good maps are not available, they can be constructed from aerial photographs provided by CLIRSEN which are verified by site visits.

B. Economic Analysis Summary

The economic prospects for substantial improvement in the development of Ecuador's forestry sector are promising. Internal demand for wood products will continue to grow rapidly through the remainder of this century. Opportunities to decrease pulp and paper imports will exist as Ecuador increases its forestry plantations. Significant possibilities for expanded exports of wood products also exist. It is expected that increased investments in forestry and wood products will have high financial and economic pay-off. Table IV summarizes the economic analysis conducted on selected project activities.

In summary, the economic analysis is indicative of a project which is expected to have high economic pay-off. In the past, Ecuador's forestry sector has not received the necessary economic investments needed for an efficient management of forestry resources. With this project, the institutional development, the technology generated and the improved human resources will provide Ecuador with the necessary base for meeting its wood products requirements and better managing this valuable renewable resource.

C. Social Soundness Summary (See Annex V)

1. Project Beneficiaries

This project will benefit a number of different segments of the Ecuadorean population. It will: (a) provide direct benefits to an estimated 5,000 campesino and Indian families who will participate in the project's field demonstration activities; benefit PNF and other forestry sector professional and technical personnel who will receive training under the project; benefit private and public forestry sector entities through the generation and dissemination of more cost-effective silvicultural techniques and methodologies; and it will establish a base for generating significant economic benefits in the form of increased useful life of major investments in infrastructure to Ecuadorean institutions such as INECEL and I.A.H.E.R.I.

2. Socio-Cultural Feasibility

a. General Considerations

The Social Soundness Analysis, presented in Annex V, shows that Ecuador's new Ley Forestal, together with the implementation of forestry activities of the type proposed under this project, offers a variety of direct and indirect benefits to campesinos and Indians. Although the exact nature of these benefits varies widely due to the great social and ecological differences within Ecuador, the most direct benefit of the project will be through its support for sustained yield production systems and the resulting long-term economic gains for the beneficiaries. Many of the activities will assist in reversing ecologically unsound and economically short-sighted land use patterns. Generally, however, benefits derived from forestry projects produce neither large nor immediate economic benefits. Thus, the socio-cultural feasibility of the project rests not on whether it will benefit the recipients, but on whether the intended beneficiaries can be sufficiently motivated to participate in the project.

An important indirect benefit of forestry programs is the fact that land owners who commit their property to reforestation or forestry related activities are not subject to expropriation under the Agrarian Reform Law. Consequently, colonists and Indian groups can be expected to participate fully in forestry projects if they can obtain title to their land. Support for protecting titled land and assisting in titling land is almost a prerequisite for the social success of potentially significant forestry programs. Recent experience by EMDEFOR in Chimborazo demonstrates that titling of community lands can be carried out quickly and at

low cost. The project will provide land titling assistance to the communities and groups which participate in the project and which require such assistance. The PNF's legal department will play a key role in providing such assistance, particularly in dealing with the paperwork required by the Eucadorean Agrarian Reform and Colonization Insititute (IERAC) which is responsible for providing land titles. A small amount of project funding for field demonstration activities will be provided as needed to pay for expenditures necessary for titling such as land surveying.

The project is expected to have a favorable impact on women because substantial amount of the round wood produced in the Sierra and the dry coast will be allocated for fuelwood. This generally will reduce the difficulty and amount of time spent in gathering fuelwood, which is generally a woman's chore. The role of women in forestry activities per se will vary according to the specific cultural and economic context of the forestry activities. In situations where on-farm forestry activities are implemented and where women are involved in agricultural tasks, they necessarily must be involved in the planting and maintenance of the trees. Where reforestation occurs on communal lands or is a wage labor activity, the participation of women depend on the cultural norms of the community or group.

b. Regional Considerations

The detailed Social Soundness Analysis, included in Annex V, shows that significant social-cultural diversity exists among Ecuador's major geographic regions and therefore the benefits and social feasibility of specific activities vary from area to area.

(1) Sierra

Andean campesinos and Indians are primarily concerned with maintaining their subsistence security, however fragile that may be. Food production is therefore a primary concern and any forestry related activity must be undertaken with the understanding that, unless one approaches these communities with the idea of providing incentives without incurring risks to food production, the program could be met by either violence or apathy.

Tree plantations on community lands at altitudes above individual agricultural plots, (i.e., generally above 2,800 to 3,200 meters) offer excellent opportunities to utilize unused land, protect lower agricultural lands from erosion, provide long-term economic benefits, and secure presently underutilized land against the threat of capricious agrarian reform. Many communities are aware of these benefits and

will undoubtedly seek assistance in implementing forestry programs. Others will need to be stimulated by promotional campaigns. Similarly, some communities will enthusiastically embrace forestry plantations while other will require incentives which produce immediate benefits. As such, contracts or agreements between communities and forestry institutions (private and public) which provide cash payment for planting and periodic maintenance of plantation will encourage communities to introduce and care for trees, which for them will always be less important than agricultural activities. Such benefits will be provided in activities financed by the project and have been included in project cost estimates. Communal plantations in which crops or pastures can be grown will also encourage participation in forestry activities. These are also contemplated in the project.

In addition to communal plantations on high grasslands, another component of Sierra forestry will be on-farm/agro-forestry programs. This will help trees to be perceived as something other than items which stand isolated from the rest of the agricultural complex. However, the feasibility of such activities lies in the ability of the project to produce successful demonstration plots and demonstrable direct or indirect economic benefits, e.g., soil conservation, fuelwood, etc.

(2) Northwestern Moist Tropical Lowlands

Anticipated forestry related activities for the northwestern sector are: 1) plantation development and forest enrichment; 2) experiments in natural regeneration; and 3) agro-forestry.

Plantations and forest enrichment present no social feasibility problems. Activities will be undertaken on state land during the initial period of the project and the major direct impact these activities will have on the local population is in terms of labor relations between the state enterprises and the local employees. Although the area has long been characterized by labor problems and relations with labor employees must be managed carefully, PNF officials have an awareness and sensitivity to this situation.

The project's planned demonstration experiments in natural regeneration and agro-forestry offer excellent opportunities to reverse the currently uncontrolled, or minimally controlled, deforestation by both concessionaires and colonists in the area. The ability to implement the programs is directly related to the resolution of tensions between industry and colonists and the establishment of a firm tenure system. No one will be willing to participate in programs, however beneficial they may be, if their land tenure is

precarious. The ultimate success of the sustained-yield, economically and ecologically sound land use programs which are being proposed rests on the resolution of severe social problems by providing land titles to natives and colonists who reside in the area. As in the Sierra, the PNF will assist beneficiary groups in obtaining their titles.

(3) Eastern Tropical Lowlands (Oriente)

By comparison to the western lowlands, forestry development in the Oriente is much less constrained by social tensions. The region is populated by native people and colonists, both of whom, in increasing numbers, are deforesting in order to prepare land pasture. Many, particularly the Indians, recognize that this land use pattern is not the best possible but that it serves a significant function in that it demonstrates evidence of production and therefore provides a guarantee to their tenure and a means to obtaining title to land. As such the agro-forestry and natural regeneration aspects of the project which will be linked to land titling offer an excellent alternative and, if successful, a model for rational economic development and tropical forest management.

(4) Dry Coastal Areas

The social feasibility of forestry activities in this region is less tied to land titling. Rather, it is dependent primarily on selecting forestry activities which are perceived to provide direct economic benefits, e.g., natural regeneration of algarrobo for use in charcoal manufacture, and planting of trees which provide shade for other crops and/or food.

c. Conclusion

The project is feasible from the socio-cultural perspective. It provides sufficient incentives including immediate economic incentives and other tangible benefits such as land titling to assure a high degree of participation by campesino and Indian groups in project activities. The provision of 15 person-months of advisory services of an Ecuadorean anthropologist will also enable the PNF to properly implement field demonstration activities and, where necessary, make adjustments in operating procedures in order to deal more effectively with project beneficiaries.

D. Administrative and Institutional Feasibility

1. The PNF's Capability to Administer the Project.

The changes to be introduced into the PNF program by the project principally address its role and administrative capacity, and not its organizational structure. As visualized, the PNF will assume a leadership role in the planting, coordination and evaluation of specific research projects which will involve the participation of other governmental or private institutions such as EMDEFOR.

Broadening the number of participants in the field demonstrations in a coordinated manner will result in more personnel and financial resources being brought to bear than would result from research administered solely by the PNF. The introduction of the new mode and philosophy of administration has been discussed fully with the Executive Director and key PNF staff. They embrace the change and expect to be able to effect it with minimal difficulty.

2. USAID Conclusion

The project is administratively feasible and institutionally sound for several reasons.

First, although the track record of the PNF's predecessor agency is spotty, it has gained considerable experience and receiving substantial technical assistance principally from FAO during the past 25 years. Its self-identity as an institution has been strengthened by the new Forestry Law. In the context, the PNF's key staff are receptive to and looking for ways to improve PNF's performance and effectiveness. The project responds by positively approaching institutional development through incremental adjustments. No major reorganization and no major staff increases are required to implement the project.

E. Environmental Concerns

An Initial Environmental Examination (IEE) was prepared on the Forestry/Natural Resource Management project on November 6, 1980. This IEE, based on a review of the Project Identification Document (PID), resulted in a Negative Determination and indicated that the project would have a positive effect on the quality of the human environment.

Reasonably firm cost estimates for project activities exist. The costs to the U.S. Government have been clearly identified. The counterpart contribution required to carry out project activities as well as the recurring costs which will result from the project can reasonably be borne by the institutions and groups which are responsible for them. Therefore, USAID concludes that the project is financially feasible.

SUMMARY PROJECT BUDGET BY INPUT
(\$1,000's)

	<u>A.I.D.</u>		<u>Host Country</u>
	<u>Loan</u>	<u>Grant</u>	
Technical Assistance	635	1,600	65
Training	650		250
Equipment & Materials	550		770
Field Demonstration Activities	3,700		4,675
Protective Forest Activities	600		450
Additional Staff			925
Evaluation	65		65
Contingencies	300		300

F. Evaluation Plan

Major evaluations will be carried out during the second and the fourth years of the project.

The productive and protective forestry field pilot demonstrations will be evaluated from two points of view. First, they will be assessed in terms of the amount, kind and utility of the technical information (including cost information), that they have generated. Second, the effectiveness of the various types of specific institutional arrangements will be assessed, focusing especially in the degree and kind of participation of the beneficiary groups or communities in each of the cooperative agreements.

ADB 1000 20 10 100
SUPPLEMENT 1

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Project Title & Number: FORESTRY SECTOR DEVELOPMENT PROJECT - 518-0023

Life of Project: From FY 1982 to FY 1987
Total U.S. Funding: 8.1
Date Prepared: 6-9-82

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes: (A-1)</p> <p>To increase the productive use of Ecuador's forest resources.</p>	<p>Measures of Goal Achievement: (A-2)</p> <p>Statistically significant increase in forest products produced for export and domestic consumption.</p> <p>Measurable increase in multipurpose tree planting in Sierra communities and on lowland small farms reached by commercial scale demonstration projects.</p> <p>Physically delimited and protected protective forests and national parks in the watersheds of major infrastructural projects, and other economically important natural areas.</p>	<p>(A-3)</p> <p>GOE national production statistics.</p> <p>Annual progress reports by PNF Forest Management Department.</p> <p>Annual progress reports by PNF Parks and Wildlife Department.</p>	<p>PAGE 1</p> <p>Assumptions for achieving goal targets: (A-4)</p> <p>GOE commitment to release budget funds for the National Forestry Program (PNF) as specified in the Forest Law.</p> <p>Private sector will actively engage in forestry activities.</p> <p>Full costs of watershed management are internalized in the funding of hydroelectric, irrigation and water supply projects.</p>

hC

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project: 1982 to FY 1987
From FY 1982 to FY 1987
Total U.S. Funding: 8.1
Date Prepared: 6-9-87

Project Title & Number: FORESTRY SECTOR DEVELOPMENT PROJECT - 518-0023

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Project Purpose: (B-1)</p> <p>To strengthen the capacity of Ecuadorean forest sector institutions to undertake afforestation/reforestation activities and to manage productive and protective forests.</p>	<p>Conditions that will indicate purpose has been achieved: End-of-Project status. (B-2)</p> <p>(1) A functional planning, research coordination, training and information capacity established within the PNF.</p> <p>(2) An increased PNF capability to provide technical assistance and other support through its District offices.</p> <p>(3) Effective working relationships established between the PNF and other public and private sector institutions.</p> <p>(4) Increased technical knowledge available on forestry activities.</p> <p>(5) Protective Forest delimitation and management planning occurring.</p>	<p>(B-3) *</p> <p>1. PNF's Planning Department.</p> <p>2. PNF District Office records indicate increased technical assistance being provided to communities and individuals. Sales of seedlings increased by an average of 50 percent.</p> <p>3. Inter-institutional cooperative agreements continue in operation (5).</p> <p>4. Research results published and disseminated.</p> <p>5. Protective forest being delimited (100,000 hectares per year).</p>	<p>Assumptions for achieving purpose: (B-4)</p> <p>GOE provides sufficient budgetary resources to PNF.</p> <p>PNF will modify functions of District offices.</p> <p>Public and government support for protective forests is increased.</p>

75

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Project Title & Number: FORESTRY SECTOR DEVELOPMENT PROJECT - 518-0023

Life of Project:
- From FY 1982 to FY 1987
Total U.S. Funding 8.1
Date Prepared 6-9-82

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Project Outputs: (C-1)	Magnitude of Outputs: (C-2)	(C-3)	Assumptions for achieving outputs: (C-4)
I. Institutional Development			
A. Planning and Programming			
1. Project designed	5	PNF Records	
2. Studies implemented	5		
3. District chiefs trained in project design	15		
B. Research Coordination			
1. Research results from field demonstrations and applied research collected by PNF		PNF Records	
2. Trained professionals in forest entomology and pathologist on PNF staff	2		GOE allows PNF to increase staff
3. Seed Bank and specialized operational entomology and pathology laboratories	5		
C. Information dissemination			
1. Documentation center staffed with trained personnel and operational	1	USAID monitoring	
2. Research results and technical information disseminated		PNF records, publications	

76

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project:
From FY 1982 to FY 1987
Total U.S. Funding 8.1
Date Prepared: 6-9-82

Project Title & Number: _____

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Project Outputs: (C-1)	Magnitude of Outputs: (C-2)	(C-3)	Assumptions for achieving outputs: (C-4)
D. Technical Assistance and Support.			
1. nurseries expanded and improved.	6	PNF records	
2. District engineers and technicians trained	40		
II. Productive Forestry Field Demonstrations			
1. Sierra Plantations	4,000 hectares	PNF records	
2. Sierra On-Farm Forestry.	225 hectares		
3. Sierra Natural Regeneration	125 hectares		
4. Arid Zone Plantations	500 hectares		
5. Arid Zone Natural Regeneration	300 hectares		
6. Arid Zone On-Farm Planting	640 hectares		
7. Humid Tropical Forest Management	1,600 hectares		
8. Humid Tropical Agro-Forestry	1,000 hectares		
9. Humid Tropical Enrichment Plantations.	1,000 hectares		
10. Species trials	100		
11. Other Demonstrations	585 hectares		

PNF signs inter-institutional agreement with public and private sector organizations.

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project: 1982 to FY 1987
From FY 1982 to FY 1987
Total U.S. Funding: \$ 1
Date Prepared: 6-9-82

Project Title & Number: FORESTRY SECTOR DEVELOPMENT PROJECT - 518-0023

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Project Outputs: (C-1)	Magnitude of Outputs: (C-2)	(C-3)	Assumptions for achieving outputs: (C-4)
<p>III. Protective Forestry and Watershed Management</p>			
<p>A. Paute Watershed Protective Forest Delimited and Management Plan Developed</p>	<p>60,000 hectares</p>	<p>PNP records</p>	
<p>B. Other critical watersheds and economically valuable areas delimited and management plan developed.</p>	<p>500,000 hectares</p>		
<p>C. Field Demonstrations Implemented in Paute Watershed</p>		<p>Site visits</p>	
<p>1. Revegetation</p> <p>2. Natural Regeneration</p>			
<p>D. INECEL Watershed Management Unit Established</p>			

86

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Project Title & No.: FORESTRY SECTOR DEVELOPMENT PROJECT - 518-0023

Life of Project: 1982 to FY 1987
From FY 1982 to FY 1987
Total U.S. Funding: 8.1
Date Prepared: 6-9-87

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Project Inputs: (D-1)	Implementation Target (Type and Quantity) (D-2)	(D-3)	Assumptions for providing inputs: (D-4)
<p>I. Institutional Development</p> <p>A. Technical Assistance</p> <ol style="list-style-type: none"> 1. Principal Advisor 2. Short-term <p>B. Training</p> <ol style="list-style-type: none"> 1. In-service technical workshops 2. In-service project design training 3. Applied Research Design 4. Training in Information Management and Statistics <p>C. Equipment and Materials</p> <ol style="list-style-type: none"> 1. Micro-computer/word-processor 2. Pathology and Entomology Lab. Equipment 3. Seed Bank 4. Nursery Expansion Equipment <p>D. Additional Staff</p> <p>E. Funding for Studies</p>	<p>48 p-m</p> <p>54 p-m</p> <p>25 workshops</p> <p>15 professionals trained</p> <p>10 professionals and technicians trained</p> <p>1 person trained</p> <p>1</p> <p>1</p> <p>4 professionals</p>	<p>USAID Records</p> <p>PNF Training Reports</p> <p>USAID Records</p> <p>PNF Records</p> <p>USAID Records</p>	

66

PROJECT PAPER: SMALL INDUSTRY DEVELOPMENT PROJECT

The attached document is a synthesized edition of the Project Paper for the Small Industry Development Project in the Dominican Republic. It has been edited to be as brief as possible, while still including enough information to enable workshop participants to explore how gender might be considered in the design process at this stage.

This document has been chosen only as a vehicle for improvement of skills related to gender issues. It is not an evaluation of the project itself.

PROJECT DATA SHEET

C = Change D = Delete 3

7. COUNTRY/ENTITY: Dominican Republic

8. BUREAU/OFFICE: Latin America and the Caribbean LAC

3. PROJECT NUMBER: 517-0150

5. PROJECT TITLE (maximum 40 characters): Small Industry Development

6. PROJECT ANTICIPATED COMPLETION DATE (PACD): MM DD YY 09 27 87

7. ESTIMATED DATE OF OBLIGATION (Under "B:" below, enter 1, 2, 3, or 4): A. Initial FY 82 B. Quarter 4 C. Final FY 83

8. COSTS (\$000 OR EQUIVALENT \$1 =)

A. FUNDING SOURCE	FIRST FY 83			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	(155)	(140)	(295)	(235)	(615)	(850)
(Loan)	()	(834)	(834)	()	(5,000)	(5,000)
Other U.S. 1.						
U.S. 2.						
Host Country					2,000	2,000
Other Donor(s)						
TOTALS	155	975	1,129	235	7,615	7,850

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) FN	270	110	110	0	0	595	3,500	595	3,500
(2) ST	700					255	1,500	255	1,500
(3)									
(4)									
TOTALS						850	5,000	850	5,000

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each): 150 840

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each): A. Code B. Amount

13. PROJECT PURPOSE (maximum 480 characters):

The purpose is to: establish an institutional mechanism, capable of providing a continuous source of credit, technical assistance and training to small entrepreneurs in the Dominican Republic.

14. SCHEDULED EVALUATIONS: Interim MM YY 09 83, 09 84; Final MM YY 09 87

15. SOURCE/ORIGIN OF GOODS AND SERVICES: 000 941 Local Other (Specify) 899

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (Attach page 1 of a _____ page PP Amendment)

17. APPROVED BY: Philip R. Schwab, Director, USAID/Dominican Republic

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION: MM DD YY 09 30 82

PROJECT PAPER
SMALL INDUSTRY DEVELOPMENT - DOMINICAN REPUBLIC

TABLE OF CONTENTS

	<u>Page</u>
I. SUMMARY AND RECOMMENDATIONS.	1
A. Face Sheet.	1
B. Recommendations	1
C. Summary Project Description	1
D. Participants in the Preparation of the Project Paper	3
II. BACKGROUND	4
A. Role and Characteristics of Small Business in the Economy	4
B. The Problems and Needs of Small Business.	4
C. Other Donor Response to the Small Business Problems.	5
D. AID's Activity in Small Business Sector	6
III. PROJECT DESCRIPTION.	7
A. Introduction.	7
B. Borrower/Grantee/Terms/Conditions	7
C. Goal/Purpose/Outputs/Inputs	7
D. Project Activities.	9
IV. PROJECT ANALYSES17
A. Institutional Analyses.17
B. Social Soundness Analysis20
C. Economic Analysis28
V. PROJECT IMPLEMENTATION36
A. GODR Project Administration36
B. USAID Project Administration.36

Glossary of Acronyms

CEPESA	-	Centro de Asistencia Técnica de la Pequeña Empresa
CFI	-	Corporación de Fomento Industrial (Corp. for Industrial Promotion)
CONADEPI	-	Corporación Nacional para el Desarrollo de Pequeñas Industrias
DDF	-	Fundación Dominicana de Desarrollo (Dominican Development Foundation)
FIDE	-	Fondo de Inversiones para el Desarrollo Económico (Investment Fund for Economic Development)
IDB	-	Inter-American Development Bank
IESC	-	International Executive Service Corp.
ILO	-	International Labor Organization
INDESUR	-	Instituto Para el Desarrollo del Suroeste
INFOTEP	-	Instituto Nacional de Formación Técnico Profesional
INTEC	-	Instituto Tecnológico (Technological Institute)
ISA	-	Instituto Superior de Agricultura (Higher Agricultural Institute)
INDOTEC	-	Instituto Dominicano de Tecnología (Dominican Institute of Technology)
PFI	-	Private Financial Institution
PROAPE	-	Programa de Asistencia a la Pequeña Empresa
TAC	-	Technical Assistance Center
UCMM	-	Universidad Católica Madre y Maestra
UNIDO	-	UN Industrial Development Organization

I. SUMMARY AND RECOMMENDATIONS

A. Face Sheet

B. Recommendations

The Project Committee recommends that the Director, USAID/Santo Domingo, approve the following loan/grant to finance the Small Industry Development Project.

AID Loan \$5,000,000

Terms: 25 years, 2% interest during a ten year grace period, 3% interest during remaining 15 years. \$3.5 million of the AID loan will be used for sublanding activities in rural areas.

Counterpart Contribution \$2,000,000

Counterpart contribution, will be in local currency resources. Disbursement will be over a three year period, with the intention that AID and counterpart funds will be disbursed simultaneously.

AID Grant 850,000

U.S. dollars will finance technical assistance, evaluation, and training. Local currency, will finance TAC operating costs, local training, technical assistance and commodities.

Project Total \$7,850,000
(including counterpart)

Disbursement Period Three Years
(for revolving fund)

Implementation Period Five Years
(for technical assistance)

C. Summary Project Description

1. Borrower/Grantee

The Borrower for loan funds and the Grantee will be the Government of the Dominican Republic. The Central Bank will be the primary executing agency, acting through the Fund for Economic Development (FIDE).

2. Project Summary

The Dominican Republic is a country with a substantial entrepreneurial potential. Large numbers of undercapitalized small and poorly managed industries struggle for survival and growth in many lines of business in all parts of the country. These enterprises are labor intensive and typically link significantly to agricultural production and to larger industrial, construction, tourism and commercial enterprises. Most small industries face a severe shortage of working capital and lack access to institutional credit of any kind. It is estimated that 80% of the credit available to firms is provided by private lenders at interest rates often double those charged by institutions. Entrepreneurs typically are plagued by deficiencies in business administration and technical knowledge, effective access to markets, and inefficient production technology. The fact that so many of these enterprises do survive under these conditions suggests that with technical assistance and access to credit at reasonable rates, very significant increases in productivity, employment, and production can be achieved.

The Goal of the Project is to increase the per capita income and employment in the Dominican Republic, by improving the performance of the private sector. The Purpose of the Project is to establish an institutional mechanism, capable of providing a continuous source of credit, TA, and training to small entrepreneurs in the Dominican Republic. Accordingly, the project includes:

a. Credit

A \$7 million Small Industry Revolving Credit Fund will be established in the Central Bank, under the general management of FIDE. The credit will be made available to small entrepreneurs through participating financial institutions (PFI), qualified to do business with FIDE. PFIs will have final approval for subloans and will certify that the loan meets eligibility criteria of the program. The PFI will make the initial disbursement, whenever possible, directly to the supplier of goods and services. The PFI will then submit the loan documentation and a reimbursement request to FIDE which will reimburse the PFI within 24 hours.

Subloans will not exceed \$50,000 nor be less than \$2,000. Cooperatives and Group Associations will be eligible for subloans, the total amount of which may not exceed \$100,000. Funds will be available for the purchase of capital goods, working capital, inventory financing and any other purpose deemed necessary to assure the viability of the enterprise. Loans for the acquisition of capital goods and production credit will be for a period of not more than 6 years including a one year grace period; loans for working capital will be made for a period of up to 3 years with a 6 month grace period.

b. Technical Assistance

The technical assistance component is designed to provide a self-sustaining network to service the business development needs of small entrepreneurs. Two mechanisms will be provided: (1) Technical Assistance Centers (TAC) will provide the small industry borrowers with needed assistance in loan analysis and document preparation and in basic management and operational techniques; (2) a Central Assistance Facility (CAF), located in FIDE, will provide TACs with technical assistance during the start-up phase and, upon request, specialized assistance needed by TAC clients.

3. Summary Findings

The Project Committee has reviewed the project for its institutional, financial, economic and social soundness. The Committee believes that the Project, as developed, can help to alleviate the constraints to successful small industrial development in the Dominican Republic by opening up formal institutional credit mechanisms to small enterprise participation and providing sound and timely assistance in business administration and management.

D. Participants in the Preparation of the Project Paper

Mission Project Committee

Ronald F. Venezia, Assistant Director
Tim Hammann, CRD
Aaron Benjamin, UDD, Project Manager
Debra De Witt, CRD
Benito Henríquez, CRD
Rose Veith, OPE
John Chang, OPE
Donald Soules, OPE
Henry Welhouse, OPE
Cecile Adams, CON

Mission Support Staff

Clara Kirusa, CRD
Mercedes De la Rosa, CRD

AID TDY Assistance

Michael Lofstrom, LAC/DR
Michael Farbman, S&T/SEE
Bob Burke, LAC/DR

Consultants

Onofre Torres, Interamerican Management Consulting Corp.
Peter Fraser, Private Consultant

II. BACKGROUND

A. Role and Characteristics of Small Business in the Economy

Small business plays an important role in the Dominican economy. Although the exact number of small businesses is not known, there are at least 5,000 small businesses registered with the Secretariat of Industry and Commerce and it is estimated, at least 8,000 unregistered businesses in the Dominican Republic. According to results obtained in 1981 from a study on Dominican industry conducted by the United Nations Organization for Industrial Development (UNIDO), approximately 45 percent of the manufacturing labor force (or 26,000 persons) is employed by small business. In 1981, small business contributed approximately 56 percent of the total manufacturing output (excluding sugar) or \$365 million to the economy.

Small businesses in the Dominican Republic are defined as having between RD\$10,000 and RD\$250,000 in assets, with highly variable levels of sales. A small business employs an average of twenty workers, although manufacturing firms with RD\$10,000 to RD\$50,000 in assets, employ on the average between five and ten workers. These enterprises are particularly active in the food processing, light manufacturing (e.g., furniture, shoemaking, metalworking, etc.), handicraft, service, and commercial/trading industries.

B. The Problems and Needs of Small Business

1. A Reliable and Economic Source of Credit

Without credit or access to credit, small industry is unable to invest. In many cases, modest needs such as short-term working capital to assure steady production have not been satisfied through the formal financial market. A recent Instituto Tecnológico (INTEC) study indicated that 72.4% of all small businesses surveyed had an urgent need for credit to finance both working and fixed capital investment. Similarly, 93.1% respondents in the AITEC/DDF study identified lack of credit as the primary obstacle to business expansion.

2. Administrative Knowledge

Beyond simple loan-packaging services, Dominican small businesses have a need for direct technical assistance which will increase the entrepreneur's awareness of the utility of administrative controls and procedures, and provide rudimentary training in these areas. Perhaps the greatest need of small business is for accounting and record-keeping systems. In order to plan for growth and expansion, the entrepreneur must first know where his money is going. Only in this way, and with

an eye toward the future, can he make rational decisions on procurement, production, sales, etc., with which to maximize his chances of survival, not to mention profit.

Typically, there are production techniques and equipment available which would increase production efficiency, of which the entrepreneur is unaware. Also, unskilled workers may be trained to raise their level of productivity thereby increasing the output of the business. Technical assistance, working directly with the enterprise, can uncover these shortcomings and make recommendations for improvement as well as provide guidance for implementation of recommended improvements.

3. Marketing Knowledge

A broader understanding of raw material sources, retail channels, and marketing information will provide the entrepreneur with several choices from which he may improve his purchasing, bargaining and marketing power.

4. Major Policy and Legal Constraints

The entrepreneur faces a legal environment in which laws are complex, full of loopholes, and often inconsistent, or contradictory.

Dealing effectively with these constraints and reforming the existing laws and regulations affecting small business is a long term process involving much analytical and political effort.

C. Response to Small Business Problems

2. Other Donor Activities

Most of the international assistance to small industries (in addition to AID contributions) has come from the three multilateral donors: 1) the United Nations (UNIDO and ILO); 2) the World Bank; and 3) the Inter-American Development Bank (IDB).

Beginning in 1980, a joint effort by the World Bank (which provided financing) and the International Labor Organization (ILO) (which provided technical assistance) was initiated to develop the National Institute for Technical and Professional Formation (INFOTEP). This Institute is responsible for: conducting studies to determine training needs; providing technical support to institutions involved in worker training; offering technical assistance to private enterprises; and organizing training centers for workers in industry, commerce, and agriculture and training of blue collar workers. It is anticipated that the resources of INFOTEP will be tapped by the TAGs working in conjunction with this project.

On June 6, 1980, the Inter-American Development Bank (IDB) approved a \$.5 million loan for Small Projects for the Development Association of the Province of Espaillat (Moca). Agriculture was the primary focus of this loan; however, 35% or \$175,000, was to be used for loans to micro industries (maximum of 10 workers). Sub loans did not exceed \$5,000. The loan fund is completely disbursed.

The Inter-American Development Bank (IDB) is in the process of negotiating a \$.5 million loan with the Development Association of Santiago. The money will be used to finance subloans for micro and small industries. The proposed eligibility criteria include sub-borrowers whose businesses have annual sales of not more than \$25,000; assets of not more than \$15,000; an investment/employment ratio of not more than \$3,000; and at least two years experience. Subloans will be for not more than \$5,000 at an interest rate of 12% plus 1% commission. The interest rate for loans can be revised if permitted by law or corresponding authority.

D. AID's Activity in Small Business Sector

1. Promoting Small Business to Generate Employment

Recently AID has financed studies on the characteristics and needs of small business in the Dominican Republic. Much of the analysis and direction of this project is a result of these studies.

a. Dominican Development Foundation Micro-Industry Sector Assessment

AID provided a small grant to the Dominican Development Foundation (DDF) - a non-profit Dominican organization - to undertake an assessment of the micro-industry sector in the Capital and six secondary cities.

As a result of the study's findings, in FY-1981, AID approved an OPG to the DDF in the amount of \$498,810, for a three-year program of institutional development including loans and technical assistance in management to micro-enterprises. This amount is being matched by a local counterpart contribution of \$597,029, for a total program value of \$1,095,839. The program will provide 250 loans to individual borrowers (micro empresarios) and 310 loans to small groups (solidarios).

b. Instituto Tecnico (INTEC) Small Industry Sector Analysis

In September of 1980, a small industry sub-sector analysis managed by INTEC was initiated with joint financing by AID and the Association of Industries.

III. PROJECT DESCRIPTION

A. Introduction

The Small Business Project will provide credit and technical assistance and training to approximately 1,000 small firms. The project will establish two coordinated institutional mechanisms to service the business development needs of small entrepreneurs, through a credit component and a self sustaining technical assistance network. A Small Industry Credit Fund will be established in a division of the Central Bank, the primary executing agency. The credit will be channeled to small businesses through a number of qualified participating banks and financieras. Technical assistance and training will be provided through a network which will include three existing technical assistance organizations and may include two more organizations during project implementation. This TA network will also include a Central Assistance Facility (CAF) located in FIDE to provide TACs and end borrowers with assistance during the project.

B. Borrower/Grantee/Terms/Conditions

The borrower of the \$5 million loan will be the Government of the Dominican Republic (GODR). The Central Bank will be the primary executing agency acting through FIDE, a division of the Bank. Terms of the loan will be 2 percent during the ten year grace period and 3% interest during the remaining 15 years of the 25 year term. A five year implementation period is contemplated. The borrower will provide \$2 million in counterpart contribution. The borrower will pass the loan and counterpart funds to FIDE to be used as the basis for a permanent revolving credit fund. The borrower will also agree to deposit all reflows generated under the program in the Small Industry Credit Fund and will make the subblending incentives available to PFI's who wish to lend to small businesses with new project funds. All AID loan funds will be disbursed within three years.

A grant of \$850,000 will also be provided through the GODR to FIDE to assist in technical assistance operations.

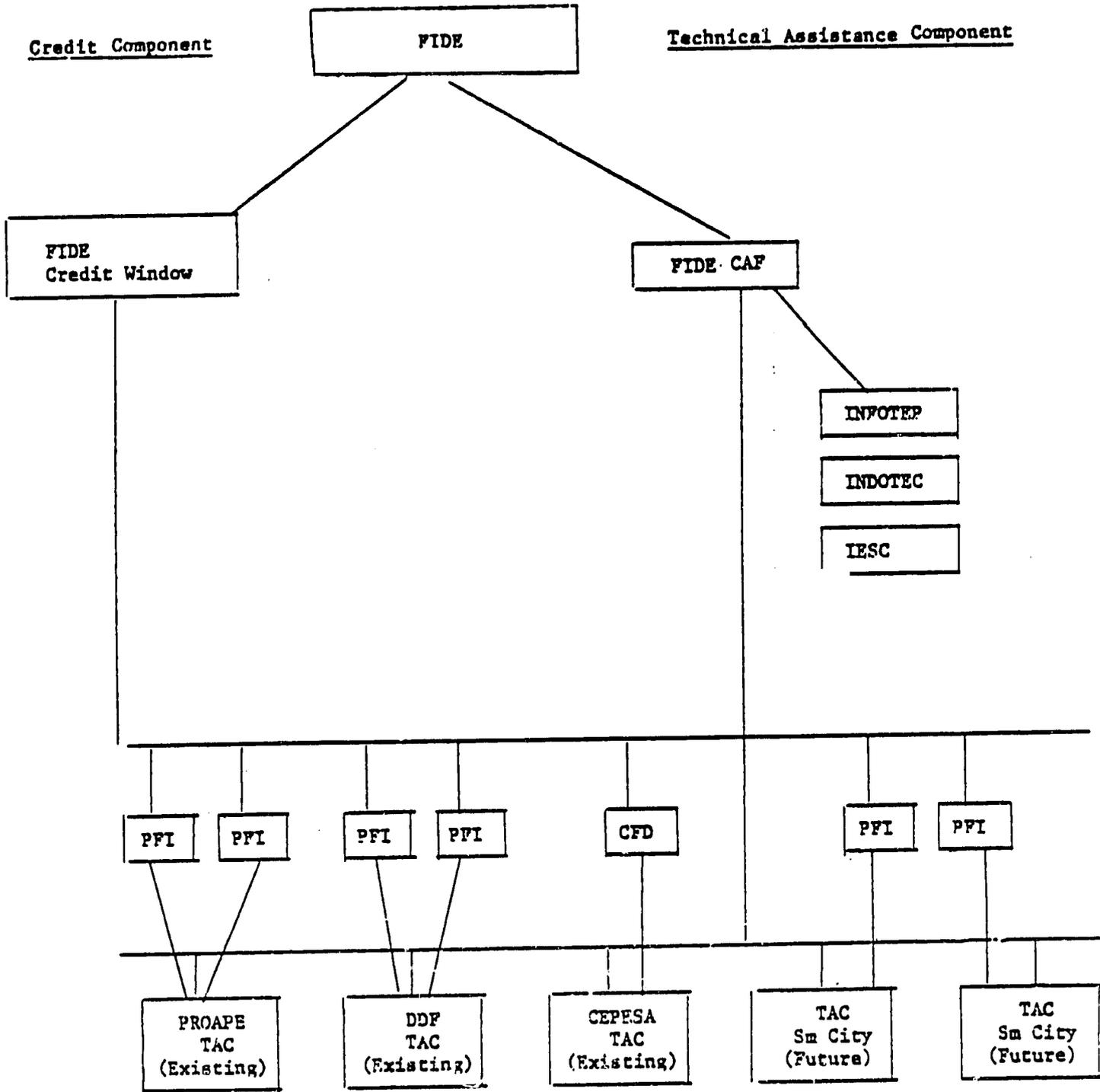
C. Goal/Purpose/Outputs/Inputs

The goal is to increase the per capita income and employment in the Dominican Republic, by improving the performance of the private sector.

The purpose is to establish an institutional mechanism, capable of providing a continuous source of credit, TA, and training to small entrepreneurs in the Dominican Republic.

Outputs will be: significant changes in small business interest rates, guarantee levels and other incentives; loans to small entrepreneurs by PFI's; strengthened existing small business technical

SCHMATIC DIAGRAM: CREDIT AND TECHNICAL ASSISTANCE COMPONENTS



assistance centers (TAC's); and creation of new small business technical assistance centers in various Dominican cities.

Inputs will include small business credit; technical assistance; salaries and other operating costs of the technical assistance centers; and a small amount of commodities including motorcycles, office equipment and furniture.

D. Project Activities

1. Credit Component (AID Loan - \$5 Million; GODR - \$2 Million)

a. General

Under this project activity, a \$7 million Small Industry Revolving Credit Fund will be established in the Central Bank. General management of the fund will be by the "Fondo de Inversiones para el Desarrollo Económico" (FIDE), a division of the Central Bank of the Dominican Republic. The credit will flow through participating financial institutions (PFI), banks and finance companies, normally qualified to do business with FIDE. As a special incentive to PFI participation, FIDE has agreed to raise the level of guarantee from 50% to 75%. \$3.5 million of the AID loan funds will be used for sub-lending activities outside Santo Domingo.

Promotion, Application, Approval and Disbursement of Credit

FIDE will undertake the initial promotion of the program. An Operations Manual will be prepared by FIDE. This manual will clearly state the purpose of the loan, eligibility criteria for sub-borrowers, rules and regulations on types and terms of loans, operating procedures and types and operations of technical assistance. The Manual will be made available to eligible PFIs, TACs, Business Associations, and the media. In addition, the following actions are considered prerequisites to assure successful implementation of the loan:

1) Introductory sessions for the personnel of the PFI and TACs. These would serve to explain criteria, terms and conditions and mechanisms of operation. They would also assist in developing uniform criteria for review of loan applications, emphasize the innovative elements of the credit policies and provide a forum for discussions of operating problems which would be of common interest to personnel of the FIDE, PFIs and TACs. These would be conducted by technical consultants as required and personnel from FIDE.

2) Promotional sessions with potential sub-borrowers groups, trade associations, church leaders, Peace Corps Volunteers, GODR Agencies, Area Development Agencies and the media. These sessions will provide the broad informational base necessary to

reach all potential sub-borrowers, provide for effective coordination at the local level and assure that all potential sub-borrowers become familiar with the loan objectives. These sessions would be directed by the technical and managerial staff of FIDE and TACs.

Potential borrowers may either be channeled through the TACs to the financieras or they apply directly to the PFI. Technical assistance, provided through TACs, is an important element of project design although it is not a prerequisite to participation in the lending program. In the first year of project implementation, 85% of all sub-lending funds will be channeled to projects using the technical assistance services of the TACs. (Based upon the results of the first year project evaluation, this allocation may be revised.) It is estimated that 75% of the loans channeled through the TACs will require technical assistance.

The TAC will conduct an initial evaluation of the business to determine if technical assistance is required. If required, the TAC will develop a business development plan in collaboration with the entrepreneur. The TAC will estimate the required TA needs of the client and prepare a TA budget based on cost guidelines which are to be established by FIDE. Technical assistance will often begin before disbursement of credit for working capital or equipment in order to assure that basic control systems are in place.

Both the loan package and the TA budget will be presented to the financiera for final approval. The financiera will review the loan proposal and the proposed TA budget and if satisfied, approve a loan for the total amount of the credit requirements plus the amount indicated on the TA budget. The financiera will approve a loan based on the business development plan, and the feasibility study if appropriate.

Upon approval of a subloan, the PFI will make the initial disbursement to the sub-borrower or whenever possible, directly to the supplier of goods and services. The PFI will then submit the loan package, promissory note, duly endorsed, the repayment schedule, and a reimbursement request to FIDE. Within 24 hours of receiving the request the PFI will be reimbursed the initial disbursement. At the time of the initial disbursement the PFI will make a payment of 3% of the total loan package to the TAC for loan packaging and for any technical assistance services delivered to the sub-borrower.

FIDE's audit process will ensure PFI adherence to established eligibility criteria and will take place after funds have automatically been reimbursed to the PFI. If the borrower is found not to meet the eligibility criteria, then FIDE may debit the PFI's account and withdraw its funding, whereupon the PFI would, if it chooses, fund the loan with its own sources.

FIDE will automatically debit the account of the PFI for payments due under the loan repayment schedules thereby capturing the reflow into the fund. In the event of uncollectibility of the loan, the PFI will liquidate its collateral, if any, and submit a claim to the FIDE loan guarantee program for up to 75% reimbursement of the PFI's losses of principal and legal expenses.

c. Sublending Terms and Criteria

Subloans will not exceed \$50,000 or be less than \$2,000. Subloans will be made available to cooperatives and Group Associations which are essentially associations of micro-businesses and will be restricted to a total loan of up to \$100,000. Sublending funds will be available for purchase of capital goods, working capital, inventory financing and any other purposes deemed necessary to assure the viability of the enterprise. Loans for capital goods and production credit will be made for a period of up to 6 years including a one year grace period. For working capital, loans will be made for a period of up to 3 years with a 6-month grace period. Of the total loan Fund it is estimated that 70% will be for working capital and 30% for production and expansion. For new companies or start up projects, or new equipment for existing businesses, the PFI may not finance more than 80% of the total investment requirements. Eligible subloans made subsequent to the signing of the Project Authorization may be financed under this project.

Those classes of loans to businesses that would have a significant adverse effect on the environment will be specifically excluded from funding under the terms of the loan agreement. These include loans for the manufacture, importation, distribution or application of pesticides, loans for mining coral reefs, and loans which would contribute to the exploitation of endangered species. In addition, funding will not be made for activities normally ineligible for AID financing, such as gambling. These activities are detailed in Handbook 1B, Chapter 4 and will be transmitted to the borrower by Implementation Letter. FIDE will also not approve credit for those activities which are considered of low priority by the GODR, e.g., plastic firms. Also ineligible under the provisions of this loan are subloans for commercial credit, the cultivation and harvesting of crops, the purchase or lease of land, the refinancing of debts, the construction of houses and the construction of social centers or offices for cooperatives or other group associations.

Notwithstanding the general definition of a small industry included in the Background Section, only firms with less than \$100,000 in fixed assets (equipment and machinery) can participate, including firms involved in agro-industry and the exportation of goods and services. Firms must also be owned and operated by the sub-borrower. The estimated job investment ratio will be approximately \$10,000 or less per job created.

Funds will be made available, on the average, at a nominal interest rate of 16% (which is equal to an effective interest rate of 18%, assuming a six month grace period). This nominal interest rate includes a technical assistance fee of 2%* on the outstanding balance of the loan, and 2% for the guarantee fund. The remaining 12% collected by the PFI is divided in the following way: 1) a 4% margin to the PFI on subloans made in Santo Domingo and Santiago, and a 6% spread on those loans outside of the Capital; 2) an 8% cost to the PFI on the use of FIDE project funds for loans in Santo Domingo and Santiago, and 6% for loans made outside of the Capital.

The GODR has agreed to keep the program sublending rates as high as the law will permit. Thus, when increases in the overall sublending rates are permitted, the program sublending will also be increased in the same amount. FIDE has agreed that the sublending rates and guarantee incentives made available under this program will be available to all financial intermediaries for small business lending outside of this project. As a result of these incentives for lending to small businesses, the project anticipates that PFIs will become more interested to tap this new market using their own funds. This demonstration effort will ease the way to greater private fund lending as the risk has been greatly reduced.

Any bank or private financing company currently licensed for business in the Dominican Republic and which is subject to regulation by the Superintendent of Banks may participate in the program.

d. Inputs

AID will provide \$5 million and the GODR will provide \$2 million to finance the Small Industry Credit Fund. The sublending funds will, to the extent possible, be disbursed simultaneously.

* Initially, all sub-borrowers will be charged a 3% fee for loan packaging and closing costs which will be paid for, in advance, to the TAC as part of the principal of the loan.

2. Technical Assistance Component (AID Grant - \$850,000)

The Technical Assistance Component will include: Technical Assistance Centers (TAC) to provide the small industry borrowers with needed assistances in loan analysis and document preparation and in basic management and operational techniques; and a Central Assistance Facility (CAF) located in FIDE to provide TAC with technical assistance during the startup phase and, upon request by the TAC, specialized assistance needed by TAC clients.

a. Technical Assistance Centers (TAC) (AID \$430,000);

Basic Design

The TAC will be a bridge between the financial institution and the entrepreneur and in many senses an advocate for small businesses. Each TAC will work closely with the local PFIs and with the local business and development association. The TAC will help the small industry client solve problems of access to credit, and provide technical assistance in administration, marketing, production technology and procurement.

TAC clients will be selected through:

- Self identification (firms that come to the Center for help).
- References by the Secretary of Industry and Commerce, the CFI, various small industry associations.
- Participating financial institutions.

Services to be Provided

The TAC will conduct an initial evaluation of the candidate firm. If the applicant is suitable, the TAC will prepare a business development plan and recommend an integrated package of technical assistance, financing and training for the client. On the basis of this plan, the client would be directed to a PFI. The TAC would normally proceed with a technical assistance program in coordination with the PFI. If the TAC cannot resolve any particular technical problems of the firm, it may seek specialized help from other organizations such as INDOTEC, ISA, IESC, UCMM, INTEC or INFOTEP paid for by CAF.

Direct technical assistance to the clients will be complemented by a series of courses and seminars in business administration, accounting, production technology, personnel administration, distribution and marketing. The TAC will collaborate with INFOTEP, UCMM and INDOTEC in these activities either directly or through the FIDE Central Technical Assistance Facility.

In sum, each TAC will:

- Provide consultation and technical assistance directly to the small entrepreneur, on organization, administration, accounting, finance, marketing, production, appropriate technology, and plant layout.
- Give short courses and seminars in business management.
- Obtain or, if necessary, prepare training materials covering technical and administrative issues affecting small industries.
- Prepare business development plans and feasibility studies.
- Work with advocacy groups to identify small business development opportunities in their regions.

TAC Operations and Structure

Payments for assistance will be made on the basis of charges to the clients directly or through an arrangement with the financiers to include the charge in the total loan amount, as discussed previously. The financiers will have the right of review of the technical assistance budget presented (if it will be added to the loan) and can negotiate what it feels would be most needed. In this way, it is expected that bidding up the cost of assistance when not essential will be avoided.

The size of the TAC will vary from region to region depending on the nature and size of the market. On the average, however, it is expected that the TAC supervisor would have at least a bachelor's degree in business administration or the equivalent and at least 5 years experience in private industry. Each TAC will probably have at least one promoter and one secretary. Staff members should be well versed in the fields of administration, accounting, production, marketing, and general business development.

Initially three TAC models will be used: the Dominican Development Foundation (DDF) in Santo Domingo; the Center for Small Business Assistance (CEPESA) in Santo Domingo; and the Program for Small Business Assistance (PROAPE) in Santiago. During the second and third year of the project it is anticipated that two additional TAC's will be included in the program. Possible TAC models will be studied

further by FIDE with the assistance of off-shore TA advisors. The final selection of the additional TACs will depend upon the results of the first project evaluation of the TAC models and upon a detailed analysis of the proposed TAC's institutional objectives and structures.

With assistance provided by the CAF, the TAC will prepare a detailed plan for developing and providing its institutional services to its small business clients. These plans will be submitted to FIDE and AID for review and approval. In addition, the TACs will submit to FIDE and AID their detailed operational procedures to be used under the program. The effectiveness of these procedures will be reviewed by project funded TA advisors.

The rate of which the TAC network can be developed nationwide is largely dependent upon how successful the project supported TAC are at becoming self-sufficient. Self-sustaining technical assistance services based on user charges is a highly desirable goal, but one which may not be easily attained. Accordingly, the project will help finance the start-up costs and support of operating costs for that period of time until optimal efficiency is achieved. AID will guarantee full funding for the first year of TAC operations based on a 12 month budget. It is also anticipated that TACs will seek financing from other sources. TAC progress in achieving self-sufficiency will be a key element in the annual evaluation of the project. Subsequent disbursement of grant funds to TACs will be contingent upon demonstration of adequate progress in this area.

b. Central Technical Assistance Facility (AID \$420,000)

A Central Technical Assistance Facility (CAF) will be established in FIDE. It will provide technical assistance to the TACs during the course of operation, and especially during the start-up phase. The CAF will act as a special implementation unit for project activities. It will be the recipient of requests for assistance by the TACs either for themselves or for their clients. The CAF will provide assistance to the TAC in TAC program design and management. The CAF will conduct the annual evaluation of the TACs to assess their progress. The CAF will provide training to TAC staff in areas affecting program development and internal management. This could be supported by off-shore technical assistance including, for example, the International Executive Service Corps, which has permanent offices in the Dominican Republic and has already been working with various entrepreneurs. The Central Facility would also have access to the facilities of INFOTEP, INDOPEC and other national TA and advocacy organizations interested in this field.

It is expected that the CAF Office will have a staff of two or three local employees paid by FIDE to coordinate TAC requests for assistance. They will also assist in the year-end evaluation of the TACs. It is also expected that 12 person-months of long term TA and 3

months of short term TA (spread over the life of the project) in the area of small business promotion and systems development, will be necessary to support the TACs and FIDE in the development of the TAC/CAF network. These advisors will provide key assistance to the TACs in: training for the technical/managerial assistance function, and training on internal planning, control, and evaluation. In addition these advisors will assist the TAC's in developing effective operating procedures, in developing more cost effective methodologies, and in developing systems for accessing local small business entrepreneurial talents. (See Annex G-3.)

FIDE has agreed to pay for all of its own administrative costs through the revenues generated by the subblending spread. This office would have no responsibility with regard to review of specific loan applications or supervision of the individual loans.

Procedures, controls and criteria for technical assistance, which are linked to lending criteria, are subject to discussion and will be developed and tested by FIDE with the assistance of project funded consultants. These procedures will be submitted to AID for review and approval prior to disbursement of funds to the TAC's.

c. Inputs

AID will finance the estimated TAC operating costs in excess of revenues, motorcycles for TAC promoters, office equipment, the cost of an off-shore technical assistance and the costs of project evaluation. Also included in the A.I.D. funding to the CAF are amounts for training visits, in-country short courses, local TA through INFOTEP, and contingency funds. The GODR will finance the costs of the operation of the CAF with the revenues generated from the subblending spread.

IV. PROJECT ANALYSES

A. Institutional Analysis

1. General

It was decided that the basic institutional design which offered the most promise was that of using Fondo de Inversiones para el Desarrollo Economico (FIDE) to channel the project inputs through the private financial intermediaries and technical assistance organizations providing services to the small businesses. Using this basic design, it is believed that the needed credit and technical assistance can be effectively provided to small businesses through a system which is market oriented and can eventually become self-sufficient. The system can also provide a vast additional market for the private banking system. The proposed institutional design reflects this orientation at each level of project structure.

2. Fondo de Inversiones para el Desarrollo Economico (FIDE)

FIDE was established within the Central Bank in 1966 for the purpose of channeling resources, through intermediary lending institutions, to the key productive sectors of the economy: agriculture, livestock and industry. FIDE funds are provided both from GODR (Central Bank) resources and from foreign private and public financial institutions. Since 1966, FIDE has made loans totaling over \$406 million. Its lending level in 1981 was about \$64.2 million. These funds are apportioned, about equally, among agricultural production, livestock production and industrial activity.

FIDE has demonstrated a high level of competence in project analysis and loan recuperation. As pointed out in the detailed institutional analysis report prepared by the consultants, FIDE's staff of technicians, who number 42 at present, is viewed by the recipient financial intermediaries as

efficient and fully qualified. In support of the proposed project, FIDE has also agreed to provide a staff of four to five full time assistants for the managing of the project credit activities and for the operation of the Central Assistance Facility.

3. The Technical Assistance Centers (TACs)

At the subborrower level, the TAC will be the key link between the small business and the private financial intermediaries. The TACs will be the conduit for potential borrowers to the PFI. They will identify clients and as discussed previously, they will provide the small industry subborrowers with needed assistance in loan analysis and document preparation and in basic management and operational techniques.

The following are the designs of the three TAC models to be included initially under the project:

(1) DDF: The Dominican Development Foundation was founded in 1966. The DDF is a private non-profit community development organization to assist the rural poor to form associations for economic and social self-improvement. The DDF TAC model is largely a result of an AID OPG for \$498,000 approved in January 1981 for the purpose of developing a mechanism to provide technical assistance and financing to micro level businessmen in Santo Domingo and in a number of secondary cities. DDF will provide technical assistance in management administration, and accounting to those clients receiving credit through DDF under the project. DDF will work with the very small businesses using a methodology which includes very heavy pre-loan managerial assistance. The DDF will also provide direct loan financing through a line of credit with a financiera(s). The DDF staff in the TA portion of this project will consist of a Manager, 1 Chief of Division, a secretary, and four promoters.

The majority of DDF's loans (60-70%) will be for working capital. Maximum total fixed assets will be RD\$30,000. Average loan size will be on the order of RD\$3,000-8,000. DDF is planning to assist 110 entrepreneurs during the first year of operation. While DDF's operating costs per client are higher than the other models, development of more cost effective methodologies with the assistance of project funded TA could permit adequate cost reductions over time. (See Annex H-3).

(2) PROAPE: PROAPE was founded in June 1981 and it provides administrative and financial assistance to small businesses located in Santiago and the surrounding communities. PROAPE is well acquainted with the Fundacion Carvajal project in Cali and has designed their model around the methodology used there. PROAPE's current program includes accounting, administrative management, and assistance in obtaining financing. basic objective of the PROAPE program is to improve

administrative capability through short courses. Under the PROAPE model initial promotion, business identification, a very simple analysis, a short course in accounting (approximately 2 hours an evening for 5 sessions) and loan packaging will be provided before the loan is disbursed. After the loan is made, PROAPE will assume no loan management function. PROAPE has developed a relationship with Financiera Dominicana and another finance company in Santiago to channel the loans. PROAPE has made a concerted effort to organize carefully its job schedule and is becoming increasingly confident as it gets more experience. It is attempting to be more aggressive in its promotion activities and wishes to expand its offerings beyond strictly accounting to marketing and production. Staff for this project will consist of a Director, one Division Chief, one promoter and a secretary.

The average loan size is expected to be \$8-9,500 with 40 loans during the first year of the project increasing to 126 new loans per year by Year 5. (See Annex H-3).

(3) CEPESA: CEPESA is a creation of the Corporacion Financiera Dominicana (CFD). CEPESA is located in Santo Domingo and is just beginning its operations. It has no staff officially hired as of now but has been preparing for start-up. The objective of CEPESA will be to help small industries solve their problems of technology, finance and administration; thereby increasing efficiency, increasing production and improving the quality of the products and services of small industries. CEPESA will provide technical assistance directly to the small industrialists. It will also prepare and present short courses and seminars in business management organization and administration. It will probably begin using a methodology similar to that of PROAPE and will operate primarily in Santo Domingo. Services will probably be more intensive due to the large and more complex businesses in its target clientele. It will only do promotion and TA and will not assume loan administration tasks. CEPESA, because of its affiliation to CFD will initially work with this PFI.

B. SOCIAL SOUNDNESS ANALYSIS

1. Methodology

For this analysis, several methods were used. First there was a general review of the literature which included materials provided by the DDF, PROAPE, Interamerican Foundation, and the PISCES STUDY. Second, materials from the CONADEPI survey and the Financiera Dominicana case studies were analyzed. Third, a limited number of interviews and field visits were conducted.

2. Survey of Small Industries

The National Corporation for Development of Small Industries (CONADEPI) recently conducted a study of its members, totaling 159. (Table 1). Although the sample cannot be considered necessarily to be representative of small industries for the whole republic, it can serve here as an illustrative sample of potential beneficiaries. For example, to become a member of the CONADEPI, applicants must have at least \$10,000 in fixed capital investments (although these were a few isolated cases in this study where the amount of capital invested was actually less than that). Although there is no capital "ceiling" per se, there were only 4 cases in which assets exceeded \$150,000.

a. Characteristics of the Small Industries Surveyed

The industries surveyed have been divided into eleven groups, (Table I and II) characterized by industry activity. The industries with the largest representation are: furniture and carpentry (69); machine shops and foundries (32); concrete blocks and construction materials (18); and bakeries and confectionaries (13). The remaining categories with less than 5% of the sample should not be considered representative of the whole industry, but will be used here for illustrative purposes.

All of the industries, with the exception of dairy and food processing, had at least one enterprise located in the capital. In addition, all of the enterprises represented from San Juan (located in the central-west) were involved in furniture production. This is also the predominant activity in Hato Mayor and a significant activity in San Pedro de Macoría, (which are located in the eastern D.R.). It should be noted that the Cibao area was not represented in the survey.

Approximately one fifth (20.7%) of those surveyed claimed to have an established accounting system. Although there is not a strong correlation indicated, the general trend was that the larger the business (measured by the amount of capital invested) the more likely the company is to have an accounting system.

TABLE I - SUMMARY OF CONADEPI STUDY

TYPE OF INDUSTRY	Bakeries and Confectionaries	Laundries	Machine shops & Foundries	Blocks & Construction Materials	Furniture & Carpentry	Garment Makers & Tailors	Electrical Products & Repairs	Chemical Products	Auto Repairs	Dairy & Food Processing	Housing Accessories Production & Installation	TOTAL
1. Number Surveyed	13	7	32	18	69	4	3	7	1	3	2	159
a. Per Cent	8.1	4.4	20.1	11.3	43.4	2.5	1.9	4.4	.6	1.9	1.3	100
2. Location												
a. Santo Domingo	8	7	26	11	25	3	1	7	1	0	2	91
b. San Juan	0	0	0	0	28	0	0	0	0	0	0	28
c. Hato Mayor	5	0	1	0	11	1	0	0	0	3	0	21
d. San Pedro de Macoris	0	0	5	7	5	0	2	0	0	0	0	19
3. With Accounting System (%)	30.8	28.6	31.3	22.2	17.4	0	0	14.3	0	33.3	50	20.7
4. Number of Employees												
a. Total	106	40	193	177	297	9	11	48	4	18	11	914
b. Average	8.1	5.7	5.3	9.8	4.3	2.2	3.6	6.8	4	6	5.5	5.7
5. Capital Invested												
a. Average (in RD\$000)	27.8	13.0	51.5	61.8	21.2	15.7	11.6	56.1	9.0	75.0	25.0	34.2
6. Capital Intensity (C/L in \$000)	3.4	2.3	8.5	6.3	4.9	7.1	3.2	8.3	2.3	12.5	4.5	6.0
7. TA Requested (%) ^{1/}	100	85.7	84.4	88.9	88.4	100	100	42.9	100	100	100	86.7
a. Production TA	46.2	28.6	21.9	16.7	31.9	0	0	42.9	0	66.7	100	28.3
b. Marketing TA	61.5	28.6	56.3	77.8	69.6	50.0	100	0	0	100	100	62.0
c. Administrative TA	61.5	42.9	71.9	77.8	65.2	75.0	100	0	100	100	100	67.9
8. Credit Requested (%) ^{1/}	100	100	93.8	94.4	98.6	100	100	71.4	100	100	100	96.2
a. Working Capital	84.6	85.7	87.5	94.4	92.8	100	100	57.1	100	66.7	100	89.3
b. Equipment Capital	76.9	71.4	68.8	66.7	79.7	50	100	28.6	100	66.7	100	73.0
c. Expansior. Capital (Construction)	53.8	57.1	68.8	38.9	43.5	25	100	14.3	100	0	50	50.3
9. Credit Requested (Average in \$000)	15.1	11.9	34.7	27.5	14.9	18.9	14.0	8.8	7.0	54.0	16.0	21.0
a. Working Capital	6.2	4.7	22.5	14.1	6.3	5.6	8.6	15.0	2.0	44.5	10.0	11.1
b. Equipment Capital	9.1	7.8	11.5	16.5	6.0	5.2	5.0	6.0	4.0	36.5	3.5	8.9
c. Construction Capital	5.0	4.0	10.4	6.3	9.3	1.0	1.0	2.0	1.0	0	5.0	7.7

1/ At least one kind requested.

105

TABLE II
CONADEPI STUDY:
FREQUENCY DISTRIBUTION OF FIRM SIZE

TYPES OF INDUSTRY	Bakeries & Confectionaries	Laundries	Machine Shops & Foundries	Blocks & Construction Material	Furniture & Carpentry	Garment Makers & Tailors	Electrical Products & Repair	Chemical Products	Auto Repair	Dairy & Food Processing	Housing Accessories Production & Installation	TOTAL		Cumulative Total	
												No.	%	No.	%
Fixed Assets (RD \$000)												No.	%	No.	%
Less Than 10	2	2	4		15	1		2	1			27	17.0	27	17.0
10	1	1	3		5		2	1		1	1	15	9.4	42	26.4
11-20	3	4	4	1	26	3	1			1		43	27.0	85	53.4
21-30	2		3	8	15			1		1		29	18.2	114	71.6
31-40	2		3	1	3						1	10	6.3	124	77.9
41-50	2		2	1	1			1				7	4.4	131	82.3
51-60	1		2	2	1							6	3.8	137	86.1
61-70			1	1								2	1.3	139	87.4
71-80			4	2	2							8	5.9	147	92.5
81-90												-	-	147	92.5
91-100			2					1				3	1.9	150	94.4
101-110			1									1	.6	151	95.0
111-120												-	-	151	95.0
121-130			1									1	.6	152	95.6
131-140												-	-	152	95.6
141-150			2	1								3	1.9	155	97.5
151-160					1							1	.6	156	98.1
161-170												-	-	156	98.1
171-180												-	-	156	98.1
191-200								1		1		2	1.3	158	99.4
Over 200				1								1	.6	159	100.0
TOTAL	13	7	32	18	69	4	3	7	1	3	2	159	100	159	100.0

The number of employees per firm averages 5.7, with a relatively high number for the block industries (9.8) and a very low figure for garment makers (2.2). The amount of fixed capital invested ranges from an average of \$11,600 for electrical products firms to \$75,000 for dairy and food processing firms. There was an overall small industry average of \$34,200 in capital investments. The degree of capital intensity is important here, since employment generation is a desired objective. The overall average is \$6,000 of capital invested per person employed, which is up considerably from the micro-industry level of \$1,000 or less.

This wide range in capital intensity appears to relate to the specific nature of the business. Furniture makers may require a considerable amount of machinery, but will require a relatively large number of workers to make and assemble the furniture parts. Dairies and food processors, on the other hand, have a high potential to become almost completely automated. Therefore, the degree to which employment is generated under this project may be a direct result of which industries become the beneficiaries.

b. Demand for Credit and Technical Assistance

The survey showed very high levels of demand for credit (96.2%) and for technical assistance (89.3%).

A relatively low number (28.2%) request technical assistance in production, as compared to a higher number requesting administrative TA (67.9%) and marketing TA (62.9%). Notably, the bakeries and dairies showed a significantly higher request for production TA than did their counterparts. Concerning requests for administrative TA, it appears that it made little difference if the firms already had an accounting system or not - many of those that did have one, apparently wanted to strengthen it; while some of those who did not, were perhaps unaware of the need for one. But since the demand was consistently high for both administrative and marketing TA, the project should concentrate in those two areas, and bring in industry - specific production specialists only for those industries where the demand for production TA was particularly high. The International Executive Service Corp could be used for this industry specific production assistance.

The demand for credit was extremely high, with the exception of the chemical products industry. Overall, the demand for the various types of credit showed a significant descending order, with 89.3% requesting working capital, 73.0% requesting credit for equipment, and 50.2% requesting credit for expansion (primarily construction). For working capital, only the chemical producers and the dairies fell below the 80% level, perhaps indicative that some firms in these industries currently have sources of working capital available. By comparing the demand for credit for equipment with the degree of capital intensity, an interesting trend arises - in all cases where the degree of capital

intensity is above the average, the demand for equipment is below average, while in all cases (except for laundries) where the degree of capital intensity is below the average, the demand for equipment capital is above the average. This could indicate that some of the capital intensive industries already have the equipment they need. On the other hand, the less capital-intensive industries apparently perceive the purchase of more equipment (and perhaps a more capital-intensive approach) as an important source of growth. For expansion credit, the bakeries, laundries, machine shops tended to have the highest demand, while the remaining groups fell below the average.

The survey also asked how much credit was needed. The average request for credit was for \$21,000, or roughly two thirds of the average capital invested (\$34,200). There were many cases, however, where the amount of credit requested by the firm equalled or exceeded the total amount that the firm already had invested. This would appear to be unrealistic, and experience has shown that small businessmen's perceived need for credit usually exceeds the actual need.

Those industries with larger than average requests for credit were those with larger than average levels capital invested. Machine shops, block producers, chemical producers, and dairies tended to request higher levels of working capital, and for equipment credit. Machine shops and furniture producers tended to have the higher requests to cover expansion costs.

One thing appears to be clear. Although there is an obvious descending trend in the number of requests for credit for working capital, capital equipment, and expansion respectively, and although the average amount in requests for each of these types of credit tends to average around \$10,000, there is a great deal of difference in the amounts requested in each credit category from one industry to the next. Since the total amount requested was over \$3.2 million for only 153 industries, (6 did not request credit) clear criteria for the use of credit under this project will need to be established if a large number of small industries are going to benefit.

3. Case Studies

The Financiera Dominicana hired a small industry expert to determine the technical assistance and financial needs of small businessmen. The expert requested a list of "typical" businesses from the Association of Small Industries (API). Twenty eight businesses were visited, most of which would fall into the categories mentioned in the CONADEPI study. Of those studied (16), the predominant needs were as follows:

<u>Technical Assistance:</u>	<u>Number of clients</u>	<u>Percent</u>
1. Administrative (including accounting and control of cost of production)	15	93.8
2. Marketing	11	68.8
<u>Credit</u>		
1. Working capital	16	100
2. Equipment	11	68.8
3. Expansion of facilities	8	50

These figures represent the opinion of an expert, as opposed to the perceived needs of the small enterprises in the CONADEPI Survey. Nonetheless the overall trend of both studies is remarkably similar. However, the expert found that in many cases where administrative know-how was lacking, the entrepreneur was either unaware or at least not fully aware of the need to maintain books. In those cases, the expert would proceed to show the entrepreneurs the need for maintaining records, and train him in rudimentary bookkeeping. No mention was made of a possible loan, until the entrepreneur illustrated a willingness to maintain such records. The process was slow, and often took up to five months (with monthly visits) before the entrepreneur would begin to fully recognize the need to control earnings and expenditure. Even when the need was fully recognized, very few of the "participating" clients actually kept adequate records during the period.

One very important factor that the case studies showed, was that the process of providing TA is a slow, gradual one. In many cases a trust between the promoter and the entrepreneur must be established. Secondly, it often takes months to convince and train the entrepreneur to implement improved administrative techniques.

Included in Annex I are three selected case studies from the group. These were three of the more responsive clients, and therefore more information was made available. Nonetheless they are representative of the problems found in many other cases.

4. Relationship of Beneficiaries to the Project

The project proposes to link credit and technical assistance, and extend them to the small businessman. The costs for accomplishing this, will be born primarily by the small businessman. To accomplish this, the beneficiary will have direct contact with both the financial intermediaries and the technical assistance centers.

a. Compatibility

There is an apparent high demand for both technical assistance (especially administrative and marketing) and for credit (especially working capital). Indications are that the perceived need for credit is over stated, but that the actual need for technical assistance is high. The need for basic administration services is most readily apparent.

The fact that the technical assistance will have a cost, will most likely result in a sharp decrease in the demand ^{1/} for TA, but those willing to pay for it, will more likely use it. Perhaps some no-cost up front promotional efforts by the TACs will be required, to convince the perspective borrowers that the benefits of the TA will be well worth the cost.

The promoters of this project who will be extending the TA, will need to work hard at acquiring the trust of clients. Quite often, the initial reaction to TA is that of suspicion that the TA is really a tax collector. Establishing confidence is a slow process, requiring frequent visits over extended periods of time. Only then will the client begin to respond to some of the guidance being given, such as establishing an accounting system.

Generally speaking, the small businessman studied had little to no contact with either finance companies, or with bona fide technical assistants. A desirable long term objective of this project is to establish the small business as a client of the finance company, and with the hope that they will be able to acquire formal sector loans from non-project funds.

Thus the proposed project, and the beneficiary can be compatible if a careful, patient, gradual approach is used.

b. Participation

Although there was relatively little participation of the beneficiary in the actual design of the project, some meetings were held with the small industry associations. An important source of information for the project design however, was the experts who work closely with the small businessman on a daily basis. Successful project implementation should occur, if the approaches suggested in C.1. above are utilized.

^{1/} Both the CONADEPI Survey and the Financiera Dominicana case studies, technical assistance was free.

c. Equity

The primary beneficiary of this project is the small entrepreneur, who will increase his income from properly implemented technical assistance and appropriately invested credit extended to him. Another important beneficiary will be the finance company, which will acquire an increased clientele previously untapped. The employees of the businessman should also benefit to the extent productivity rises, there should be an increase in income. For those industries in which expanded production requires more labor, increased employment should result. Generally speaking, the employees would be unskilled to semi-skilled, representing the poor in the urban centers and rural areas.

d. Impact

The means by which technical assistance and credit will be extended to the beneficiary, are discussed in greater detail in other sections of this paper. Basically, the Technical Assistance Centers will extend three types of TA: (1) administrative TA, which when implemented should result in more efficient use of resources; (2) marketing TA, which will, if utilized, result in an increased demand for products, and therefore sales; and (3) production TA, which when utilized, should result in increased production and/or productivity, and possibly new product lines. ..

Three types of credit will be extended by the finance companies: (1) working capital, which will permit the entrepreneur to buy in larger quantities at a lower price, and to be able to sell on credit for longer periods of time, (and thus have a better bargaining position) (2) equipment credit, which will result in increased productivity of the firm, and (3) credit for expansion which will free many entrepreneurs from the burden of paying rent, and provide sufficient space for a cleaner, safer, better organized operation. All these inputs point to increased production, which should translate into increased income and employment.

The project, is designed to provide both a self sustaining credit fund and a self sustaining technical assistance network. Most of the costs of doing this are passed on to the beneficiary - the small business owner. Given that small business proves to be a good risk, and has an effective demand for credit (at the proposed interest rate), and technical assistance if required is provided, the process should continue indefinitely.

5. Conclusions

The project is considered to be socially feasible at the small industry level. The existence of local TAC organizations and the technical assistance programmed under the project should result in capable organizations collaborating actively and effectively with small entrepreneurs and P.F.'s.

D. Economic Analysis

1. Introduction

The purpose of this project is to provide credit for working capital and production expansion at a realistic interest rate to small businesses that are not served by financial institutions with existing credit facilities. It is estimated that there are approximately 13,000 small businesses throughout the Dominican Republic that need loans for expansion of production facilities but because of higher risk and higher unit loan cost, their credit demand has not been met by financial institutions. This project, therefore, is a pilot attempt to find a means of bringing together the formal financial institutions, particularly financieras, and the small business enterprises in a way that when this AID program is over, private financieras will continue serving this sub-sector with their own resources.

The economic analysis presented below is based on a cost-benefit analysis. The discounted present value of the cost stream will be compared with the discounted present value of the estimated benefit stream to obtain the economic benefit-cost ratio.

2. Economic Cost

Total cost of the project is RD\$7.85 million, of which \$7.0 million is designated for credit expansion and RD\$0.85 million is for technical assistance, training, and expenses to establishing TACs which will assist in making small business loans acceptable to financieras. However, the economic cost is larger than the project cost due to over-valuation of the peso at the official exchange rate. The parallel market exchange rate is currently at about RD\$1.5 to US\$1. Since the parallel rate is a free market exchange rate, it is taken as the shadow exchange rate for the purpose of this analysis.

Table 1 shows estimated cost and benefit streams. The total project cost of RD\$7.85 million will be disbursed during the first 5 years. It will increase gradually from RD\$1.46 million in year 1 to RD\$3.45 million in year 3 and then taper off to RD\$70,000 in year 5. The economic cost will have a similar pattern of expenditures as the project cost, but at higher levels. In real terms, assuming an average inflation rate of 8 percent, the total economic cost of this project is RD\$8.0 million. This figure is used in the benefit-cost calculation. Note that although the total project cost is RD\$7.85 million, the amount of funds available for loans is only RD\$7.0 million, RD\$850,000 being earmarked for expenditures related mainly to technical assistance. The \$7.0 million credit will be loaned out during the first three years as follows -- \$1.2 million during the first year, \$2.5 million in the second year and \$3.3 million for the third year.

3. Expected Rate of Return

Since there will be hundreds of sub-project lending under this credit program, it will be impossible to estimate the rates of return for all individual loans. However, the credit program as a whole should obtain a rate of return that would be large enough to satisfy the repayment of interest and principal and an adequate return to the borrower.

Various studies indicate that small business enterprises borrow short term loans in the private curve market at about 3 percent per month, or at a compound annual rate of 43 percent. It is also reported that practically all private loans are for very short term emergency working capital. Small businesses do not borrow for production expansion at this high rate. An implication is that the rate of return for capital investment is less than the private curve market rate. In other words, the private curve market rate can be considered as the upper limit for the rate of return for production expansion.

On the other hand, the financiers make loans to medium sized businesses at an average rate of 18 percent a year, which is clearly the lower limit of the rate of return. For credit demand for capital expansion by small businesses exceeds supply by a substantial margin at 18 percent. In fact small businesses do not have access to credit at this rate.

It seems clear, therefore, that the rate of return for capital for small business enterprises lie between 18 percent and 43 percent. The actual rate probably depends on, among other factors, the type of business, credit availability and location. As a first approximation, we assume that the rate of return for credit under this project is 30 percent, which is approximately the mid point between the upper and lower limit.

4. Expected Benefit

Economic benefits can be grouped into two categories -- quantifiable and non-quantifiable benefits. Quantifiable benefits are the assumed 30 percent rate of return on credit and the expected increase in employment due to higher levels of productive activities as a result of credit made available. Over the life of the credit program, it is estimated that the small business will provide job opportunities to approximately 1,000 unskilled and semi-skilled workers. Non-quantifiable benefits to the economy are (1) the private curve market interest may decline due to less demand for its credit, thus making it less painful for borrowers, (2) human capital of small business entrepreneurs would rise due to training provided by the TACs and they may be able to obtain, in the future, necessary credits from financiers's regular funds, and (3) by providing opportunities for production expansion of small businesses and by providing jobs to unskilled poor workers, this project assist correcting the current skewed income distribution to a more equitable one.

In this analysis an attempt is made to estimate the quantifiable benefits and to calculate the benefit-cost ratio without the benefit of non-quantifiable benefits. Therefore the following benefit-cost ratio can be considered somewhat underestimated.

5. Benefit Stream

As was mentioned above, two types of quantifiable benefits are calculated. They are the direct return to the credit made available for capital expansion (both working and fixed) and the benefit resulting from the increase in employment to meet higher production. An implicit assumption for the analysis is that the aggregate demand for the product exists and there will be no saturation of the product market, either domestic or foreign.

a. Benefits from Capital Expansion

For this calculation, it is assumed that there will be a 3 year lag between the time loans are made and the time benefits accrued at the 30 percent a year rate. For the sake of simplicity, we assume that all amortization payments are reloaned out immediately so as to maintain the loan portfolio intact over the life of this loan program. In addition we assume that the size of the initial loan fund will not change (not increase) from capitalization of interest payments (note that about 2 percent of interest payments is designated for capitalization). Under these conditions, economic benefits will accrue each year at 30 percent of the loan beginning third year after the loan and there is no reason why this stream of benefits will not continue for the indefinite future.

Table 1 describes the benefit stream based on the plan that the RD\$7.0 million loan fund will be disbursed in 3 years. Aggregate benefits from year 1 loans are RD\$360,000 per year accruing in the 4th year of the program and continue at this rate every year thereafter. Similarly year 2 and year 3 loans produce a 30 percent rate of return each year with a 3 year lag time. However, since the benefit stream is measured in current prices, it should be expressed in year 1 prices to make a comparison possible. In Table 1, an 8 percent inflation rate is used to calculate the benefit in real terms. This stream of real benefits is discounted to year 1 to obtain the present value of the benefit assuming a real discount rate of 5 percent (Table 2). Total present value of the real benefit stream is found to be RD\$10.4 million and the corresponding economic cost is RD\$8.0 million. The economic benefit-cost ratio of 1.3, is quite satisfactory. If we make the assumption that the loan program will be terminated 13 years after the initial loan, the benefit-cost ratio is reduced to 0.9.

b. Benefits from Employment Expansion

As explained in the social soundness analysis, the target group operates businesses that have an average capital-labor ratio

of RD\$6,000 in 1981 prices. On the average, in 1983 prices, we can expect an increase of one job for every RD\$7,000 capital expenditure, assuming an 8 percent inflation rate. For a RD\$7.0 million loan program, we therefore expect an employment increase of 1,000. They are primarily unskilled and semi-skilled jobs that pay the legal minimum wage of about RD\$1,800 a year. Although unemployment is estimated at 20 to 25 percent, the shadow wage, however, is not estimated to be zero, but at about DR\$80 per month or RD\$960 per year. The estimated economic wage benefit per year per job is therefore RD\$840. Table 3 shows the stream of economic wage benefits expected from this credit program. In the case of perpetual loan program, the present value of wage benefits is estimated to be RD\$4.1 million and in the case of 13 year loan program it adds RD\$2.9 million to the economic benefit.

Since the employment benefit accrues in addition to the benefit from returns to capital, the benefit-cost ratio increases to 1.8 for the perpetual loan program and 1.3 in the case of the 13 year loan program. Clearly the economic benefit of this credit program exceeds its economic cost by a substantial margin. Therefore this project should be undertaken based on economic ground.

6. A Sensitivity Analysis

The benefit-cost analysis presented above was performed based on fairly stringent assumptions. Two are of particular importance. They are the assumptions of a 30 percent rate of return and no defaults. The latter in particular may not be realistic in view of the fact that small businesses have been considered in the past as being higher risk due to high default rates. The crucial question is under what circumstances the benefit to the economy becomes less than the cost?

Table 4 provides partial answers to this question. It gives benefit-cost ratios for different rates of return with different default rates. If we make the assumption of no default, the benefit-cost ratio is larger than 1 in all cases (marginally so in the case of 20 percent return in the 13 year loan program), indicating that the economic benefit is more than the corresponding economic cost. However, if we make the assumption that yearly defaults equal 5 percent of the outstanding loan portfolio, the benefit-cost ratio exceeds only when the rate of return on loans is 30 percent (for the perpetual loan program). A 25 percent rate of return would be marginally acceptable. Similarly, a 30 percent rate of return in the 13 year loan program would be marginally acceptable. However, this project is clearly non-economical if the rate of default reaches 10 percent a year, the benefit-cost ratios being no more than 0.7 in all cases.

This simulation analysis points out the importance of minimizing the default rate if the project is going to be economically beneficial. It seems to suggest that reduction of the default rate is more important than increase in the rate of return.

Table 1
Cost and Benefit Stream *
(In RD\$ Millions)

<u>YEAR</u>	1	2	3	4	5	6	7	8	...
I. Project Cost	1.46	2.77	3.45	0.095	0.070				
Economic Cost	1.69	3.06	3.78	0.14	0.11				
Real Economic Cost (Assume Inflation = 8%)	1.69	2.83	3.24	0.11	0.08				
II. Loan (RD\$ million)	1.2	2.6	3.2						
<u>Benefits due to:</u> (RD\$ millions)									
Year 1 loans				0.36	0.36	0.36	...		
Year 2 loans					0.78	0.78	0.78	...	
Year 3 loans						0.96	0.96	0.96	...
<u>Benefits in real terms:</u> (assume inflation = 8%)									
Year 1 loans				$\frac{0.36}{(1.08)^3}$	$\frac{0.36}{(1.08)^4}$	$\frac{0.36}{(1.08)^5}$...		
Year 2 loans					$\frac{0.78}{(1.08)^4}$	$\frac{0.78}{(1.08)^5}$	$\frac{0.78}{(1.08)^6}$...	
Year 3 loans						$\frac{0.96}{(1.08)^5}$	$\frac{0.96}{(1.08)^6}$	$\frac{0.96}{(1.08)^7}$	

* The benefit stream is calculated on the assumption that the rate of return to capital is 30 percent and that the benefit begins to accrue in the 3rd year after the loan.

Table 2

Present Value Calculation *
(In millions of RD\$)

1. Indefinite loan program
(Real discount rate = 5%)

	<u>Benefit Stream</u>	<u>Economic Cost</u>	<u>Benefit/Cost</u>
Year 1 loans	2.09		
Year 2 loans	3.99		
Year 3 loans	<u>4.33</u>		
Total	10.41	7.95	1.31

2. 13 year loan program (real discount rate = 5%)

	<u>Benefit Stream</u>	<u>Economic Cost</u>	<u>Benefit/Cost</u>
Year 1 loans	1.50		
Year 2 loans	2.86		
Year 3 loans	<u>3.10</u>		
Total	7.46	7.95	0.94

* The present value is calculated using the following formula for the indefinite loan program:

$$PV = \sum_{t=0}^{\infty} \frac{r \cdot L}{(1+f)^{t+g} (1+d)^{t+g}} = \frac{rL}{[(1+f)(1+d)]^{g-1} (1+f)(1+d) - 1}$$

Where r = rate of return on loan
 L = amount of loan
 f = inflation rate
 d = real discount rate
 g = year in which begins the benefit stream less one

For the 13 year loan program the above formula reduces to:

$$PV = \frac{rL}{[(1+f)(1+d)]^{13-1}} \cdot \frac{1}{(1+f)(1+d)-1} \cdot \left(1 - \frac{1}{(1+f)^{10}(1+d)^{10}} \right)$$

Table 3
Employment Benefit Stream Calculation *

<u>YEAR</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>...</u>
Loan (RD\$ million)	1.2	2.6	3.2						
<u>Benefits due to:</u> <u>(RD\$ millions)</u>									
Year 1 loans				0.14	0.14	0.14	...		
Year 2 loans					0.31	0.31	0.31	...	
Year 3 loans						0.38	0.38	0.38	...
<u>Benefits in real terms:</u> <u>(assume inflation = 8%)</u>									
Year 1 loans				$\frac{0.14}{(1.08)^3}$	$\frac{0.14}{(1.08)^4}$	$\frac{0.14}{(1.08)^5}$...		
Year 2 loans					$\frac{0.31}{(1.08)^4}$	$\frac{0.31}{(1.08)^5}$	$\frac{0.31}{(1.08)^6}$...	
Year 3 loans						$\frac{0.38}{(1.08)^5}$	$\frac{0.38}{(1.08)^6}$	$\frac{0.38}{(1.08)^7}$	

Present Value

1. Indefinite loan program = RD\$4.11 million
2. 13 year loan program = RD\$ 2.94 million

* The wage benefit is estimated by the amount of loan divided by RD\$7,000 times RD\$840 (See explanation given in section 5, part b).

Table 4
Benefit-Cost Ratios * -- A Simulation **

Rate of Return	30%	25%	20%
I. <u>Perpetual Loan Program</u>			
No default	1.8	1.5	1.2
5% default a year beginning 2nd year	1.1	0.9	0.7
10% default a year beginning 2nd year	0.7	0.6	0.5
II. <u>13 Year Loan Program</u>			
No default	1.3	1.1	0.9
5% default a year beginning 2nd year	0.9	0.75	0.6
10% default a year beginning 2nd year	0.6	0.5	0.4

* In this calculation we assume that the employment benefit shown in Table 3 declines proportionately with the benefit reduction from capital loans, as a result of loan defaults.

** Various present values are calculated based on the formula:

$$PV = \left[\frac{W}{(1+f)(1+d)} \right] S \cdot rL \sum_{t=0}^{n-1} \left[\frac{W}{(1+f)(1+d)} \right]^t$$

where 1-W = assumed rate of default
n = for the indefinite loan program
n = 13 for the 13 year loan programs

Meanings of other symbols are given in Table 2.

V. PROJECT IMPLEMENTATION

A. GODR Project Administration

The project will be managed and administered within the Central Bank institutional structure. As discussed in the Institutional Analyses section, FIDE, the Economic Development Investment Fund within the Central Bank, will have the responsibility for managing project activities. Within FIDE, a special project implementation unit, the Central Assistance Facility (CAF), will be established and will actually coordinate the various project activities.

To accomplish this, all plans to carry out project activities and all project disbursement requests will require prior CAF approval. The CAF will supervise and approve the development of the annual sublending and TAC operating plans. The CAF will also assure that adequate technical standards are maintained in all project documentation. The CAF will prepare projections on sublending requirements and will receive disbursement requests from participating TACs and assure that such requests are in conformance with approved overall operating plans and will then forward such requests to the Director of FIDE. The Director of FIDE will certify the appropriateness of the proposed disbursement and will forward them to A.I.D.

As provided for under the project, FIDE will be assigned additional personnel to help facilitate the development, monitoring, and flow of project related documentation. In particular FIDE will assign two full time administrative assistants to the CAF to assure the timely flow of documentation between the CAF and FIDE, and between FIDE and the A.I.D.

B. USAID Project Administration

The Project Manager will maintain close contact with appropriate officials of the Central Bank and the participating TACs. He will ensure that provisions of the Project Agreement and Implementation Letters are met. He will monitor disbursement progress through frequent visits to the CAF and TAC offices. Members of the project committee will review the annual operating plans, quarterly budget requests and evaluation reports.

Bi-monthly project status meetings will be held at the Mission to discuss progress and ensure that project activities conform to A.I.D. regulations, that sound financial control is being exercised, and that the terms and conditions of the project agreement are being met.

Annex B

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project: 82 to 87
From FY 82 to FY 87
Total U.S. Funds: \$5000 Loan; \$850 Grant
Date Prepared: 6/8/87

Small Industry Development 517-0150

Project Title & Number:

narative Summary	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS																					
<p>Program or Sector Goal: The broader objectives to which this project contributes: (A-1)</p> <p>To increase the per capita income and employment in the Dominican Republic, by improving the performance of the private sector.</p>	<p>Measures of Goal Achievement: (A-2)</p> <p>Rising employment and per capita income of the Dominican Republic.</p> <p>An increase in overall production in the Dominican Republic</p>	<p>(A-3)</p> <p>National Income Accounts and Increase and Expenditure Survey Employment Surveys</p>	<p>Assumptions for each major goal category: (A-4)</p> <p>No devastating natural disasters. That the world economy will remain sufficiently stable as not to erase the improved performance of the private sector. That T.A., Credit, training, and commodities provided, will be adequate and appropriate for private sector needs.</p>																					
<p>Project Purpose: (B-1)</p> <p>To establish an institutional mechanism, capable of providing a continuous source of credit, TA, and training to small entrepreneurs in the Dominican Republic</p>	<p>Conditions that will indicate purpose has been achieved: End of Project status: (B-2)</p> <p>EOPS \$7 million Revolving Credit Fund TACs providing needed TA. 1000 small industries with increased income, production, and inputs. 1000 small industries receiving TA and credit each year</p>	<p>(B-3)</p> <p>Audits of Loan Records of PFI's and FIDE Evaluation reports on TAC performance Evaluation of performance of small entrepreneurs including field visits and interviews.</p>	<p>Assumptions for achieving purpose: (B-4)</p> <p>That there is and will continue to be adequate demand in the small industry sector for T.A. and Credit. That the TA provided will improve the performance of the small entrepreneurs, and they in turn will pay back these loans.</p>																					
<p>Project Outputs: (C-1)</p> <p>1. Loans to Small Entrepreneurs 2. Existing TACs strengthened and providing TA to small industries. 3. New TAC's trained, staffed, and providing TA to small entrepreneurs.</p>	<p>Measures of Outputs: (C-2)</p> <p>1000 loans to small industries (\$7 million total) 1000 small industries receiving TA and improving performance Annual evaluations during project and one comprehensive evaluation</p>	<p>(C-3)</p> <p>Loan records of PFI's and FIDE Records of TAC's for services provided and improved performance of clients Field checks and financial analysis of small industries for services and commodities received. Evaluation reports.</p>	<p>Assumptions for achieving outputs: (C-4)</p> <p>Small industries will be willing to pay loans so that fund will revolve. That there is sufficient demand for training, TA, and credit, and that these inputs will result in improved performance of beneficiaries</p>																					
<p>Project Inputs: (D-1)</p> <p>1. Credit 2. Technical Assistance 3. Operating Expenses 4. Evaluation 5. Contingency</p>	<p>Legislation Target (Type and Quantity) (D-2)</p> <table border="1"> <thead> <tr> <th>Loan</th> <th>Grant</th> <th>CP</th> </tr> </thead> <tbody> <tr> <td>5000</td> <td>-</td> <td>2000</td> </tr> <tr> <td>-</td> <td>320</td> <td>-</td> </tr> <tr> <td>-</td> <td>430</td> <td>-</td> </tr> <tr> <td>-</td> <td>50</td> <td>-</td> </tr> <tr> <td>-</td> <td>50</td> <td>-</td> </tr> <tr> <td>5000</td> <td>850</td> <td>2000</td> </tr> </tbody> </table>	Loan	Grant	CP	5000	-	2000	-	320	-	-	430	-	-	50	-	-	50	-	5000	850	2000	<p>(D-3)</p> <p>1. Bank Records 2. Arrival of T.A. 3. Records of TAC's</p>	<p>Assumptions for providing inputs: (D-4)</p> <p>1. Counterpart funding is made available 2. Appropriate TA can be located and will be available on time according to project demands 3. Budgeted salaries are sufficient to attract qualified staff</p>
Loan	Grant	CP																						
5000	-	2000																						
-	320	-																						
-	430	-																						
-	50	-																						
-	50	-																						
5000	850	2000																						

DAY 2

<u>Time</u>	<u>Activities</u>
8:15 A	Day's Orientation
8:30 A	<u>SESSION 6: INFORMATION RESOURCES AND HOW TO TAKE ADVANTAGE OF THEM.</u> <ul style="list-style-type: none">- Presentation/Discussion- Small Group Exercise- Reports/Reflection/Summary
10:30 A	BREAK
10:45 A	<u>SESSION 7: THE GIF CHART AND THE PP</u> <ul style="list-style-type: none">- GENDER CONSIDERATIONS IN PROJECT DESIGN, ADAPTATION AND MANAGEMENT.- Presentation/Discussion- Small Group Exercise- Reports/Reflection/Summary
1:00 P	LUNCH AND INDIVIDUAL WORK AND STUDY.
3:00 P	<u>SESSION 8: STRATEGIES TO OVERCOME BARRIERS TO WOMEN'S PARTICIPATION IN DEVELOPMENT ACTIVITIES.</u> <ul style="list-style-type: none">- Presentation/Discussion- Small Group Consultation Task- Reports/Reflection/Summary
5:30 P	BREAK
6:30 P	DINNER
8:00 P	SPECIAL INTEREST GROUP ACTIVITES.

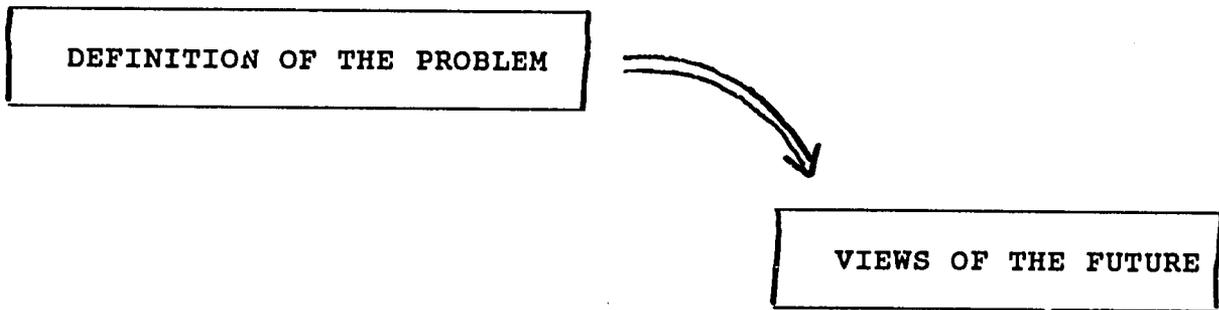
TUESDAY'S AGENDA

- o SESSION 6: Information Resources and How To Take Advantage of Them
- o SESSION 7: The GIF and the PP (Gender Considerations in Project Design, Adaptation and Management)

LUNCH AND INDIVIDUAL WORK

- o SESSION 8: Strategies

8:00 PM - Special Interest Group Discussions



- POLICY DIRECTION

 - THE GENDER INFORMATION FRAMEWORK TO ASSIST IN GENDER ANALYSIS
 - [○ THE GENDER VARIABLE MATRIX, THE GIF CHARTS]
- LEADING TO APPROPRIATE PROJECT DESIGN.

SESSION 6: INFORMATION RESOURCES AND HOW TO TAKE ADVANTAGE OF THEM

Time: 1 3/4 Hours

Objectives

At the conclusion of this session, participants will:

1. have the skills to assess data needs for answering questions posed in the Gender Information Framework;
2. be able to identify the alternatives for obtaining data, including the A.I.D. Input Update Program;
3. be able to assess the usefulness of existing data in answering questions posed by the GIF;
4. be able to identify ways in which data for answering questions in the GIF can be organized to assist in monitoring and evaluation; and
5. be aware of relative cost effectiveness criteria for choosing among alternative data sources for various purposes.

<u>Time</u>	<u>Activities</u>
8:15 A	Day's Orientation
8:30 A	Assessing Specific Information - Lecturette and Discussion
9:15 A	Small Group Exercise
	<u>Task:</u> Each small group will:
	1. identify the type of data necessary to meet the need for information;
	2. brainstorm about how to obtain the necessary data;
	3. think of ways to draw on existing data; and
	4. prepare an information collection strategy for presentation to the total community.
10:05 A	Small Group Reports and Summary
10:50 A	Break

- WHAT DO WE MEAN BY DATA?
- WHY DO WE NEED DATA?
- WHICH DATA FOR WHAT PURPOSE?
- WHERE DO WE FIND THE DATA?

WHY DO WE NEED DATA?

- to challenge assumptions
- to describe the current situation
 - to plan accordingly
 - to monitor
 - to make adaptations
 - to evaluate

GROUP TASK:

↪ QUESTION

↪ TYPE OF DATA

↪ HOW TO OBTAIN

↪ STRATEGY

SESSION 7: THE GIF CHART AND THE PP - GENDER CONSIDERATIONS IN PROJECT DESIGN, ADAPTATION AND MANAGEMENT

Time: 2 Hours

Objectives

At the conclusion of this session, participants will:

1. have gained skills in identifying project activities and outputs which should reflect gender considerations previously identified;
2. be able to identify situations where you might need to orient others in the effective use of the GIF concepts;
3. practice using the GIF chart for a PP; and
4. have begun to develop basic criteria for distinguishing projects which have adequately considered gender in their designs from those which have not.

<u>Time</u>	<u>Activities</u>
11:05 A	Plenary Session - Presentation and Discussion
11:50 A	Small Work Groups
12:40 P	Reports and Reflections - Group's Working on Same Projects
1:00 P	Break for Lunch and Study (Hand out Individual Preparation for Project Strategy Discussion, and have participants sign up on newsprint sheets indicating sectoral interests)

REVIEW QUESTIONS

- What is the usual scenario for developing a PP after PID approval?
- What role does the USAID Project Officer play in this process?
- Where does orientation to gender considerations fit into this process?

GIF CHART IV - PROJECT PAPER DEVELOPMENT

Documents

- Project Rationale and Description
 - o Problem Description
 - o Purpose - (OVI's)
 - o Project Elements (Outputs)
 - o Cost Estimates
 - o Implementation Plan
 - o Monitoring and Evaluation

- Summaries of Analyses
 - o Technical
 - o Economic
 - o Social Soundness
 - o Financial
 - o Administrative

Form Project Committee - Technical Officer

P.D.O.

Finance

P.O.

Econ.

WID Officer

R.L.A.

W.I.D.

P.I.O.T. - Contracting Order - Cont.
(Technical Officer)

contains Scopes of Work

T.A. Team shows up on site

- Orientation (T.O. or P.D.O.)
- Initial Ground Work (within Mission Project Design Team)
- Present to Review Committee
 - o Report
 - o Analyses
 - o Draft Project Design (PP)

SMALL GROUPS' TASK

1. Using GIF Chart IV (PP), identify gender considerations which you believe should be addressed in the project paper to increase project success (list 5-10 on chart).
2. Using the list that you have created, take out the PP and identify aspects of it which you believe could be strengthened by giving more attention to the concerns you identified (5-10).

SESSION 8: STRATEGIES TO OVERCOME BARRIERS TO WOMEN'S PARTICIPATION IN DEVELOPMENT ACTIVITIES

Time: 2 1/2 Hours

Objectives

At the conclusion of this session, participants will:

1. be able to identify at least 3 project features that are frequent barriers to women's participation in microenterprise, agriculture (farm-level and agribusiness), vocational training and housing projects;
2. be able to identify the advantages and disadvantages of three general project approaches for assuring that women have access to project resources, participate in activities, and receive intended benefits (women-specific projects, components or sub-projects of larger projects, and gender-sensitive mainstream projects); and
3. be able to select strategies for adapting mainstream sectoral projects so that key elements of the project incorporate gender considerations and, therefore, do not inadvertently discriminate against or pose barriers to the appropriate participation of women.

<u>Time</u>	<u>Activities</u>
3:00 P	Introduction to Session and Lecture
3:30 P	Lecture on Constraints/Strategies, Individual Work and Sign-ups
4:35 P	Small Group Consultation Task <ul style="list-style-type: none">- Participants will be working in small groups of 4 persons. Each person will have approximately 20-25 minutes for the group to focus on his/her project. <u>The objective is for each person to come away from the discussion with ideas for how to address barriers/constraints to women's participation in her or his project.</u>- Form groups of four based on sector.- Move to a work area designated by the trainer.- Group work for <u>90 minutes.</u>

- 10 minutes - Describe project and what you would like help with using the form you worked on during the previous hour.

- 10-15 minutes - Brainstorm with the group alternative strategies for addressing the barriers you have identified. List these on a flipchart. Star (*) the most promising for future work.

5:30 P Reflection and Summary (in two groups)

5:45 P Close this Session in Total Group for Study Assignment, "Socio-Economic and Gender Issues in Policy-Based Development Assistance" by Philip Boyle, November 11, 1988.

4. Following is a list of generally accepted barriers to women's participation in project activities.

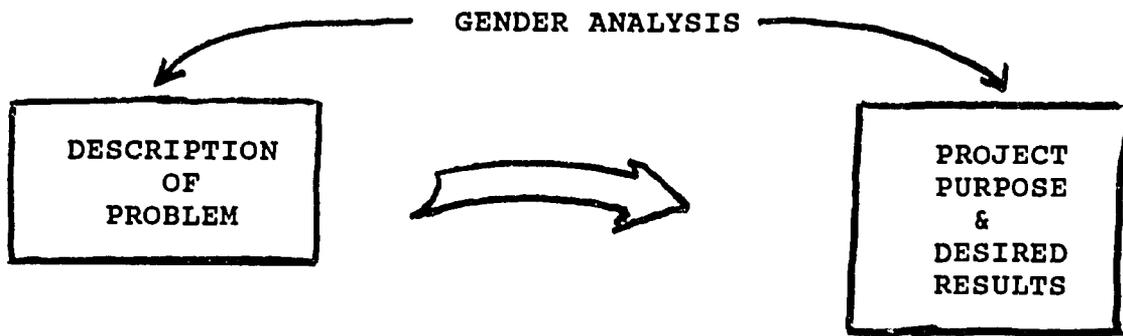
- _____ Choice of promotion strategy (what, who, how)
- _____ Choice of technical package (suitable/acceptable)
- _____ Timing and duration of activities
- _____ Delivery system(s)
- _____ Location of project activities and services
- _____ Design of credit component
- _____ Eligibility criteria
- _____ Nature and distribution of benefits
- _____ Other

Which of these has proven to be problematic? Please describe briefly how the element has hindered women's participation in the project? If your project has successfully addressed these barriers, please share this information with the group.

5. What, if anything, has been done to address the problem?

SESSION 8

- o 30 minutes Individual Work
(Individual Preparation for Project
Strategy Discussion)
- o Sign up for Consultation Groups
- o Brief Full Group Discussion
- o Consultation Groups Meet
- o Reflection and Summary



PROJECT STRATEGY

- WHAT
- WHO
- HOW
- WHEN

(REFLECT GENDER ROLES AND RESPONSIBILITIES)

CONSIDERATIONS IN DESIGNING/ADAPTING PROJECT ACTIVITIES SO AS TO ENSURE THAT WOMEN:

- o Have access to project resources;
- o Participate in activities; and
- o Receive intended benefits.

PROJECT APPROACHES

- WOMEN ONLY PROJECTS
- WOMEN'S COMPONENT IN LARGER PROJECT
- INTEGRATED PROJECT

PROJECT FEATURES TO CONSIDER

o CHOICE OF PROMOTION STRATEGY

Message and medium appropriate
to intended audience.

o CHOICE OF TECHNICAL PACKAGE

Appropriateness, suitability,
impact.

o TIMING AND DURATION OF
ACTIVITIES

o DELIVERY SYSTEMS

o LOCATION OF PROJECT
ACTIVITIES OR SERVICES

o DESIGN OF CREDIT COMPONENT

o ELIGIBILITY CRITERIA

o NATURE & DISTRIBUTION OF
BENEFITS

B O L I V I A / Strengthening Democratic Institutions

Issue: Low levels of voter registration in rural areas, especially among women.

Issue: Limited access to the judicial system in particular by women.

Strategy

Carry out analysis; (TA) to identify alternatives.

PROJECT DESIGN AND IMPLEMENTATION ALTERNATIVES: MICROENTERPRISE

<u>Project Feature</u>	<u>Design/Implementation Alternatives</u>	<u>Rationale</u>
Collection of baseline data on clients of micro-enterprise projects	Gather sex-disaggregated baseline data (see p. 32)	Enables AID to reach a greater number of women in accordance with LAC objectives and to track the differential performance of women clients in credit programs.
Choice of implementing agency	Provide technical assistance to the implementing agency in the area of increasing women's participation	Many technically competent implementing agencies have little or no experience in increasing women's level of participation.
Promotion through written advertisement or community organizations to which only men belong	Promotion activities can take place through women's religious organizations and maternal/child health clinics, and by word of mouth through informal channels.	Women often do not belong to community organizations through which information regarding sources of credit and application procedures are obtained.
Collateral requirements that demand ownership of land, a house, or other property	Use the business's track record and potential for increased production; use a low minimum savings requirement; establish an internal guarantee fund, funded by borrowers' commissions and the lending institution; use a solidarity group credit component; use the incentive of future access to credit as a guarantee; use the borrower's reputation in the community.	Women often lack title to houses, land, businesses or other property.

<u>Project Feature</u>	<u>Design and Implementation Alternative</u>	<u>Rationale</u>
Training in marketing, record keeping, and managerial skills	Require borrowers to attend technical assistance sessions before applying for loans; schedule the sessions at times and locations convenient to women; establish referral services to vocational education programs in the community.	Women are more often deficient in accounting and managerial skills, particularly if illiterate.
Technical assistance	Offer technical assistance in the loan application process; assist borrowers to form their own associations to increase their leverage to institutions and resources, such as raw materials bought in bulk.	Women more often require assistance in filling out applications, due to high illiteracy rates and predominate in low-paying activities.
High transactions costs (lengthy application procedures, credit facility centrally located)	Make application forms short (4-5 pp.); administer loan program in a decentralized setting, near women's businesses or homes, possibly through mobile vans or neighborhood offices.	Transaction time is too cumbersome for women borrowers, who must take time away from their businesses and household activities to carry out transactions.
Lengthy loan approval and disbursement process	Allow program staff to approve loans rather than just make recommendations; make the local bank responsible for loan disbursement, releasing staff time.	The nature of women's businesses demands working capital on a frequent basis with a short disbursement period.
Loan placement criteria that include loans for fixed capital	Make loans available for working capital as well as fixed capital; through incentives in loan terms, encourage women to move into new, more productive activities.	Women predominate in commerce and services, rather than manufacturing, and therefore need working capital.

<u>Project Feature</u>	<u>Design and Implementation Alternatives</u>	<u>Rationale</u>
Interest rates	Set at <i>or</i> above market rates to avoid decapitalizing loan fund	Women are used to paying interest rates of up to 500% a year to moneylenders.
Repayment terms	Keep loan terms short and flexible	Default rates are often lower if small borrowers are given the option of repaying the loan in frequent small payments or in fewer large payments.
Use of formal banking procedures	Clients can be introduced to banking procedures by program staff; borrowers can be required to open savings accounts and save a specific amount periodically.	Women, more than men, may not be comfortable in formal office settings and may be incapable of completing forms that require more than rudimentary reading and writing skills.

PROJECT DESIGN AND IMPLEMENTATION ALTERNATIVES: VOCATIONAL TRAINING

<u>Project Feature</u>	<u>Design/Implementation Alternative</u>	<u>Rationale</u>
Collection of baseline data	Collect sex-disaggregated data on the pool of eligibles (see p. 32).	Enables AID to reach a greater number of women in accordance with LAC objectives.
Choice of implementing agency	Provide technical assistance to the implementing agency in the area of increasing women's participation.	Many technically competent implementing agencies have little or no experience in increasing women's level of participation.
Information on program distributed through secondary schools, public notices, newspapers	Use of radio, verbal presentations in the marketplace, more extensive outreach via community workers; special presentations on non-traditional training for women.	Women's functional literacy rates are low, school dropout rates are high.
Formal educational prerequisites not critical for training offered	Prerequisites specific to training being offered, e.g., manual dexterity tests for construction training program, literacy tests for data processing training.	Women's formal educational attainment in LAC is low.
Curriculum for women focused on traditional female occupations; unmarketable skills are taught	Focus curriculum on marketable skills; institute guidance program to overcome misgivings/peer pressure against non-traditional training.	Traditionally female occupations are associated with low wages; guidance counselling has been shown to overcome women's hesitations about nontraditional and more lucrative skills areas.

<u>Project Feature</u>	<u>Design and Implementation Alternative</u>	<u>Rationale</u>
Land titling with household head only as beneficiary	Where the law allows, introduce joint ownership of land for husband and wife; reserve usufructory rights for the wife in case of divorce or widowhood.	Without title to land, women who are left in rural areas to manage the farm do not have access to credit and other resources. Divorced, separated or widowed women may lose their right to the land and be forced to migrate elsewhere.
Resettlement schemes with components for head of household or cash crops only	Add components involving subsistence crops and activities of secondary family workers where pricing policy permits.	Resettlement programs often deprive women of their income-earning capacity by failing to provide land for subsistence crops.
Introduction of agro-processing plants	After considering the availability of infrastructure and financial viability, consider locating the plant in a community where women lack off-farm employment or income-generating opportunities.	Women predominate among the landless and near-landless; employment in plants provides a steady source of income for them and their families.
Choice of agribusiness crops	Though marketability of products is the first priority, consider the employment benefits of a crop that is labor-intensive rather than capital-intensive.	Labor-intensive crops generate more employment for the landless than do capital-intensive.
Choice of agribusiness operations	Consider a satellite or contract farmer operation.	Satellite farming tends to involve large numbers of small farmers (which includes most women farmers)

<u>Project Feature</u>	<u>Design and Implementation Alternative</u>	<u>Rationale</u>
Agricultural training	Actively recruit women into secondary or university agricultural programs; offer scholarships or stipends for rural women; include girls in training courses for youth; expand training facilities to local areas; offer farmer training to husbands and wives as couples; give practical field demonstrations rather than using classrooms.	Women may be unaware of their eligibility for such programs. They often cannot afford to forego the earnings lost while attending training courses. Women's household responsibilities may make attendance at residential courses impossible. Due to limited access to transport and lack of time, field demos may reach more women than classroom courses.
Agricultural extension agents	Hire more women who are <u>trained in technical subjects</u> ; hire agents who can communicate in indigenous languages; create incentives for agents to contact small or women farmers; train agents in a farming systems approach; ensure that agents reach the most remote parts of their assigned areas.	The use of female extension agents alone does not help reach more women farmers. A farming systems approach is more likely to reveal the activities in which women are involved. Lack of transport has proven to be a greater hindrance to reaching women than the lack of female extension agents; farms owned by women tend to be in the more remote areas.
Choice of technology for planting, harvesting, and processing crops	Through data on the sexual division of labor, make sure that new technologies will not increase the workload of one household member or eliminate one member's source of income.	Some technologies can actually increase women's workload by increasing production; others can eliminate women's income sources.

<u>Project Feature</u>	<u>Design and Implementation Alternative</u>	<u>Rationale</u>
Marketing assistance	Provide information on crops and products that women sell in the market; make sure that information is broadcast at a time of day when women can listen; upgrade regional or local markets, where food crops are usually sold; provide credit for group investments in buses, bicycles, and animal-driven carts so that women can reach the markets.	Women are very active in marketing surplus agricultural products and artisanal products, but travel to the nearest market town may be prohibitive in terms of time and money. Lack of transport may constrain their ability to earn extra income.
Small livestock component	Target women to receive technical information and veterinary training.	In the LAC region, it is almost always women who care for small livestock.

AGRIBUSINESS PROMOTION

Agribusiness is and will continue to be a major programming area for the LAC region in the years to come. Agribusiness projects have the potential of substantially increasing women's employment and incomes.

In San Mario, Chile, a 1984 study found that 45 percent of the adult women were seasonally employed in fruit production for export. Most of these women were landless; they contributed one- to two-thirds of total household income.

Though project officers will naturally consider a wide range of factors in the project design stage, agribusiness promotion projects should consider additional issues in regard to increasing women's employment and incomes:

- **Collection of baseline data.** Very little about the impact of agribusiness projects on farm households is currently known, which may make baseline data a valuable commodity. Data should be collected on the gender of the household head, the gender-based division of labor, income streams of various household members, and access to productive resources.

In the project design stage, such data will allow project officers to avoid eliminating women's independent sources of income and ensure that project components are directed toward the appropriate household member. In the evaluation stage, it will allow project officers to determine if the goal of raising farm household income has been achieved.

- **Type of agribusiness system chosen.** Since women's participation in agricultural production is greatest among smallholders, an agribusiness system that reaches small farmers, such as contract or satellite farming, may be most advantageous in terms of benefiting women. However, projects that depend on women contributing their labor to agricultural production with no direct remuneration while eliminating women's independent source of income may not be successful.

- **Choice of crop.** Decisions on the type of crop to be grown are primarily based on marketing considerations. However, project officers should be aware that modern technology can either benefit or hurt women, depending on the specific labor requirements of each crop. Other things being equal, labor intensive crops such as fruits and vegetables may be the most beneficial to women, since they provide high incomes per hectare.

- **Location of agribusiness processing plants** may also affect women's employment and incomes. Existence of infrastructure and the perishability of the crop are the primary considerations in the choice of location. However, plants located in areas with high rates of male out-migration or in areas where women lack off-farm employment can provide women with a steady source of income.

The following chart provides some design and implementation features that agricultural projects can adopt in order to reach more women agriculturalists.

PROJECT DESIGN AND IMPLEMENTATION ALTERNATIVES: AGRICULTURE

<u>Project Feature</u>	<u>Design and Implementation Alternatives</u>	<u>Rationale</u>
Collection of base-line data	Collect baseline data on the sexual division of labor and address activities with which women are involved (see p. 32).	Women's activities, including the care of livestock and vegetable gardens, are often ignored in agricultural programs.
Targeting a specific group of farmers	Use the farm household as a target group rather than farmers or heads of household.	Women play an important role in decisions about planting and agricultural inputs. Targeting the entire farm household helps ensure that they receive technical information that will inform their decisions.
Choice of implementing agency	Identify project consultants who can provide technical assistance in increasing women's participation; identify staff of the local implementing agency who can attend training.	Many technically competent implementing agencies have little or no experience in increasing women's participation.
Promotion mechanism through production cooperatives, small farmers' associations, land distribution committees, etc.	Promote programs through women's productive groups, such as cooperatives, or at places where rural women meet; use indigenous languages in regions where women know only these languages	Women rarely belong to mainstream community organizations and therefore do not hear of new programs; husbands rarely disseminate technical information to their wives.
Credit programs through mechanisms other than the formal banking system	Use crop liens as collateral; use a group guarantee of repayment; target a certain amount of loan seed funding for small farmers; offer small loans.	Because women predominate among small farmers, they often lack collateral and tend to need small loans.

<u>Project Feature</u>	<u>Design/Implementation Alternative</u>	<u>Rationale</u>
Distant training location	Institute formal or informal transportation arrangements.	Parents of young women want to be assured of their daughters' safe transportation; lack of cheap and efficient transport presents problems for women trainees who have child care and work responsibilities.
Training during business hours	Provide flexibility in scheduling.	Women must work during business hours; short sessions during the day may be feasible for informal sector workers.
Facilities not equipped for women; no child care facilities available	Provide separate toilet facilities for women; provide childcare or assist with cooperative childcare arrangements.	Lack of separate facilities for women may discourage hesitant women trainees; women may be unable to arrange for childcare in order to attend training sessions.
Training and upgrading of instructors	Sensitize staff to importance of involving women in non-traditional skills areas.	Instructors play a key role in reinforcing or overcoming biases against non-traditional skills for women.
Follow-up activities	Offer job placement services and training in interviewing skills.	Women are often unfamiliar with procedures for obtaining formal sector employment.

PARTICIPANT TRAINING

Participant training represents a priority area of activity for USAID missions in Central America and the Caribbean. Through the Central America Peace Scholarship Program (CAPS) and other programs geared to the Caribbean, the missions identify local persons for short- and long-term training in the U.S.

LAC/W has established that 40 percent of the trainees identified by each mission must be women. The following suggestions may help missions meet this 40 percent target:

1. Recruitment of Participants:

- request candidates from local organizations that either have large female staffs or that work with women's groups in urban and rural areas;
- indicate in written material and information about AID participant training that women are encouraged to apply.

2. Course Characteristics:

- offer short-term courses (one to three months) which are easier for women to attend due to their household and childcare responsibilities;
- include content areas in which women predominate, such as courses for health promoters, nutritionists, community and social workers, and community leaders;
- include courses in content areas that are critical for women's economic activities, such as microenterprise development, management, accounting, and others;
- contract U.S.-based organizations to design courses and curricula for specific topics and with emphasis on the country's context and culture.

3. Related Activities:

- plan follow-up activities to strengthen the training and to form networks among women, which can become a source for additional candidates;
- disaggregate all monitoring and evaluation information on participant training by sex.
- program sufficient time for women trainees to meet with U.S. women and women's groups, preferably on a one-to-one basis.

PROJECT DESIGN AND IMPLEMENTATION ALTERNATIVES: HOUSING

<u>Project Feature</u>	<u>Design/Implementation Alternative</u>	<u>Rationale</u>
Collection of baseline data on the pool of applicants for low-income housing	Collect sex-disaggregated data (see p. 32)	Enables AID to reach a greater number of women in accordance with LAC objectives.
Choice of implementing agency	Provide technical assistance to the implementing agency in the area of increasing women's participation.	Many technically competent implementing agencies have little or no experience in increasing women's level of participation.
Promotion through newspapers, cooperative housing societies, business councils, neighborhood walk-throughs	Use verbal information dissemination (radio, t.v.); use community workers to make information available; housing "extensionists" can make house visits during non-working hours.	Many low-income women are illiterate; working women must be reached during non-work hours via house visits, etc.
Requirement that only 25% of income go to housing payments; taking account of formal wage income only.	Allow more than 25% of household income to be allocated to housing expenses; include some estimate of transfers in income calculation; use innovative collateral and guarantee mechanisms such as group lending to take the place of stringent income stability measures.	Low-income households headed by women may receive substantial transfer income (in-kind contributions from relatives; remittances from relatives who have migrated); poor households typically spend more than 25% on housing.
Downpayment requirements of more than 5%	Lower downpayments; utilize creative financing techniques such as a.r.m.s. to make monthly payments affordable despite low downpayment.	Women do not have enough savings to make high downpayments; lower downpayments need not translate into higher monthly payments if creative financing mechanisms are used.

<u>Project Feature</u>	<u>Design/Implementation Alternative</u>	<u>Rationale</u>
Qualification based on economic status of spouse	Base qualifications on economic status of actual head of household and contributing household members.	Many women in Latin America are heads of household, single mothers, or have been abandoned by their spouses.
Detailed loan application, lengthy loan processing period, involving many visits to lender.	Conduct interviews/loan applications at a variety of times; simplify applications and rely more on the security provided by group guarantees or recommendations of community leaders.	Women's dual household and economic responsibilities make it difficult to spend time on loan processing; simplifying applications will reduce time costs and improve the access of barely literate women.
Fixed repayment schedule	Offer several repayment schedule options to accommodate the needs of different kinds of borrowers.	Many low-income women maintain high repayment rates when they make frequent small payments on loans, rather than infrequent large payments.
Requirements regarding mutual or self-help activities	Provide loans to hire skilled and unskilled labor for self- and mutual-help schemes.	Women may not have the time and skills necessary to complete core units, join mutual help schemes, etc.
Restrictions on commercial use of housing	Allow at least some portion of the housing development to include use of the home for commercial purposes; allow homeowners to rent rooms to boarders.	Women rely on informal economic activities such as selling prepared foods from the home; taking in boarders is an important economic survival strategy among women heads of households.

<u>Project Feature</u>	<u>Design/Implementation Alternative</u>	<u>Rationale</u>
Peri-urban location of housing project	Avoid suburban locations if possible, make sure locations are serviced with cheap, efficient transport (e.g., form transport cooperatives).	Ease of access to markets is crucial for women's trading and small scale retailing.
Limited availability of community services	Provide space for community child care centers, laundry facilities, perhaps market facilities.	Community services can significantly reduce the time women spend obtaining water, shopping, and locating childcare; these time savings allow more time for income-earning activities and higher loan repayments rates result.

Creative Financing

Two main methods of creative financing to be considered for use in low-income housing projects are:

- **Adjustable rate mortgages (a.r.m.):** These mortgages allow the lender to increase (or decrease) the interest rate being charged to reflect changes in a standard index of fluctuations in interest rates, usually on an annual basis for an agreed upon period of time and up to an agreed upon limit. The rates associated with these mortgages are initially lower than those available for fixed rate mortgages; even when interest rates rise, borrowers have typically saved enough money through the initially lower rate to justify use of this type of mortgage.

- **Negative amortization:** Under this option a market rate of interest is applied to loan balances in order to calculate the amount of principal and finance charges owed to the lender. The borrower's actual monthly payment, however, is based on a concessionary rate of interest which is gradually adjusted upward every year until it matches the market rate. Meanwhile, the difference between actual payments (based on the concessionary rate) and money owed (based on the market rate) is added to the loan balance. The term of loan payments extends until repayment is achieved or, more typically, refinancing is obtained. The advantage of this option is that it allows low-income buyers to enter the housing market; it works best, however, for those whose incomes are likely to rise fairly significantly over a three to five year time frame.

Women in Development: A.I.D.'s Experience, 1973-1985 Vol. 1. Synthesis Paper

THE IMPORTANCE OF GENDER FOR THE ACHIEVEMENT OF SOCIOECONOMIC DEVELOPMENT GOALS

In each of the five sectors examined in this evaluation, projects tend to share a common set of goals. The ultimate goal of most agricultural projects is to improve the social and economic well-being of small farm households by increasing production, raising incomes, and (sometimes) reducing malnutrition. The goal of most employment projects is to create jobs and raise incomes of poor households. The goal of most energy projects is to improve well-being by developing new energy sources and conserving natural resources. The goal of most water supply and sanitation projects is to improve the quality of life. The goal of most education projects is to improve well-being directly, through human capital formation, and indirectly, by imparting skills relevant to the achievement of other goals.

This section of the paper takes five goals as its starting point: increased agricultural production, development and conservation of natural resources, employment generation, higher incomes for low-income people, and reduction of malnutrition. Using evidence from the desk reviews and especially the 10 case studies, it examines which aspects of gender affect the achievement of each goal.

female farmers in the effort. Yet to date, the extension workers are not being trained in techniques or equipped with incentives for women farmers as a particular target group. While extension agents, ministry, and project staff all recognize the key role women will play in achieving diversification targets, the next steps (adapting extension agent work plans and technical packages, developing communication networks, scheduling and locating demonstrations for gender-specific audiences) have yet to be taken. The case study suggests that without these specific gender-responsive adaptations, the improved extension systems may fall short of achieving the national agricultural development goals the newly improved extension systems are pursuing (see Schminck and Goddard).

The case study of the Agricultural College Expansion project in Botswana (54) provides another illustration. The project was rated as highly successful in achieving its immediate purpose of developing an agricultural training institution suited to the rural sector's needs. However, it may not achieve its ultimate goal of improving the social and economic well-being of the vast majority of farm families if the extension service continues to bypass female farmers whose role in agriculture is major (see Anderson and McBreen).

These two examples have a common thread. Both projects achieved their immediate purpose, but the lack of match between gender roles in the baseline situation and the ultimate recipients of extension services provided by the improved institutions could prevent the projects from achieving their goals. In both cases, gender analysis provides important insight, but gender adaptations are crucial to success.

Another set of examples illustrates a different lesson. A project can be successful in achieving its immediate objectives of raising productivity and expanding employment; it can also be successful in raising beneficiary incomes; but it can still fail to achieve the ultimate goal of improving the social and economic well-being of low-income households if gender variables are overlooked. The case study of the ALCOSA Agribusiness Employment/Investment Promotion project in Guatemala (004) shows that increases in one family member's income do not necessarily result in better nutrition or greater well-being for the rest of the family. When women's control of earnings dropped and their voice in household decisions and expenditures fell, there was evidence that nutrition deteriorated even in the face of overall abundance (see Blumberg).

In short, the relationship between achievement of immediate project purposes and long-term socioeconomic goals is neither linear nor automatic. It can never be assumed that

their contact with female farmers was not necessarily better than that of male extension workers. On the contrary, both male and female extension workers tended to focus on male farmers. One reason for the lack of contact with female farmers was the prevailing emphasis on commercial farming and cash crops. Extension workers had few incentives to spend time with subsistence farmers. In Botswana, extension workers of both sexes tended to focus on men because village women's family responsibilities made it more difficult for them to travel to extension centers. Direct contact by agents of either sex with village women was often restricted by inadequate transport (see Anderson and McBreen).

Access to Land. In Sri Lanka, where outmigration of daughters from the settlement schemes threatens to undermine the long-range viability of the Mahaweli program, outmigration seems to be connected with the fact that daughters are not allowed to inherit land (see Benson and Emmert). Differences in the status of women among different categories of settlers could also be traced to the fact that among local people who were temporarily moved off the land to make room for the project (referred to as "former residents" and "evacuees"), women could get irrigated land allotments in their own name while among new settlers only men were given allotments.

All Mahaweli scheme households are expected to take out seasonal production loans, but among new settlers, widows and wives of migrants are unable to borrow because the land is in the husband's name. Among former residents and evacuees, the share of loans disbursed to women was roughly proportionate to the percentage of women owning land. When land title is a prerequisite for access to credit and many female farmers are unable to qualify for loans, allocation of resources is inefficient and production suffers.

3.1.2 Gender-Linked Labor Constraints as a Factor in Agricultural Production

Male Migration. As a result of the sex-typing of agricultural tasks, shortages of male labor for land preparation can cause serious bottlenecks in production. In Thailand, a green manure crop intended to fertilize rice did not get planted because men were not there to prepare the land during the dry season. In Botswana and Kenya, male migration caused bottlenecks in land preparation that led to late planting and lower yields. Migration of young men from the Eastern Caribbean affected the supply of labor for such heavy work as terracing and planting tree crops.

As noted above, case studies in Kenya, Botswana, and the Caribbean found that it was usually the wife's earnings rather than the husband's that were used to buy food for the family. The baseline study in St. Lucia found that women were solely responsible for paying for the family food in 37 percent of the households (food represents 40 percent of total expenditures) (see Knudson and Yates). Implications for nutrition are discussed below.

3.5 Reducing Malnutrition

A growing body of evidence suggests that there is no necessary connection between increases in aggregate household income and improvements in children's nutritional status. There is increasing evidence that it is the mother's income-earning activities that show the higher correlation with children's nutrition rather than the father's (Kumar 1977; Carloni 1983).

Women's importance for nutrition extends far beyond their traditional roles in food preparation and infant feeding. They influence household food availability directly through their role in food production, processing, storage, and marketing and indirectly through their activities as income earners. In some countries, women bear the entire responsibility for providing the family food. In other countries, husbands are expected to provide certain foods (such as staple grains) for family consumption, while wives provide complementary foods. A thorough understanding of gender roles in food production and consumption is needed when the goal is to improve nutrition.

The case study of the Mahaweli irrigation and settlement program in Sri Lanka (91) illustrates the connection between women's role in food systems and efforts to reduce malnutrition. The Mahaweli authorities attribute malnutrition to lack of differentiation in the diet caused by lack of diversification in the farming system. Before the Mahaweli Authority began to develop the area, the traditional diet was much more varied. Tank-irrigated paddy cultivation on the lowlands was complemented by shifting (chena) cultivation in upland areas, where finger millet, grains, pulses, and vegetables were grown. Women assisted men with weeding and harvesting paddy, and men assisted women with clearing and burning the upland area in preparation for planting, but paddy production was regarded as men's responsibility and chena cultivation as women's. Curtailment of chena cultivation (which the Government sees as a cause of environmental degradation) has unbalanced the food system. A possible solution would be to intensify production of complementary foods on the homestead plot and to introduce livestock into the farming system. This would provide a steady

3.1.3 Gender Differences in the Control of Product as a Factor in Agricultural Diversification

In the Eastern Caribbean, where many countries give diversification high priority as a way of reducing dependency on one or two export crops, extension agents say that women are more responsive to diversification possibilities than men. The reason for this difference may be that men control the large monetary aspects of the farm (including the main cash crops) while women control the minor crops. Men have a stake in perpetuating the emphasis on the traditional export crops that they control, whereas women have a stake in expanding production of minor crops such as vegetables, which are part of the diversification strategy (see Schminck and Goddard).

In Sri Lanka, one of the main problems faced by the Mahaweli irrigation and settlement program has been lack of diversification of the farming system. In most places there is not enough water to grow two irrigated crops per year. Reliance on a single rice crop has created seasonal cash shortages and malnutrition. Recent efforts to diversify food and income sources focus on intensifying production of fruit, vegetables, and spices on the homestead plot and integrating them with animal production. Because the homestead garden and livestock care are the wife's domain, recognition of gender differences in the control of different crops and activities could have important consequences for diversification (see Benson and Emmert).

3.1.4 Gender Differences in Incentives as a Factor in Production

Women's incentives to provide unpaid family labor for crop and livestock production are closely linked to the control of crops. When women control the disposal of the product and the earnings from its sale, their incentive to intensify labor inputs is far greater than it is for crops whose disposal is controlled by their husbands. This factor is more important for cash crops and sidelines that men and women treat as a source of personal income than for staples that all family members consume.

In Guatemala (004), a 1980 comparison of three poor Indian villages growing broccoli, cauliflower, and snow peas on contract to an agribusiness firm revealed a significant pattern. The level of yields and the production of first-quality produce appeared to be related to the extent to which women participated in--and benefited from--the project. In the first village, women did not help in the fields, and the

impact of the women's component's on resource conservation has been less than anticipated because the new stoves are not as versatile as the traditional hearth; women who have them use them for only a part of their cooking.

3.3 Generating Employment

Many projects in this sector achieved their immediate purpose but stopped short of achieving the ultimate goal of expanding employment. Of the three types, credit projects were the most successful in expanding female employment. Most female job training projects and community based income-generating projects encountered difficulties. Projects that provided skills training for self-employment without providing seed capital so that trainees could set themselves up in business also failed to generate female employment.

In Morocco, a project designed to integrate women in the Ministry of Labor's commercial and industrial job training program (49) was one of the few of its type that was successful in achieving its goals. Not only did it expand female employment at favorable wage levels, but the entry of female graduates into the sector also eased bottlenecks at a time when the supply of skilled labor was a constraint for industrial expansion. Female trainees performed well in courses, and the implementing agency had no difficulty placing graduates in private sector jobs. In fact, employers were so pleased with the performance of female graduates that they expressed a preference for women in the future. And finally, as a result of the project, women's participation in the Ministry of Labor's national system of vocational schools has been institutionalized (see Lycette).

In the Dominican Republic microenterprise project (003), Blumberg found, after disaggregating project statistics by sex, that the women microentrepreneurs created more jobs than the men. The contrast was most dramatic in the large and important clothing sector (one-half of all female microentrepreneur loan clients were in the clothing sector, and one-half of the businesses in the sector were female owned). Women's clothing enterprises have created an average of 1.4 new jobs each, compared with 0.64 for male-owned clothing businesses. Disaggregating data for the clothing sector by sex also showed that the women's enterprises were growing faster than the men's on five of six standard business indicators (e.g., sales, profits) tracked by the project. Thus, achievement of project goals for stimulating jobs and economic activity in the informal sector was clearly linked to the level of female participation.

poor. In an area where up to 60 percent of the adult males were working outside the district, the households selected as contact farms when the Training and Visit System was first introduced were atypical in two ways: they had more land and assets, and the husbands were full-time farmers. A farm survey conducted by the project indicated that the resources concentrated on contact farmers were not paying off because innovations were not spreading to the average farmer. Consequently, indigenous self-help groups (80 percent female) were substituted on a pilot basis.

Instead of contacting individual farmers, extension workers made direct contact with groups as large as 30 members. The pilot experience was so successful that the practice is being extended to the rest of the district. It has greatly improved the extension system's contact with women and the poor and is laying the groundwork for widespread technology transfer. The project will use these self-help groups to test and disseminate a wide range of technical innovations including drought-resistant varieties, water-saving tillage methods, disease-free cassava cuttings, farm implements, tree seedlings, and improved beehives (see Carloni and Horenstein).

3.2 Developing and Conserving Natural Resources

The direct connection between women's stakes and incentives and conservation of natural resources is illustrated by the Arid and Semi-Arid Lands project in Kenya (001). Initially, project planners feared that women's self-help (mwethya) groups might not supply sufficient labor for construction of terraces, dams, and catchments without cash compensation. When mounting financial pressures forced the government to cancel plans for payment to mwethya groups, they discovered, to their surprise, that lack of payment was not a constraint. Village women were willing to provide unpaid labor for soil conservation works because terracing allowed them to make better use of scarce runoff for crop production; they were willing to provide labor for construction of water points because they would benefit directly from not having to haul water long distances (see Carloni and Horenstein).

The case study of the Resource Conservation and Utilization Project in Nepal (002) illustrates how a project's impact on resource conservation might have been greater if the women's component had not focused so narrowly on women's domestic roles (cookstoves, kitchen gardens, and sewing). The stove component appears to have diverted attention from involving women in the project's broader resource conservation activities, including afforestation, watershed management, and soil conservation. The

project did poorly for lack of sufficient labor. In the second village, women had been pulled into field work on these very labor-intensive vegetables. But this reduced their time available to earn independently controlled incomes as market vendors. Moreover, payment came in the form of a check made out exclusively to the husband, a check that had to be cashed in a town some distance from the village. Project performance was better than in the first village, but not outstanding. In the third village (where the growers were organized into a cooperative), however, women not only worked in the fields, they benefited directly. They were relatively full partners in the contract farming, and the co-op paid both husband and wife individually in cash. In this village, yields and quality of produce were by far the highest. Interestingly, village women fared best working in the agribusiness firm's processing plant, where the vegetables were frozen and packed for export. They worked long shifts at the government minimum wage and earned unusually high incomes over which they retained full control. Both job satisfaction and productivity were extremely high. Thus it appears that the level and quality of production were related not only to the extent to which women participated in project activities but also to the extent to which they were given incentives and allowed direct control over remuneration.

3.1.5 Gender as a Factor in the Development and Transfer of Technology to the Rural Poor

The experience of the Northeast Rainfed Agricultural Development project in Thailand (94) illustrates why adapting to the gender of project participants is important for technology transfer to the poor. About 10 percent of the households in the project area were permanently headed by women, and in addition, men left the district during the slack season in search of wage employment. Until now the project has concentrated on "specialist" farmers who are selected to carry out crop trials. These farmers have all been men, and what is more, they have more land, labor, and capital than other farmers. By concentrating project resources on the better-off specialist farmers, the project ran a serious risk of developing modified cropping systems that are beyond the means of the target group. Since so many poor households depend on women for farm management, efforts to involve poor women would have been useful as a source of feedback about their reaction to project packages and their constraints to adopting them (see Blanc-Szanton, Viveros-Long, and Suphanchinat).

The experience of the Arid and Semi-Arid Lands project in Kitui District, Kenya (001) illustrates how targeting extension to women can dramatically improve technology transfer to the

3.4 Raising Incomes of Low-Income People

Among poor households in both rural and urban areas, diversification of income sources is crucial for survival. Family members engage in a wide range of income-earning activities in different seasons to spread risks. The share of total income earned by wives and daughters can be major.

Case studies revealed that where male migration is widespread, as in Botswana (54), Kenya (001), and the Caribbean (09), women's earnings are the mainstay for everyday subsistence expenditures, especially food. Growing dependence on women's earnings was also cited in urban Morocco (49) and the Dominican Republic (003). In one community in Bolivia, women's earnings from handicraft production were crucial for tiding their families over during a drought year when no earnings were coming in from agriculture (21, see Flora). In Sri Lanka's wet zone, women's sale of eggs and milk, as well as fruit, vegetables, and spices from the homestead garden, provides a steady trickle of cash year-round. On the Mahaweli settlement schemes, where serious difficulties with the seasonal cash flow threaten to undermine development, expansion of women's homestead garden production may provide solutions (91, see Benson and Emmert).

The proportion of their income that different earners pool with the rest of the family or keep for their personal use varies widely among socioeconomic groups and household types within countries. In Bolivia, Ecuador, Guatemala, the Eastern Caribbean, Kenya, Sri Lanka, and Thailand, the case studies confirmed that husbands treat earnings from certain crops or activities as their personal spending money. If the earnings from the sale of a cash crop are customarily treated as the husband's personal income, a project that raises production may well have the effect of merely increasing the husband's nonessential consumption without improving family well-being.

In Thailand, Kenya, and the Eastern Caribbean, women generally manage whatever money is pooled for everyday family expenses. In Ecuador, where husbands usually manage household cash, wives have difficulty keeping control over how their own earnings are spent. Women in one village preferred to disburse profits from the group enterprise once a year rather than monthly, and in kind (food, household utensils). They stated they were afraid that if they received cash, their husbands would take the money and spend it on ritual drinking (see Flora). (This suggests one reason why the profitability of women's income-generating projects is hard to document: women may feel the need to conceal their earnings from their husbands.)

Aggravation of Women's Work Load. The field studies provide many examples of situations in which the burden of intensified cropping systems or other new practices fell primarily on women. In Thailand, this led families to drop out of on-farm trials (see Blanc-Szanton, Viveros-Long, and Suphanchainat). In the Caribbean, where the burden of field packing bananas fell on women, it led them to pressure their husbands to get out of banana production (see Schminck and Goddard). In Guatemala, where contract vegetable growing increased the demands on women's time, they had less time to earn an independent income from marketing (see Blumberg). This in turn had implications for family well-being.

Conflict Between Project Activities and Women's Role in Farming. In Kenya, conflict between the timing of project soil conservation activities and women's work on the farm slowed progress until management recognized the need to adjust work schedules so that they would not interfere with farming (see Carloni and Horenstein). In Nepal, conflict between the timing of project tree-planting activities and women's farm planting may have contributed to the forestry component's failure to achieve more than 35 percent of its target (see Davenport, Nickell, and Pradhan). In Ecuador, conflict between the timing of project citrus-processing activities and the peak season for female wage employment in the citrus harvest led to a low rate of participation in one project enterprise (see Flora).

Women's Domestic Responsibilities. In several cases, the projects' impact on production was lowered because women's domestic responsibilities interfered with their role in agriculture. On the Mahaweli irrigation/settlement schemes in Sri Lanka, lack of extended family networks for the care of small children has hampered wives' availability for work on the irrigated allotments (see Benson and Emmert). In Kitui District, Kenya, one reason women cannot plough and plant at the onset of the rains is that half of their productive time is taken up fetching water from distant sources (see Carloni and Horenstein).

The desk review of water supply and sanitation projects found that reduction of time spent carrying water did not increase time spent on production unless income-earning opportunities already existed or were introduced (see Nieves). To have a positive impact on production, water supply projects must be linked to income-earning opportunities in agriculture or nonfarm production. Only one of the water supply projects in the desk review sample included an agricultural component (33).

supply of food throughout the year, diversifying the diet and counteracting the effects of the seasonality of paddy production. Both of these activities are traditionally women's domain, and efforts to improve nutrition would entail supporting women's productive activities (see Benson and Emmert).

The case study of an agribusiness project in Guatemala (004) found evidence that women's loss of decision-making power within the family can adversely affect nutrition. Comparison of three contract grower villages revealed that women's control of an independent income has a great impact on their voice in decisions regarding food and nutrition. When the introduction of the labor-intensive vegetables reduced the time available for women to sell in the market, they lost their voice in decisions regarding which crops to grow. Men over-invested in the agribusiness company's crops to the detriment of other crops. When a crisis of over-production hit in 1980 and contract buying was suspended, families had nothing to fall back on and little money to buy food. In another village, where a recent (1984) change in the mode of payment undermined women's access to and control over income from contract buying, women lost much of their voice in deciding how much of which crops the family should grow. In addition, they lost much of their voice over how the money was spent. Aggregate incomes rose sharply, but co-op staff suggested that nutrition was negatively affected when expenditure shifted in favor of male-determined decisions (see Blumberg).

3.6 Conclusions

The lack of relationship between the achievement of immediate project purposes and long-term goals continues to be a sensitive point for development assistance. Many projects that are successful in their own terms have a limited socioeconomic impact. Gender analysis is a tool that can shed light on the causes of this problem.

The case study of the Caribbean Regional Agricultural Extension project (09) provides a good illustration. Although the project was rated as highly successful in achieving its immediate purpose of building national extension systems, it is not clear whether the project will achieve one of its ultimate goals, the diversification of small farm production. Even a rigorous preproject analysis of women's productive roles in island agriculture, and a women's component emphasizing awareness training in gender issues, did not translate into field-level adaptations in extension. Implicit in the strategy to achieve import substitution through diversifying and intensifying vegetable crop production is the need to engage

3.1 Increasing Agricultural Production

The importance of gender for agricultural production derives from the gender-linked division of labor in small farm households. According to a recent study covering 82 developing countries, women are 46 percent of the agricultural labor force in Sub-Saharan Africa, 45 percent in Asia, 40 percent in the Caribbean, and 31 percent in North Africa and the Near East (Dixon 1982). The production tasks performed by women and their share of the total farm work vary widely between countries and among different social, economic, ethnic, and regional groups within countries. Women's agricultural role is also affected by age, marital status, the husband's presence or absence, and the stage in the household development cycle.

Section 2 showed that in agriculture projects the degree of match between the gender of project participants and gender roles in the baseline situation affects the achievement of immediate project purposes. This section goes a step farther. It takes four aspects of gender identified by the Women in Development Policy Paper and examines evidence (primarily from the case studies) of their effect on the achievement of such goals as the intensification and diversification of small farm production and the transfer of technology to low-income producers. The four aspects are as follows:

- Access to and control over productive resources
- Gender-linked labor constraints
- Control of crops and income from their sale
- Stakes and incentives

2.1.1 Gender Access to Resources as a Factor in Production

Access to Extension Services. Five of the case studies examined women's access to extension advice and the implications for agricultural production (Botswana, the Caribbean, Thailand, Kenya, and Nepal). In all five cases there was evidence that failure to reach female farmers can have a negative impact on efforts to increase production. In Kenya, there was a dramatic increase in outreach to female farmers when extension workers began contacting local self-help groups instead of individual contact farmers, which could have equally dramatic effects on the spread of innovations (see Carloni and Horenstein).

Another finding that emerged from the case studies is that in this group of countries at least, female extension workers do not appear to be the major factor in reaching female farmers. Some extension workers in all five countries were women, but

institutional development or delivery of services will automatically increase production or generate employment, or that increased production or higher employment automatically means higher incomes for low-income people, or that increases in one family member's income automatically are translated into better nutrition and improvements in the whole family's well-being. Gender variables intervene at every step in the chain in critical ways:

- Planning for gender factors in production--including access to and control of resources, labor constraints, and incentives--is particularly useful for development and successful transfer of technology.
- Planning for differential male and female income sources is particularly useful for efforts to raise the level of living of the poor.
- Planning for gender roles in consumption, including whose income is used to buy food, can be crucial for ensuring that higher incomes result in better nutrition and family well-being.

The evaluation findings support the assertion in the Women in Development Policy Paper that "misunderstanding of gender differences, leading to inadequate planning and designing of projects, results in diminished returns on investment." The evidence shows that resources invested in improving gender analysis, project adaptation, and monitoring of female participation can not only help projects to achieve their immediate purposes more efficiently, but more important, it can help the Agency to ensure that resources invested in projects contribute to the achievement of broader development goals.

SOCIO-ECONOMIC AND GENDER ISSUES IN POLICY-BASED DEVELOPMENT ASSISTANCE: SHIFTING TO SECTORAL CASH TRANSFERS IN LATIN AMERICA

Philip Boyle

Office of Women in Development
Bureau for Program and Policy Coordination

November 11, 1988

1. Introduction

United States policy-based development assistance has become increasingly common in the Latin America and Caribbean region in recent years. In FY 1988, balance of payments support, generally tied to policy reform conditionality, comprised about 56% of total USAID assistance to the region. In spite of clear signs of improved economic performance, the proportion of these economic support funds (ESF) in the FY 1989 budget rose to over 58%.

The vast majority of ESF funds over the last four years have been used in Central America. This reflects the impact of the 1984 Kissinger Commission report, which stressed the urgent need to restore economic stability in the sub-region, lay the basis for renewed long-term growth, and strengthen democratic institutions. In FY 1988 69% of development aid to Central America was balance of payments support. These cash transfers comprised 96% of the total for the LAC Bureau, or some \$462,320,000.

ESF funding for Central America for FY 1989 rose slightly in absolute and relative terms and will comprise 69% of the total of \$648,888,000 for the sub-region. On the other hand, although amounts remain small relative to Central American aid, the proportion of ESF funding requested for South America and the Caribbean sub-regions rose significantly between FY 1988 and 1989. Thus, for the South American countries the share of ESF aid rose from 15% in 1988 to 41% in the FY 1989. The shift was even greater in the Caribbean sub-region, where ESF funding rose from 0% to 38% of total aid.

2. Advantages of Policy-based Cash Transfers

The speed with which large amounts of money can be transferred to economically distressed developing countries is but part of the perceived advantage of direct cash transfers.

The leverage of these monies on effecting reforms of questionable governmental policies and practices, seen as essential contributory causes of the current severe recession in Latin America, has become an attractive and customary tool of multilateral and bilateral donors alike. So long as economic performance indicators show clear improvement, economic development is presumed to be heading back on course.

The Central American Initiative of 1984 contained a plan to move policy dialogue from the macro-economic level, once basic stabilization and recovery objectives had been reached, to sectoral issues, thus returning development aid to its focus on the poorer segments of society. According to a recent LAC Bureau guidance cable to Central American missions (12/11/87): "In other words, short-term development objectives in stabilization would give way to long-term development objectives in structural sectoral reforms, targeted more directly to encouraging growth with equity (see State 386936--December, 1987)."

The cable outlines the benefits of shifting cash transfers to sectoral levels:

(1) "while sound macro policy is a necessary precondition for achieving aid goals, it is often not a sufficient one"

(2) "the indirectness of the linkage between past ESF and AID's target population has made it difficult to communicate to the Hill the full impact that ESF has had"

(3) however, "independent witnesses have pointed out the importance of correct macro policy to the welfare and prospects of the poor, and local currencies have played an important part in sharing the benefits of economic improvements"

(4) "the shift toward greater direct involvement in sectoral issues should also increase congressional support for the cash transfer mode of assistance", in view of current restrictions on such transfers, and the Congressional provision requiring "that 50% of ESF be used for projects or programs, e.g., sectoral programs, in support of long-term development objectives"

(5) The shift to sectoral, non-project ESF will permit the retention of "the two key strengths of cash transfer assistance: (1) immediate balance of payments impact; and (2) disbursement based on policy change/performance rather than on delivery of goods and services"

3. Implications of the Shift to Sectoral Cash Transfers

According to the LAC Bureau guidance cable, sector-based cash transfers will reinforce the current aid focus on policy issues through:

(1) "concentration on a few strategic policy issues and emphasis on enhancing the role of the market in resource allocation";

(2) "the emphasis in public investment would be on improving government investment and operating expense decisions in areas where there is a clear public-sector role in order to reduce the cost of delivery of public services and achieve higher rates of return on public sector investment"

(3) "initial sector programs to be components of an overall non-project assistance strategy that retains macroeconomic stabilization objectives", so that one FAAD and one authorization would cover both activities, at least initially.

(4) In sum, "the rationale for country assistance levels would move away from balance of payments gaps to a concern for: (A) the growth effects of the additional investment, and improved quality of investment produced by the assistance and policy improvements; (B) the effects of the assistance, in a direct sense, on AID's target population."

4. Design Requirements for Sectoral Cash Transfer Programs

The guidance cable from LAC Bureau is quite explicit in defining the types of analysis required for designing and justifying sector-based cash transfer programs. Importantly, the cable specifies that: "we do not consider a simple inclusion of sector-related conditionality in a cash transfer agreement as constituting 'sector assistance'. Rather, such assistance should draw upon an analytical base from the development constraints facing the sector, and identify how the sector program will address those constraints, including policy changes, use of counterpart local currency in the sector, and (as applicable) the mission's project portfolio and its PL-480 program."

Borrowing from Handbook 1, Part 7, the cable delineates several areas of analysis to be covered in designing sectoral cash transfer programs. Of interest here is that the discussion of the role of the sector in the overall development strategy of the host country and of the USAID assistance program "should

include an examination of the linkages between macroeconomic policies and problems and sectoral policies and problems." Further on, the cable requires: "an assessment of the social costs and benefits of the sectoral program, focussing on the impact of the program on different beneficiary groups."

In sum, future sector-oriented concept papers and Program Assistance Approval Documents (PAAD's) should examine and analyze the linkages between various levels of policies, the interaction between policy changes at various levels and across interrelated sectors, and the impacts of policy reform on various population groups. These groups compose AID's traditional target population, in terms of which Congress authorizes development assistance: the rural and urban poor--and women.

5. Policy-based Cash Transfer Programs: The Case of Costa Rica

Between 1982 and 1988 United States development assistance to Costa Rica totaled over one billion dollars (\$1,054,714,000). While all elements of assistance were designed to support the structural reform of the Costa Rican economy, economic support funds in the form of direct cash transfers constituted \$815 million, or about 77% of this aid. In FY 1989, ESF transfers could reach 93% of a total aid package of \$97,250,000.

Such massive financial assistance to Costa Rica had been made necessary by the acute economic crisis into which the country had plunged by the early 1980's. Triggered by the collapse of commodity export prices, Costa Rica's gross domestic product, which had risen an average of 6 to 6.5% per year during the 1960's and 1970's, fell by an average of nearly 5% in 1981 and 1982. Real GDP per capita in 1982 was 14% below its level in 1980, inflation had risen above 100%, and open unemployment had reached 9.5% (Lieberson, 2, 1988).

As in other stabilization and adjustment efforts, AID's strategy in Costa Rica was based on the "the need to shift the Costa Rican economy from an emphasis on import substitution to one of export-led growth (Lieberson, 3, 1988)." Reform efforts, thus, "focused on removing constraints to private sector investment and private sector exports, particularly new, nontraditional exports." Ultimately, the AID strategy "concentrated on equity--the need to make sure that the process of restructuring also spread the benefits of growth to all segments of the population. (Lieberson, 3, 1988)."

Prior to the economic crisis, development assistance to Costa Rica had been relatively limited. In 1981 such assistance was \$13 million; it jumped to \$51 million in 1982 and up to \$212 million by 1983. Between 1983 and 1987 cash transfer assistance to the government or to the central bank comprised about 75% of

total aid; it alone financed nearly 13% of the country's imports. Over this period cash transfers represented an average of nearly 4% of GDP. This was equal to \$55 per year on average for each of the 2.7 million inhabitants of Costa Rica (see Lieberson, 3, 1988).

While the short-term objectives of this policy-based assistance focussed on meeting balance of payments needs, longer-term objectives aimed primarily at energizing the Costa Rican private sector through liberalization of the financial system. Deregulation of banking activities and interest rates sought to channel available credit to the export-oriented private sector. Substantial devaluation of the domestic currency and foreign exchange rate unification complemented financial liberalization measures.

The response to these reforms was significant. In the words of a recent evaluation summary: "Particularly impressive has been the explosive growth of both agricultural and industrial export products, which were small or insignificant 8 years ago. From 1982 to 1987 nontraditional exports increased from \$167 million to \$390 million, an 18.5 percent annual rate of growth (Lieberson, 4, 1988)."

Parallel to the stimulation of free market forces, cash transfer conditionality sought a vigorous reduction in government expenditures, severe cuts in subsidies, divestiture of numerous inefficient and costly parastatals, and increases in governmental revenues. These reforms achieved a reduction of the non-financial public sector deficit from nearly 14% of GDP in 1981 to 1.7% by 1984-86. The triple-digit inflation of 1982 was brought down to an average of less than 15% during 1984-86.

Conclusion:

The Costa Rican cash transfer program has stabilized the balance of trade decline through a rapid increase of nontraditional exports, and the public sector deficit has been reduced substantially, despite only modest declines in government employment. Moreover, according to the evaluation summary, "employment and wage indicators show a significant improvement since 1983 (Lieberson, 6, 1988)." Nevertheless, Costa Rica remains dependent on donor assistance to finance a major part of its imports, and external payments balance remains elusive, because of the enormous debt service liability acquired in the early 1980's.

Although most of the macro-economic policy reform objectives have been achieved with generally positive results, there remains a potential problem of institutionalized dependency. This is because: "Even though nontraditional export earnings are growing

rapidly, the economy has grown accustomed to a substantial and continuing flow of concessional resources. All the major development signals (foreign exchange rate, interest rate, import-export price ratios, Government budget deficit) are at a level that reflects a large and continuing assistance flow. If this flow continues for too long, longer term investment and allocative decisions will become distorted. The natural question is not whether but when Costa Rica can be weaned from its dependence on Cash Transfers (Liebersohn, 1987)."

6. Economic Stabilization and Recovery Program VII: Current Program Objectives for Costa Rica

The FY 1988 Program Assistance Approval Document (PAAD) for the Costa Rican cash transfer program is the seventh of a series beginning in 1982. It stresses the laying of bases for long-term growth. Four areas of emphasis are justified by their "strong potential for protecting and consolidating past gains, and their sectoral orientation toward equitable and sustainable economic growth." These areas are: financial stability; foreign trade, investment and export promotion; housing; and public sector efficiency.

Under ESR VII the cash transfer program will continue a slow evolution toward sector lending by "orienting conditionality to achieving sector policy reform rather than simply programming funds for sectoral initiatives." The Costa Rica mission feels that "it is premature at this point to shift to a purely sectoral approach", but "that by FY 1991 the convergence of an improved balance of payments situation and lower ESF levels will make it appropriate to shift to a sector orientation for the ESF program (ESR VII PAAD, 25, 1988)."

While "victory cannot be yet claimed on the macroeconomic front in Costa Rica", it nonetheless remains true that the great majority of development assistance to this country (ESR VII represents 84% of total development aid) continues to be delivered in the virtual absence of social, institutional, or microeconomic analysis of actual or expected impacts on population groups and organizations. This lack of attention to socio-economic or institutional impacts is not, however, an oversight. Annex F of the PAAD, "ESF Conditionality Compliance Status", states that "public policy toward employment, equity, and basic needs has not been addressed directly by the AID CR program, though the actual economic trends impacted by the program certainly show improvements in those areas (ESR VII PAAD, Annex F, 10, 1988)." Because ESF programs are exempt from normal DA reporting requirements, the section on impacts on AID's traditional assistance targets--the poor, cooperatives, country self-help efforts, enhanced participation of women in national economies with concomitant improvement of their status, and

regional cooperation between countries--is not applicable to ESR VII.

Nevertheless, at least 30% of the local currency counterpart funds are subject to conditions of the Foreign Assistance Act. USAID Costa Rica must assure that these counterpart funds be used for: agriculture, rural development or nutrition; population planning or health; education, public administration or human resources development; technical assistance, energy, research, reconstruction, and selected development problems.

According to the ESR VII PAAD, local currency funds will be targeted to the priority sectors of USAID/Costa Rica intervention, namely export promotion, rural development, natural resources, housing, and transportation. The problem in designing and managing local currency development projects, however, is the limited number of mission staff and host governmental resources. In the words of the PAAD, "neither the Mission nor the GOCR have adequate staff to propose a large number of projects; nonetheless, it is expected that instances will exist where specific project level interventions -- for both public and private sector activities -- will be desirable for strategic or programmatic purposes."

7. The Problem: Reconciliation of Policy Reform Outcomes with Traditional USAID Welfare Objectives

The ease with which enormous sums of money can be transferred to developing countries in Central America or elsewhere in the world must not blind us to the need to assure that policy-based transfers are actually producing the broad-based welfare increases USAID and other donors claim to be their ultimate objective. Macroeconomic and macro-institutional engineering of developing countries must not become an end in itself, in which objectives remain clearly detached from equity and distributional issues. In short, we must not lose sight of the "beneficiaries" of our development assistance.

Structural Adjustment and Beneficiaries

The relationship between USAID's traditional target beneficiaries and the process of stabilization and structural adjustment is not clear cut and leads to a certain degree of confusion between aid practitioners of different professional backgrounds. Macro-economists feel that questions of development impacts and distribution of economic benefits are best left to designers of social policies in recipient countries or in donor organizations specialized in these problems. The macro-adjustments required by countries to stabilize acute balance of payments and internal fiscal disequilibria do not seem directly

related to the welfare of various population groups, such as the poor and women. Moreover, it is argued that the policy reforms required of countries experiencing such problems are designed to stop the accelerating slide of these economies into a situation from which return is likely to be characterized by severe political and social upheaval. In this sense, short-term difficulties for various vulnerable groups, especially the poor, appear to be justified by the greater growth and welfare for all implied by the adjustment model.

While such an argument can perhaps be justified for the short-term stabilization measures undertaken by developing countries, structural adjustment of economies requires a far longer process and implies much clearer understanding of the social composition and economic behavior of producers, consumers, and distributors of goods and services. It is at this point that it becomes important to examine the human dimension of adjustment.

The human dimension of adjustment must be distinguished from what UNICEF calls the "human face of adjustment" (see Cornia et al., 1987). The concern to identify "vulnerable" groups and develop schemes to shelter them against the adverse effects of austerity measures is but part of the need for proper socio-economic monitoring of developing country populations. We must begin now to identify the likely "winners" as well as "losers" under structural adjustment, in order to tailor efficient policy reforms or packages of reforms in the future. Such packages may one day contain a mix of institutional, social, and economic incentives, such as in the many land reform attempts under way in Central America. Other reform mixes may focus on the development of urban-rural market linkages or on innovative credit strategies to various commercial activities within the informal sector.

The likely future shift in policy-based lending from the macroeconomic to sectoral or sub-sectoral levels will require, to be successful, understanding the ways in which sectoral or sub-sectoral policies interact with populations. Ex post analysis of population reactions to policies, as indicated by various social and economic indicators, will not be sufficient, for it will come too late to prevent much avoidable hardship and wasteful expenditure. Professionals in USAID and other development organizations must be able to show governmental policy makers why and how various groups--producers, consumers, marketers, formal and informal sector entrepreneurs--can be expected to respond in reasonably predictable ways to policy options.

It will thus be necessary to anticipate responses to alternative policy packages, if we want to achieve our objective of relaunching growth with equity in currently distressed societies. The design of "meso-policies" aimed at stimulating

productive responses within the private industrial or agricultural sectors, for example, will require knowing the composition and likely evolution of these sectors. The burgeoning "informal sector" in Latin America, moreover, has been seen by some in Peru as the basis upon which a new, far more democratic society can be constructed out of the current recession and debt paralysis of most Latin American countries (see De Soto, 1987).

Structural Reform and Women: The Forgotten Resource

A considerable body of literature is emerging on the economic production roles of women in developing countries (see Joekes et al., 1988). It has become clear through this means that women do a substantial part--often a majority--of food production work worldwide. This is true in spite of their unequal access to productive assets and resources--land, inputs, training, credit, and extension services.

Moreover, women's productive roles are double: beyond their participation in the formal and informal labor force, women are the principal--often the sole--caretakers of the welfare of their families, assuring proper nutrition, health, education, and even shelter for themselves and their children. The conflict between the need to provision and maintain their households and women's growing dependence on cash income from a variety of income-generating strategies--often in the absence of a husband in residence--has intensified considerably during the Latin American recession of the 1980's.

While documentation is yet incomplete, it appears that contractionary policies under structural adjustment have had a number of gender-specific impacts. Primary among these is the increasingly pressing need for women to seek wage employment outside of traditional economic activities. In Latin America this has led to greatly increased female participation in the informal private sector, especially in urban areas. In these areas, moreover, there has been a significant rise in the number of female-headed households.

While much of the increased employment for women in the informal sector is poorly paid and highly volatile, one of the benefits of structural adjustment in Latin America has been the growth of export promotion zones, where the great majority of workers are female. There have also been clear, female productive responses in domestic services and in rural salaried work. More than one factor has contributed to this increase in female participation in the Latin American labor force, but the push of economic hardship seems to have been as much or more important than female educational attainment in explaining the phenomenon (see Buvinic and Horenstein, 1985).

Factoring Socio-economic and Gender Issues into Policy-based Programs

The concept paper, the Program Assistance Initial Proposal (PAIP), and the Program Assistance Approval Document (PAAD) can and should contain analyses similar to those in the traditional project documents--PID and PP. A section on program analyses and issues in the body of the text of each document should treat the major social, economic, and institutional characteristics of the proposed policy changes and of plans to use counterpart funds to reinforce developmental objectives expected from such changes. This means that data of various levels of sophistication need to be gathered to document the expected human behavioral outcomes from policy reform. These outcomes should be specific enough to predict, at least generally, likely impacts of reforms on all relevant groups, including men and women.

What is needed is not only analysis of social, economic, and organizational impacts of policy changes, but also the means by which various groups can be expected to respond to incentives or the removal of constraints to shift factors of production to higher-valued uses. Winners, losers, or simply participants need to be clearly identified to the extent possible when designing major policy-based programs. If this cannot be done, then activities to gather such data should be included in the conditionality of the program document. It is in the interest of USAID and other major donor organizations to be able to trace out the linkages between policy reforms at various levels and the behavioral interrelationships required to obtain desired outcomes. If this cannot be done, at least schematically, there would seem to be serious risk of misunderstanding the national socio-institutional and microeconomic context of policy reform, with results that could be far less than desirable.

Funding for necessary data-gathering activities--which will almost certainly require some degree of original research--can easily be earmarked in the local currency contribution of recipient governments. Essential information to be generated prior to development of the PAAD, if not in cursory form in the PAIP, should include the proper identification, investigation, and ultimate monitoring of such issues as: differential impacts according to gender, class level, and geographic location, including rural and urban; differential response to incentives by gender, wealth, location, and class; and the modalities by which behavioral changes, stimulated by governmental policy reform, attain the desired development objectives of increased economic growth--with improved equality of its distribution.

WORKS CITED

1. Buvinic, Mayra and Nadine Horenstein. Women's Issues in Shelter, Agriculture, Training and Institutional Development: Assessment for USAID/Costa Rica. International Center for Research on Women. Washington, D.C. January, 1986.
2. Cornia, Andrea, Richard Jolly and Francis Steward. Adjustment with a Human Face. Volume 1: Protecting the Vulnerable and Promoting Growth. Clarendon Press. Oxford. 1987.
3. De Soto, Hernando. Constraints on People: The Origins of Underground Economies and Limits to Their Growth. Instituto Libertad y Democracia. Lima, Peru. 1987.
4. Joekes, Susan, Margaret Lycette, Lisa McGowan and Karen Searle. Women and Structural Adjustment. Parts I and II. International Center for Research on Women. Washington, D.C. April, 1988.
5. Lieberson, Joseph. The Effectiveness and Economic Development Impact of Policy-based Cash Transfer Programs: The Case of Costa Rica. A.I.D. Evaluation Highlights No. 1. Washington, D.C. October, 1988.
6. USAID. Costa Rica FY 1988 Economic Stabilization and Recovery (ESF VII) Program. Program Assistance Approval Document. Washington, D.C. June, 1988.
7. USAID. Unclassified Cable. State 386936. "Moving Toward Sectoral ESF Policy Conditionality." December 11, 1987.

DAY 3

<u>Time</u>	<u>Activities</u>
8:15 A	Day's Orientation
8:30 A	<u>SESSION 9: STRUCTURAL ADJUSTMENT AND GENDER CONSIDERATIONS.</u> <ul style="list-style-type: none">- Presentation/Discussion- Small Group Exercise- Reports/Reflection/Summary
10:45 A	BREAK
11:15 A	<u>SESSION 10: INDIVIDUAL WORK PLANNING.</u> <ul style="list-style-type: none">- Presentation/Discussion- Individual Work Planning- Reflection and Summary
1:00 P	LUNCH
3:00 P	<u>SESSION 11: SUMMARY, EVALUATION AND CLOSURE.</u> <ul style="list-style-type: none">- Presentation/Discussion- Evaluation- Closing Exercise

SESSION 9: STRUCTURAL ADJUSTMENT AND GENDER CONSIDERATIONS

Time: 2 1/4 Hours

Objectives

At the conclusion of this session, participants will:

1. have increased awareness of the proportion of policy based lending in the USAID development portfolio;
2. have increased awareness of the impacts of structural adjustments on "vulnerable groups", with a gender-related focus; and
3. have examined a profile of a structural adjustment program being implemented by Costa Rica, the IMF, the World Bank and USAID for specific gender-related impacts.

<u>Time</u>	<u>Activities</u>
8:15 A	Community Concerns
8:30 A	Presentation on Structural Adjustment and Gender Considerations
8:45 A	Questions and Answers
9:15 A	Small Group Exercise (6 Groups - 3 Ag. and 3 PRE)
	<u>Task:</u> (60 minutes)
	Assume that structural adjustment is in the works for one of the countries represented in your group:
	1. Identify <u>at least 3</u> of the kinds of <u>reforms</u> likely to be called for.
	2. If these reforms are carried out , what gender differentiated baseline information and strategies will you need?
	3. Put your answers on newsprint for reporting to the total group.
10:25 A	Plenary - Reports from Small Groups, Discussion and Summary
11:05 A	Break

ASSIGNMENT

- Assume that structural adjustment is in the works for one of the countries represented in your group.
 1. Identify at least 3 of the kinds of reforms likely to be called for.
 2. If these reforms are carried out, what gender differentiated baseline information and strategies will you need.

E C U A D O R

1. Eliminate price controls.
2. Increase production of export crops.
3. Eliminate subsidized credit.

E C U A D O R

1. Price Controls Off:

EFFECT: price of domestic wheat

- need for imported wheat

Need baseline information on:

the number of male/female-owned bakeries

- need for more capital

MONITOR: nutritional and economic effects in households of more expensive bread.

E C U A D O R

2. Increase Export Crops

Need baseline information on division of labor by sex for subsistence/export crops

? effects on household of more cash but no source food production

? where does household cash go now? future?

? effects on land distribution

E C U A D O R

3. Elimination of Subsidized Credit

Baseline data:

male/female use of credit

informal/formal

eligibility criteria

subsistence/agribusiness

Strategies possible:

eligibility criteria

addition of T.A.

P E R U

Agriculture

1. Reduction of Ag. Price Subsidies
Data - Income, expenditures, allocation of labor broken out by rural/urban and male/female.

Strategy Sample survey/household consumption survey; timing and rate of change as well as short-term stopgap measures.

2. Exchange Rate Reform Non-Traditional Ag. Exports
Data - Allocation of labor, income, access to T.A. (prodx, mktg., etc.) and credit; education.

Strategy - Influence MOE's role to education; reconcile economic reform with the realities of rural/urban sectors as they impact on gender issues.

3. Credit Rationalization - Real Interest Rates
Data - Existing credit reports - who, what rates, for what, formal/informal, male/female.

Strategy - Determine how credit is being used and differentiated impact on men and women.

E C U A D O R

REFORMS

1. Remove subsidy on imported wheat.

Data Needed: Assess gender roles in wheat production, processing and sales.

Strategy: Monitor nutritional effects on rural and urban consumers by income level.

2. More efficient use of large land holdings.

- o higher tax rates

- o establish land bank

Data Needed: Constraints to acquisition by gender.

Strategy: Monitor increased use of land by rural poor according to gender.

3. Increase resources for Ag. extension and research (public and private).

BASELINE DATA/STRATEGY

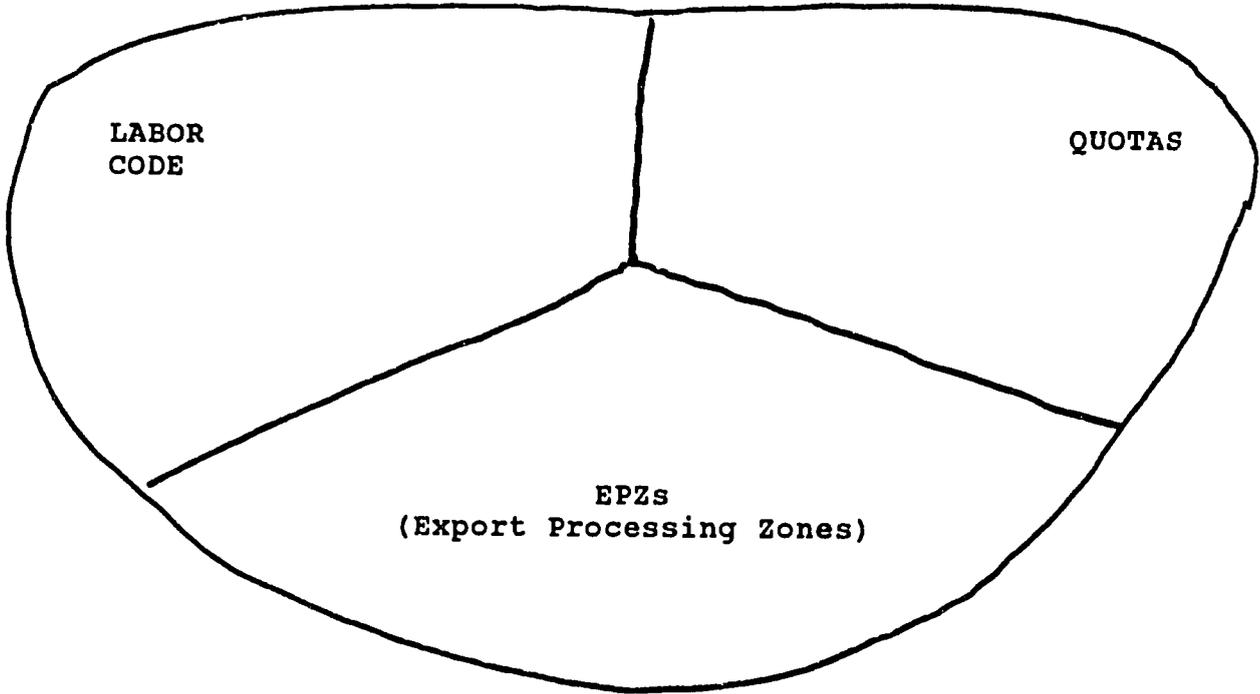
Wheat:

1. Assess gender roles in wheat production, processing, sales.
2. Monitor nutritional effects and rural consumers by income level.

Land:

1. Constraints to acquisition by gender.
2. Monitor increased use of land by rural poor according to gender.

P A N A M A D O U R A S



H A I T I

REFORMS

- Mandatory and Fiscal Stability
- Tariff and Quota Reform
- Export Taxes
- Tax Reform
- Customs and Administration
- Investment Codes

SESSION 10: INDIVIDUAL WORK PLANNING

Time: 1 1/2 Hours

Objectives

At the conclusion of this session, participants will:

1. have used the work planning model to develop an action plan for incorporating gender considerations into one component of their agency planning process;
2. have identified the data needed for implementing their action plan, and sources or methods for obtaining that data.

<u>Time</u>	<u>Activities</u>
11:25 A	Work Planning as a Process - Presentation and Discussion
11:35 A	Individuals Choose Consultation Trios and Begin Identifying "Solvable Problems"

Task: Each individual will think about the following questions:

1. Where are you in the planning process in your own work situation?
2. Are there institutional concerns within your mission about the integration of gender considerations into your work situation? If so, what are they?
3. What changes related to gender considerations would you like to initiate and carry out in your work situation?
4. Identify one action or change you want to implement to integrate gender considerations in your work situation.
5. Develop a work plan, using the components of planning identified in the large group discussion. Write your work plan on the materials provided. Note where you will be in 6 months.
6. Put one copy in a self-addressed envelop and seal it. Keep one copy for yourself. The

envelop copy will be mailed to participants by the Evaluation Team as part of a follow-up to the workshop.

12:45 P Reflection and Summary

1:00 P Close of Session

Process

30 minutes - Consultation Trios

45 minutes - Individual Work
Consultation Opportunities
Individual Work Plan

INDIVIDUAL WORK PLAN

1. What is one priority concern you have about gender issues?
2. What actions can you take to address your concern?

- o identify concern
- o state as "solvable" problem
- o list constraints on forms
- o list facilitating factors on forms
- o list action steps on forms
- o write out action plan
- o where will you be in 6 months?

PROCESS

Consultation groups	<u>30 minutes</u>
Individual work	<u>45 minutes</u>
Consultation opportunities	
Individual plan	

SESSION 11: SUMMARY, EVALUATION AND CLOSURE

Time: 1 1/4 Hours

Objectives

At the conclusion of this session, participants will:

1. have reviewed the training workshop content and process for the last three days and discussed ways of incorporating the training in their work situation;
2. have provided written evaluations of the workshop; and
3. have said goodbye to each other and the trainers and begun preparations for the return to home and work.

Trainers Guidelines

<u>Time</u>	<u>Activities</u>
3:00 P	Workshop Summary
3:15 P	Workshop Evaluation
4:00 P	Workshop Closure
	- Jack Francis, LAC/W, Closing appreciations and Thanks
	- Participant and Staff Closure Exercise
4:15 P	Omega Group, Inc. Appreciation Buffet/Refreshments

GENDER INFORMATION FRAMEWORK

Office of Women in Development

THE GENDER INFORMATION FRAMEWORK: EXECUTIVE SUMMARY

The Gender Information Framework is a set of tools, information, and guidelines developed to assist A.I.D. to incorporate gender considerations more fully into program and project design, adaptation, evaluation, and review. Developed as a reference work and training resource, the Gender Information Framework includes both "generic" guidance for development programming and also information for programming in specific sectors.

- * Gender Variable Matrix: an analytical tool for identifying where gender might intervene at the household level in the development situation to be addressed. The gender variable identification process will point to how and where gender is a factor in Mission projects while indicating where additional information is needed. It will also clarify the linkage between national policies and their impact at the household level.
- * Gender Considerations in Design: a series of charts developed for specific programming documents; the charts and accompanying guidelines map out the steps to incorporating gender issues into A.I.D.'s process of development design from the Country Development Strategy Statement through the Project Paper. The charts have been designed to follow A.I.D. Handbook and guidance cable instructions on document preparation. The headings for the Gender Considerations in the charts refer to the recommended format in the document reviewed.
- * Summary of Guidelines for Document Review: a two-page summary of how and where to include gender considerations in AID's documents.

Sector-specific components of the GIF include information on incorporating gender considerations into agriculture and private sector development programs.

Note: The GIF is not presented as a requirement for A.I.D. programming. Rather it illustrates analytical and planning processes for incorporating gender considerations into projects and programs. It is a resource guide to addressing gender issues.

How to use this chart: As you follow AID Handbook or guidance cable instructions for preparation of the PP, refer to the "Gender Considerations" in the left column of this chart to identify how gender might be a variable in the situation the project will address and how to consider it in the PP. "Key Questions" in the right column suggest in more detail how gender issues might be explored.

GENDER CONSIDERATION

KEY QUESTIONS

Document Heading: PROJECT RATIONALE AND DESCRIPTION

1. Consider how gender affects the problem to be addressed.

1. How do men & women participate in the activities the project will affect, directly or indirectly? How is the problem different for men & women? Have both men & women participated in defining the problem and identifying solutions?

2. Project purpose statement: use gender distinctions in terminology (e.g., male and female farmers, rural men and women where appropriate).

3. Project elements:

3.1 Consider strategies to incorporate women based in technical, financial, economic, social soundness, and administrative analyses where women play a role in activities.

3.1.1 Where women play a major role in project-related activities, how do proposed strategies utilize and expand women's productive capacities?

3.1.2 What strategies address the constraints to participation that result from gender differences in roles and responsibilities? For example, will outreach strategies, timing and location, scope and scale of project elements (e.g., size of loans, kind of training, type of equipment) enable the participation of both men and women?

3.2 Assess the consistency between project elements, purpose, inputs, outputs, social and other analyses.

3.2 Are actions to be taken consistent with what is known about the organization of activities, income and expenditure patterns the project will affect?

3.3 Include strategies to collect baseline data where gender disaggregated data are unavailable.

4. Cost estimates: consider funds for collection of baseline data disaggregated by gender, training/materials development, project personnel, and other project elements that enable participation of men and women.

5. Implementation plan:

5.1 Include decision points for adjusting project as additional information is available from baseline data collection and monitoring activities

202

5.2 Distinguish male and female training participants, criteria for eligibility and strategy for recruitment, where project analyses indicate female personnel are important.

5.3 Include appropriate project personnel to provide technical assistance to low income men & women.

6. Monitoring and evaluation system: include collection and analysis of data disaggregated by gender and feedback from male & female beneficiaries/participants throughout life of project.

Document Heading: SUMMARIES OF ANALYSES

7. Technical analysis: include gender as variable in technology needs assessment, analysis of cultural suitability, and potential impacts of the technical package.

7.1 Needs Assessment: What provisions are made for local men's & women's participation in selecting technologies?

7.2 Access: Does the technical package (technology, information, credit, etc.) take into account gender and class differences in access to labor, cash, land or other resources that might affect access to the technology?

7.3 Suitability: Where women play a major role in project-related activities, how will the project find whether proposed technological innovations or assistance are acceptable to them? What provisions are made for participation in testing technologies and evaluating results?

7.4 Impact: Given the sex-typing of tasks, will the technical package increase labor differentially by gender? Will it affect access to resources? How will changes from the technology affect both men's and women's ability to provide income or food for their families or affect domestic responsibilities?

8. Financial analysis: review intra-household differences in incomes and expenditures; examine ability to obtain and benefit from project resources.

8. Are there gender-based constraints to ability to pay for project inputs or participate in project? If yes, what are the implications for overall project impact and success? How will the project affect incomes of both male and female family members?

GENDER CONSIDERATION

9. Economic analysis: include costs and benefits for male and female household members in terms of opportunity costs of labor, access to productive resources, status, implications for individual and family welfare.
10. Social soundness analysis:
 - 10.1 consider men's and women's roles in activities project will affect and if project inputs are appropriate according to the organization of activities the project will affect;
 - 10.2 examine prerequisites for participation in project activities and how gender-based constraints will affect ability of appropriate household member to participate;
 - 10.3 examine the distribution of benefits and how benefits affect incentives to participate;
 - 10.4 assess impact, short and long term, direct and indirect on income, division of labor, land, and other productive resources by gender.
11. Administrative analysis: consider implementing institution's ability and experience in reaching both men and women; examine implications for project strategies; indicate what steps might be necessary, if any, to improve agency's ability to provide technical assistance to women.
12. LOGFRAME: disaggregate by gender: purpose, inputs, outputs, indicators where appropriate.

KEY QUESTIONS

p. 3 of 3

9. How will the project affect gender-based patterns of income, labor, access to productive resources, and male/female ability to meet family expenses for food, health care, education, etc. and other family expenses?
- 10.1 What is the division of labor/time by gender in activities the project will affect? How does the division of labor affect activities the project is trying to implement? What opportunities for increasing productivity are offered by the differences in roles and responsibilities among household members?
- 10.2 What are formal/informal prerequisites to participation (e.g., literacy, collateral, access to labor)? How does gender affect access/control of resources (land, labor, capital) necessary to participate in the project?
- 10.3 Which household members benefit and how? Do benefits to individual household members provide sufficient incentive to participate? Do benefits offset any additional work that might be required?
- 10.4 How will the project affect patterns of labor allocation, income, expenditures, and status? What are the implications of these changes for project sustainability and long term development goals?
11. For projects in which women will be/are providing labor, does the implementing agency have direct contacts with women or women's organizations for provision of technical assistance? If not, what steps should be taken to strengthen its ability to reach women?

As you follow A.I.D. Handbook or guidance cable instructions for preparation of the CDSS, refer to the Gender Considerations in the left column of this chart to identify how gender might be a variable and how to consider it in developing A.I.D.'s programming strategy. Key Questions in the right column suggest in more detail how gender issues might be explored.

GENDER CONSIDERATIONS

KEY QUESTIONS

Document Heading: PROBLEM ANALYSIS AND DESCRIPTION
Productivity/Income

1. Disaggregate data and analyses in productivity/income subsectors by gender; where data insufficient, include specific strategies to obtain.

1.1 For men and women, what are:

1.1.1 Urban labor force participation - formal and informal sectors

1.1.2 Rural employment - farm and non - farm

1.1.3 Levels of productivity/rates of productivity, especially in small scale enterprise, including:

1.1.1.1 Number, average size, type of goods and services provided by small scale enterprises

1.1.1.2 Use of credit, technical assistance, technology

1.1.1.3 Volume of production and productivity per hour

1.1.4 Internal and external rates of migration

1.1.5 Percentage of female headed households

1.2 What are:

1.2.1 Household member incomes from farming and non farm sources

1.2.2 Intra-household expenditure patterns

1.3 What government policies affect sectors where men's and women's non-farm-economic activities are concentrated, in gender-specific constraints on productivity?

1.4 What are effects of recent performance of the macro-economy on sectors and subsectors where men's and women's activities are concentrated?

KEY QUESTIONS

Productivity/Income (cont.)

2. Problem analyses: include description in gender-based constraints to participation in economic development.

- 2.1 What are the gender-differentiated constraints (legislative, economic, cultural) that affect access to productive resources?
- 2.2 How do these constraints affect interventions that aim to increase productivity?
- 2.3 What opportunities for increasing productivity are available in areas where men's and women's non-farm economic activities are concentrated?
- 2.4 How is the percentages of female headed households changing? How are migration and other socio-cultural changes affecting household structure? How do these changes affect access to labor and income at the household level? What are the implications of changes in access to labor and income for programming?

Nutrition

3. Disaggregate nutrition data by gender.

- 3. What is the incidence of male/female malnutrition?
 - 3.1 Infants 0-24 months
 - 3.2 Children
 - 3.3 Adults
 - 3.4 Acute or chronic malnutrition

Hunger

4. Disaggregate agricultural data by gender.

4. By crop/livestock, for male and female producers, what are: estimated land farmed, yields, offtake, use of inputs, profit?

5. Describe gender roles and constraints in food self-provisioning; analyze implications for programming; where information is not available, include strategies to obtain.

5.1 Who produces/raises which crops, livestock (including fish)? for home consumption and/or sale?

5.2 For key crops, livestock: what are representative patterns of labor allocation in the food system? Who plants, weeds, fertilizes, waters, stores, markets, transforms agricultural products? How do

206

Hunger (cont.)

- 5.3 What constraints are faced by men and women in meeting their responsibilities for food provisioning (e.g., access to land, water, credit, technical assistance?)
- 5.4 What are the implications for increasing food availability of the division of labor and resource constraints by gender?
- 5.5 How do government supports for specific crops (cash food, export) affect family food production?
- 5.6 How do division of labor and access and control of resources affect the natural resource base (e.g., who owns, plants, tends, cuts trees and uses tree products? Who controls animal pasturing and offtake? Who provides labor for and/or makes decisions about soil conservation practices?)
- 5.7 What are the implications of differences in labor and access/control of resources for programs to ensure a sustainable resource base for food and fuel?
- 5.8 Where A.I.D. is supporting agricultural research and where both men and women are agricultural producers, how does research support food production of both men and women (e.g., what crops and what constraints are addressed? Are labor shortages, storage considered?)

Health

6. Disaggregate data and analysis on health by gender.

- 6.1 What are:
 - 6.1.1 Infant mortality rates for males/females
 - 6.1.2 Child mortality rates for males/females
 - 6.1.3 Maternal mortality rate " "
 - 6.1.4 Morbidity rates for " "
 - 6.1.5 Life expectancy rates for males/females
- 6.2 Given differences in roles and responsibilities by gender, what are the implications of differences in men's and women's health status?
- 6.3 What are the economic and/or socio-cultural constraints for women in participating in sharing the cost, management, and maintenance of water supply or other health-related systems? How does this affect health projects' long-term

GENDER CONSIDERATIONS

KEY QUESTIONS

Education

7. Disaggregate data on education and training by gender.
8. Problem analysis: consider gender-based constraints to education and training and the impact of constraints on national development policies.

7. For males and females, what are:
 - 7.1 enrollment rates in primary school
 - 7.2 enrollment rates in post-primary education/training facilities, especially in sectors of USAID emphasis
 - 7.3 completion rates for males/females
 - 7.4 adult literacy rates for males/females
8. What are the constraints and opportunities for education and training that differ by gender? What are the implications of gender differences for national development, specifically:
 - 8.1 availability of education facilities (construction of schools)
 - 8.2 availability of teachers and teacher training, and
 - 8.3 future (self- or wage) employment for women and men.

Document Heading: STRATEGYProblem Specific Strategies (Portfolio Review)

- 9.1 In review of current and planned projects include in sectors where women are active:
 - 9.1.1 Assessment of gender considerations in project descriptions, implementation plans and impact analyses;
 - 9.1.2 indications of how Mission will make project adaptations where appropriate to incorporate gender considerations in mainstream projects;
 - 9.1.3 objectives, achievements, impacts, and benchmarks disaggregated by gender.

GENDER CONSIDERATIONS

9.2 Review overall Mission portfolio to assess how projects increase women's and men's economic productivity.

10. Mission programming strategy: consider activities to institutionalize inclusion of gender issues in program and project design, implementation, monitoring and evaluation, including:

10.1 Strategies for collection of needed data;

10.2 Benchmarks for measuring institutionalization;

10.3 Training to enhance A.I.D. and host country development planners skills in and awareness of gender issues as appropriate;

10.4 Initiation of policy dialogue with government on gender issues.

KEY QUESTIONS

p. 5 of 5

9.2 Which projects/programs assist women directly to increase earnings and/or food production? Which assist indirectly? What is the proportion of projects that assist their productive activities relative to those that provide health or other services?

10.1.1 How do host country men and women participate in the dialogue that leads to problem selection, program and project design, evaluation?

10.1.2 What are the systems in the host country and USAID to collect gender-disaggregated data?

As you follow the Handbook or guidance cable instructions for preparation of this document, refer to the Gender Considerations in the left column of this chart to identify how gender might be a variable in the country situation and how to incorporate it into the Action Plan. The Key Questions (right column) suggest in more detail how gender issues might be explored.

GENDER CONSIDERATION	KEY QUESTIONS
Document Heading: <u>REVIEW OF PROGRESS TOWARD ACHIEVING AID STRATEGY OBJECTIVES</u>	
<u>Program Impact Assessment</u>	
1. Disaggregate data by sector.	<p>1.1 In sectors of AID activity, for males and females, what are: labor force participation rates, rates of productivity, especially in small scale enterprises; income from farm and non-farm sources, intra-household expenditures patterns? How do males and females participate in agricultural production, etc.?</p> <p>1.2 What data is available to assess impact of gender differences on progress toward goals and objectives?</p>
2. Incorporate gender considerations into background information and review of current projects/programs (description, implementation plans, and impact analyses).	<p>2.1 Within the sectors of A.I.D. activity, what constraints do men & women face in participating in economic development?</p> <p>2.2 How do gender constraints affect men's and women's ability to participate in and benefit from A.I.D. programs?</p> <p>2.3 What are the differential impacts by gender of Mission programs?</p> <p>2.4 How have gender-specific constraints affected achievement of Mission and individual project goals?</p> <p>2.5 How have opportunities (e.g., special knowledge and skills) presented by gender-based allocations of labor responsibility been considered in design of program strategies?</p> <p>2.6 Which projects/programs assist women directly to increase earnings and/or food production? Which assist indirectly? What is the proportion of projects that assist their productive activities relative to those that provide health or other services?</p>

GENDER CONSIDERATION

KEY QUESTIONS

Program Impact Assessment (cont.)

3. Assess data availability, implications of available information for monitoring and adapting current mainstream projects, and how needed data will be collected.

Document Heading: IMPLICATIONS FOR FUTURE PROGRAM ACTION

4. Describe modifications planned for existing programs to address gender considerations, where needed.

Document Heading: STRATEGIC OBJECTIVES, TARGETS AND BENCHMARKS

5. Program objectives: in sectors where women are active, consider how gender variables affect long-term development strategies.

6. Disaggregated by gender short term targets to meet objectives.

7. Disaggregate by gender benchmarks on progress toward meeting objectives.

Document Heading: MISSION MANAGEMENT AND MONITORING

8. Review current progress and future steps to enhance Mission capability to address gender issues, including:

- 8.1 benchmarks for measuring institutionalization of gender issues into Mission programming process,

- 8.2 strategy for collection of data needed for adaptation of current and planned future projects

FACT SHEET: AVAILABLE TECHNICAL ASSISTANCE FROM WID

TITLE XII UNIVERSITY CONSORTIA: TECHNICAL ASSISTANCE IN
WOMEN IN DEVELOPMENT

Cooperative Agreements between PPC/WID and two consortia to assist missions and host country personnel to implement AID/WID policy

EMPHASIZING

Joint participation with mission staff in identifying and designing scopes of work for WID interventions

Production of gender-related research directly applicable to implementing AID/WID policy

PPC/WID financing of technical assistance and travel

Assistance in designing strategies for gender analysis

Monitoring of projects throughout length of project by PPC/WID

Deliverables to mission and PPC/WID, including report drafts and final reports by Technical Assistants

OBJECTIVES

To provide technical assistance to AID missions seeking to improve the participation of women in specific project areas such as: credit and technical assistance to urban informal-sector enterprises; rural off-farm enterprises and agricultural programs; institutional development; and upgrading the skills in gender analysis and utilization of project implementing organizations and agencies;

To develop project-related information to document the progress and experience of integrating women into projects and to disseminate information derived from AID/WID activities for AID/W and AID missions; and

To identify potential experimental project components with likely demonstration effects that will add to and reinforce the cumulative experience of women as both agents and recipients of economic development.

HOW TO PARTICIPATE

Eight AID missions will be selected. Missions desiring consideration should make their wishes known by contacting:

Paul Carlson, Project Manager PHONE: (202) 647-3995
PPC/WID
Rm 3725A N.S.
Agency for International Development
Washington, D.C. 20523

PROJECT ACTIVITIES

Project Director and/or Technical Specialists will visit mission and host country to develop scopes of work for Technical Assistants who will follow. (Scopes of work will be written with mission consultation).

Technical Assistants (faculty and/or advanced graduate students in development-related disciplines and a grounding in gender issues) will provide assistance as indicated in scopes of work. They may stay in the host country for up to several months and will deliver a draft report of their activities and accomplishments to the mission before leaving the country.

THE CONSORTIA

Consortium for International Development (CID)
1515 East Broadway, Suite 1500
Tucson, Arizona, USA 85711-3766

Midwest Universities Consortium in International
Activities (MUCIA)
Women in Development
202 International Center
Michigan State University
East Lansing, Michigan USA 48824

#6603W

Participant # _____

**WOMEN IN DEVELOPMENT - LAC TRAINING
POST-TRAINING ASSESSMENT**

1. Workshop Goal and Objectives.

- 1.1 Please rate the degree to which you believe that the workshop goal has been achieved, and comment on your rating. For purposes of this rating, the goal has been sub-divided into three parts. Please fill in the number that corresponds to your achievement rating (6 being achieved completely and 1 being not at all achieved), and comment on your rating.

To increase awareness of the importance of incorporating gender considerations into every stage of the U.S.A.I.D. development process.

Achieved
(1-6, 6= highest)

Comment:

To increase knowledge about gender considerations with regard to the U.S.A.I.D. development process.

Comment:

To increase skills related to incorporating gender considerations into every stage of the U.S.A.I.D. development process.

Comment:

Participant # _____

**WOMEN IN DEVELOPMENT - LAC TRAINING
POST-TRAINING ASSESSMENT**

1.2 The individual objectives that you listed on the pre-workshop Participant's Information Form have been transcribed below. Please rate the degree to which you believe they have been achieved, and comment on your rating.

Achieved
(1-6, 6= highest)

1. _____

Comment:

2. _____

Comment:

3. _____

Comment:

4. _____

Comment:

5. _____

Comment:

Participant # _____

**WOMEN IN DEVELOPMENT - LAC TRAINING
POST-TRAINING ASSESSMENT**

- 1.3 On the pre-workshop Participant's Information Form, you rated your conviction with regard to gender considerations as an issue and in terms of program or project decision-making. Please indicate what your current conviction is with regard to both factors; circle the number that best describes your opinion.

Value of gender as an issue in development work.

1 2 3 4 5 6 7
Useless So-so Essential

Use of gender considerations in program or project decision-making.

1 2 3 4 5 6 7
Useless So-so Essential

- 1.4 Also in the Pre-involvement form you identified problems or constraints in collecting and utilizing gender-disaggregated data in your development work. Please comment on the degree to which you believe that you will be able to overcome up to three of these problems or constraints within the next 6 months, and how you intend to do so.

Problem or constraint (describe) _____

Comment on current ability to overcome the problem or constraint and how I intend to do so:

Problem or constraint (describe) _____

Comment on current ability to overcome the problem or constraint and how I intend to do so:

Problem or constraint (describe) _____

Comment on current ability to overcome the problem or constraint and how I intend to do so:

Participant # _____

**WOMEN IN DEVELOPMENT - LAC TRAINING
POST-TRAINING ASSESSMENT**

- 1.5 The pre-workshop ratings that you provided for the overall desired outcomes related to the overall workshop objectives are presented on the following page. For each desired outcome, please indicate, on a 6-point scale, your current (post-workshop) knowledge, skills or awareness (as appropriate). Circle the number, 6 being the highest and 1 being the lowest rating. Also, please comment on the rationale for your rating (e.g., specific knowledge gained during training, opportunity to exchange practical experience with other Mission staff, or workshop helped to learn what I didn't know, so my rating decreased).

**WOMEN IN DEVELOPMENT - LAC TRAINING
POST-TRAINING ASSESSMENT**

2. Specific Session Ratings

2.1 Participant Satisfaction Ratings and Perception of Utility.

Each session is listed below. For each one, please provide an overall rating of your satisfaction with the session and your perception of its utility (1-6, 6 being the highest), and comment on your rating. Also (as appropriate), please provide a specific example of how you believe the session will be useful to you in incorporating gender considerations into the development process at U.S.A.I.D.

	Degree of Satisfaction with Course Module (1-6, 6 = highest)	Degree of Utility (1-6, 6 = highest)
Session 1: Welcome and Official Greeting Comment on rating:	_____	_____
Session 2: Orientation Comment:	_____	_____
Session 3: Exploration of the Problem: Incorporating Gender Into Development Activities Comment on rating:	_____	_____
Example of how session might be useful:		
Session 4: Ways of Addressing the Problem Comment on rating:	_____	_____
Example of how session might be useful:		
Session 5: The Gender Variables Matrix and Skill Practice Comment on rating:	_____	_____
Example of how session might be useful:		

Participant # _____

**WOMEN IN DEVELOPMENT - LAC TRAINING
POST-TRAINING ASSESSMENT**

Degree of Satisfaction
with Course Module
(1-6, 6 = highest)

Degree of Utili:
(1-6, 6 = highe:

Session 6: Information Resources and How to Take
Advantage of Them
Comment on rating:

Example of how session might be useful:

Session 7: GIF Chart for a PP and Skill Practice
Comment on rating:

Example of how session might be useful:

Session 8: Strategies to Overcome Barriers to
Women's Participation in Development Activities
Comment on rating:

Example of how session might be useful: .

Session 9: Structural Adjustment and Gender
Comment on rating:

Example of how session might be useful:

Session 10: Individual Work Planning
Comment on rating:

Example of how session might be useful:

Session 11: Summary, Closure and Evaluation
Comment on rating:

Participant # ____

**WOMEN IN DEVELOPMENT - LAC TRAINING
POST-TRAINING ASSESSMENT**

2.2 Which three sessions did you find most useful? Please write in the number and first 5 words in the session title and discuss.

1. Number and Name of session:
Comment:

2. Number and Name of session:
Comment:

3. Number and Name of session:
Comment:

2.3 Identify up to three training sessions that were not useful. Please write in the number and first 5 words in the session title and discuss.

1. Number and Name of session:
Comment:

2. Number and Name of session:
Comment:

3. Number and Name of session:
Comment:

WOMEN IN DEVELOPMENT - LAC TRAINING
POST-TRAINING ASSESSMENT

3. Training Methodologies, Materials and Content

3.1 What additional training materials would you recommend to be added to the workshop?

3.2 Please comment on additional methodologies that you believe would be useful to incorporate into the workshop.

3.3 Please list any additional topic which you believe should be included in future workshops.

3.4 What additional training or resources could the PPC/WID office provide that would facilitate your incorporating gender considerations into the U.S.A.I.D. development process?

4. Please provide any additional comments on the workshop that you believe would be useful to PPC/WID.