

CLASSIFICATION
PROJECT EVALUATION : JMMARY (PES) - PART I

Passport Symbol U-447

1. PROJECT TITLE HAITIAN DEVELOPMENT FOUNDATION			2. PROJECT NUMBER 521-0118	3. MISSION/AID/W OFFICE HAITI
KEY PROJECT IMPLEMENTATION DATES			4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No., beginning with No. 1 each FY) 521-80-7	
A. First PRO-AG or equivalent FY 79	B. Final Completion Expected FY	C. Final Input Delivered FY 82	5. ESTIMATED PROJECT FUNDING A. Total \$ B. U.S. \$ 495,000	
			6. PERIOD COVERED BY EVALUATION From (month/yr.) 5/79 To (month/yr.) 7/80	
			7. REGULAR EVALUATION <input checked="" type="checkbox"/> SPECIAL EVALUATION <input type="checkbox"/>	
8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR				

A. List decisions and/or unresolved issues; cite those items needing further study.
(NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., a program, SPAR, PIO, which will present detailed request.)

B. NAME OF OFFICER RESPONSIBLE FOR ACTION

C. DATE ACTION TO BE COMPLETED

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS

- | | | |
|--|--|--|
| <input type="checkbox"/> Project Paper | <input type="checkbox"/> Implementation Plan e.g., CPI Network | <input type="checkbox"/> Other (Specify) |
| <input type="checkbox"/> Financial Plan | <input type="checkbox"/> PIO/T | _____ |
| <input type="checkbox"/> Logical Framework | <input type="checkbox"/> PIO/C | <input type="checkbox"/> Other (Specify) |
| <input type="checkbox"/> Project Agreement | <input type="checkbox"/> PIO/P | _____ |

10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT

- A. Continue Project Without Change
- B. Change Project Design and/or Change Implementation Plan
- C. Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)

12. Mission/AID/W Office Director Approval

Signature: *Allan R. Furman*

Typed Name: Allan R. Furman

Date: Oct 17, 1980

EVALUATION

Haitian Development Foundation

(OPG # 521-0118)

- USAID/Haiti
- PADF/PFP
- HDF

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I. EXECUTIVE SUMMARY

Introduction. In accordance with the evaluation plan of the Haitian Development Foundation OPG (# 521-0118), the first annual evaluation was undertaken during the months of May, June and July 1980. The evaluation was a collaborative effort of the USAID/Haiti Evaluation Office, the Haitian Development Foundation (HDF) and representatives of the Pan American Development Foundation (PADF) and Partnership for Productivity (PPP).

Although the HDF had been in existence for about one year at the time of the evaluation, a large part of that time was involved in the normal problems of getting a new organization started. The evaluation thus focussed on the processes being established to promote institutional development and to manage the operations of a nascent organization. A systematic review of the project as a whole was undertaken, relating program content to finances and management. Existing documentation was used and numerous interviews were made with members of the Board of Directors, the HDF staff, the animateurs and a random selection of clients.

It is the sincere hope of the evaluation team that all those involved in the evaluation view it not as overbearing

scrutiny that comes too soon, but rather as a programming tool that identifies accomplishments to date and usefully highlights productive paths that may be chosen to follow in the future.

Summary of Achievements. The following is a summary or accomplishment of the major objectives and targets of the HDF project as outlined in the project description of the Operational Program Grant:

- 1- Animateurs Recruited and Trained. Eight animateurs were to be recruited and provided three months of training. Eight candidates were in fact selected and given four months of training including field survey experience with potential clients. Some retraining would be helpful to better relate technical assistance to evolving loan policies and procedures, and to incorporate lessons learned in the evaluation. This retraining has in fact already been done PFP donated three weeks of consultant's time for this purpose.
- 2- Clients Assisted. The HDF animateurs were supposed to select and provide assistance to 38 clients during the first year. As of June 30, 1980 the animateurs had visited a total of 184 businesses and had selected and provided up to six months of technical assistance to a total of 89 active clients.
- 3- Funds Raised Locally. HDF was to raise \$38,000 locally with the assistance of PADF. As of June 30, 1980 it had raised \$42,231 at a cost of \$30,883. Despite the apparent high cost, the fund raising effort reflects favorably on

HDF staff performance, since the technical assistance which was to be provided by PADF under the OPG was not forthcoming during the evaluation period. Analysis of income and expenses appears in another section of this report.

- 4- Staff Training. It was originally planned that the animateur supervisor and the loan officer would participate in the training organized by PFP. This unfortunately did not happen. The loan officer was not hired until the end of the training. On that score the training was incomplete during the regular training session. However, PADF arranged for special training to be offered individually by dispatching to Haiti a Credit Officer from the Costa Rican Development Foundation who worked with the incumbent Credit Officer. The designated animateur supervisor attended the training, but was later found inappropriate for the position. One of the animateurs was found better suited and was promoted to supervisor. Subsequent PFP training should prepare the incumbent supervisor to assume an expanded role as animateur trainer.
- 5- Training Materials. A complete set of exercises and lecture summaries is in the hands of HDF. Additions and revisions will be made, and ^a complete curriculum added.

- 6- Reporting System. Forms have been designed and are now in use insuring control, information, and data collection on both the clients and the animateur. The various reports and control forms are described in detail elsewhere in this report.
- 7- Financial Management Training. Assistance was given and was followed on target.
- 8- Fund Raising Assistance. AS already noted, fund raising assistance was informal, and did not meet expectations of HDF Board and Staff.
- 9- Evaluation. Accomplished herein as planned.
- 10- Develop and Implement Credit Policies and Procedures. An initial set of policies and procedures were developed and implemented. It appeared however that a bottleneck might develop if they were followed literally in all cases. To obviate this situation, the Board authorized implementation of intangible assets criteria for marginal clients, and authorized direct approval by the Executive Director of loans up to \$750. There have also been continuous adjustments to loan procedures such as streamlining of the dossiers prepared by the loan officer for submission to the Board, and the adoption of a standardized format for decision of the Credit Committee. These are discussed further below.

Summary of Recommendations. The following major recommendations are keyed to analysis contained in this report. Detailed discussion of each recommendation can be found on the page indicated.

Recommendation # 1

HDF/PADF should review OPG targets and prepare a revised implementation plan. (page 12)

Recommendation # 2

The free, intensive training given by the animateurs to the client should be fixed at about 4 months (120 days). If, after that period, a client wants to avail himself of continued technical service, he will be charged a fee to be determined by the Board of Directors. This is to control costs as well as provide an incentive for the client to use the service effectively. (page 25)

Recommendation # 3

Standards for client selection, should be prepared by HDF management. Within the framework of these criteria, the animateurs should be given greater discretion in the selection of clients. (page 26)

Recommendation # 4

Loan regulations and procedures should be amended to emphasize intangible criteria, employment and income generation and

potential contribution of the project to the area economy. Greater Flexibility should be given to the loan officers and Credit Committee to extend non-secured loans at reasonable risk. (page 46)

Recommendation # 5

The \$750 approval ceiling authorized to the Executive Director should be raised to \$1,500 with discretionary authority retained by the Credit Committee to review all loans at any stage of the approval/disbursement/collection process. This will reduce the burden on the Credit Committee and thereby facilitate the timely processing of loan applications. (page 46)

Recommendation # 6

Three documents presently used for making a loan request, (see Annex F) should be reduced to two, eliminating "Presentation de Demande de prêt". (page 46).

Recommendation # 7

The by -laws should be amended to give the Executive Director authority to select, hire and fire all HDF staff, subject to review by the Executive Committee. (page 54)

Recommendation # 8

All positions should have a job description for purposes of recruiting and evaluation. (page 54)

Recommendation # 9

The HDF staff and Board should do a detailed analysis of the cost and expected income of various fund raising alternatives with assistance from PADF as called for in the OPG. (page 70)

Recommendation # 10

A monthly breakdown of income and expenditures should be prepared and used to project budgetary shortfall and fund raising requirements. (page 71)

II. PROJECT BACKGROUND AND DESCRIPTION

A. PROJECT BACKGROUND

The Haitian Development Foundation (HDF) grew out of a concern on the part of members of the private sector in Haiti for the small entrepreneur whose productivity is limited by a lack of simple management skills and access to institutional credit.

A group of prominent Haitian businessmen contacted the Pan American Development Foundation (PADF), a non-profit, private voluntary organization, to request assistance in the promotion and organization of a National Development Foundation. Similar Foundations, established by PADF throughout Latin America and the Caribbean, have been instrumental in stimulating involvement of the private sector, especially the business community, in initiatives that involve the poor in self development efforts.

In 1978 a proposal for financing the establishment of the HDF was submitted by PADF to USAID/Haiti. Following preparation of the By-Laws ^{1/} an agreement (OPG # 521-0118), was signed (May 21, 1979) authorizing a grant of \$495,000 to PADF for a two-year project. Disbursement of funds was contingent upon publication of a decree acceptable to AID,

1/ Annex A.

in the official gazette of the Haitian Government, " Le Moniteur" recognizing the HDF as a public service corporation authorized to extend credit and technical assistance to small businessmen throughout Haiti. This action was taken on June 11, 1979 ^{2/}

In order to execute the project, short-term technical assistance was to be provided by PADF (1) to help the HDF Board of Directors recruit qualified personnel including the Executive Director and Senior Loan Officer, (2) help the HDF staff organize and manage the loan funds and supervised credit programs, (3) enable the HDF staff to develop and implement a fund raising program to secure the required contributions to the loan fund and other costs, and to develop a support base for long-term continuous financial support, and (4) to work with the HDF staff to establish financial, accounting, control, and collection systems as well as auditing procedures.

Partnership for Productivity (PFP) was selected as a sub-contractor to provide the service of a business survey specialist to help identify work sites for animateurs and help the staff, primarily the animateurs, to identify small micro-business clients and gather information on small businesses. PFP was also entrusted to furnish training to the animateur supervisors and eight animateurs selected to serve after their training as promoters

^{2/} Annex B.

and management consultants to clients with whom they would work.

The data used to design the project stemmed from a survey of small business in Haiti, financed in 1979 by USAID and made by Michigan State University and the PRAGMA Corporation.

B. Project Description and Revised Targets

Goal and Purpose of the Project. The goal to which this project contributes is to increase the income and productivity of small, privately owned businesses in Haiti, starting with the Port-au-Prince area, and to improve employment opportunities for the rural poor. Article 4 of the Foundation's charter makes it clear that its main objective is to help the poor majority in its search for honest sources of income, to raise its living standards, and facilitate its integration as a useful and productive element of the community.

The purpose of this project is to establish in Haiti a "Haitian Development Foundation" (HDF) to help meet technical assistance and credit needs for the small business sector and other income producing groups in the Port-au-Prince area, and eventually in other Haitian communities. The sub-purposes are (1) to strengthen the managerial and operational efficiency of the HDF, and (2) to establish a supervised credit program providing technical assistance and loan funds to small businessmen.

The project will enable small businesses and groups to expand current operations or start new activities. The HDF will provide a source of credit for small businessmen who are largely without access to credit from established financial institutions. Most of the businessmen own and operate small stores, tailor shops, blacksmith shops, or similar enterprises. Based upon the experience gained in the Port-au-Prince area during the initial project period, the HDF will expand the project in other areas.

End - of -Project Status and Outputs (Target Revision).

Although the goal and purpose of the project remain unchanged, the targets cited in the OPG concerning the number of animateurs to be trained, the number of clients to be assisted, growth in the dollar value of the loan portfolio and the schedule and amount of matching funds to be raised by HDF/PADF need to be adjusted to reflect more realistic expectations of accomplishment for the remainder of the project.

PADF, FPP, and USAID

It is recommended that the HDF review these targets and prepare a revised implementation plan which projects reasonable expectations with respect to the above progress indicators.

(Recommendation # 1)

As a result of this evaluation the following targets are suggested for HDF/PADF review:

Seven additional animateurs will have been trained and the original six retrained for a total of 13 animateurs in operation in Port-au-Prince by the end of the project (5/20/82). The timing for the recruitment and training of the additional group of animateurs depends upon budgetary availabilities. However, there is a general consensus that this should be accomplished as soon as possible.

The target for the number of clients assisted is of course dependent upon the timing of the recruitment and training of the additional animateurs and increased productivity of the original six. Assuming that the new group is hired in January 1981, is given three months of formal training and is on the job by April 1981, and assuming that each will be able to deal with a maximum of 45 clients per year, the following scenario (Table I) could be projected based upon actual performance during the first year of operation.

TABLE I
REVISED PROJECT TARGETS

Actual Performance and Projected Targets

	Years (ending dates)		
	1	2	3
	(5/80) <u>Actual</u> ^{1/}	(5/81) <u>Projected</u>	(5/82) <u>Projected</u>
Animateurs Trained: (Cumulative)	6	13	13
HDF Clients being Assisted: (Cumulative)	89	270 ^{2/}	585 ^{3/}
Number of loans: (Additive)			
- Disbursed	10	70 ^{4/}	290
- In Process	22		
Percentage of Clients:			
- Loans Disbursed	11	25	50
- Loans In Process	25		
Total Value of Loans (\$): (Additive)			
- Disbursed	18,168	140,000 ^{5/}	580,000
- In Process	59,051		
Average Loan (\$):			
- Disbursed	1817	2000	2000

- ^{1/} These actual figures represent six months of on-the-job activity by the animateurs.
- ^{2/} As of 5/81 it is assumed that the new group of animateurs have been trained but have not yet had time to develop a clientele. Thus 270 represents the maximum client workload (45) achieved by the initial six animateurs only. (45 x 6 = 270)
- ^{3/} This represents a maximum workload for 13 animateurs i.e., 45 clients x 13 animateurs = 585.
- ^{4/} It is assumed that since only 10 of 89 or 11% of the clients actually had loans disbursed to them at the time of the evaluation, the number of disbursed loans on an annual basis would be about double or 25% of total client workload. (270 x 25% = 67.5; rounded to 70)
- ^{5/} 70 loans disbursed x \$2000 average loan size = \$140,000.

Inputs . The cost of the project is estimated at \$715,700 including including \$495,000 from the Grant and \$220,700 from HDF supporters and Pan American Development Foundation. The disbursement schedule is:

DISBURSEMENT SCHEDULE

<u>Source</u>	<u>Year</u>			<u>Total</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
AID	\$203,800	\$208,700	\$ 82,500	\$495,000
HDF	18,300	47,100	117,800	183,200
PADF	11,000	20,000	6,500	37,500
Total	<u>\$233,100</u>	<u>\$275,800</u>	<u>\$206,800</u>	<u>\$715,700</u>

The AID Grant, and the HDF/PADF will finance the following items:

<u>Category</u>	<u>COST SUMMARY</u>		
	(US.\$)		
	<u>Source</u>		
	<u>AID</u>	<u>HDF/PADF</u>	<u>Total</u>
Training	16,700	4,900	21,600
Commodities	10,600	3,400	14,000
Operating costs	89,200	137,400	226,600
Technical Assistance	228,500	-	228,500
Loan Fund	150,000	75,000	225,000
Total	495,000	220,700	715,700

The local support group, the HDF Executive Director, and the PADF will be responsible for raising \$183,200 from local and international supporters over a three year period. Under the terms of the OPG, PADF will agree to finance the local contribution if fund raising activities fail to raise the required funds. Initially the PADF will lend the HDF loan funds \$37,500 for up to 20 years at a minimum 5½% interest rate.

	<u>HDF FUND RAISING SCHEDULE</u>			
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Total</u>
Required Amount	\$18,300	\$47,000	\$111,300	\$183,200

Assumptions. The project has two fundamental assumptions:

- a) The HDF will be able to raise funds to finance its contribution to the project. The HDF contributes approximately 57% of the operating costs in the third year. In addition, the ratio of HDF support to the Loan Fund will be \$1.00 for every \$2.00 contributed by AID up to a total HDF/PADF contribution of \$75,000 and an AID contribution of \$150,000. Since the ability of the HDF to raise funds was unknown, USAID requested that PADF finance the balance of the requirement if the local support contribution or other fund raising activities should fall short of the projected HDF/PADF contribution. As stated above, PADF has agreed to this request. For additional discussion see section on finance and fund raising below.
- b) There are qualified Haitian management and animateur personnel willing to work with the HDF at the going wage rate. This assumption has proven to be valid. See further discussion below.

III. EVALUATION FINDINGS

A. The Supervised Credit Process

The supervised credit process starts with the animateur's initial contact with the client, reaches fruition when the small entrepreneur is able to use credit effectively to improve his business, and culminates in the repayment of the loan. The key to a successful supervised credit program is the animateur. At present each animateur is assigned a specific territory in which to work in Port-au Prince. It is his responsibility to canvass that area, contact small businesses and explain the purpose of the HDF and the services it provides. If the prospective client is interested in the services of the HDF, the animateur undertakes a study of the enterprise using a questionnaire administered in three parts.^{3/} The first two parts identify the type and size of the business and provide other information which is used by the HDF staff to determine whether the enterprise meets the criteria for assistance. The third part is a diagnosis of financial and management problems which will need to be resolved prior to authorization of credit. The completed questionnaire is reviewed by the Director of Promotion to decide whether or not the client will receive technical assistance, and to establish baseline information that will permit subsequent evaluation of investment impact. The three-part survey is discussed further below.

^{3/} Annex C

Once the decision has been made to provide technical assistance the animateur begins making regular weekly visits to help the entrepreneur develop records which are essential for determining his creditworthiness. The animateur maintains dossiers on each client. ^{4/} A formal request for a loan is prepared, backed by two interval working documents . ^{5/} When the animateurs are satisfied that the client is ready for a loan, the complete dossier is submitted to the supervisor and then the Director of Promotion for verification to assure that all conditions have been met. Once this verification is completed, the dossier is submitted to the Loan Officer for analysis in preparation for submission to the Credit Committee for a decision.

Subsequent to the disbursement of the loan, the animateur makes monthly visits to the borrower to follow-up and to ensure that the client receives whatever additional assistance is needed. There is at present discussion about the exact timing of these

^{4/} Form ESR-1, "Dossier des Clients", Annex D, shows visits to the client and progress made by the client in a number of areas. Form ESR-2, "Dossier d'Amélioration des Clients" Annex E, lists the competencies which the client must have before requesting a loan.

^{5/} Annex F.

visits. One animateur has indicated that he will make these monthly visits as close to the due date of monthly payments as possible. This procedure has not yet been institutionalized.

Animateur Functions and Performance. The animateurs are the hearts and hands or perhaps more appropriately, the feet of the Haitian Development Foundation, and the sine qua non of project success. At the present time there are six animateurs. During the initial training period, one of the original eight candidates was promoted to supervisor, and another was put in charge of the Art Gallery of the Foundation. However, the supervisor still continues to offer technical assistance to two clients.

The animateurs were selected after an examination of some 60 candidates to whom a written examination was administered, followed by personal interviews. PFP offered assistance in the preparation of the examination material and the selection process. The animateurs were selected by the Executive Director, approved by the Board of Directors, and hired in September 1979. They underwent four months training by PFP personnel and were assigned their zones of operation in January 1980. They thus had six months of work experience at the time of this evaluation.

Animateur performance was evaluated in three different ways:

(1) Through direct interviews with each, (2) analysis of the client's dossier at the loan analysis stage as of June 30, and (3) through field observation, client interviews and interviews with the animateur supervisor. During this six-month period, the animateurs visited 184 businesses, and are presently assisting a total of 89 clients once or twice a week. The animateurs drop any clients who do not meet the Foundation's criteria for financing or those who miss four visits of the animateur. A total of 91 clients have been dropped for various reasons since the beginning of the project. This does not, however, represent normal attrition, since 55 of those dropped out of their own volition because they thought that they were going to get a loan immediately.^{6/} Further investigation should be done to determine if this reflects a problem in the animateurs approach in dealing with clients or possibly in the loan application procedure.

During the period of intensive training of the client by the animateur, the supervisor works very closely with the animateur. Each animateur has a weekly individual consultation with the supervisor to discuss problems which have arisen during the week. A supervisor also undertakes regular field visits to check animateur performance and the progress of the clients. In addition to individual supervision, a weekly general meeting of all animateurs

^{6/} During the evaluation it was learned that this erroneous impression was inadvertently promulgated by enumerators during the small business survey undertaken by the University of Michigan and PRAGMA Corp.

is held to share experience and resolve problems.

As of June 30, 1980, 22 loan requests had been prepared, following the standard process. Of those, ten were approved, two were rejected, and eight were under study of the credit committee pending decision.

As indicated in Table II, for the loans approved as of June 30, 1980 it took an average of 246 days from the time the client was initially surveyed to the time a loan contract was signed. A major portion of this time was taken up in technical assistance to the client prior to the loan application (144 days). The proportion is generally as it should be. At this rate of loan development the HDF will fall short of the second year targets for loans made. However, there are several indications that the average time period indicated above has already been reduced substantially and that there are further possibilities for streamlining the process. First, it must be noted that the above figures include the three-month period during which the animateurs were in intensive training. Second the animateurs themselves have suggested that the three-part questionnaire be consolidated so that the time required to administer it can be shortened. As of June 30, 1980 the survey was being administered over a 30 day period on the average. This could probably be reduced to about 15 days or two weekly visits to the client. However, it is

ANALYSIS OF DOSSIERS

TABLE II

Dossier #	A Initial Sarvey	B Start TA	C Loan Request	D Analysis Completed	E Submitted to CC	F Approval	G Contract Signed	Loan Amount (\$)	Animateur	Comments
1								1100		First four candidates selected for purposes of Inauguration of HDF. **Waiting for information Rejected
2							1375 **			
3							1000			
4							2142			
5	1/29/80	1/29/80	1/29/80	3/25/80	4/29/80	4/29/80	6/27/80	6800	Apollon	
6	-	-	1/22/80	4/24/80	7/4/80			12000		
7	9/14/79	11/3/79	4/9/80	5/20/80	5/20/80	5/20/80	6/26/80	1000	Guerrier	
8	9/03/79	10/22/79	3/18/80	5/20/80	3/20/80	5/20/80	6/26/80	2000	"	
9	9/13/79	11/14/79	4/18/80	-	-	-	-	1432	Dominique	
10	10/30/79	10/30/79	3/11/80	6/12/80	6/16/80	6/24/80		5000	Guerrier	
11	9/19/79	10/31/79	3/21/80	7/11/80	7/17/80	6/24/80		3000	"	
12	2/8/80	2/15/80	3/13/80	-	-	-		7500	"	Rejected
13	6/25/80	6/25/80	3/25/80	6/9/80	6/16/80	6/25/80	6/27/80	765	Joseph	Special Authority (\$750)
14	9/18/79	10/30/79	6/2/80	6/9/80	6/16/80	6/25/80	6/27/80	510	Guerrire	" " "
15	9/12/79	10/30/79	5/12/80	6/10/80	6/16/80	6/24/80	6/30/80	867	Dominique	
16	9/14/79	10/22/79	6/6/80	6/11/80	7/6/80	-	-	1530	Guerrier	
17	3/12/80	3/26/80	6/4/80	7/15/80	7/21/80	-	-	2250	Dominique	
18	2/15/80	3/7/80	6/10/80					3000	Guerrier	
19	6/23/80	6/23/80	6/23/80	6/24/80	6/26/80	6/25/80	6/30/80	620		Special Authority (\$750)
20	6/25/80	6/25/80	6/25/80	6/25/80	6/26/80	6/26/80	6/27/80	250	Joseph	" " "
21	6/20/80	6/20/80	6/23/80	6/26/80	6/26/80	6/26/80	6/30/80	410		" " "
22	11/29/79	-	6/23/80	7/14/80	7/17/80			4500		
								TOTAL:	59051	

Average
Loan Amount

A - B	B - C	C - D	D - E	E - F	F - G
37	144	53	13	13	16

A-G
181C-E
67A - G
246

(8.2 Months)

Average number of days required to complete steps A-G in the supervised credit/loan approval process.

* Dossier being ^{processed} analysed by Loan Officer as of June 30, 1980.

recommended that the questionnaire not be shortened or consolidated since it supplies important baseline data which are needed for a complete appraisal of enterprises and for measurement of investment impact. Shortening the time required to administer the survey, however, might help to reduce the number of client dropouts.

Third, as the animateurs gain more experience in working with clients and assisting them in preparing loan applications, they will be more efficient. It should be noted, that the present loan policies and procedures were not finalized until after the training was completed. The animateurs have just recently received additional training in the loan application process.

All these improvements, as well as some that might be made in the processing of loan applications, which are discussed below, will make the supervised credit process more efficient. It is recommended that the HDF continue to look for ways to increase this efficiency even more. Care should be exercised, however, that the improvements in efficiency don't result in a reduction in the effectiveness of the technical assistance being provided. It was noted that there was a strong concern on the part of the staff " to get more loans out". It should be emphasized, however, that the HDF was not designed to function

principally as a lending institution, but rather as a small business development organization.

With this in mind, it is recommended that the HDF consider the establishment of a fee chargeable to clients who wish to continue to receive technical assistance after a specified period. The duration of the technical assistance should be reviewed on a case by case basis, but a four-month period of intensive assistance might be considered adequate as a general rule . (Recommendation # 2)

At present there is a 2% service fee on loans, but this covers only a small part of the costs of the technical assistance. The purpose of the proposed fee is not only to absorb some of the cost of TA, but also to provide an incentive to the client to use the service effectively and efficiently.

Whatever policy is implemented should be scrutinized to ensure that it does not exclude those clients whose need for the service is greatest and who might derive the most benefit from it.

Another problem which tends to prolong the period from initial client contact to loan application is the apparent duplication in the process of screening clients to determine their eligibility for receiving technical assistance. At the time of this evaluation the Director of Promotion reviewed

completed questionnaires and decided whether or not the client would receive technical assistance. The experienced animateur should be able to make this judgement. In fact they have demonstrated that they are following the selection criteria. It is therefore recommended that greater discretion be given to the animateurs and the animateur supervisor to judge which clients should receive technical assistance. This assumes that client selection criteria are clearly defined, standardized and fully understood by each animateur. The efficacy of the animateurs judgement will in any case be tested during regular reviews of his portfolio. (Recommendation # 3).

One thing that might be considered in the future is an animateur incentive program. This could be based on loan repayments and would have the effect of increasing both loan applications as well as timely repayments. Again caution is advised since such incentive programs have in some cases had a negative impact on the technical services being provided by the animateur.

Animateur Opinions . A brief questionnaire was administered to the animateurs.

Subsequently, two meetings were held with them especially to get their feelings about the beneficiary and area impact of the on-going program. All animateurs felt that the training was useful and rated the PFP trainees good to excellent. When asked if they felt the need for additional training, only two responded affirmatively. One felt the need for more training in management, and another indicated the desire for training which would help him to organize and work with groups. However, interviews with the credit committee members indicated a desire to reinforce the training in accounting so that less applications for loans would be returned for clarification, and supplementary information. It is recommended in this regard that more emphasis be given to the use of accounting systems designed for illiterate persons. Such systems would make greater use of symbols, pictures and other devices to help the person understand the basic concepts of accounts and credit control and to be better informed about his business situation.

Given the very high degree of competence of the credit committee members, it is easy to understand their concern for higher standards of analysis. Given their years of experience in banking and credit institutions they have developed an ability

to discern hidden anomalies in a dossier which they would like to see developed in the animateurs. It must be understood however, that in four months training it is impossible to turn out a CPA, and that with only six months of experience on the job the animateurs still have much to acquire. Such competence can only be acquired by hard practical experience. Furthermore, it must be remembered that HDF is a development organization, and that this phase of the project is meant to be an experiment with various forms, credit review procedures and loan criteria, and even with a clientele unused to this type of approach. There will have to be an awareness on the part of both the animateurs and the Credit Committee of this development concept which makes the project unique in the local context. The Credit Committee needs to apply this concept in judging dossiers prepared not with the classical entries, but with symbols and pictures for example. This may require some special training or orientation.

When asked what they most liked about their jobs, the majority indicated that the most satisfying aspect of their job was to work with the poor people, and to help them improve their business. In this respect, all animateurs appeared well motivated to do the job for which they were hired.

When queried about dislikes, only two articulated a special concern. One cited lack of full collaboration by all members

of the HDF staff, and one cited the difficulties of reaching all clients on a regular basis. A significant amount of the animateurs' time is being spent traveling to and from clients. It appears that at least in certain cases their productivity would be significantly enhanced if they were provided with some form of personal transportation. First priority for transportation should be given to the supervisor who covers the entire project area on a regular basis. The original project plan included a motorcycle for the supervisor, but insufficient funds were budgeted for vehicles and none has been obtained for either the supervisor or any of the animateurs.

At one of the two meetings with the animateurs, a consensus was reached that due to the very limited amount of loans disbursed they were almost losing the trust of their clients. One animateur complained that the HDF staff did not respond to the wish of some of his clients to be visited by some higher officials of the organization. This would have been a promotion boost in his sector, but there was no follow up. In general, all animateurs felt that they received adequate support from the staff. However, a significant majority of animateurs indicated that their working relationship with the Director of Promotions was unsatisfactory. It must be noted that he has subsequently terminated his employment with the Foundation. Some animateurs felt that the Credit Committee

needed to be more flexible in the application of loan approval standards. This stems from the element of risk-taking injected in their training . The Credit Committee has indicated that it is willing to consider some modification of loan approval standards.

All animateurs were aware of the special authority granted to the Executive Director to approve loans up to \$750 and felt that exercise of this authority would help to remedy the slow approval of loans, and increase the percentage of loans granted to marginals. Speeding up the loan approval process and facilitating the approval of loans to marginals appeared to be the animateurs' main concern. Practically all of them indicated they would like to see changes in HDF's policy and procedures that would allow for quicker processing of loan applications . Animateurs have felt gratified about the gratefulness expressed by clients, and their realization of the importance of the elementary management tools put at their disposal, through the technical assistance of the animateurs.

Board members, ^{the} Credit Committee, and animateurs alike evidenced a strong concern about working with groups of small producers, (tailors, fishermen etc.) in order to increase loan efficiency. . However strong that concern may be, there is no written official policy on the subject. Training of animateurs

had not put enough emphasis on that either. The animateurs reaction is split between the desire to work with groups and the doubt that it will succeed, given the independent character of the Haitian artisan. A third party official dealing with economic development in Haiti fears a strong opposition of middlemen if the HDF tries to organize small workers in groups.

Client Profile. The study of small-scale industry in Haiti undertaken by

Pragma Corporation and Michigan State University identified about 1400 small manufacturing enterprises in Port-au-Prince, employing fewer than 50 employees. About 65% employed less than 5; 25% employed between 5 and 10 employees; and about 10% employed from 10-50 people. Table III provides a breakdown of this sector by business category. The largest group as defined in the project paper were to be firms with less than 20 employees and less than \$15,000 fixed assets. A review of the client files of the HDF indicates that about 60% of the enterprises surveyed by the animateurs had less than 5 employees (including both full and part-time), 36% had from 5-10, and only 4% had more than 10 employees.

the

In terms of fixed assets, almost all were within a \$15,000 limit. In fact 71% of the enterprises surveyed had less than \$1,000 in fixed assets according to the proprietors own estimate.

TABLE III

SMALL BUSINESSES IN HAITI

	<u>Number of Enterprises</u>	<u>Percent 10 or More Employees</u>	<u>Actual Number With 10 or More</u>
1. Carages	87	43.7%	(38 over 10 employees)
2. Tailors	526	6.9%	(36 " " ")
3. Artisans	93	15.1%	(14 " " ")
4. Metal Working	87	10.3%	(9 " " ")
5. Cabinet Makers	121	7.4%	(9 " " ")
6. Breads & Rolls	22	36.4%	(8 " " ")
7. Machine Shop & Other Repairs	84	6.0%	(5 " " ")
8. Print Shops	13	30.8%	(4 " " ")
9. Goldsmith and Jewelry	35	8.6%	(3 " " ")
10. Chemical Products	3	100.0%	(3 " " ")
11. Shoe Makers	188	1.1%	(2 " " ")
12. Tire Repair	29	6.9%	(2 " " ")
13. Brick Makers	21	9.5%	(2 " " ")
14. Baskets, etc....	19	10.5%	(2 " " ")
15. Cloth & Tapestry	7	14.3%	(1 " " ")
16. Milk Products	1	100.0%	(1 " " ")
17. Pastry	13	7.0%	(1 " " ")
18. Distillery	1	100.0%	(1 " " ")
19. Mattresses	11	9.1%	(1 " " ")

Thus, the characteristics of the client presently in the HDF portfolio appears to be roughly the same as the real world target group, at least with regard to two indicators of size, namely, the number of employees and the value of fixed assets. In terms of the type of enterprise, i.e. tailor, shoemaker, woodworker, metalworker, etc, the HDF portfolio also follows very closely the same proportions as were found in the survey.

From the interviews with the clients some observations can be made which put the average client in perspective.

-- Virtually all clients have an idea that is consistent with the HDF to assist small enterprises and people to improve their lives, to create employment and make loans.

-- They had all been visited by an animateur at least once, if not twice a week.

-- Most responses mentioned assistance with book keeping or accounting.

With regard to the animateur's work with the client, the most important observations were that although all clients had requested loans, they also indicated satisfaction in simply receiving technical assistance. In one case, a client even hired a bookkeeper to maintain his records in better order. The most frequent complaint by the client concerned delays in getting loans.

General reception by the business community has been good, and has improved as the HDF has become ^{more} widely known. In fact public notice has been such that the evaluators heard radio commentators mention the work of HDF very favorably twice during the same week. The animateurs indicated that from 70-90% of the small businessmen contacted showed an interest in participating in the HDF program. Some skepticism was noted initially, apparently due to the PRAGMA survey which took place in Oct./Nov. 1978 (phase I) and Jan./Feb. 1979 (phase II). Apparently some of the respondents surveyed got the impression that loans would be made available at that time, and when the animateurs made the initial contacts, the issue was raised that no one had come back to follow up on giving loans.

The evaluators are satisfied that the animateurs are not imposing themselves on their clients. In all cases the client has developed his own ideas, his own project and his own plans with the assistance of the HDF staff. This policy is quite well adhered to by the animateurs, the supervisor, the loan officer and the Credit Committee.

B. Loan Policy and Procedures

The loan procedures^{7/} of the HDF stem directly from the loan regulations.^{8/} The loan regulations specify that the resources from the HDF credit program may be used to finance projects and productive programs in the following sectors: transformation industry, retail, fisheries and agriculture and related services. They specify also that loans are to be made to individuals or groups receiving technical assistance from HDF who comply with the following requirements:

- they personally administer their own project or enterprise,
- the project or enterprise should provide a major part of the income and/or contribute to a significant increase in the income of each participant,
- net assets, including the value of land and buildings evaluated at net depreciated prices, should not exceed the equivalent (per member) of \$15,000.

The loan regulations also indicate that in order for applicants to be eligible for financing with funds from the HDF program they must:

- have previous experience in the activity they plan to undertake and/or be willing to receive technical assistance,

^{7/} Annex G

^{8/} Annex H

- provide information concerning their socio-economic situation acceptable to the Foundation, and
- have received technical assistance (at least eight visits by HDF animateurs).

Interest is foreseen at commercial rates, and grace periods of three and six months are provided for short and medium-term loans respectively. The regulations call for a loan agreement, including amortization plan, to be executed between the borrower and the HDF.

Section VII of the loan regulations deals with the loan request and its processing. It specifies that the request is to be presented in writing to the Promotion Director who assigns it a number, and reviews it. After approval for processing it is carefully analysed by the credit officer who prepares the corresponding feasibility study.

Article 20 of the regulations specifies that the credit officer must prepare a written report for each loan request indicating the results of his analysis and feasibility study, and making recommendations about financing the project.

From these basic regulations, procedures and systems have been developed and periodically modified to improve the implementation of the program. To date the following procedures and systems have evolved:

The loan officer acknowledges receipt of the request to both the client and the animateur^{9/}. He interviews the clients, and then he submits his findings according to a specified outline ^{10/} via a transmittal document ^{11/}.

The Credit Committee meets once a week, or more often if necessary, to study the dossier. The committee sometimes returns the dossier to the loan officer for further information and clarification. In case of approval, notice is given to the animateur ^{12/} who informs the client. Upon approval, a contract ^{13/} or kind of chattel mortgage is signed, after which disbursement is made. Subsequent to the disbursement of the loan, the animateur will make monthly visits to the borrower, to follow-up and make sure that the client receives whatever additional assistance is needed.

The loan officer maintains a file showing the status of pending requests ^{14/} and also keeps^a control sheet on each loan ^{15/} and submits a monthly report to the Credit Committee on the portfolio situation ^{16/}

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- ^{9/} Annex J, Accuse de Reception des Sollicitation de Pret
^{10/} Annex K, Schema de Presentation de l'Analyse des Sollicitation de Pret
^{11/} Annex L, Transmittal Memo
^{12/} Annex M, Credit Committee Decision Notice
^{13/} Annex N, Contrat de Vente Conditionnelle
^{14/} Annex O, Avancement des Dossiers de Demande de Pret
^{15/} Annex P, Contrôle de Prêts
^{16/} Annex Q, Rapport Mensuel du Portefeuille

Since the loan procedures are the authority on which the whole process is based, it appears relevant to comment on some of their aspects.

The loan procedures provide that the loan request submitted by the client be approved by the animateur who will, in turn, submit it to the supervisor for another approval before transmitting it to ^{the} credit officer. In actual practice, during the time period covered by this report, a third approval was requested, that of the Director of Promotion. The animateurs were given to understand that this two-step procedure was temporary until the animateur supervisor gained more experience in his job and was confirmed as Promotion Director. It would be appropriate to make it a one-step process as soon as possible. It appears that such is the case now with the departure of the former Promotion Director. The same applies to the "Contrôle Préliminaire du Dossier" where the same two-step process existed.

The paragraph, "Etude du Dossier" evidences a strong concern about the 20% return-on-investment (ROI), and does not mention anything else. While this 20% RIO appears to be a fairly good arbitrary cut-off percent for review by the Director, it should not be the only criterion considered, and great care should be exercised in the matter, taking into consideration all the other criteria mentioned in the loan regulations.

The paragraph, "Etapes de Remboursement" indicates the mechanisms for loan disbursement and collection. It does not set up the policy that repayment must fit the clients, and should not constitute just a time period. While in practice, this is taken into consideration by the credit officer in his study of the dossier and his interview with the client, it is felt that it should be clearly incorporated into the loan procedures.

It is also stated in the regulations that late payers will be sent periodic letters with different degrees of severity according to the tardiness in payment. It is of course a generally accepted course of action geared towards clients of a certain level. The evaluators are, however, concerned with the effectiveness of letters addressed to illiterate clients. Further, the HDF clientele is made up of people who are quite wary of anything "official". Perhaps it might be better to have the animateur make an informal visit, not to collect money necessarily, but more importantly, to ascertain what is going on with the clients. Banking experience shows that there are few loans that are "bad" when they are made, but many loans can go "bad" if someone does not keep in touch with the client/borrower and provide help when it is needed. This is far better than to try to help when it is too late and the loan has to be written

off and the business closed. This^{is} an important function of the animateurs and a vital part of the "Supervised Credit" process. Regular contacts with the client help^{the} animateur establish a rapport with his client and enable him to quickly identify potential problems.

A final point to be raised about the procedures is the need to mention the possibility of rescheduling the loan in cases which merit such consideration. A fire, for example, may have gutted the shop of a woodworker who is willing to pay off the loan, but over a longer period of time. He might even need an additional loan in order to make money to pay off the first one with the second loan being contingent upon better security being installed in the business.

Criteria for Loan Approval. The main criteria used for the approval of a loan by the Credit Committee are:

- that the enterprise be viable,
- that it be employment generating,
- that it be income producing for the owner as well as employees, and
- that it offer a 20% rate of return.

These are evaluated by the Credit Committee on the basis of the information appearing in the dossier, including the

information from the " Sollicitation de Prêt", the Balance Sheet, and the Profit of Loss Statements.

In view of the primary objective of the HDF project, viz., job creation and income generation for both the entrepreneur and his employees, the above criterias appears to be valid. The businesses represented in the HDF portfolio are all viable with good prospects of continuity. From this portfolio, 12 selected loan beneficiaries projected employment generation of 21 new jobs, putting about \$600 annual wages in the hands of the new employee, not to mention the anticipated increase in profit for the expanded business.

As indicated previously, 60 percent of the enterprises surveyed by the animateurs had less than five employees, 36 percent from 5-10, and only 4 percent had more than ten employees. Seventy one percent had less than \$1000 in fixed assets. Of 22 loan requests, the average loan amount is \$2,680, and of the 10 loans approved as of 6/30/80, five were for \$750 or less and one was \$850. It is apparent from these statistics that the loan criteria are in fact being followed.

Loan Disbursement Targets. The OPG forsees that for the first year, 30 loans would be made for a targeted amount of \$24,300. An analysis of dossiers (Table II) indicates that for a 9½ month period, September 1979 to June 30, 1980, 22

dossiers were in process representing \$59,051 in proposed loans. The June report of the credit officer (Table IV) indicates that of these, 10 loans were actually approved and disbursed totalling \$18,168, net of prepaid interest.

According to the credit officer's report 10 loans were made, two applications were rejected two others were in the hands of the Credit Committee awaiting approval, and eight were still with the loan officer, awaiting additional clarifications requested by the committee. It should also be noted that the first four candidates listed in Table II were selected for the purpose of the HDF inauguration at a time when loan procedures had not yet been developed. As things stand now, one of these applications has been rejected, technical assistance has been discontinued on another, and supplementary information has been requested on two others. Further analysis of Table II indicates that of the 18 remaining dossiers, five were for an amount less than \$750 and were approved by the Executive Director. The average amount of the 22 loans requested is \$2,684. Of the 10 loans actually disbursed the average amount was \$1,840. An analysis of the average number of days required for each of the steps in the loan process was done. The results of this analysis are contained in Table II. In summary, it was found that from the initial survey to the start of technical assistance,

TABLE IV

FONDATION HAITIENNE DE DEVELOPPEMENT
 RAPPORT MENSUEL DU PORTEFEUILLE
 Au 30 juin 1980

TABLE IV

Nom	Crédit #	Date d'approbation	Montant du crédit	Balance actuelle	Montant total des arriérés	30/59 jours	60/89 jours	90/119 jours	120 jours et plus	douteux
Abessac Jean-Developpement-Magasins	1	20 avril 1980	\$6,800.00	\$6,800.00						
M. Claude Ernest-Orfèverie	2	20 mai 1980	\$2,040.00	\$2,040.00						
Marcel Lubin-Cordonnerie	3	20 mai 1980	\$1,020.00	\$1,020.00						
Maurice Jn.-Joie- Ebéniste	4	21 juin 1980	\$ 867.00	\$ 867.00						
Martelly Renaud- Reconditionnement des freins	5	24 juin 1980	\$5,100.00	\$5,100.00						
Régis Marin- Cordonnerie	6	25 juin 1980	\$ 691.96	\$ 691.96						
Dolphin André- Salon de coiffure	7	25 juin 1980	\$ 765.00	\$ 765.00						
Marcelin André- Tailleur	8	25 juin 1980	\$ 510.00	\$ 510.00						
M. Joseph Thomas- Sculpture sur bois	9	26 juin 1980	\$ 255.00	\$ 255.00						
André Jean- Dépôt de charbon	10	26 juin 1980	\$ 418.20	\$ 418.20						
Totaux			\$18,395.16	\$18,395.16						
% des prêts accordés	-	-	100%	100%						
% de la balance actuelle	-	-	-	100%						
% du montant des arriérés	-	-	-	-	100%					

it took 37 days on the average ; from the start of technical assistance to the loan request, it took 144 days; from the loan request to the completion of the loan analysis it took 53 days; from the completion of the analysis to the submission of the dossier to the credit committee, it took 13 days; from submission to the Credit Committee to approval, it took 13 days; and from approval to signature of contract, it took 16 days.

Thus, it can be seen that in actual practice it has taken 181 days or six months on the average from the time the animateur makes initial contact with the client until the official loan request is made. Likewise, the average time required for analysis of the loan and preparation for submission to the Credit Committee has been about 67 days or more than two months. The entire loan process from initial client survey to actual disbursement of the loan has required 246 days or over eight months.

Although Table II is useful to illustrate certain trends and to provide a baseline condition from which future progress may be measured, the statistics do require some qualification. First some of the dossiers show a 1979 date for initial survey. These surveys were done during the animateur's training period which ran from September, 1979 to the end of that year. In fact the animateurs actually started work effectively

in January 1980. The apparent long spans of time required to accomplish some steps must be understood in that context. Furthermore, some dates cited in column A, "Initial Survey", are misleading. For instance, dossiers 13, 19, 20 and 21 show respectively, June 25, 23, 25, 20 as dates of the initial survey and June 27, 20, 27, 30 as dates for signature of contract. It would appear as if these dossiers had taken all the steps in one or two days. Actually technical assistance had started for them in September 1979, according to information submitted by the amateur supervisor, but formalized only at the indicated dates. The relative slowness in making loans is thus due in large part to start up considerations.

Another factor is the strict loan regulations and procedures set up by the credit officer and the Credit Committee. At a meeting of the Credit Committee, the point was made that they are dealing with granted money and have to be very careful about the way they manage it. This is certainly a laudable attitude. On the other hand members of the Credit Committee and Board were anxious to hasten the loan process and approve more loans if some written understanding allowed them to do so. The point is well taken and it is herewith recommended that the loan regulations be modified to give more flexibility to the credit officer and the Credit Committee to extend loans at reasonable risk. The amended loan procedures should place greater

emphasis on intangible criteria, employment and income generation and potential contribution of the loan to the area economy.

(Recommendation # 4)

A step in the right direction has already been taken by the Board's decision to permit the processing of loans up to \$750 by the Executive Director. It is recommended that after a reasonable trial period the Executive Director's authority be increased to \$1,500. The Credit Committee would of course retain discretionary authority to review all loans at any stage of the approval/disbursement collection process. (Recommendation # 5)

Some action to speed up the loan process can be taken immediately. For example, consolidation of the documents for the loan request (Recommendation # 6)

The amateurs on their part must anticipate questions addressed to them by the Credit Committee and sharpen their practical skills, and business senses. While respecting the Credit Committee's concern for sound, guaranteed investments, it must be kept in mind that this is a pilot project conceived to help small businesses whose owners have no access to traditional lending institutions and no formal business training. One of the goals of the project could be defined as raising the marginal businessman to a level where he could qualify for commercial credit in the future. It is commendable to take as many precautions as possible, however, it is also important to remember that according to Article II of the HDF loan regulations, "the principal guarantee for the execution of projects financed by HDF is the promotion process, and technical assistance provided by the monitors, as well as the feasibility of the project".

The Credit Officer and the Loan Analysis Process. Interviews

with the Credit Officer indicated that he spends four or five hours to process a single dossier including client interviews. Is this rate adequate to avoid a bottleneck in the loan disbursement process? Assuming that each animateur generates 30 loans per year (ten every four months), six animateurs would submit 180 Sollicitations each year.

At the loan officer's present rate of performance he should be able to process 20 or 30 loans per month or from 240 to 360 per year. This is not at all impossible if some simplifications are adopted in the schema, such as the elimination of the socio-economic section, the de-emphasis of the balance sheet which is meaningless for the majority of HDF clientele, and a larger use of "intangible" criteria such as consistency of sales, length of time in business, reputation in the community for honesty and hardwork, market awareness, etc.

In the beginning of July, applications tended to come in clusters. If the credit officer were to be relieved of purely clerical work, such as cash collections, gathering of signatures on checks, etc, he indicated that he could process a minimum of three dossiers per day. Thus, for the present it appears as though the Credit Officer should be able to handle the work load. However, much

can be done to streamline the loan analysis, approval and disbursement process. For example, the "Schema de Presentation de l'Analyse des Dossiers" could be simplified. Experience in other countries very similar to Haiti has indicated that the use of the criteria already mentioned, coupled with the assignment of tasks to the clients, such as a market study to ensure their motivation in their own project, and application of bookkeeping technology has shown loan repayment rates over 90%. In summary, it appears that another loan officer is not required at this time. Rather, the assignment of a secretary to the loan officer to relieve him of clerical duties such as filing and typing should be considered as the administrative burden of controlling a growing loan portfolio increases.

C. Organizational Structure and Relationships

Organization. According to the By-Laws (Statuts) of the HDF ^{17/} The Foundation is administered by a Conseil d'Administration (Board of Directors) (Art. 16) elected annually by the Assemblée Générale (Art. 17). The Board is assisted by an Executive Director, the principal administrative officer of the Foundation, who functions under the authority of the Board (Art. 18).

17/ Annex A, Statuts de la Fondation Haitienne de Developpement (FHD)

The By-Laws provide that all Foundation members are automatically members of the first Board. During the past year total membership has grown to about 25 while the Board has remained at 16 (Art. 17). 18/

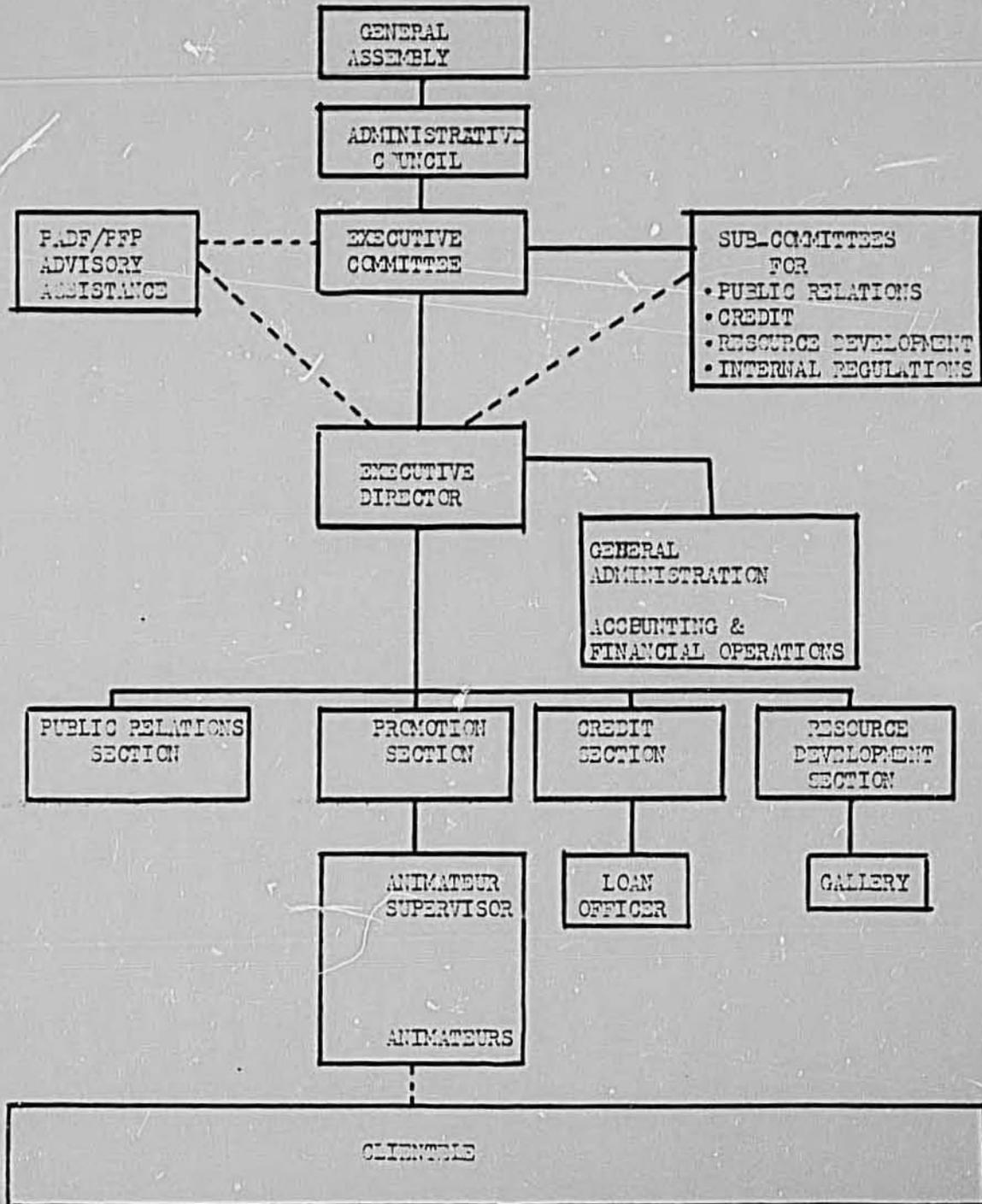
Although not spelled out in the By-Laws, the President in recent months has made use of an Executive Committee consisting of three officers, the President, Vice President and Secretary/Treasurer. The present organizational structure^{and staffing} of the HDF is illustrated in Figure 1
to

The powers of the Board, subject^v to the conditions, restrictions and limitations of the Assemblée Générale, assure the management and administration of the affairs of the HDF. Specific powers include the power to hire and fire, to establish salary levels and budgets, to approve program plans and projects, to obtain all necessary resources to carry out functions of the Foundation, to maintain bank accounts in Haiti and aboard and disburse funds from them, to prepare the By-Laws and internal regulations of the Foundation and to modify them as necessary, and to delegate authority -

The Assemblée Générale has the power to elect and instruct the Board, to approve the Annual Budget, to be informed of all affairs of the Foundation and debate questions of general interest (Art. 37).

18/ A list of the founding members is contained in Annex S

ORGANIZATION CHART
HAITIAN DEVELOPMENT FOUNDATION



STAFF

- 51 -

Direction Exécutive:

Pierre C. Armand,

Directeur

Evelyne Apollon,

Secrétaire Exécutive, &
Assistante Administrative

Pierre Molière,

Comptable en chef et Contrôleur
des opérations financières (p/t)

Yola Riobé,

Secrétaire réceptionniste

Jn Rober Val

Attaché de bureau

Section de Promotion:

Directeur de Promotion et de formation
des animateurs

Sauveur Joseph,

Assistant Directeur de Promotion &
Superviseur des animateurs

Animateurs:

Antoine Delavoix
Jean Claude Dominique
Jean Mathieu Guerrier
Gilbert Jn Michelin
Christiane Moise
Ludger Mondésir

Section de Crédit

Lionel Labissière,

Directeur

Assistant Directeur de Crédit

Section des Relations Publiques & de Programation des activités culturelles & Sociales

Yves Champagne,

Directeur

Section de Développement des Ressources

Robert Coster,

Directeur

Henricot Brutus,

Directeur de placement & vente/rafle

Mie Edith Aurèlus,

Directrice de la Galerie Communautaire

Yolette Achille,

Responsable de placement/rafle &
attachée à la galerie

Elizabeth Mercier,

Responsable de placement/rafle &
attachée à la direction

Dominique Charmant

P/T attachée à la Galerie.

STAFF

- 51 -

Direction Exécutive:

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Directeur

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Christiane Moise
Ludger Mondésir

Section de Crédit:

Lionel Labissière,

Directeur

Assistant Directeur de Crédit

Section des Relations Publiques
& de Programation des activités
culturelles & Sociales :

Yves Champagne,

Directeur

Section de Développement des
Ressources

Robert Coster,

Directeur

Henricot Brutus,

Directeur de placement & vente/rafle

Mie Edith Aurélus,

Directrice de la Galerie Communautaire

Yolette Achille,

Responsable de placement/rafle &
attachée à la galerie

Elizabeth Mercier,

Responsable de placement/rafle &
attachée à la direction

Dominique Charmant

P/T attachée à la Galerie.

The members of the Board participate in the activities of five committees which are responsible for supervising staff work in the areas of:

- Training and Credit
- Resources Development
- Public Relations
- Internal Procedures, and
- Community Development

Table V contains a list of present members of each committee.

Board/Staff Relationships. The Assemblée Générale and the Board of Directors are made up of prominent private individuals who are experienced and successful in business, finance and law in Haiti. They are a truly scarce resource in that they are all vitally interested in helping the small businessman and are committed to the economic development of Haiti. They have voluntarily donated their time and talent without remuneration to the task of creating and developing the HDF. Their spirit of public service is to be commended. However, all of the members of the Board are occupied, on a full-time basis, with their own businesses and pursuits, and are able to devote only a few evenings each month to the HDF.

As has already been noted, the By-Laws of the HDF invest the Board with the sole authority for management and administration of the Foundation. The Executive Director, a full time

LISTE DES MEMBRES DES SOUS-COMITES

SOUS-COMITE RELATION PUBLIQUE

Mr. Rodolphe Flambert Jr, Président
Mr. Gérard Gourgue
Mme Robert Denis
Mr. Arthur de Matteis
Mlle Margareth Roussel.

SOUS-COMITE DEVELOPPEMENT COMMUNAUTAIRE

Mr. Armand (Président Temporaire)
Mr. Henricot Brutus
Mr. Edouard Mangonès
Mr. Dr Danielo St Vallière

SOUS-COMITE TRAINING & CREDIT

Gérard Desmangles (Président)
Patrick Valmé
Jean Frédéric Salès
Max Beauvoir
Dr. Danielo St Vallière

SOUS-COMITE COLLECTE DE FONDS

Jean Frédéric Salès
Roland Acra
Reynold Bonnefil
Dr. Frank Lefort
Edouard Mangonès
Mme Robert Denis
Mlle Margareth Roussel
Robert Moise.

SOUS-COMITE DES REGLEMENTS INTERNES

Arthur de Matteis
Gérard Desmangles
Pierre Armand.

employee of the Foundation, with full responsibility for its management, has no inherent authority to carry out his job. This situation is contrary to the fundamental rules of organization and has in fact been a constraint to more rapid development of the foundation.

Initially the By-Laws made no reference whatsoever to the Executive Director. That has now been changed (Art. 18), but all his specific authority must still be delegated to him by the Board. To date some discretion has been given the Executive Director to hire his own staff with the approval of the Board. Some authority has also recently been delegated to approve loans of less than \$750 without prior review by the Credit Committee. These informal delegations are steps in the right direction, but in the judgement of the evaluators, the Executive Director has not been delegated sufficient authority to act dynamically to shape and direct the organization for which he is responsible.

It is therefore recommended that the By-Laws be revised to more clearly define the functions of the Executive Director to include the authority to select, hire and dismiss HDF staff, the with, right of review retained by the Board. (Recommendation # 7)

It is also recommended that all staff positions of the HDF have a job description for purposes of recruiting and evaluation of personnel performance. (Recommendation # 8)

Views of the Board of Directors. Fifteen of the sixteen members of the Board were interviewed to obtain their views concerning HDF policies and procedures, intra-Board relationships, Board/staff relationships, major problems in the management and operation of the HDF and suggested solutions.

The most important general finding resulting from those interviews is that, although there is a general agreement among the members of the Board as to the primary objectives of the Foundation, there are differing views about how the objectives can best be achieved.

The opinions expressed show the following to be the main areas of concern:

- 1 - The loan process, procedures and staff performance.
- 2 - Internal communication, organizational roles and the decision-making structure
- 3 - Fund raising, public relations and membership.

While most felt that the loan process should move faster the underlying concerns are:

- Stewardship of grant monies.
- Animateurs' motivation and need to see results.
- Priority of technical assistance over loan disbursement.
- Less emphasis on guarantees.
- More attention to client accounting and project analysis.

Some suggestions to improve the loan process were:

- liberalize loan procedures
- provide additional training to loan officers and staff
- organize client groups for more efficient lending
- hire additional staff
- revise loan criteria to focus on "intangibles".

With regard to organizational roles and decision-making structure, the major opinions expressed were:

- Need to delegate authority to the Executive Director so he can manage and control.
- Need for a more manageable decision-making authority (Executive Committee).
- Shorter Board meetings, better organized and staffed with clear agendas.
- Need to modify the By-Laws to better define functions, relationships and authority.
- Need for better communication of major decisions among members.

Concerning fund raising, public relations and membership, views most often expressed were:

- Need to expand membership via letter campaign and other approaches.

- Need to plan fund raising activities more effectively while recognizing that it is not the primary objective of the HDF but only a support function.
- Activation of the public relations Community and achievement of community participation.
- Creation of a regular Newsletter to disseminate information on HDF activities of public interest.
- Need to demonstrate Foundation's effectiveness in the community as best form of public relations.
- Need to professionalize local fund raising- "takes a businessman to talk to a businessman".

D. Potential Area Impact

The goal to which the project contributes is to increase the income and productivity of small, privately owned businesses in Port-au-Prince, and to increase employment opportunities for the urban and rural poor. In order to attain this goal HDF has adopted the following criteria for client selection:

- a) Even though there is no fixed percentage of available funds allotted to the marginals, the rule for considering a loan application is that the assets must be below \$15,000 in value. However,

marginals who do not remotely approach this level of assets are not neglected. It is interesting to note that out of the ten loans approved as of June 30, 1980, five were for \$750 or less and one was for \$850. This trend is thus quite well established.

- b) The enterprises considered for technical assistance or loans must not have more than 20 employees.

Table VI below provides a profile of those clients who were the recipients of the first ten loans disbursed by the HDF.

TABLE VI

CLIENT PROFILE

<u>Type of Business</u>	<u>Existing Numbers of Employees</u>	<u>Projected Increase in Number of Employees Resulting from Loan</u>
Community Store	0	3
Goldsmith	1	4
Shoemaker	2	3
Woodworker	2	4
Shoemaker	0	2
Taylor	0	2
Woodworker	0	1
Charcoal Maker	0	1
Barber	0	4
Brake Repairs	3	5

It is evident that none of the enterprises approaches 20 employees. It can also be seen from Table VI that 21 new jobs are projected in the approved applications for loans already disbursed as of June 30, 1980. The implication is that there is a high level of employment generation at a very low cost. Indeed, 21 new jobs created at a loan cost of \$18,168 represents \$865 capital invested per job. Projecting on a 12 month basis the new income generated at the legal minimum wage of \$2 a day, is about \$600 new income per \$865 loan capital invested. The impact is thus quite positive. The Credit Committee and the Executive Director should be commended, as the criteria of job generation and increased wage income is very well followed. It should be noted that this projection covers only job creation and wage income and does not take into account the profit to be realized by the business. Verification of this latter projection will be one of the objectives of future evaluation.

Other client selection criteria are:

- c) the prospective client must not have access to traditional banking.

This is one of the most firm rules of the Credit Committee, which has in fact rejected an application because it was felt that the candidate could have qualified for a commercial bank loan.

- d) The prospective client must be a resident of Port-au-Prince or its surroundings.

All applications submitted, and all active clients fit that criterion.

- e) Priority is given to transformation industries.

Actually, the general consensus of relevant people concerned indicated that HDF is striving to follow a rough proportion of 60% of loan funds reserved for transformation industries, 20% for stores and 20% for services. Based on the current portfolio, this percentage is followed. This criterion aims at maximizing wage income generation and job creation. As such it has a positive impact on the community which will be felt all the more as other loans of this type are made.

The terms of reference of HDF, when it started operation, were to target on the poor urban enterprises of Port-au-Prince. One of the most difficult jobs initially for the amateurs was to overcome the scepticism of the small businessman and to convince their clients that finally, an organization was interested in them and trying to help them. HDF is working in very poor areas and has no difficulty recruiting clients in the targeted group, even if the choice is made at random. Once that choice is made, HDF offers its applied technology in Business Management.

The HDF pilot project is dedicated to the premise of employment generation and income productivity at the grass roots level. This is consistent with generally accepted strategies of development and should be emphasized. A point of view has been advanced during this survey according to which HDF should make large loans initially and get quick returns, then after HDF is well established, the average loan size might be reduced. It is a very sensible position, but not consistent with the goals of the project, nor with development strategy. By spreading employment and income at the grass roots level, HDF is in the process of creating^a multiplier effect which in time may have a significant impact on the local economy.

It has been estimated previously that 10 loans are in the process of generating 21 jobs paying an estimate of \$600 annually to people who had nothing before, at a cost of \$865 capital loaned per job. This ratio may serve as a baseline indicator of beneficiary impact which may be tested in the future. Even if some employers pay less than the minimum wage, they can not go much below it and this ratio of income per invested capital will still be quite favorable. This projection of income in relation to invested capital is moreover quite conservative since, at the time of this writing, the minimum wage basis has been increased by Governmental decree.

HDF started operations on the basis of the MSU/PRAGMA study of small enterprises which indicated that the field was virgin and demand for credit existed. The only criteria used for selecting sectors were the evident need of action in these disadvantaged areas. There has been no deliberate planning process for selecting clients to maximize impact on the economy. The process thus far appears to have been a purely random one. Some informal, unwritten guidelines were established however. For example, retail stores were not to be considered except those which had a significant impact on employment and income of suppliers.

The majority of those interviewed admitted that to their knowledge HDF does not at present have a plan to coordinate efforts in a sector so that efforts culminate in a greater impact over time. All those interviewed believed, as do the evaluators, that it is still too early and the program too small to assess impact and develop other strategies. As already indicated the actual measurements of impact on employment and income will have to await future evaluations.

E. Finance and Fundraising

The original project proposal prepared by PADF and presented to USAID/HAITI contemplated a two-year implementation plan. Then at the suggestion of a USAID official a three year plan was developed. This three-year plan was attached to the original grant agreement even though at the last minute a provision was made for PADF to implement the project in two years with a \$495,000 USAID grant and PADF guaranteeing at least \$165,000 of non-AID resources. The \$495,000 requested by PADF and approved by USAID has proved to be an unrealistically low amount. The supporting budget considerably underestimates the cost of many items. While both PADF and AID recognize this, to date no additional funds are available.

There are two different budgets totaling \$90,700 and \$90,400 both including an Executive Director and a Deputy Director. It was later agreed that the Executive Director would be a direct employee of PADF within the technical assistance budget. PADF and USAID were to support the budget with \$63,000 which was increased to \$71,000 for a total budget of \$98,000 for 13 months through June 30, 1980. However, this budget was not adjusted within the line item detail. The budget assumed \$28,000 would be raised locally through direct gifts and fund raising activities.

As per the attached unaudited financial statement (Table VII) General operations cost \$80,346 against income (AID/PADF grant) of \$71,000, and fund raising expenses were \$30,883 against funds raised of \$48,231. Combined costs totalled \$111,275 against a budget of \$98,700, and total income was \$153,231 including grant, fundraising and loan funds, resulting in an available balance of \$41,956.

Certain costs have turned out to be greater than amounts budgeted for them. For example, \$9,700 was budgeted for two cars and a motorcycle. The actual cost for one car was \$6,250 leaving \$3,450 for other vehicles , in particular for the field supervisor.

In February 1980 the HDF was offered the use of its present offices. HDF elected to move from its previous office to its present one because the anticipated growth of the Foundation staff would have necessitated a move some time in the second year and the rent for the new offices was very reasonable. Nevertheless, it was still greater than the budget ed amount. The cost of furnishings also exceeded the amount budget ed. HDF might have, in this instance looked for an in-kind contribution of furniture to reduce this cost. Other costs were not budget ed at all, such as the \$5,000 spent on the inauguration. Separate checking accounts exist for General Operations and Fund Raising as well as an interfund account to facilitate transfers.

TABLE VII

HAITIAN DEVELOPMENT FOUNDATION

OPERATING FUNDS

STATEMENT OF REVENUE & EXPENSES

JUNE 30, 1980

(U.S. \$)

<u>Revenue</u>	General	Fund Raising	Loan Funds	Total
- USAID/PADE Grant	71,000	-	-	71,000
- Local Contribution and Membership Fees	-	26,169	-	26,169
- Fund Raising Activities	-	22,062	-	22,062
- Loan Fund	-	-	34,000	34,000
<u>Total Revenue</u>	<u>71,000</u>	<u>48,231</u>	<u>34,000</u>	<u>153,231</u>
<u>Total Expenses</u>	<u>80,346</u>	<u>30,883</u>	<u>46</u>	<u>111,275</u>
<u>Fund Balance</u> ^{1/}	<u>1,783</u>	<u>6,219</u>	<u>33,954</u>	<u>41,956</u>

^{1/} From Statement of Assets, Liabilities and Fund Balances.

TABLE VII (Cont.)
 HAITIAN DEVELOPMENT FOUNDATION
 OPERATING FUNDS
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
 JUNE, 30, 1980
 (U.S. \$)

<u>Assets:</u>	General	Fund Raising	Loan Funds	Total
- Cash	4,668	2,750	37,786	45,204
- Accounts Receivable	720	-	13,168	13,888
- Prepaid Expenses	278	-	-	278
- Vehicle (Net of Depreciation)	5,278	-	-	5,278
- Office Furniture & Equipment	8,560	2,227	-	10,787
- Community Gallery	4,860	-	-	4,860
Total Assets	24,364	4,977	50,954	80,295
Interfunds Receivable	(1,242)	1,242	-	-
Total Assets (Adjusted)	<u>23,127</u>	<u>6,219</u>	<u>50,954</u>	<u>80,295</u>
 <u>Liabilities and Fund Balance:</u>				
<u>Liabilities</u>				
- Accounts Payable & Other	9,946	-	-	9,946
- Deferred Revenue	11,393	-	-	11,393
- PADF Loans Payable	-	-	17,000	17,000
Total Liabilities	21,339	-	17,000	38,339
Fund Balance	<u>1,783</u>	<u>6,219</u>	<u>33,954</u>	<u>41,956</u>
Total Liabilities & Fund Balances	<u>23,122</u>	<u>6,219</u>	<u>50,954</u>	<u>80,295</u>

TABLE VII (cont.)
 HAITIAN FOUNDATION DEVELOPMENT
OPERATIONS INCOME AND EXPENSES
 MAY 1979 - JUNE 1980
 (U.S. \$)

<u>Income</u>	<u>Month of June</u>			<u>To Date</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>
- Membership		-			980
- Contribution (Monetary)		3,750		21,100	
- Contribution (In-Kind)		4,089		4,089	
- USAID/PADF Funds		-		71,000	
- Diferred Revenue		11,393		11,393	
- Fund Raising Activities		<u>7,140</u>		<u>22,062</u>	
Total Income		<u><u>26,372</u></u>		<u><u>130,624</u></u>	
<u>Expenses</u>					
- Personnel				29,360	33,868
- Training				4,400	4,397
- Commodities				11,500	16,065
- Community Gallery				<u>57,740</u>	<u>68,956</u>
Total Expenses				<u><u>98,000</u></u>	<u><u>128,146</u></u>

Fund Raising. HDF fund raising, including cash and in-kind contributions and surplus from income producing activities, has been successful but costly. These activities will have to be increased and made more cost effective in order to increase the contribution of locally raised funds toward operating costs and loan fund planning.

Funds raised total \$48,231, \$26,169 in cash and kind and \$22,062 through other fund raising activities such as the raffle. Of the \$22,062 collected from the raffle, about \$8,000 was used to cover operating and fund raising costs, leaving a balance of about \$14,000. Other fund raising activities such as the Gallery are not yet structured in a manner to produce a surplus.

From a budget line-item of \$4000 earmarked for travel and fundraising costs HDF managed to raise a total of \$48,231 at a cost of \$30,883 leaving a net surplus of \$17,348. Despite the apparent high cost, this effort reflects favorably on HDF performance in view of the minimal PADF support received by HDF staff for this activity.

It appears that some policy decisions for fund raising might have contributed to the substantial increase in fund raising costs. The decision to hold a raffle in which HDF would purchase the prizes rather than arranging for them to be donated, contributed to costs. It is recommended that the HDF staff and Board do a

detailed analysis of the cost and expected income of various fund raising alternatives with assistance from PADF as called for in the OPG. (Recommendation # 9)

The Revolving Loan Fund. The revolving loan fund totalled \$50,954 as of June 30, 1980, with \$34,000 a donation from AID/PADF and \$17,000 from PADF in the form of a loan. As of June 30, \$18,168 had been loaned and disbursed to ten clients in amounts ranging from \$250 to 6800 for a group.

The accounting system in use is a "multiple funds" system as used by all Foundation members of SOLIDARIOS. A system of computing budget ed to actual income and expenses on a monthly and running basis has been in the process of implementation since February. It will be fully operational beginning in July.

The 1980-81 budget is also being redone for both income and expenses on a fund by fund basis. While the part time accountant maintained the accounting up-to-date (and it was reviewed periodically by PADF) HDF management did not adequately use the budget to control expenses as indicated by actual expenses exceeding budget by \$30,146. Periodical financial reports were made to the Executive Committee and Board, but the figures used were not always drawn directly from the accounting as should have been the case.

Concern has been expressed by HDF senior staff and Board about the availability of funding to cover the higher level of expenditures they will incur in order to implement activities called for in the OPG. It is recommended that a monthly break down of income and expenditures be prepared in order to ascertain exactly when the shortfall will occur. From that a strategy could be developed for obtaining funding to cover the shortfall. (Recommendation # 10)

F. Technical Support by PADF and PFP

PADF. PADF is responsible for providing administrative and financial support to the HDF. Through its Field Director, PADF was to establish the accounting and financial procedures under which the HDF operates and train the personnel to use these procedures. To this effect, PADF did help the Board of Directors recruit an Executive Director and help in the training and orientation of the chief operating officer of the Foundation. Also PADF assisted HDF in obtaining a grant from PACT (Private agencies Cooperating Together) to make it possible for the Executive Director to visit the other National Development Foundations in Costa Rica and the Dominican Republic.

PADF also met its commitments to help the HDF organize and manage the revolving loan fund. The loan officer was trained by the Field Director. PADF also arranged to have the financial analyst and the loan officer of the Costa Rican Development Foundation spent ten days in Haiti to initiate the HDF loan officer to the preparation of loan procedures and loan control.

PADF also helped devising the supervised credit program according to the criteria specified in the project.

In addition, PADF work with the HDF staff to establish financial, accounting and control system and provided a \$37,500 loan to help HDF meet its matching counterpart to the revolving loan fund.

However, except for some assistance in the implementation of the raffle, PADF has done very little to help HDF secure matching funds for the AID contribution. Throughout the year, due to internal problems, and some changes in its Senior Staffing, PADF could not meet its contractual obligations to secure the support and cooperation of the international business community for matching funds. It was only by the end of the year that some efforts were under way to coordinate requests for financial, material and technical assistance from foreign business headquarters in the U.S.A or their subsidiaries in Haiti. Until now PADF has not been able to identify any specific activity or program which was followed up and implemented.

It must also be mentioned that PADF initially prepared an unrealistic budget to fit expenses to the size of the USAID grant. This situation has made it impossible for the Executive Director to have the assistance of a Deputy which was conceived in the original design of the project. The animateurs could not

have the means of transportation necessary to do a much more efficient job and supervision of the animateurs also suffered from lack of resources. As a result too much of the Executive Director's efforts and staff time were spent to meet the cost of operations and fund raising. It is expected that PADF will try to meet its target by the following year.

PFPP. According to the description of the project, PFPP was selected to provide technical assistance in the areas of business survey, and selection and training of animateurs in various management techniques for micro-enterprises.

PFPP participated fully in developing the criteria for selection of the animateurs, in devising and administering screening tests, and in interviewing candidates with the Executive Director.

PFPP used the previous experience of one of the technicians who worked with Pragma and Michigan State University in a survey of micro-enterprises in Haiti, and initiated the animateurs through a three-phase survey of the small businesses of Port-au-Prince. The survey questionnaires provided the animateurs with an instrument for review and selection of potential clients and provide^d the opportunity for field work with these clients.

However, the PRAGMA expert who was to participate in the training of the animateurs had neither the background nor the language facility to undertake such a task. His resignation during the first part of the training created a vacuum for a few weeks. Washington had to provide a replacement since the other PFP representative also did not speak French and could not carry out the program alone.

PFP finally found a qualified person who met the requirements of the Board. The Board's requirements included someone who spoke French and Creole, someone who knew the socio-economic realities and environment of Haiti and could understand the behavior of the animateurs as well as the problems of the beneficiaries.

From October to January, the PFP trainer developed the tools the animateurs would need to work with the small entrepreneurs. He covered all aspects of appropriate management assistance, taught accounting and other business skills necessary to make the animateurs consultants in small business management. The animateurs were also trained in appropriate use of credit, evaluation of marketing techniques appropriate to local tastes and the preparation of economic feasibility studies in which the animateurs could teach the clients how to prepare profit and loss statements, balance sheets or plan business activities.

The training responded to a range of problems experienced by the small businessman in Haiti, and attempted to explain the importance of the micro business sector as a potential source of income and employment generation, and the impact of its development on the Haitian economy.

PFPP offered technical assistance in courses and workshops in accounting, business administration, rudiments of economics, and concepts of development as an indigenous, grassroots endeavour. It also set up role playing exercises, and a case study analysis and arranged field laboratory assignments in poor communities dealing with specific business problems.

Aware of the fact that development is a multi-disciplinary effort, PFPP exposed the animateurs to experienced lawyers who lectured on business law, a credit officer who shared his insights on collection problems and to local clients who discussed the constraints to their self-development.

The best measure of the effectiveness of this training program is the motivation and skills which the animateur brings to his job, and ultimately the success he achieves in transferring these skills to his client and facilitating the dissemination of credit where and when needed.

These elements of animateur performance, which are surrogate indicators of training effectiveness, are discussed above in the section concerning the supervised credit process.

PPF has not fulfilled the need for a text in French for consultancy for small business which can be used as a reference manual. However, a complete training material set adapted from the Harpers text is available to the animateurs and kept in the HDF file.

PPF has also been unsuccessful in training someone on the HDF staff to take over the animateur training program. This was due to some problems with the initial candidate for this training, whose personality and background were not suited to assume this responsibility.