

CLASSIFICATION  
PROJECT EVALUATION SUMMARY (PES) - PART I

PD-AAT-064  
Report Symbol U-447

<b>1. PROJECT TITLE</b>  Haitian Crafts Development			<b>2. PROJECT NUMBER</b>  521-0169/7	<b>3. MISSION/AID/W OFFICE</b>  40201 USAID/HAITI
<b>4. EVALUATION NUMBER</b> (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)			<input checked="" type="checkbox"/> <b>REGULAR EVALUATION</b> <input type="checkbox"/> <b>SPECIAL EVALUATION</b>	
<b>5. KEY PROJECT IMPLEMENTATION DATES</b> A. First PRO-AG or Equivalent FY <u>83</u> B. Final Obligation Expected FY <u>85</u> C. Final Input Delivery FY <u>85</u>			<b>6. ESTIMATED PROJECT FUNDING</b> A. Total \$ <u>784,000</u> B. U.S. \$ <u>425,000</u>	
<b>7. PERIOD COVERED BY EVALUATION</b> From (month/yr.) <u>7/83</u> To (month/yr.) <u>6/85</u> Date of Evaluation Review <u>N/A</u>				

**3. 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., program, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
The evaluation found that the project succeeded in establishing several stable handicraft enterprises and developing a self-sufficient retail outlet. The project also built a solid base necessary to assist producers in the exportation of craft products on a financially viable basis. The following recommendations were proposed, and accepted, for incorporation into the follow on phase:  1. Quality control should be stressed through training and an apprenticeship program... 2. Producers should be encouraged to develop capital generation schemes to allow them to operate on an independent basis. 3. Donor coordination should be more strongly emphasized through the establishment of an information sharing committee. 4. A revolving credit fund should be established to provide short-term loans at commercial market rates. 5. Existing administrative control systems should be expanded to allow project management personnel to monitor performance in the areas of marketing, project design and business administration, as well as employment generation.	CARE  CARE  OPED/CARE  CARE  CARE	on-going  on-going  on-going  January 86  March 86

**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 checked="" type="checkbox"/> Other (Specify) <u>None</u>
<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PIO/P	_____

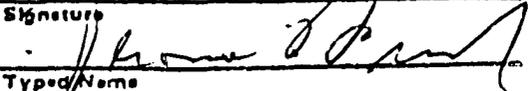
**10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT**

A. <input type="checkbox"/> Continue Project Without Change
B. <input type="checkbox"/> Change Project Design and/or <input type="checkbox"/> Change Implementation Plan
C. <input type="checkbox"/> Discontinue Project

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

Reese Moyers, Chief, OPED  
 Melissa Brinkerhoff, Project Manager, OPED  
 Daniel Cesar, DRE

**12. MISSION/AID/W OFFICE DIRECTOR APPROVAL**

Signature:   
 Typed Name: Jerome French, Mission DIR  
 Date: \_\_\_\_\_

XD-PAT-064-A

5222

HAITIAN CRAFTS DEVELOPMENT PROJECT  
521-0169 Input No. 7

FINAL EVALUATION

September 1985

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EXECUTIVE SUMMARY

A. Project Overview: Major Finding

The primary objective of the Haitian Crafts Development Project (HCDP) was to foster the development of skilled, self-sufficient crafts producers with the capacity to produce commercially marketable products on an on-going basis. The achievements of the HCDP reveal that crafts projects, when they are well-managed and include programs of relevance to intended beneficiaries, can provide the basis for substantial employment and income generation. During its two years of implementation, the HCDP succeeded in establishing several stable handicrafts enterprises and in developing a self-sufficient retail outlet. It also built a solid base necessary to assist producers in the exportation of crafts products on a financially viable basis. The ability of the HCDP both to initiate new crafts-producing enterprises and to develop new products compatible with export market requirements in terms of design, quality, and price is very encouraging and also unusual when compared with traditional crafts development projects. We consider the HCDP to be a highly successful project.

B. Summary of Specific Findings

1. Inputs

a. Donor Funding

Reduced operating funds for the HACHO-established CANO centers with the termination of the HACHO project cut heavily into the planned level-of-effort for HCDP support to the centers. Since the HCDP also intended to focus on the production and marketing of products produced throughout Haiti, this budget reduction forced project management to target only the most effective CANO centers. The cuts pushed the HCDP to encourage all producers, both in the Northwest and elsewhere, to operate independently as soon as their quality and production reached an acceptable level.

b. Technical Assistance

Technical assistance provided under the HCDP was effective and well coordinated. The quality and dedication of the technical and management staff was found to be a key factor in the success of the project. CARE and USAID project coordination were also found to be very effective and supportive of project management.

c. Revolving Credit Fund

Credit obtained through the HCDP revolving fund could be utilized to purchase raw materials, equipment, or for training; for any purpose related to the production of crafts. As measured by default on loans, this project component was judged quite successful, with a 0% default rate. Loan recipients indicated that the revolving fund was critical in enabling them to expand production and achieve greater success.

## 2. Outputs

Outputs relating to specific project components are outlined below.

### a. CANO

The HCDP rejected the social welfare approach to crafts production initiated under HACHO's CANO project in favor of a more entrepreneurial orientation with better probability of self-sustainability. At the outset of the HCDP, CANO centers were selected for further support based on an assessment of their ability to become self-sufficient. The project provided technical assistance, on-site training, and equipment for producers at five CANO centers. For a number of other CANO beneficiaries little evidence of independent capacity was found. The original social welfare-oriented program structure subsidized almost all elements of production, including training, and many CANO artisans considered themselves employees rather than entrepreneurs. The HCDP had to deal with the potential contradiction between direct assistance to the poorest, most needy beneficiaries through subsidization and the objective of creating financially viable long-term employment.

### b. Zin d'Art-Retail

The operation of Zin d'Art-Retail has exceeded all expectations. The local retail marketing component of the HCDP is a clear success. It functions as a separate business entity, selling handicrafts manufactured by HCDP-supported producers. In its first 20 months of operation, retail sales reached \$ 216,000. By June 1985, the outlet was able to operate on a self-sufficient basis. There appears to be room for continued growth in local retail sales.

### c. Zin d'Art-Export

Following the first year of project implementation, the HCDP separated the project's retail and export operations into two units. Zin d'Art-Export's initial penetration of export markets also exceeded expectations. Sales from this component, while small in actual dollar value (approximately \$ 50,000 in the first year of operations) gradually increased over the past nine months, stimulated by well-planned participation in U.S. gift shows. Export market sales appear to have great potential for expansion.

### d. Product Development Component

Based on consumer response to the product designs produced as a direct result of technical assistance, reflected by the sales levels achieved by Zin d'Art-Retail and Export, the HCDP has successfully developed a range of new product designs and production techniques that can be easily transferred to rural crafts production centers but that are also closely attuned to the preferences of foreign and local customers. Small producers' response to

technical assistance, as measured by increased capacity to generate new product designs, has been higher than that of micro-artisans. Micro-artisans did not readily exhibit the capacity to generate marketable innovations in product design as a result of their training.

e. Board of Directors

Very little emphasis was placed on the formation of a board of directors during project implementation. HCDP management cited the relative lack of evidence to indicate any benefits to be derived from an extra organizational layer at this relatively early stage in project development.

3. External Factors

Two external factors were found to have a negative impact on overall implementation and achievements of the HCDP, and on the CANO component in particular: the remote location of some craft production sites, and the increased strength of the U.S. dollar (and consequently the Haitian gourde). The location of many CANO centers in the Northwest created enormous logistical problems in supplying direct technical assistance to producers, in the procurement of raw materials, and in the transportation of finished products to their point of sale in Port-au-Prince. The increased strength of the U.S. dollar significantly affected potential for Haitian handicrafts exports to European markets because Haitian products could not compete with those from countries with weaker currencies.

4. Beneficiaries

The proper selection of the kinds of producers who were most able to effectively absorb and utilize the assistance of the project was one of the key factors that contributed to the HCDP's success. Small producers with strong potential to become self-sufficient in the short term were the primary target of the HCDP. The micro-artisans who received assistance demonstrated only limited evidence of capacity to continue crafts production independently. The original HACHO choice to directly assist large numbers of micro-artisans operating in remote areas and able to produce only a limited range of products was not well-suited for building self-sustainability. The HCDP inherited the effects of this choice, and targeted the more responsive beneficiary groups in order to fulfill its primary goal of market-oriented production and the development of self-sufficient crafts enterprises.

C. Summary of Recommendations

The complexity of the problems encountered in implementing a crafts project in the remote and resource-deprived areas common throughout Haiti are immense. In evaluating the performance of the HCDP several areas surfaced as critical to producer performance in initiating and successfully maintaining crafts enterprises. The following recommendations are offered for inclusion in any kind of follow-on project to the HCDP.

### 1. Capital Generation

In order to improve future crafts production programs capital generation schemes should be included. Producers should be encouraged to view themselves as entrepreneurs responsible for the outcome of their enterprises. Production subsidies, if provided, should be in the form of tools, small equipment, raw materials, and secondary products that would encourage artisans to operate independently.

### 2. Maintaining Quality Control

Some form of direct identification of the artisan with the product produced should be developed to substantially improve quality control. Project training programs should be organized in a manner similar to the medieval apprentice systems commonly practiced in Europe known as "Le Compagnonnage." Such a training system would encourage commitment and pride on the part of trainees, and would contribute to the generation of high-quality originally designed products. Training time should not be remunerated; crafts producers should consider their training as an investment in the future and not just as a source of wage earnings. Thus, a higher proportion of truly interested and potentially competent trainees would be attracted to participate.

### 3. Improvement in Project Services

#### a. Promotion of Project Services and Achievements

A stronger effort should be made to make potential clients aware of the services available from the project and to promote the achievements of the HCDP to date. A key element of the future success of programs like the HCDP will be the level of credibility and interest they are able to maintain within the local crafts community and the public in general.

#### b. Producer/Donor Feedback

A mechanism should be developed to monitor project participants' satisfaction levels. In addition, a producer forum should be created to facilitate participation in the monitoring and design of project programs.

Donor coordination should be more strongly emphasized in future activities in this sector. A donor coordination committee should be formed to allow donors to share information about common success factors and reasons for project failure, and to eliminate duplication of effort.

#### c. Credit Fund

Any follow-on project to the HCDP should include a revolving credit fund. Only short-term loans should be made available, in amounts that do not exceed those available from commercial sources. In order to operate on a cost-effective basis, interest rates comparable to those of commercial banks should be charged.

d. Raw Materials Procurement

A follow-on project should include a component to provide funds to project participants for the purchase of raw materials. Such funds could be made available either through a revolving fund like that recommended above, or through a separate fund specifically designed for this purpose. An alternative recommendation would be to purchase various stocks of key raw materials, including tools and small equipment, that cannot be consistently obtained or are priced prohibitively, for resale to producers.

e. Business Advisory Services

Small business advisory services should be provided to upgrade the financial management and accounting skills of producers. Training in this area will contribute significantly to the economic viability of the employment generated through the project.

4. Targeted Beneficiaries

Project services should be concentrated on those producers that can most effectively absorb project inputs. Small-scale producers responded much more favorably than did micro-artisans to the project inputs available under the HCDP. They should be targeted as primary project beneficiaries. The HCDP clearly demonstrated that these producers possess the greatest potential to generate sustainable enterprises. Such an approach however, need not exclude micro-artisans from benefitting from project services. Because most micro-artisans are employed by large, medium, and small producers on a sub-contracting basis, they could derive significant benefits from further crafts projects through continued collaboration with larger producers.

5. Project Administration Systems

HCDP accounting systems were judged adequate to provide project management with the information necessary to assure proper monitoring of HCDP operations. However, if an expanded follow-on project is implemented, the accounting system should be expanded to provide project management responsible for marketing, product design, and business administration with the data required to monitor the performance of their units. Financial data should be aggregated across units to facilitate overall project monitoring and evaluation. Particular attention should be paid to the design of appropriate management systems at the earliest stages of project development and implementation.

In addition to establishing expanded administrative controls, we strongly recommend that contact be regularly maintained with beneficiaries to help them record relevant data. Detailed information, by beneficiary and type of product, should also be accumulated and analyzed by project management in order to accurately assess trends in employment and income generation.

## 6. Self-Sufficiency in Future Project Operations

In light of USAID's current emphasis on institutional development, issues of recurrent costs, and the economic viability of institutions established by donors, the issue of institutional self-sufficiency must be addressed. Any future institution that is established by donors should include mechanisms that can generate revenues for that institution and contribute to its economic self-sufficiency. Possible cost-recovery mechanisms include: a mark-up on goods sold through the project (already used by both Zin d'Art-Retail and Zin d'Art-Export), interest charged on loans, a mark-up on raw materials sold by the project, and user's fees for design assistance.

### D. Conclusion

Given the response to Haitian handicrafts in the Caribbean and North American giftware markets, and the HCDP's success at organizing market-oriented crafts production, the potential is strong for crafts production to contribute not only to increased foreign exchange earnings but to viable employment opportunities once donor support has been withdrawn. The substantial achievements of the HCDP notwithstanding, there is a need to develop a self-sustaining institutional capability in the crafts sector. We strongly recommend that this project receive further donor support in order to build this capacity.

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LIST OF ACRONYMS UTILIZED IN TEXT

AMC	Atlanta Market Center
CANO	Centre Artisanal pour le Nord'Ouest
CANSAVE	Canadian Save the Children Federation
CARE	Cooperative for American Relief Everywhere
CIDA	Canadian International Development Association
HACHO	Haitian-American Community Help Organization
HCDP	Haitian Crafts Development Project
USAID	United States Agency for International Development

I. INTRODUCTION

A. Evaluation Purpose

This evaluation was conducted in order to assess the level of achievement of project objectives under the Haitian Crafts Development project (521-0169 Input No. 7), and to make recommendations with regard to continued activities within the crafts sector. The evaluation scope of work is included in this report as Annex C.

B. Evaluation Methodology

The evaluation is based on quantitative data gathered at the Zin d'Art-Retail and Zin d'Art-Export outlets, and observation plus interview data obtained from a range of handicrafts producers who received support from the HCDP. Handicrafts producers in all size categories (small to large) were interviewed in order to better assess the needs and particular concerns of each group as they related to the services delivered by the HCDP. In addition to interviewing handicrafts producers, the evaluation team visited several production centers. The evaluation team also visited several retail outlets that sell handicrafts products in order to better assess the performance of the Zin d'Art-Retail component of the project. The data analyzed reflect those dealing with the period from July 1, 1983 to June 15, 1985.

The evaluation team interviewed relevant CARE, USAID, and HCDP management personnel, and members of other international donor organizations that provide support to handicrafts producers in Haiti. The evaluation team also utilized HCDP project reports and accounting records of Zin d'Art-Retail and Zin d'Art-Export operations in this evaluation. Annex E contains a list of

the major reports and information sources utilized by the evaluation team to assess the level of achievement of HCDP objectives and to make realistic recommendations for further project activities. The activities of specific evaluation team members are outlined below.

Four CANO centers in the Northwest were visited by Mrs. Jacqueline Nowak Smucker, a community development specialist sub-contracted by Price Waterhouse for the purpose of this evaluation. Crafts producers from Cap-Haitien and Port-au-Prince were interviewed by Mr. Alain Godeau, Resident Manager of Price Waterhouse in Haiti. Mr. Jean-Pierre Larrivée, a senior management consultant, covered the South and Southwest areas of the country. Discussions, interviews, and visits to retail outlets were performed by Mr. Yves Gardère, President of COGESA (affiliated with Price Waterhouse), and Messrs. Godeau and Larrivée. Mr. Raynald Cloutier, a Price Waterhouse Audit Manager, reviewed the accounting records at both Zin d'Art-Retail and Zin d'Art Export. Mrs. Melissa Brinkerhoff, the USAID Project Manager, participated as a member of the team as well. She prepared the evaluation's analytic framework, participated in data interpretation and analyses, and assisted in the preparation of the evaluation report.

Meaningful quantitative data beyond that obtained at the Zin d'art-Retail and Export centers were found to be scarce and difficult to analyze given the nature of the operations of most small crafts producers supported by the HCDP. The wide range of sizes and stages of development of the producers supported, the variety of products produced, and the seasonal patterns of market demand for handicraft products, contributed to this problem. Statistics on sales, production costs, manpower, and profit margins, when

available at the producer's level, seldom revealed any meaningful trends due to the huge fluctuations in, and unreliability of, the data. The analyses undertaken have attempted to compensate for these weaknesses, and confirm tentative findings through discussions with HODP, CARE, and USAID staff.

We would like to thank CARE and USAID personnel involved with the administration and the coordination of the HODP for their assistance and cooperative attitude. We would like to acknowledge the contribution of Mr. Simon Taylor, the HODP's Manager, for his cooperation and willingness to satisfy our information needs.

## II. PROJECT DESCRIPTION

### A. Project Goal and Objectives

The Haitian Crafts Development Project (HCDP) commenced implementation on July 1, 1983. The project completion date was originally scheduled for June 30, 1985, but was later extended to September 30, 1985 to better facilitate a transition to a possible follow-on project.

The original USAID/Haiti grant agreement with CARE for the HCDP outlines the primary project objectives as follows:

1. To continue the development of the Centre Artisanal pour le Nord'Ouest (CANO) crafts project in the Northwest of Haiti.
2. To develop a marketing component for Haitian crafts in general, but particularly for those produced in rural workshops.
3. To establish a fund for the development of Haitian craft products with regard to quality, design, and production techniques.

The ultimate goal of the project was to provide increased employment and income generation opportunities for Haiti's rural inhabitants through the development, production, and marketing of crafts products on a commercially viable basis, for both domestic and export markets. The HCDP was viewed as a means to expand many of CARE's activities in handicrafts production that had, from 1975 to 1982, been centered in the Northwest. It was believed that the second and third objectives of the project would not only provide broader opportunities for CANO beneficiaries, but for artisans in other rural workshops as well.

The project included three basic components, a CANO component, a marketing component, and a product development component, that corresponded with the project objectives outlined above. However, following the first

year of project operations, it became apparent that the requirements of domestic and export marketing programs were sufficiently different as to require two very different program approaches. At this time, the project's marketing component was divided into a retail marketing component (Zin d'Art-Retail) and an export marketing component (Zin d'Art-Export).

B. Inputs

USAID/Haiti provided CARE with \$425,000 in grant funds over the two-year life of project. Other donor support included \$250,00 from the Canadian International Development Association (CIDA), \$78,000 from CARE, and \$31,000 from the Canadian Save the Children Federation (CANSAVE), for a grand total of \$784,000.

Primary inputs under the HCDP consisted of long-term technical assistance in product design, development, and marketing. This assistance included both long and short-term training programs for rural artisans in the Northwest and short-term technical assistance to a range of producers in other areas of Haiti (see Annex A). A retail store (Zin d'Art) located on Avenue John Brown in Port-au-Prince was established to market project participants' crafts locally. An export marketing office (Zin d'Art-Export) was also established at a separate location to handle non-domestic sales and promotion. A product development workshop was also established at the export office location. The HCDP also provided project participants with access to a revolving credit fund. Credit obtained could be used to purchase materials, equipment, or for training. Funds were also made available under the HCDP to allow Zin d'Art-Retail and Zin d'Art-Export to purchase the crafts necessary to build up the level of inventory required for marketing, and for the purchase of

equipment required to produce commercially viable handicrafts (such purchases were limited to the Northwest and to the project's design workshop).

### C. Outputs

At the end of the two-year project implementation cycle, it was anticipated that the application of project inputs would result in an increased capacity on the part of Haitian artisans, particularly small producers, to produce well-designed, market oriented, quality products on a financially viable basis for which there would be a demand locally and abroad. A final project output included the establishment of a Board of Directors who would, at the end of the project, assume a monitoring role of the project's programs. More specifically, with regard to individual project components, it was anticipated that the following would be achieved.

#### 1. CANO Component

It was anticipated that the provision of technical assistance, long and short-term training programs, and the purchase of equipment in the Northwest would lead to the development of self-sufficient centers of crafts producers that had been previously organized under HACHO's CANO activities. The products developed were intended to utilize a minimum level of technology and local resources to the maximum extent possible. The kinds of training programs utilized were expected to result in creating the capacity of artisans associated with the centers to design and develop new products on an on-going basis leading to further income generating activities in this economically depressed area.

#### 2. Marketing Component

Zin d'Art-Retail - It was anticipated that by the end of the two-year

project implementation period, a fully operational and financially viable retail market outlet would be established by the project in Port-au-Prince. The function of the retail outlet would be to sell and promote crafts from all areas of Haiti and particularly those of small producers.

Zin d'Art-Export - After two years of project implementation it was anticipated that Zin d'Art-Export would have made an initial penetration of export markets in the Caribbean, Europe, or the United States. This project component would focus on marketing only those crafts that appeared to correspond with demand in export markets.

### 3. Product Development Component

It was anticipated that the project's product development component would be fully operational by the end of the project's two-year implementation cycle, capable of providing technical assistance in product design, modification, and production to HCDP participants. This component was also to be responsible for developing new products that corresponded with market demand in terms of design, quality, and price. It was anticipated that production of the products developed through this component would be transferred to rural workshops where producers had been trained in required production techniques. An increased capacity on the part of rural producers to develop new product designs which responded to market demand on an on-going basis was also an anticipated output of this component.

III. FINDINGS

A. Inputs

Table 1 outlines a list of original HCDP goals and project inputs. It also offers an assessment of the level of progress achieved in reaching these goals as a result of the inputs provided. The impact of primary project inputs is discussed in detail below.

1. Donor Support

In an analysis of the inputs provided under the HCDP it is necessary to examine the level of support provided under previous initiatives on the part of CARE and USAID in this sector.

Between 1980 and 1982, handicraft producers in Haiti's Northwest had been financially supported on an extensive basis by several international donors. At that time, CANO, which was jointly financed by CARE and USAID through the Haitian American Community Help Organization (HACHO), was the largest project in the area. The CANO project operated under a three-year budget of \$426,000 with the objective of developing 25 crafts production centers which were expected to employ upwards of 1,200 persons.

From 1980 to 1982, the HACHO-sponsored CANO project was able to develop 15 such centers, employing 750 artisans, utilizing an annual budget of approximately \$150,000 per year. During these years, the project emphasized building up large inventories of crafts products and provided subsidies for all elements of crafts production, distribution, and marketing.

In 1982, the project encountered major problems: products had been produced in quantities too large, and at costs too high, for local demand. There had also been little emphasis on the development of a base for export

TABLE 1  
Haitian Crafts Development Project  
Evaluation of Achievement of Project Objectives/  
Effectiveness of Project Inputs

<u>Objective:</u>	<u>Achievement of Objective</u>	<u>Effectiveness of Input</u>	<u>Reasons Supporting Evaluation</u>
1. To continue the development of the "Centre Artisanal pour le Nord-Ouest (CANO)" crafts project in the Northwest of Haiti	LOW		Difficulty in stimulating micro-artisans to produce high-quality goods on an independent basis through CANO centers
<u>Inputs:</u>			
a. The selection & development of a suitable line of products to be produced in Haiti's N.W. area in conjunction with the improvement of existing products.		Medium	Reasonable success obtained through centers in areas with direct access to local raw materials (ie. cotton)
b. The instruction of workshop artisans in the techniques & methods required for the production of products on a commercial basis.		Low	Difficulty in maintaining quality control and meeting delivery schedules for most centers
c. The training of workshop managers & artisans in approaches required for the design and development of new products on an on-going basis.		Low	Little evidence of capacity to generate new product designs independently
d. Strengthening of existing infrastructure for the operation of centers in N.W. Initial emphasis on newer centers with little experience in operations management.		Medium	Adequate response to assistance by approx. 5 CANO centers now able to operate independently
<u>Objective:</u>			
2. To develop a marketing component for Haitian crafts in general, but particularly for those produced in rural workshops.	HIGH		Achievement of self-sufficiency by Zin d'Art Retail & initial success of Export operations
<u>Inputs:</u>			
a. The establishment of a viable retail outlet in Port-au-Prince		High	See Exhibits 1,2, & 3
b. The establishment of an export marketing program		High	AMC Gift Show success & success of producers such as Moro and Mousson
<u>Objective:</u>			
3. To establish a design unit (fund) for the development of commercial Haitian crafts with regard to quality, design, and production.	HIGH		Demonstrated ability of HCDP to provide project partic. with marketable product designs
<u>Inputs:</u>			
a. The establishment of a product development program to produce goods matched to market demand in terms of design, quality, & price		High	See Annex A & Annex B
b. Establishment of a revolving credit fund		High	0% rate of default on loans. Key element increasing productivity of most successful beneficiaries

marketing to tap demand outside the local market. In addition, because CANO products had little potential to generate project support through sales, given their high prices and limited demand within the local market, the crafts retail outlet developed under the project performed poorly, requiring almost 100% subsidy. Finally, at the end of 1982, HACHO support to CANO was withdrawn with the close of all Haitian American Community Help Organization project activities throughout the Northwest.

In June 1983, CARE received funding from USAID, CIDA, and CANSAVE for the HCDP. A primary purpose of the project was to provide support to the CANO centers already established under the HACHO project. However, under the new HCDP, emphasis was placed on more market-oriented production and pricing policies. Because the project was also intended to focus on the production and marketing of products produced throughout Haiti, direct funding for the CANO component was considerably less than that available under the HACHO-sponsored project.

The more restricted budget allocated for the CANO component of the HCDP forced project management to develop new target plans for crafts activities in the Northwest. A decision was made to scale down the development of new crafts centers and to set more realistic employment generation objectives compatible with available resources. A decision was also made to support only the most effective CANO centers, those demonstrating the potential to achieve self-sufficiency in a relatively short timeframe. The development of any new centers was to be carried out only in those areas where local raw materials and skilled manpower were available. Producers were also encouraged to operate independently from the project as soon as their level

and quality of production reached acceptable levels.

In terms of the project as a whole, the initial budget allocated to the HCDP for the purpose of intervening nationally throughout Haiti was set at a comparable level to what had been previously available for the Northwest alone. This reduced budget forced project management to clarify their objectives and priorities as well as their mode of intervention. The project was forced to target only the most promising and committed crafts producers. The reduced budget also forced project management to carefully plan the nature and level of assistance that could be provided to producers in order to avoid diluting scarce project resources and the impact of HCDP programs by attempting to provide a wide spectrum of services to a broad participant base.

## 2. Technical Assistance

Technical assistance provided under the HCDP is outlined in Table 2 as it relates to planned and actual services delivered. A general project manager, a Zin d'Art-Retail manager and assistant manager, a marketing manager, a product development specialist, a product design and production assistant, a CANO manager and production coordinator, and support staff including monitors (trainers), production assistants, sales assistants, and secretaries were provided under the project.

Technical assistance during the first year of project implementation was heavily concentrated in the CANO project component, and included a full-time CANO component manager and production coordinator, a French Volontaire du Progrès, and twelve monitors. This emphasis reflects an early attempt to maintain CANO activities at level comparable to those under HACHO's CANO



activities. However, given the HCDP's limited budget, the new market orientation of the HCDP, and the general lack of responsiveness on the part of CANO participants to market incentives, full time technical assistance in this project component was significantly reduced after the first year of project operations. Both the CANO project manager and the production coordinator positions were eliminated after the first year. The number of monitors, originally planned to be maintained at a level of 12, was eventually reduced to three by June 1985.

At the end of the first year of project operations, project management reviewed the status of the CANO component and weighed it against the achievements of other project components. Given the relatively high level of achievement of the product development component, which carried out activities similar to those of the CANO manager and coordinator, but on a short-term basis in localities throughout Haiti, project management decided to see whether CANO participants would also respond favorably to the kinds of short-term training programs being offered to project participants outside the Northwest. It appeared that in comparison to the achievements of other project components, continuation of full-time technical assistance in the Northwest would absorb a disproportionately high level of funds for which only limited returns would be realized. At the end of the first year of project operations, both the CANO manager and the CANO production coordinator resigned. The Volontaire du Progrès was then hired as a product design and production assistant for the product development component.

Of the original 15 centers developed by HACHO, only five continued to receive on-going assistance from the HCDP. This resulted from the project's

emphasis on targeting only those centers that displayed initiative and revealed a potential to successfully compete in crafts production. Those centers identified as having this potential were primarily located in the Plain de l'Arbre and at Savanne Carée. These centers revealed a greater potential for success due to the availability of raw materials, access to transportation, and the apparent commitment on the part of producers to meet production standards and deadlines.

Technical assistance provided under the HCDP product development component consisted of a full-time product development specialist, a product design and production assistant, and various general assistants. This component was staffed somewhat late due to the difficulty in locating a qualified designer with sufficient development experience who was willing to move to Haiti. While the product development component did not become fully operational until the eighth month of project implementation, the level and quality of the technical assistance delivered, and the number of new products developed have been substantial (See Annex B). In evaluating the impact of the technical assistance provided under this project component in a relatively short timeframe, it is apparent that the project would have benefitted significantly from the staffing of these positions at an earlier stage in project implementation.

The technical assistance provided by the general project manager, marketing manager, and Zin d'Art-Retail manager and assistant manager was very effective and well coordinated. The quality and dedication of the technical and management staff assigned to the HCDP was found to be a key factor in the success of the project. The project team was found to be cohesive and

well-focused in terms of their objectives and priorities. They were consistent in their efforts, moving carefully from one project phase to the next, only when previous phases appeared well on track. The low-key, pragmatic management style used by project staff, when supported by clearly defined objectives and priorities, resulted in an effective program that attained a level of success not realized by many other donors.

CARE and USAID project coordination were also found to be very effective and supportive of project management. Project coordination has been relatively stable and the USAID project officer participated actively with the HCDP team to define objectives and priorities, design implementation strategies, and monitor project progress and recommend corrective actions. The value of the USAID project manager's involvement in this project is worth mentioning as it is certainly a factor that contributed to the success of the project. Project oversight in other similar donor-financed projects has often been found to be grossly deficient and inconsistent. Observers frequently cite such deficiencies as partially contributing to project failure.

A high level of mutual respect and cooperation was also found between HCDP project management, responsible USAID staff, and local non-governmental organizations responsible for the development of handicraft enterprises in Haiti. The success of the HCDP, especially in terms of Zin d'Art-Retail, is a result of this mutual collaboration.

### 3. Zin d'Art-Retail

The local retail marketing component of the project, Zin d'Art-Retail, located in Port-au-Prince is a clear success. The retail outlet operates as a separate entity, selling handicrafts products manufactured by HCDP supported

producers. It is also used as a test market to follow up on consumers' reactions to new products or design innovations developed in conjunction with the project's product development component.

Zin d'Art-Retail reached a point of self-sufficiency in June 1985. Revenues are currently sufficient to cover actual operating costs and the outlet is a well-known crafts shop in the Port-au-Prince area. Monthly sales generated by the retail outlet have regularly increased between July 1983 with an average of \$5,000 per month in sales and June 1985 with an average of \$11,000 in monthly sales. Total Zin d'Art-Retail sales reached nearly \$220,000 in the first 20 months of project operations. A strong effort has been made to keep the retail outlet's operating expenses under control through limited staffing, minimal subsidization of producers, and realistic pricing policies. These efforts have paid off in the achievement of self-sufficiency on the part of this operation in a relatively short timeframe.

#### 4. Zin d'Art-Export

Following the first year of project implementation and an initial attempt at export market penetration utilizing the opportunities offered by the USAID-funded Caribbean Exhibit at the Atlanta Market Center's July 1984 Gift Snow (see Annex E), a decision was made to consider the project's retail and export operations as two separate business entities, given the considerably different requirements of these operations. As a result of this decision, Zin d'Art-Export was established at a separate location in Port-au-Prince to differentiate it from the local retail outlet and to provide it with the additional space required for export operations. Project personnel housed at this location included the HCDP project manager, marketing manager, product

development specialist, product design and production assistant, and various production assistants and support personnel.

During the final twelve months of HCDP implementation, project personnel concentrated their efforts on creating a solid base for further expansion of the project's export operations. This decision was made in response to the surprisingly strong demand for Haitian crafts in the North American and Caribbean giftware markets and the limited nature of demand for such products at the local market level.

Establishing an efficient export promotion center is a long-term undertaking, requiring the formation of a proper base of operations that can be well maintained over the long term. It would be unrealistic to expect spectacular results in terms of sales volume for this project component given that it has been operating for less than twelve months. Our evaluation of the progress made under this project component is thus based on our assessment of the soundness of the implementation program, the effectiveness of the actions undertaken, and the momentum generated by such actions.

Actions undertaken during the past nine months include the following:

- selection of a suitable location for the export center;
- modification of the building to adapt it to the requirements of export operations;
- establishment of storage areas, packing facilities, and inventory control systems;
- development of an export marketing strategy;
- establishment of accounting and administrative systems;
- market testing and exposure of the most promising products to international markets;
- participation in three major U.S. gift shows.

In addition to the activities outlined above, promotional materials (photographs, catalogs, and direct mail correspondence) are now prepared on-site and regularly sent to potential customers or those who have already ordered or shown interest in Zin d'Art products. The project has continued to plan participation in several U.S. giftware and crafts shows. Exhibits have been prepared and booth space reserved. (A major constraint to many such organizations has been the ability to obtain booth space at major gift shows for which there is often a two to three year waiting list.)

Only reliable Haitian crafts producers who have demonstrated their willingness to produce goods suitable for exportation in terms of quality, design, and price are allowed to exhibit their products through Zin d'Art-Export displays at international trade shows. Products originating from rural producers, as well as those developed by the project's product development component, have been successfully marketed through these shows. Although the level of current sales from the export component is lower than that of Zin d'Art-Retail (sales from the export component totaled just under \$50,000 for the first year of operations), significant increases are expected to be achieved once these operations are more fully established, and as a result of well planned and coordinated participation in North American gift shows.

##### 5. Product Development Component

The product development component of the HCDP is currently staffed by a competent and dedicated product design specialist and product development assistant, and six production assistants. Throughout the past twelve months, much of the efforts of this component have concentrated on the design and

development of products suitable for export markets. This component, like the Zin d'Art-Export component, has been especially careful to focus on backward linkages to the marketplace. They have experimented with new product designs and production techniques that can be readily transferred to rural crafts production centers but which also correspond more closely to the preferences of foreign and local customers. These new products have been tested in Port-au-Prince through Zin d'Art-Retail and on the international market through three U.S. giftware shows in Atlanta and Dallas.

The product development component has also provided training and technical assistance to crafts producers throughout Haiti. Some of their activities have included the use of fabric dyes on wood products, the use of color-fast cold water dyes on textile products, and the use of water-based fabric pigments on tablecloths, pillows, and other textiles. For a more complete listing of the product development and training activities conducted under this HCDP component see Annex A and Annex B.

#### 6. Revolving Credit Fund

As indicated earlier, the HCDP provided project participants with access to credit. Credit obtained through the project could be utilized to purchase raw materials, equipment, or for training; or any purpose related to the production of crafts. This credit was available on both a short and long-term basis and at subsidized rates of interest (6% in most cases). While the fund was relatively small (\$12,000 over a two year period), four loans were made to project participants over the life of the project ranging from \$7,722.00 to \$200.00.

In terms of rate of default on loans, this project component could be

judged quite successful, with a 0% rate of default. One loan was delinquent for a period of six months as a result of poor sales on the part of the project participant. However, when this participant's sales increased and funds became available, the loan was paid up to date. The beneficiary has repaid each remaining installment on a timely basis.

While the loan funds available were relatively limited, it is surprising that more project participants did not take advantage of this project service. A brochure outlining project services was distributed to all project participants within the first year of project operations. The reason for the limited demand for credit is not known; however, it may have been that participants were not fully aware of this service and its terms, or that they were hesitant to obtain credit from this somewhat "official" source.

Of those project participants that did receive loans from the HCDP, they felt strongly that the revolving fund was a critical component of the project's services, enabling them to expand production and achieve greater success. It is interesting that the project's three most successful beneficiaries (Les Créations Moro, Mousson, and Gay Pottery) applied for and received loans from the HCDP revolving fund.

In most cases, these beneficiaries felt that the funds available were not sufficient to satisfy existing demand. This latter comment may relate to the size of the revolving fund and limited availability of funds. By disbursing a long-term loan of nearly \$8,000 to one individual, a large portion of funds available for lending were no longer accessible. As a result, other project participants were unable to obtain larger loans and were limited to small loans on a short-term basis.

It is recommended that revolving funds available for short-term loans be significantly increased or, in cases where loan funds are relatively limited, that loan size be reduced to allow all project participants equal access to project services. In addition, concessionary rates of interest are not recommended. This fosters a welfare oriented approach to lending. Because the terms offered by the lender are not comparable to market rates, borrowers often tend to view such credit as a gift and are less likely to repay such loans. Studies have repeatedly shown that it is access to credit that is the critical variable for most small producers, not the rate of interest charged on loans. In addition, concessionary rates of interest make it impossible to recover the administrative costs associated with managing such loans. Such operations must be subsidized by the project, and do not contribute to the financial viability of the project's operations.

#### B. Outputs

As noted earlier, the primary anticipated output of the HCDP was the development of skilled, self-sufficient crafts producers with the capacity to produce commercially marketable products. In order to achieve this goal, project management identified a series of assistance and training services which were provided to crafts producers in order to raise their level of expertise and self-sufficiency. Complementary services were designed and grouped together to be offered to crafts producers on a progressive basis so that their level of expertise could be gradually upgraded until self-sufficiency was eventually reached. Assistance packages were tailored to fit the most important short-term needs for each crafts producer through each stage of development. The nature of the assistance was adjusted from

time to time, to correspond with the progress made by each crafts producer.

Table 3 lists the major project objectives, the nature of assistance services available, and the anticipated output. It also offers an assessment of the level of achievement for each of the major outputs as they relate to primary HCDP beneficiaries. Outputs relating to specific project components are discussed below.

1. CANO

It was anticipated that the provision of technical assistance, training programs, and equipment in the Northwest would lead to the development of self-sufficient crafts centers able to produce quality products utilizing local raw materials. As indicated earlier, this was often not the case. By June 1985, of the 15 centers established by the HACHO/CANO project in 1982, only five remained operational.

Under the HCDP, a significant effort was made to promote economically viable job creation in the Northwest. The humanitarian or social welfare approach to crafts production initiated under HACHO's CANO project was rejected in favor of a more entrepreneurial orientation. At the outset of the HCDP, certain centers were selected for further development and assistance. These selections were based on the perceived potential for a particular center to achieve self-sufficiency and took into account the "entrepreneurial spirit" of those producers affiliated with a center, the type of product being produced, the extent of the market demand for that product, the availability and cost of raw materials used, the reliability of production, the cost of the product, and the logistical problems involved in getting the product from the Northwest to market centers such as

**TABLE 3**

**Haitian Crafts Development Project**  
**Anticipated Outputs**  
**and Level of Success Obtained by Beneficiary Type**

<u>OBJECTIVE</u>	<u>INPUT/OUTPUT</u>		<u>LEVEL OF SUCCESS OBTAINED</u>	
	<u>Input Provided</u>	<u>Anticipated Output</u>	<u>Small Producers</u>	<u>Micro-Artisans</u>
A. Crafts Development	Technical Assistance  On-the-job Training	Skilled Crafts Producers	High	Medium
B. Improved Product Design & Development	Product Design & Modification  Quality Control  Pricing Assistance	Production of Well-Designed High Quality Products	High	Med. to Low
C. Local Market Penetration	Retail Outlet Promotion	Local Demand for Haitian Crafts	High	Medium
D. Export Market Penetration	Participation at Trade Shows  Promotion  Market Feedback  Invoicing & Collection  Administrative Assistance	Foreign Orders of Haitian Crafts	Medium	Low
E. Self-Sufficiency	Access to Credit  Management Assistance  Capital Generation Assistance	Self-Sufficient Crafts Producers	Medium	Low

Port-au-Prince.

The investment made in technical assistance, on-site training, and equipment paid off at CANO centers such as Bombardopolis, Sources Chaudes, and Sauvanne Carée and wherever crafts producers were motivated enough to maintain a level of production and quality control to generate new orders. When direct support was withdrawn from all CANO centers, these centers continued to operate independently, supplying products to both Zin d'Art-Retail and Export, as well as other local retailers and exporters.

For a number of CANO beneficiaries however, there is little evidence of their capacity to operate independently as crafts producers, either coordinating their production through CANO centers or individually. This differential response may be the result of the way that the CANO program was originally organized.

Under the HACHO-sponsored CANO project, a number of individuals were recruited to begin subsidized production of handicraft products. The baseline objective for the project was the provision of employment opportunities. Many individuals participated in the project because, in addition to the provision of workshop facilities, basic training, and tools and equipment, the artisans were paid during the training period. In turn, the original market outlet created by the project (CANO) subsidized transportation of finished products, generally purchased all products produced, and paid above market prices for the products.

As a result of this program structure, many of the artisans affiliated with CANO centers considered themselves long-term employees of the project and not as entrepreneurs coordinating their production through a CANO

center. In fact, when field work was conducted for this evaluation, many of the individuals interviewed in the Northwest voiced complaints about the lack of purchases of their products by the project and made frequent requests for wage increases. It was apparent that little connection was made between increased orders for CANO products and efforts on the part of center members to find alternative or additional markets/buyers for their products.

The difficulty in stimulating entrepreneurial spirit among such producers is a major problem in any program that has at any time subsidized most elements of production. Little initiative can be expected from individuals who have enrolled in programs only as wage earners. There is little problem if such projects intend to continue subsidization forever. However, it is our experience that this is rarely the case. In the end, such producers are not left with a viable way of making a living. Instead they are left with severe dependencies on project inputs.

In a development project such as HACHO's CANO and the HCDP, there exists a marked dicotomy, even a contradiction, between the desire to assist the poorest, most needy, beneficiaries through subsidization and the objective of creating financially viable employment opportunities. The more ambitious the attempt made to realize one of these objectives, the less effective the project is likely to be in achieving the other. In the operation of the HCDP, self-sufficiency and economic viability were judged more appropriate development objectives with the result that the least accessible, least sophisticated and poorest producers in the Northwest were not encompassed by project activities.

4. Zin d'Art-Retail and Zin d'Art-Export

It was anticipated that by the end of the HCDP's two-year LOP that a fully operational and financially viable retail market outlet would be established by the project somewhere in Port-au-Prince. Thus far, the operation of this project component has exceeded expectations. The operation is a clear success. The outlet has become a well known source of quality handicrafts in the Port-au-Prince area, despite its poor location. It functions as a separate business entity, selling handicrafts manufactured by HCDP supported producers. As noted earlier, by June 1985 the retail outlet had achieved self-sufficiency. Revenues are currently sufficient to cover actual operating costs. While potential demand at the local level for handicrafts products is limited when compared to that in export markets, it is anticipated that there remains room for growth at the local retail level.

It was anticipated that by the end of the HCDP's two-year LOP that the project would have made an initial attempt at penetration of export markets. This too has exceeded expectations. Initial market response to Haitian crafts products at the July 1984 Atlanta Market Center Gift Show prompted the division of the HCDP's marketing component into units able to deal separately with local and export sales and promotion. Sales from this component, while small in actual dollar value, (approximately \$50,000 in the first year of operations) have gradually increased over the past nine months. Significant increases in sales are anticipated with further exposure to foreign markets through various trade fairs and direct mail promotion.

It is our estimation that sales to export markets provide the greatest potential for employment and income generation. Despite the strength of the

U.S. dollar, Haiti has not succeeded as well as other Caribbean countries in attracting North American tourists. This is probably due to consistent bad press and insufficient infrastructure necessary to support tourism on any scale. In spite of the recent efforts of local government and travel agencies to stimulate tourism, the level of activity in this sector remains disappointing. As a result of these factors, the local market for crafts products remains relatively limited, reinforcing the HCDP orientation toward external markets.

The diagram in Exhibit 1 shows the monthly purchases of crafts products from HCDP supported producers made by Zin d'Art-Retail and Zin d'Art-Export. The technique used for the graph was a three-month average smoothing, which reduces the size of the peaks and valleys resulting from large monthly variations in purchase levels. Between August 1983 and March 1984, Zin d'Art-Retail ordered craft products in large quantities to build up its base inventory for the retail outlet. Once the base inventory was established, new orders for products were maintained at a level which more or less corresponded to the rate of sales made by the outlet. Over a 20 month period, the average monthly sales of crafts from HCDP supported producers increased by almost 100% from an average rate of \$5,000 per month to an average rate of \$10,000 per month. Peak sales were recorded at \$11,000 per month.

Following the July 1984 Atlanta Market Center Gift Show, sales to the export market began to materialize. Results obtained from this first exposure to the export market are modest in terms of dollars of sales generated, but the graph clearly demonstrates the sales potential if

producers can effectively capitalize on that first experience and establish efficient and reliable distribution channels in the international market. Based on the initial experience in Atlanta, export sales could rapidly exceed sales made by the local retail outlet and could soon become the biggest source of orders generated for HCDP producers.

Exhibit 2 shows the monthly sales made by Zin d'Art-Retail alone. A three-month smoothing technique was also used in this graph to reduce the size of the peaks and valleys as monthly sales fluctuate widely on a month-by-month basis. A cyclical pattern is clearly apparent with a peak selling season between November and February, and two depressed seasons in spring and autumn. Summer sales are average.

Exhibit 2 shows a steady trend in average sales increases at a rate of approximately 70% per year. Though the local market presents fewer opportunities for crafts producers when compared to export markets, there still appears to be room for sustained growth in local sales. The graph shows that there is no clear indication that the market addressed by the Zin d'Art-Retail outlet is yet saturated.

Exhibit 3 shows the cumulative value of: a) the net value of the products purchased from HCDP supported producers since the beginning of the project; b) the net cumulative volume of sales made by Zin d'Art-Retail alone over the same period; and c) the cumulative theoretical sales value of products in inventory, based on a markup of 50% of the purchase price. This graph demonstrates that in the early stages of this project (up to March 1984), the retail outlet purchased significantly more products from producers than it was able to sell. This corresponds to the period where the project

was building up a base inventory. After March 1984, the average monthly purchases totaled approximately \$7,900 per month. The graph also shows that the average monthly theoretical sales value of the inventory on hand is approximately \$10,750 per month while average monthly sales are only \$10,000 per month. This may be an indication that the rate of purchases for inventory is somewhat high. The \$750 per month difference between these two figures might also be absorbed by discounts offered to some customers the official 50% markup or by the cost of damaged or stolen products.

Exhibit 3 also indicates that Zin d'Art-Retail purchased more than \$160,000 in crafts products from producers over a period of 20 months and that Zin d'Art-Export purchased close to \$25,000 during the nine month period beginning in July 1984. This represents a total of \$185,000 or a monthly average of \$9,000 in crafts products that were purchased by the project. Sales made by Zin d'Art-Retail alone were \$216,000 over the same 20 month period, representing a net effective markup of 35% over the purchase price paid to producers. When adding revenue from the products sold through Zin d'Art-Export, a total volume of sales of \$241,000 was reached between June 1983 and March 1985.

##### 5. Product Development Component

It was anticipated that the HCDP's product development component would be fully operational by the end of the project's two year implementation cycle. This component was intended to provide training to project participants in product design and development in order to generate the on-going capacity on the part of such producers to develop new products appropriate to specific markets. This component was also responsible for the

MONTHLY DISTRIBUTION OF PURCHASES OF CRAFTS PRODUCTS  
FROM SUPPORTED PRODUCERS

(SMOOTHED ON A THREE-MONTH AVERAGE BASIS)

COST OF GOODS PAID TO PRODUCERS (US\$)

1  
17  
16  
15  
14  
13  
12  
11  
10  
9  
8  
7  
6  
5  
4  
3  
2  
1

INITIAL  
INVENTORY  
BUILT UP  
PERIOD

EXPORT

RETAIL OUTLET AND  
EXPORT CENTER

ZIN D'ART RETAIL  
OUTLET ONLY

EXPORT CENTER ONLY

x 1000

J A S O N D J F M A H J J A S O N D J F M A H

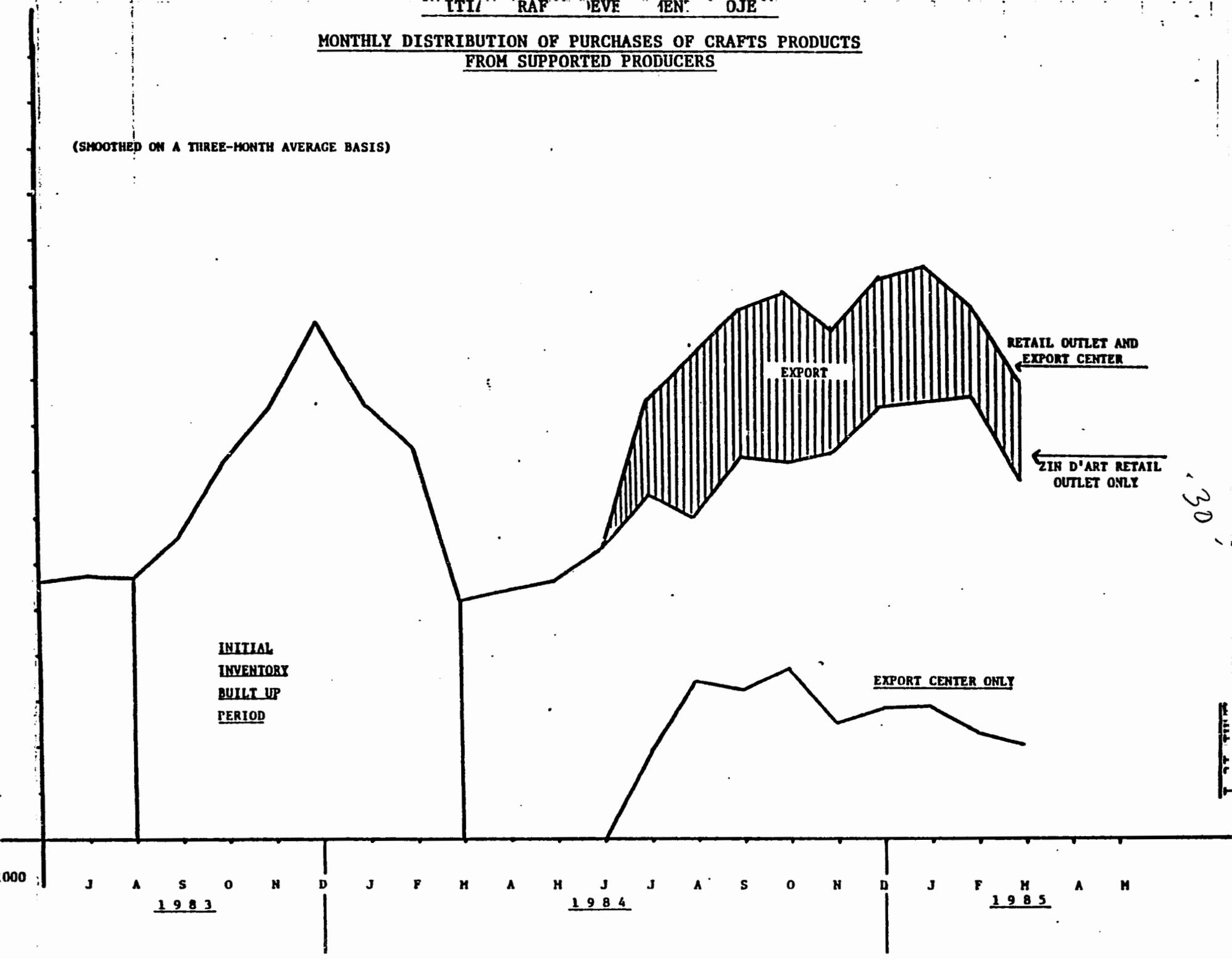
1983

1984

1985

30

1985



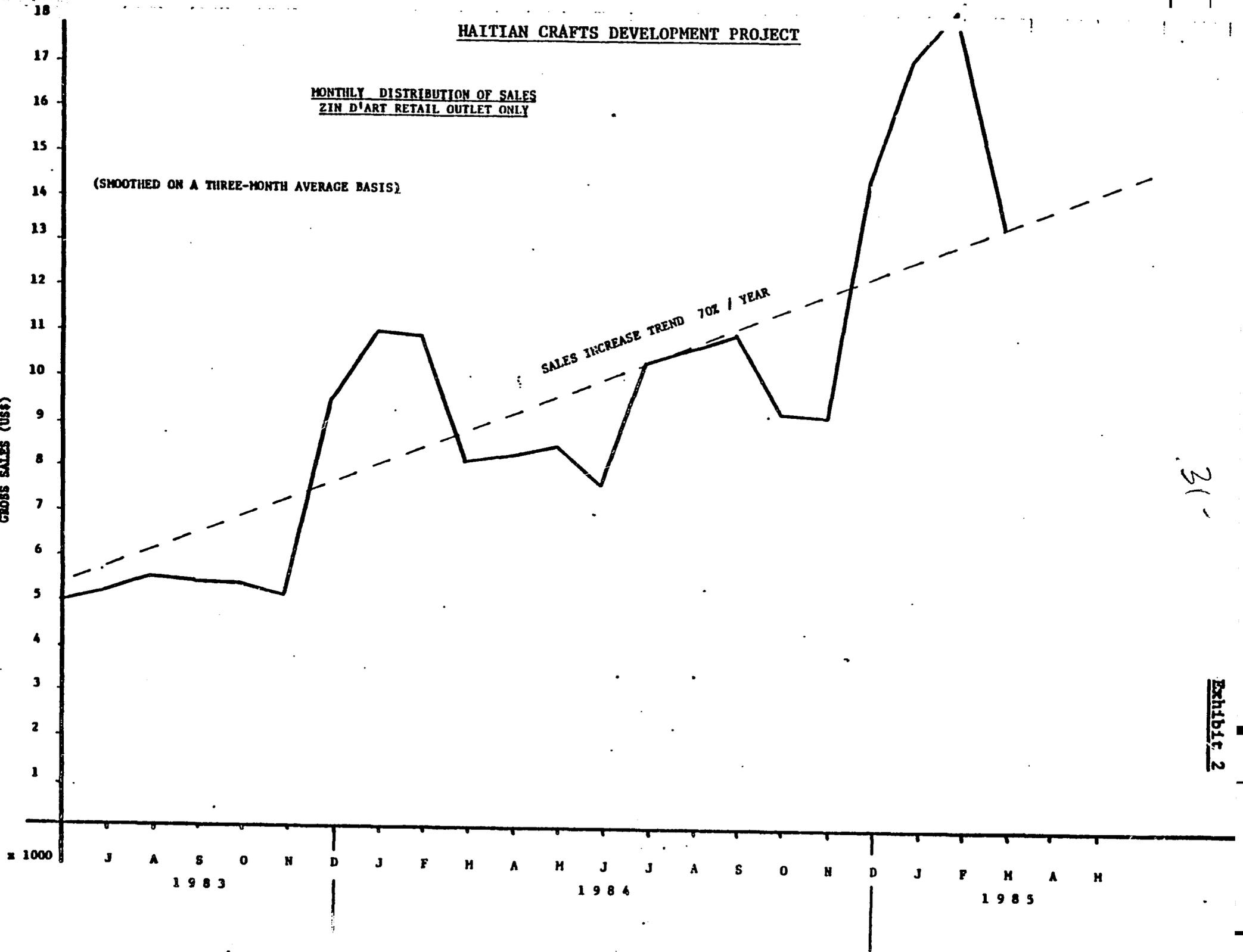
HAITIAN CRAFTS DEVELOPMENT PROJECT

MONTHLY DISTRIBUTION OF SALES  
ZIN D'ART RETAIL OUTLET ONLY

(SMOOTHED ON A THREE-MONTH AVERAGE BASIS)

GROSS SALES (US\$)

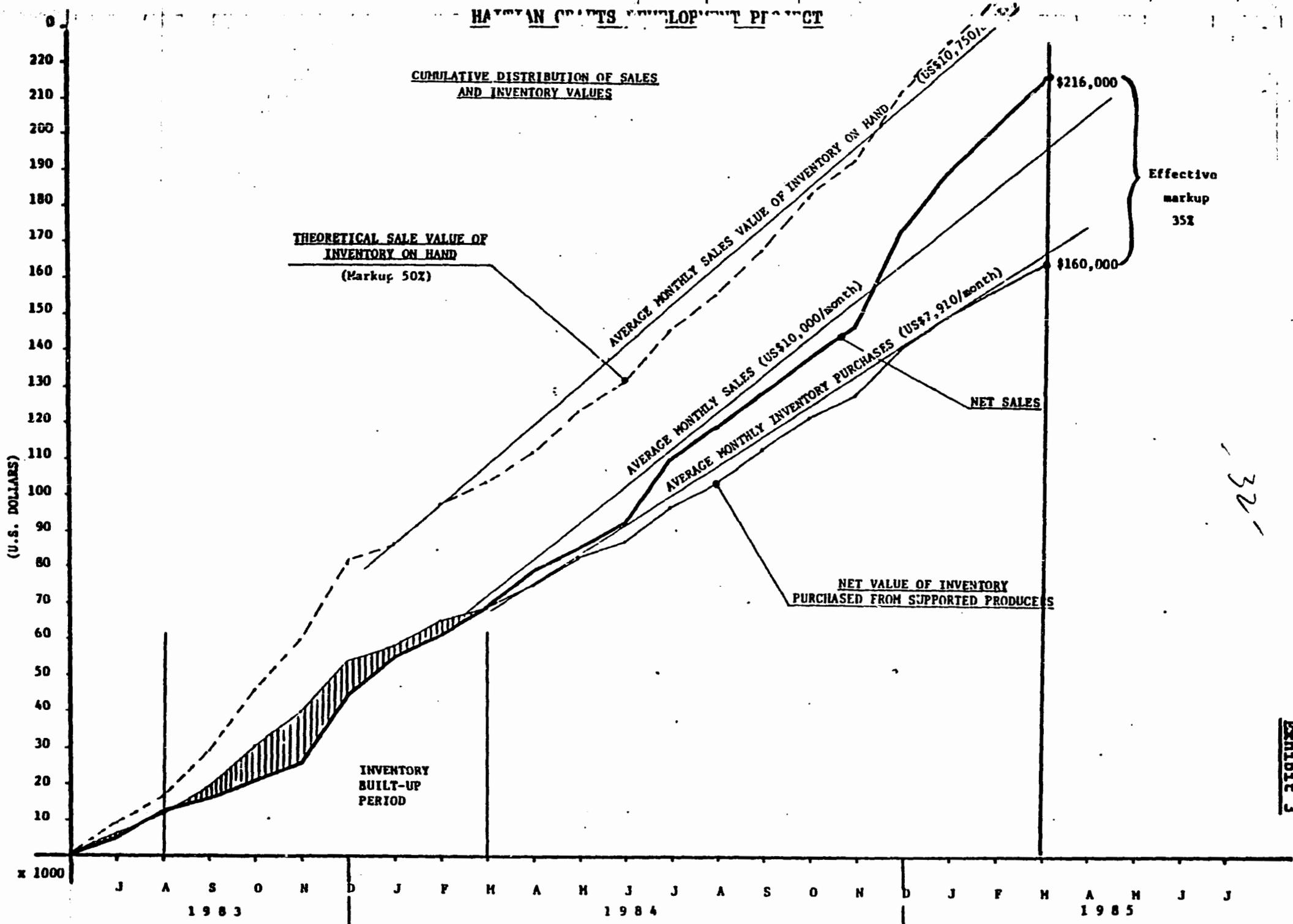
SALES INCREASE TREND 70% / YEAR



31

Exhibit 2

**HAWAIIAN COUNTYS DEVELOPMENT PROJECT**



32

development of new product prototypes that corresponded with market demand in terms of design, quality, and price. Once designed and tested, these products were to be transferred to rural areas for actual production.

Based on consumer response to the product designs produced as a direct result of technical assistance of this component, as expressed through the sales levels achieved by Zin d'Art-Retail and Export, it is clear that this component has been very successful at contributing to the creation of high-quality and attractively designed products that correspond to the preferences of local and foreign customers. Small producers in particular have demonstrated their capacity not only to respond directly to the technical assistance provided, but to build on the knowledge gained in further product designs and modifications. Once an innovation has been introduced these producers have consistently generated new ideas based on these innovations.

Unfortunately, response to technical assistance in terms of increased capacity to generate new product designs has been less successful at the micro-artisan level. Micro-artisans, while able to respond to innovations offered by this project component, did not readily exhibit the capacity to generate new marketable innovations in product design as a result of their training. This may be a function of their limited exposure to, and lack of direct information about, the markets in which their products are sold, or of the fact that many of the micro artisans serviced primarily under the CANO component of the project considered themselves employees of the project and thus did not feel responsible for design activities. Given the success of small producers serviced by the project such as Les Créations Moro, Mousson,

or Gay Pottery, this may indicate that the most effective way to deliver product development services is to an entrepreneur who can then disseminate design innovations to his or her group of employees, rather than trying to service individual micro-artisans.

An additional issue of concern to the HCDP's product development component relates to the production of product prototypes at the actual design workshop. After a product has been initially designed, it must then go through a period of in-house production to test the appropriateness of the production techniques, materials used, etc., required to manufacture the product. Such products, after the initial production techniques have been finalized, are then tested at the local level through Zin d'Art-Retail and/or in international markets through Zin d'Art-Export.

As a result of this initial production process, there is generally a period of time before the product is released for production in rural areas where the in-house manufacture of the product must take place. This is unavoidable if appropriate product manufacture and market testing are to be carried out and producers given profitable designs to manufacture. However, some producers have complained that new product designs are not released to them and that the workshop is utilizing this production phase to generate internal profits for the project rather than to create employment in rural areas.

It should be noted that for the project, in-house production represents an extremely profitable operational mode. Because production takes place in-house, there is no markup added by rural producers. That is, there is one less stage in the product mark-up/distribution cycle. Because the products

can be sold for essentially the same price as if they were manufactured by rural producers, a greater profit margin can be realized by the project. The actual cost for the project appears much lower because many elements of production are in fact subsidized by the project (ie. equipment, rental of facilities, etc.). As such there is a strong incentive for the project to continue in-house manufacture of products developed by the product development workshop for as long as possible.

The incentive to carry out this practice appears to be a direct result of the increasing emphasis of donors to achieve self-sufficiency in project operations in a relatively short period of time. However, in emphasizing project self-sufficiency, the goal of developing self-sufficient enterprises in rural areas is likely to be hindered. It is recommended that a judgement be made as to primary project goals. A decision must be made whether to emphasize profitability and self-sufficiency of the implementation mechanism or of project beneficiaries.

#### 6. Board of Directors

The original grant agreement stated that the project would establish a "board of directors" in conjunction with HCDP project management. It was anticipated that this board would assume a monitoring role with regard to program management after the initial two years of project implementation.

Very little emphasis was placed on the formation of a board of directors during project implementation. HCDP management cited the relative lack of evidence to indicate any benefits to be derived from an extra organizational layer at this relatively early stage in project development.

While it is our opinion that no tangible benefits would have been derived

from the premature establishment of such a board, we recommend that some mechanism be developed in any future project to ensure that there is effective external coordination of project services supporting producer needs and of general project management.

C. External Factors

Two external factors were found to have a negative impact on overall implementation and achievements of the HCDP, and on the CANO component in particular. These factors include:

- The remote location of craft production sites, particularly CANO centers in the Northwest. The remote location of such centers created enormous logistical problems in supplying direct technical assistance to producers, in the procurement of raw materials, and in the transportation of finished products to their point of sale in Port-au-Prince.
- The increased strength of the U.S. dollar (and consequently the Haitian gourde) which affected potential for export of Haitian handicrafts to European markets.

These factors are elaborated below.

1. Remote Location of Many Craft Production Centers

Most craft producers located west of the towns of Gonaives and Cap-Haitien in Haiti's Northwest proved to be relatively inaccessible. The unavailability of roads suitable for motor vehicles made it very difficult for HCDP personnel to supply adequate support to producers located in this area. The remoteness of such centers drastically increased HCDP transportation costs, including vehicle breakdown and time required to reach producers. The capacity of producers to obtain quality raw materials beyond those available locally and to meet delivery schedules was also greatly reduced by the remote locations of most centers. Difficulties were also

encountered in delivering finished products to Port-au-Prince due to unreliable public transportation. This resulted in a high percentage of product breakage or damage and further increased product costs.

As a result of their remote location, many of the CANO centers were unable to maintain viable operations. The few that did survive operated under very tight liquidity conditions. As a result, such producers were inordinately affected by any delays in cash payments for their finished products on the part of retailers and by the delays and other logistical problems associated with delivering goods utilizing public transportation.

Crafts producers located in other rural areas of the country operated under far better conditions. The development of crafts businesses in these more accessible areas proved considerably easier. In some cases, such producers have been able to develop self-sufficient businesses in a relatively short period of time. This favorable outcome appears to be directly related to the fact that the logistical problems associated with the delivery of goods and procurement of raw materials were far more manageable for these producers. In addition, HCDP personnel were able to more readily supply technical assistance to such producers as a result of the recent construction of good roads between Cap-Haitien, Jacmel, Les Cayes, and Port-au-Prince.

It is our assessment that the decision of HCDP management to scale down the level of project involvement in remote areas too difficult to reach on a cost-effective basis impacted positively on the overall performance of the project. This emphasis allowed the project to concentrate its efforts most effectively in areas where solid bases for future sustained growth could be

established. It is our opinion that this HCDP management decision prevented the project from diluting its relatively limited resources on efforts for which there was no real evidence of the capacity to generate employment on an economically viable basis over the long term.

## 2. Strength of the U.S. Dollar

The steady increase in the strength of the U.S. dollar, and consequently the Haitian gourde, over most other currencies had a significant impact on the level of craft exports to countries other than the United States. Despite well-established export contacts with European markets, very few sales were made there because Haitian crafts products were unable to compete with products imported from countries in South Asia, Africa, and South America with weaker currencies.

Due to the strength of the U.S. dollar, HCDP management decided to concentrate its efforts on maximizing penetration of the U.S. market by developing new contacts and channels of distribution in that country. The sustained efforts of the most progressive Haitian producers, combined with those of the small producers supported by the HCDP have made Haitian products quite successful at penetrating the U.S. market.

## D. Beneficiaries

Primary project beneficiaries of the HCDP included both small crafts producers located throughout Haiti and micro-artisans concentrated primarily in the Northwest. Given the significantly different nature of the response to HCDP programs on the part of these producer types, our evaluation of the impact of HCDP programs on these individuals is treated in two separate sections. Our findings are outlined below.

1. Small Producers

Small producers consider crafts as their principal source of employment, providing them with their main source of income. They sometimes work on an independent basis but are most often associated with small and medium crafts retail and export outlets, or with programs sponsored by international donor organizations. Such producers have been found to employ an average of three to 25 employees either directly or as sub-contractors. In addition, they are generally responsible for the creation of product prototypes and for transmitting production information to the artisans they employ. The volume of their production is highly variable and the quality of their products is often inconsistent.

Production techniques utilized by small producers are generally rudimentary and minimal investment is made in either tools or equipment. Most producers in this category are self-taught. These producers usually buy raw materials locally through retailers at high prices. They cannot afford, or are not equipped, to negotiate bulk purchasing. The availability of the raw materials that are used by small producers is neither constant nor of consistent quality.

Les Créations Moro and Mousson (small producers located in Haiti's southern peninsula) are good examples of successful HCDP beneficiaries from this producer category. The level of craft production attained by these beneficiaries was more than three times the average attained by all other beneficiaries. Their success is the result of a combination of their initial level of technical and design expertise coupled with the well-tailored and expert assistance provided to them by the HCDP. These beneficiaries have

reached a level where they possess a reasonable knowledge of the markets they produce for and have demonstrated their capacity to respond to the demands of those markets on an on-going basis.

For beneficiaries such as Les Créations Moro and Mousson, HCDP assistance primarily concentrated on providing them with technical assistance in modification of already established production techniques. This assistance included the use of new and improved materials; information on current market trends; access to financing to build up levels of inventory sufficient to effectively market their products and to purchase production equipment; and relocation of facilities to allow expansion of production. The HCDP also provided this producer category with marketing assistance (local retail and export) and provided them with information about the basic management requirements for their operations.

The HCDP was quite successful at providing the kinds of training, financial assistance, and management assistance most needed by this category of producers. Perhaps most appreciated, and a direct result of this assistance, was the constant flow of orders for the products of such producers originating from the Zin d'Art-Retail and Export outlets, as well as the project's cash-basis mode of payment. We give the HCDP high marks for its ability to train and bring the production of small producers to a level where local and international demand has been generated for their products.

Based on the achievements of small producers such as Les Créations Moro and Mousson, we believe small producers having strong potential to become self-sufficient in the short-term should remain the primary target of programs such as the HCDP. Dedicated and dynamic producers of this type are

the most likely to generate employment in rural areas. The proper selection of the kinds of producers who were most able to effectively absorb and utilize the assistance of the project is one of the key factors that contributed to the HCDP's success.

The level of self-sufficiency attained by other small producers supplying finished products on a regular basis to Zin d'Art-Retail and/or Zin a'Art-Export is considered to be more than acceptable. The long term viability of the operations of such producers and their ability to compete within the marketplace will nevertheless depend largely on their capacity to develop adequate administrative structures to generate enough capital to support their operations and a reasonable rate of growth. It is anticipated that producers in this category will generally require continued external assistance from projects such as the HCDP for several years until they are able to establish the basis for long-term viability. For such producers, the type of assistance required will progressively shift from production-oriented technical assistance to an increasing need for financial and management assistance.

## 2. Micro-Artisans

A large number of rural artisans produce traditional crafts of variable quality using unsophisticated tools and equipment that they have developed themselves. This producer group tends to use local raw materials that are not always properly prepared. Most of their work is conducted on a part-time basis for supplemental income. Most would change their trade if more lucrative and stable employment became available. Most micro-artisans require technical assistance not only in the selection of commercially

marketable products, but also to improve their production capacity and to maintain quality standards and competitive pricing.

Most of the micro-artisans directly assisted by the HCDP (primarily CANO beneficiaries) received on-site long and short-term technical training through artisan workshops. These workshops provided them with assistance to help them master basic production techniques and achieve an acceptable level of product quality for the local market. The investment made in on-site training paid off at CANO centers such as Bombardopolis, Sources Chaudes, and Sauvanne Carée and wherever crafts producers were sufficiently motivated to maintain a level of production and quality control high enough to generate new orders. When direct HCDP support was withdrawn from the CANO centers, these centers continued to operate on their own, supplying products to both Zin d'Art-Retail and Export, as well as other local retailers and exporters.

However, for a number of the micro-artisans who received assistance through the HCDP there is limited evidence of their capacity to continue crafts production on an independent basis. As indicated earlier, this appears to be a function to the way that the HACHO sponsored CANO program was originally established and of the way that the HCDP originally sought to target its assistance. The result was that most of the artisans affiliated with such projects began to consider themselves as employees of the project and not as independent producers.

Producers who commence the production of handicrafts on a completely subsidized basis have not demonstrated much initiative in on-going product development. Perhaps this stems from their perspective that as employees they are not responsible for what are essentially management decisions.

Realistically, little initiative can be expected from individuals who have enrolled in programs only as wage earners.

The difficulty in stimulating entrepreneurial spirit among such producers is a major problem in any program that has at one point subsidized most aspects of production, marketing, and distribution. These producers need to be provided with sufficient incentives, not subsidies, to convince them that the production of crafts that are of a level of quality and design that responds to market demand can be economically rewarding.

The original decision to attempt to directly assist large numbers of micro-artisans operating in remote areas and able to produce only a limited range of products in the hopes of making them into successful entrepreneurs, was not, in our opinion, an effective one. Instead, it represented the desire on the part of the donors involved to continue the humanitarian programs initiated in the Northwest under HACHO. Unfortunately, this approach was in direct contrast to the primary goal of the HCDP, which focused on market-oriented production and the development of self-sufficient crafts enterprises.

A better approach would have been to provide assistance to a smaller group of small and medium producers. Throughout Haiti, most micro-artisans are employed either directly or indirectly on a sub-contracting basis by small, medium, and large producers. As such, this would have provided a more efficient system of dissemination of technical assistance and offered the greatest potential for the development of self-sufficient enterprises able to offer employment opportunities to micro-artisans on a viable basis.

### 3. Employment and Income Generation

As indicated earlier, most HCDP beneficiaries were either small producers or micro-artisans. Quantitative data on employment generated in rural areas is particularly difficult to obtain for such producer groups. Very few small craft producers, micro-artisans, or donor organizations that support them keep records containing the data necessary to assess employment and income generation. In fact, most producers of this type have difficulty assessing past sales levels and are, in general, reluctant to do so.

Despite the limited information available, we have attempted to outline the earnings for the least successful and most disadvantaged HCDP beneficiaries in order to provide some insight into the impact of the HCDP on beneficiaries. Earnings for other more successful HCDP beneficiaries are significantly higher.

A typical CANO center employs a minimum of 20 artisans on a part-time basis. An analysis of the HCDP's accounting records shows that on the average, ten producers from such centers recorded monthly sales to Zin d'Art-Retail in excess of \$500.00. The profit margin of such producers is estimated at 50%. While at first glance this may appear low, it is relatively promising in the context of the rural environment in which these producers subsist. When the fact that the income level for all of Haiti is estimated to be approximately \$320.00 per year is considered, income derived from part-time employment for this least successful producer group assisted by the HCDP is substantial. In addition, since most of the raw materials for handicrafts production are purchased locally, indirect employment generation is also derived from the program.

Due to the lack of appropriate data to accurately assess employment and income generation levels under the project, we strongly recommend that if programs such as the HCDP are to be continued, contact be regularly maintained with beneficiaries to help them record information on their levels of full-time and part-time employment on a quarterly basis. Where possible, producers should be requested to produce such data by type (administration, production, sales, etc.) and on a monthly basis. The accumulation of data by project management regarding gross sales for each producer would also help assess the impact of programs on beneficiaries. Such projects should maintain detailed records, by beneficiary and type of product, in order to accurately assess trends in employment and income generation.

IV. RECOMMENDATIONS AND LESSONS LEARNED

A. Introduction

This section describes the overall findings of the evaluation. It includes general comments regarding the achievement of project objectives and provides recommendations for further activities in this sector based on lessons learned in implementing the HCDP.

As indicated earlier, part of the efforts of the evaluation team included interviews with personnel from other international organizations that support handicrafts projects in Haiti (See Annex D). The examination of the HCDP's performance in achieving initial project objectives and a comparison to other similar projects conducted by international donors clearly demonstrates that the overall performance of the HCDP has been remarkable, despite the less than satisfactory achievements of the CANO component.

The project succeeded both in establishing several stable handicrafts enterprises and in developing a self-sufficient retail outlet. It also built a solid base necessary to assist crafts producers in the exportation of crafts products on a financially viable basis. The HCDP has demonstrated its ability to perform under logistical and financial constraints and has succeeded in supplying a variety of high-quality services while operating in a flexible but efficient management mode, well-adapted to the Haitian context. The proven ability of the HCDP to both initiate new crafts-producing enterprises and to develop new products compatible with export market requirements in terms of design, quality, and price is very encouraging and highly unusual within the context of traditional crafts development projects. That such activities possess great potential for employment and income generation for less advantaged members of Haitian society is clear.

## B. Recommendations

Outlined below are our recommendations for possible improvements that could be integrated into future projects of this nature. The complexity of the problems encountered in implementing a crafts project in the remote and resource deprived areas common throughout Haiti are immense. In evaluating the performance of the HCDP and other donor-sponsored crafts projects, several areas surfaced as critical to producer performance in initiating and successfully maintaining crafts enterprises. These focus on the need for capital generation schemes, mechanisms to maintain quality control, the need for additional services and programs, selection of the most appropriate beneficiaries, improving the project's administrative systems, and the need to address issues of recurrent costs and self-sufficiency.

### 1. Capital Generation

Most of the crafts projects analyzed by the evaluation team, including CANO, included in their mandates the establishment of new production centers. These projects are typically designed in such a way that the sponsor provides the workshop facilities, initial inventory of raw materials, tools and equipment, and basic training. In addition, artisans are remunerated during the training period with the result that most of them tend to consider themselves as employees of the production centers.

We do not believe that the current attitude of micro-artisans participating in such craft development projects is promising in terms of creating independent crafts enterprises. Such projects are too often viewed as humanitarian efforts or "make-work" programs. Participants in such programs eventually begin to feel entitled to the benefits offered and do not

view themselves as having a personal impact on the outcome of their livelihoods. When benefits are withdrawn, as they invariably are, such producers feel cheated of what they have come to expect is rightfully theirs. In the final evaluation, it is not employment that has been created, but severe dependencies.

The establishment of a more entrepreneurial relationship with producers would result in more viable employment generation and longer term benefits to producers. The HCDP made a significant move in this direction when the decision was made to push CANO centers toward independent operations. The performance of this project component would undoubtedly have been higher if artisans were originally stimulated to become independent rather than dependent on external subsidization for even the most basic aspects of production.

In order to improve programs oriented toward such producers in the future, the development methodology should include capital generation schemes. In its earliest phase the HACHO/CANO program provided craftsmen with year-end bonuses based on their individual level of production. A similarly structured program could encourage producers to view themselves as entrepreneurs responsible for the outcome of their enterprises. Remuneration in the form of tools, small equipment, raw materials, and secondary products could also encourage artisans to operate independently of the project. The businesses created need not be uniquely crafts-related. The technical skills learned could be used to produce a variety of utilitarian products for local consumption. A mandatory savings program or investment fund could also be implemented whereby a percentage of each participant's earnings from the sale of crafts would be

withheld by the project. These funds could be reinvested by the project or used to supplement a revolving credit fund. Interest comparable to that available from commercial banks for savings accounts could be paid by the project.

Finally, we do not recommend that training time be remunerated. We suggest that craftsmen be made to consider their training as an investment which will benefit them in the future and not just as a source of wage earnings. In this way, a higher proportion of truly interested trainees would be attracted to such programs. A training program similar to that in use at Camp Perrin could be used as a model. This program which was organized by a small producer coordinates training of artisans through 20 small workshops specializing particular production techniques. Trainees do not receive compensation for their work beyond food and lodging until they are judged able to produce goods of sufficient quality to be marketed by the producer.

## 2. Maintaining Quality Control

Quality control is a primary constraint in the production and marketing of Haitian handicrafts. While we believe that the most effective way to assist small producers to operate without subsidies from support organizations is to encourage them to generate, on a progressive basis, the base capital necessary to start new enterprises, if such producers are to engage in effective production, a higher level of quality control in terms of materials used, workmanship, and delivery must be maintained. The most effective means to achieve a sufficient level of quality control is to develop mechanisms whereby artisans are identified with the the products they produce.

While it is unrealistic to attempt to create a direct communication link

between the end-customer and crafts producers located in remote areas, we nevertheless believe that some alternative method to transmit feedback to producers should be investigated in order to create incentives for producers to maintain quality standards. Some form of direct identification of the artisan with the product produced could help project managers, retailers, and independent producers to better differentiate skilled artisans. It could also be used as a method of identification to provide constructive feedback to the artisans. Such a system would also contribute to an increased feeling of pride and responsibility for the quality of products manufactured on the part of producers.

A handful of successful private organizations commercially involved in the marketing of Haitian handicrafts on the international market possess an extensive knowledge base of the strengths and weaknesses of the producers they subcontract too. They closely monitor product quality and take great care not to give any producer an order that is larger than what they know that producer can competently handle. They accept new orders from customers only when they feel confident that they have the right combination of artisans required to fulfill them. Because of their knowledge of producer capabilities they are able to obtain the products demanded by the market.

Any follow-on efforts to the HCDP should encourage the producers that it services to build a similar data base of individual artisans they employ. The producer should direct feedback to these artisans on a personalized basis so that they become more concerned about product standards and can react more effectively to market constraints.

In order to increase producer identification with the products s/he

manufactures, we recommend that project training programs be organized in a manner similar to that commonly practiced in Europe during medieval times known as "Le Compagnonnage." Under this system, trainees worked along with expert craftsmen until they reached a satisfactory skill level. When, in the judgement of the expert craftsmen, the trainee had reached an appropriate level of craftsmanship he was asked to produce an item of original design and high quality. The product was then evaluated by a board composed of expert craftsmen. If the piece produced was judged to be of exceptional artistic and technical value, the trainee was officially designated a "Master Craftsman" and was granted a distinctive identification mark that was used to identify his products. This system could also be easily transferred to individual workshops.

The workshop of Les Créations Moro employs a similar technique in the production of its hand-painted boxes. When an artisan has reached a sufficient skill level s/he is allowed to sign his/her name on the box that s/he has produced. Mr. Baruk, the owner, believes that when individual artisans identify a product as produced by them that they take greater care in ensuring that the product is of his/her highest standards because it bears their name. Such identification also adds value to the product from the consumer's perspective because it indicates that the product is handmade by an individual craftsperson and is not mass-produced. We believe that workshops or training programs organized using similar guidelines would encourage commitment and pride on the part of employee/trainees. Such programs would be conducive to the generation of high-quality, originally-designed products and would provide producers with a greater opportunity to achieve economic

self-sufficiency.

3. Improvement in Project Services

a. Promotion of Project Services and Achievements

A key element of the future success of programs like the HCDP will be the level of credibility and interest they are able to maintain within the local crafts community and the public in general. As such we feel that any follow-on project to the HCDP should make a stronger effort to let potential clients know about the services available from the project and to promote the achievements of the HCDP to date.

As indicated earlier, several HCDP beneficiaries have been able to reach a reasonable level of success. We suggest that some publicity be given to these success stories as a way of generating further interest in the services that might be offered by a follow-on project to the HCDP. An image of quality and innovative design has come to be associated with the HCDP products. This image could be more effectively used to promote further interest and increases in sales at both the local and export levels.

b. Producer/Donor Feedback

It is recommended that some mechanism be developed to monitor the level of satisfaction derived by project participants. Records of services received by individuals and results obtained should be maintained in addition to independent evaluations of producer satisfaction. In conjunction with this, we recommend that some mechanism be developed to facilitate participant input into the the monitoring and design of project programs. While we do not recommend that producers become involved in the day-to-day operations of the project, we feel that their involvement through a producer forum would be an

asset to project management. This involvement would enable project management to better orient their programs to incorporate producer needs on an on-going basis.

In the same way, we recommend that donor coordination be more strongly emphasized in future activities in this sector. In conducting this evaluation, as well as a producer needs assessment and services demand survey of the Haitian crafts sector, it became apparent that most donors are unaware of the programs carried out by other donors. The formation of a donor coordination committee would allow donors to share information about common success factors and reasons for project failure. We believe that better coordination of donor activities in this sector would lead to less duplication of effort and fewer project failures.

c. Credit Fund

Interviews conducted for this evaluation revealed a strong demand for short-term credit that cannot be readily obtained from commercial banks or donor-supported credit institutions (such as the Haitian Development Foundation or SOFHIDES) by small producers. These producers generally lack sufficient credit histories or the capacity to prepare formal loan proposals and are thus considered poor credit risks by traditional lenders. In addition, small producers' actual credit needs may be so limited (less than \$ 1,000 in most cases) as to make them ineligible for credit disbursed by institutional lending agencies. Most commercial banks and foundations do not disburse small loans because they cannot do so on a cost-effective basis.

For these reasons, we recommend that any follow-on project to the HCDF include a revolving credit fund. We recommend that only short-term loans be

made available, in amounts that do not exceed those available from commercial sources. While the HCDF made loans to project participants at concessionary rates of interest, we do not advocate this practice. If revolving funds are to be administered on a cost-effective basis and participants encouraged to view their loans as serious agreements, then rates of interest comparable to those of commercial banks should be charged.

Most participants interviewed indicated their willingness to pay commercial rates of interest because lack of access to credit, not the interest rate charged, represents a primary constraint to increased production. As indicated by the success of the HCDF revolving fund, repayment rates on such loans should remain extremely high. This is a function of the multiple levels under which participants and project management interact that virtually ensures repayment if participants are to continue to receive other project services. In addition, because participants and project personnel are known to one another, management will be able to more accurately assess the credit worthiness of loan applicants. This increases the likelihood that a higher percentage of good loans will be granted in the first place.

d. Raw Materials Procurement.

In interviewing HCDF participants and assessing their level of satisfaction with project services, we noted that nearly every individual interviewed stressed his or her need for a competitive and reliable source of raw materials. In order to address this need, we recommend that any follow-on project in this sector include a component that will make funds available to project participants for the purchase of raw materials. Such funds could be made available either through the revolving credit fund referred to above, or

through a separate fund created specifically for this purpose.

An alternative approach would be for the project to purchase various stocks of key raw materials, including tools and small equipment that are commonly used by crafts producers, that cannot be consistently obtained or are priced prohibitively, for resale to project participants. We believe that this approach would not only provide greater quality control in product composition, but would also supply a source of revenue that would contribute to the self-sufficiency of project operations. The latter could be accomplished by adding a percentage to the purchase price of the raw materials. We also recommend that the possibility of coordinating bulk purchases from commercial distributors by groups of project participants be investigated by project management as a means to reduce the cost of raw materials and thus the cost of finished products.

e. Business Advisory Services

Constraints to expansion of crafts enterprises include lack of appropriate product designs, quality control, marketing facilities, and market information. Of equal importance though, is lack of basic business skills on the part of most small producers. Many producers lack basic knowledge in accounting, inventory control, costing, and preparation of loan proposals. Resulting poor management practices influence the capacity of producers at all levels to respond to opportunities for growth and improved productivity.

For these reasons, we strongly recommend that any future projects in this sector make small business advisory services available to upgrade the financial management and accounting capabilities of producers. Training in this area will contribute significantly to the economic viability of the

employment generated through the project.

It is our understanding that USAID/Haiti is currently considering funding a productivity and management center project that will include a micro-business component. It is recommended that any follow-on project to the HCDP encourage participants to attend the courses sponsored by this project. For those project participants that cannot be adequately serviced by the productivity and management center project, we recommend that any follow-on crafts promotion project employ an individual capable of providing basic management assistance and training to participants.

#### 4. Targeted Beneficiaries

Based on the findings of the evaluation team, it seems clear that the best approach to generating self-sufficient crafts enterprises is to concentrate project services on those producers that can most effectively absorb project inputs. Small-scale producers like those described in previous sections of this report responded much more favorably than did micro-artisans to the project inputs available under the HCDP. This differential response results from the higher developmental stage of small producers' operations, which better facilitates the absorption of the technical assistance offered under such projects. For these reasons, we recommend that any future program approach to crafts development target small producers as primary project beneficiaries. The HCDP clearly demonstrated that these producers possess the greatest potential to generate sustainable enterprises. Such an approach however, need not exclude micro-artisans from benefitting from project services.

As indicated earlier, many micro-artisans are employed by large, medium,

and small producers on a sub-contracting basis. Therefore, micro-artisans could derive significant benefits from further crafts projects through continued collaboration with larger producers. Micro-artisans would continue to be trained by such producers and, once trained, could begin to work independently as sub-contractors to larger producers. In turn, the contractor/larger producer would be responsible for investigation of market demand, designing appropriate products, training the sub-contractor, supplying raw materials if necessary, picking up the finished products at the sub-contractor's site, and marketing the finished product.

Contractors/larger producers with access to technical assistance would thus facilitate an increase in demand for micro-artisan produced crafts by indirectly providing their products with access to domestic and international markets. Such a decentralized sub-contracting approach would offer significant benefits for both parties and would reduce the demand for direct intervention by donor-funded projects, thus allowing project resources to be targeted where they can be absorbed most effectively.

5. HCDP Administrative Systems

The accounting system of the HCDP was initially designed to allow for the disclosure of operational results according to the original USAID budget.

This included the following line items:

Development Funds

Loans and/or Grants  
Publicity/Catalog  
Development of Export Program

Operational Costs

CANO Support  
Zin d'Art Support

Equipment and Materials

CANO  
Zin d'Art

Inventory

This classification differentiated between operating and capital expenditures. Once the decision was made to allow CANO centers to operate as independent entities, project activities focused on the support of Zin d'Art-Retail and the development of the project's export component. In order to improve management accountability, a decision was made to consider Zin d'Art-Retail and Zin d'Art-Export as two distinct business entities.

Separate accounts were established for each entity. Each now has its own purchasing systems, cash receipts and disbursements, and petty cash journals. Zin d'Art-Retail also maintains a sales journal, a log book of daily sales, and a cardex. At the end of each month, the Zin d'Art-Retail manager records the value of goods sold and remaining inventory using the average mark-up on sales. Inventory counts are made once a year and minimal discrepancies have been encountered. Revenue and expense statements, bank reconciliations, and geographic distribution of sales and purchases are prepared monthly.

Zin d'Art-Export uses an accounts receivable auxiliary to control its credit sales. Overdue accounts are strictly monitored and follow-up letters are sent regularly. Accounts receivable listings and bank reconciliations are prepared monthly.

We consider these accounting systems adequate to provide project management with the information necessary to assure proper monitoring of HCDF operations. However, if an expanded follow-on project is implemented, we suggest that the accounting system be expanded accordingly to provide project management responsible for marketing, product design, and business administration with the data required to monitor the performance of their

units. Financial data will need to be aggregated across units to facilitate overall project monitoring and evaluation. A follow-on project should pay particular attention to the design of appropriate management systems at the earliest stages of project development and implementation. The areas of beneficiary selection, bulk purchasing of raw materials, tools and equipment, and promotion should be dealt with first.

In addition to establishing expanded administrative controls, and as a direct result of the lack of data available to measure employment generated by the HCDP, we strongly recommend that contact be regularly maintained with beneficiaries to help them record information on their levels of full-time and part-time employment on a quarterly basis. Where possible, producers should be requested to produce such data by type (administration, production, sales, etc.) and on a monthly basis. The accumulation of data by project management regarding gross sales for each producer would also help assess the impact of the program on its beneficiaries. Detailed information, by beneficiary and type of product, should also be maintained in order to accurately assess trends in employment and income generation. Only in this way can an evaluation of the effectiveness of activities in this sector be undertaken.

#### 6. Self-Sufficiency in Future Project Operations

The design of the HCDP did not address the issue of self-sufficiency of project operations beyond that of the Zin d'Art-Retail outlet. The project's remaining programs were not oriented toward the achievement of operational self-sufficiency but focused instead on the provision of donor-subsidized inputs that would allow for the achievement of self-sufficiency on the part

of project beneficiaries.

However, in light of USAID's current emphasis on institutional development, issues of recurrent costs, and economic viability of the institutions established, we feel that the issue of self-sufficiency of project operations must be addressed. Because donor support is usually limited to a specific timespan, we recommend that any future institution that is established include various mechanisms that can serve to generate revenue for the project and contribute to the economic self-sufficiency of project operations.

There are several mechanisms that can be used to create a constant flow of project-generated funds to offset the cost of services offered. The easiest way, and one employed by both Zin d'Art-Retail and Zin d'Art-Export, is to include a mark-up on goods sold through the project. Depending on sales volume, earnings from this source can be substantial. Additional sources of revenue could be derived from interest charged on loans, a percentage (mark-up) charged on raw materials sold by the project, and user's fees for design assistance.

The producer needs assessment and services demand survey conducted by Price Waterhouse revealed that while charging user's fees is a popular concept among donors, it does not represent a realistic way of generating revenue for such projects given the economic characteristics of the beneficiary base that is usually targeted. For small and medium producers, user's fees for design services absorb too high a margin of their profits. For this reason, these producers are reluctant to pay for such services directly. Therefore, the best way to generate operational funds appears to

be indirectly, through a mark-up on products handled through the project, interest from project loans, and a mark-up on raw materials sold through the project. Needless to say, all of these activities must be supported by a cost control-minded management and good internal control systems.

A final alternative in generating revenue to support project operations would be for the project to undertake the in-house manufacture of specific product lines. However, as discussed earlier, while a potentially lucrative source of revenue, such in-house manufacture may be in conflict with project goals of providing project services to stimulate the development of independent crafts enterprises. Because such in-house manufacture tends to absorb the best design innovations, it robs independent producers of the income they would receive if they were to produce the product themselves:

Finally, we would like to add that developing an economically viable institution to provide product development and marketing services to the crafts sector is a long-term undertaking. Projections made in our producer needs assessment and services demand survey reveal that at current and expanded sales levels, such an institution could not become self-sufficient for a minimum of five years. While it might be possible to achieve self-sufficiency in project operations within a shorter timeframe, such a policy should consider the fact that an unjustified acceleration of the financial viability of a project's operations could have a devastating impact on the financial viability of intended project beneficiaries.

### C. Conclusion

The achievements of the HCDP have revealed that crafts projects, when they are well-managed and include programs of relevance to intended

beneficiaries, can provide the basis for substantial employment and income generation. The HCDP succeeded both in establishing several stable handicrafts enterprises and in developing a self-sufficient retail outlet. It also built a solid base necessary to assist crafts producers in the exportation of crafts products on a financially viable basis. The proven ability of the HCDP to both initiate new crafts-producing enterprises and to develop new products compatible with export market requirements in terms of design, quality, and price is very encouraging and highly unusual within the context of traditional crafts development projects.

Given the response to Haitian handicrafts in the Caribbean and North American giftware markets, and the HCDP's success at organizing market-oriented crafts production, the potential is strong for crafts production to contribute not only to increased foreign exchange earnings but to viable employment opportunities once donor support has been withdrawn. The substantial achievements of the HCDP notwithstanding, there is a need to develop a self-sustaining institutional capability in the crafts sector. We strongly recommend that this project receive further donor support in order to build this capacity.

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SHORT-TERM TRAINING PROGRAMS CONDUCTED BY THE  
HATIAN CRAFTS DEVELOPMENT PROJECT\*

<u>TYPE OF TRAINING</u>	<u>DURATION</u>	<u>BENEFICIARY</u>
Training in Silk Screening of Textiles	5 months	Save the Children
Training in Production of Dyed Wooden Products	On-going	Independent Port-au-Prince Producers
Training in Silk Screening for Production of Painted Boxes	4 days	Les Créations Moro
Training in Use of Cold-Water Dyes	4 days 4 days 1 week 1 week	Ti Carenage Bassim Zim Sources Chaudes Mousson
Training in Use of Fabric Pigments and Silk Screening	1 month	Cité Simone
Training in Ceramics Production	1 week	Agiceram
Training in the Use of Silk Screening on Fashion Apparel	1 week	Fred Bernard
Training in Design Evaluation and Quality Control of Wooden Products	3 days	Tony Marcellin

\* Does not include long-term training conducted under the CANO component of HCDP or on-going training conducted at the product development workshop.

LIST OF NEW PRODUCTS DEVELOPED UNDER HCDP AND  
EVALUATION OF THEIR MARKET PERFORMANCE

DESIGN INNOVATIONS/PRODUCTS

RESULTS OBTAINED

Use of Fabric Dyes on Wooden Products

- |  |                   |
|--|-------------------|
| - Dyed Wooden Parrot Pots  | Selling Well      |
| - Dyed Wooden Candle Sticks  | Under Development |
| - Dyed Wooden Bowls, Jars, and Vases   | Selling Well      |
| - Dyed Wooden Chairs with Parrots  | Just Out          |
| - Dyed Wood and Hand Painted<br>Bowls, Boxes, Trays, and Hangers<br>(Les Créations Moro) | Selling Well      |

Use of Color-Fast Cold Water Dyes

- |  |                                 |
|--|---------------------------------|
| - Tableaux (Sources Chaudes)                           | Selling Well on<br>Local Market |
| - Deck Chairs  | Low Selling                     |
| - Stencil Beach Bags &<br>Place Mats                   | Fair Selling                    |
| - Punch Tapestries (Petit Carnage)                     | Steady Sellers                  |
| - Prototype Punch Tapestry with<br>High-contrast Image | Excellent Local Response        |
| - Prototype Placemats                                  | Good Response                   |
| - Prototype Baskets, Lampshades,<br>and Accessories    | Poor Production Performance     |
| - Prototype Cotton Rugs with<br>Simple Designs         | Good Response                   |
| - Woven Goods (Mousson)                                | Steady Sellers                  |

DESIGN INNOVATIONS/PRODUCTS

RESULTS OBTAINED

Use of Water-Based Fabric Pigments

- |  |                    |
|--|--------------------|
| - Belts and Evening Bags with Haitian Floral Motifs                              | Good Response      |
| - Hats and Accessories   | Under Development  |
| - Tablecloths, Place Mats, and Napkins with of Various Animal and Floral Designs | Just Out           |
| - Prototype of Small Pillows with Three Dimensional Images                       | Excellent Response |
| - Prototype of Large Floor Cushions with Three Dimensional Butterfly Motifs      | Under Development  |

Wooden Products

- |  |                   |
|--|-------------------|
| - Toy Animals/Jigsawed on Wheels             | Under Development |
| - Bookends of Hand-Painted Figures           | Under Development |
| - Carousels and Moving Toys                  | Under Development |
| - Waiter Figurines for Client in Puerto Rico | Under Development |

SCOPE OF WORK  
HAITIAN CRAFTS DEVELOPMENT PROJECT  
(521-0169 Input No. 7)  
FINAL EVALUATION

A. Background

1. Purpose of the Grant:

The purpose of the USAID/Haiti grant to CARE to fund the Haitian Crafts Development Project (521-0169 Input No. 7) was three-fold:

- a. To continue the development of the Centre Artisanal pour le Nord'Ouest (CANO) crafts project in the Northwest of Haiti.
- b. To develop a marketing component for Haitian crafts in general but particularly for those produced in rural workshops.
- c. To establish a design unit (fund) for the development of Haitian crafts products with regard to quality, design, and production techniques.

2. Specific Objectives

The specific objectives of this grant were as follows:

a. Relating to the CANO Project Specifically:

- The selection and development of a suitable line of products to be produced in the Northwest area of Haiti in coordination with the improvement of existing products. These goods were to involve a minimum of technology and utilize local resources to the fullest extent possible. The goods were to be marketed at prices that would allow for exportation.
- The instruction of workshop artisans in the techniques and methods required for the production of these goods.
- The training of workshop managers in the approaches required for the development and design of new products.
- Strengthening of the existing infrastructure for the operation of the centers in the Northwest. Emphasis was to initially be placed on the newer centers that had little experience in operations management.
- The purchase and installation of equipment necessary for the improvement of existing products and/or production of new goods and the instruction of artisans in the operation of such equipment.

b. Relating to the Haitian Craft Development Program in General

- The establishment of a viable retail outlet in Port-au-Prince for the marketing of goods produced in rural Haitian workshops.
- The establishment of a board of directors, in conjunction with the Haitian Crafts Development Project management, which would be able to assume a "monitoring" role with regard to program management upon completion of the project.
- The establishment of a product development program through the marketing outlet to ensure that goods produced would be matched to market demand in terms of quality, quantity, and design.
- The undertaking of an initial export program.

B. Objective of the Evaluation

The objective of this evaluation is to determine the overall effectiveness of the Haitian Crafts Development Project (HCDP) in meeting the objectives stated above. This will entail a full assessment of the total program from June 1983 to the present. The evaluation is to determine the strengths and weaknesses of the HCDP program and to provide specific recommendations to improve the effectiveness of a possible follow-on phase, should this action be indicated by the results of this evaluation.

C. Scope of Work

The contractor shall possess extensive experience in handicrafts marketing as well as expertise in financial and economic analysis in order to implement the study elements listed below. In addition to these areas, the contractor should specifically address project ability to achieve the objectives outlined above.

It is estimated that approximately 15 CADO centers, 10-12 retail suppliers, and/or 7-10 export suppliers of handicrafts have participated in the HCDP. The contractor shall sample a representative number from each category by conducting site visits, consulting records, and interviewing site managers. The USAID/Haiti and CARE/Haiti project managers shall provide the contractor with all necessary support required for the effective implementation of the evaluation. The Scope of Work shall be implemented during a four (4) week period.

1. Implementation

- a. What are the problems associated with project implementation and how might these problems be resolved?
- b. Is USAID/Haiti monitoring of implementation adequate? How often are site visits made and does USAID receive regular status reports from the grantee?

- c. Are problems promptly brought to the attention of USAID and resolved in a timely manner?
- d. Are implementation schedules, degree of anticipated receptivity to new programs, and cost estimates realistic?
- e. Is there a duplication of effort in this program area by other donor organizations? What effect has this had on the project?
- f. Survey the quality and utility of training activities organized for the benefit of workshop artisans and workshop managers.

2. Social/Economic/Environmental Impact

- a. Are the numbers and kinds of beneficiaries under the project consistent with those projected?
- b. What is the geographic distribution of beneficiaries? Rural/urban ratio? Male/female ratio?
- c. Has the level of employment generation been as expected? Why?
- d. Who are the project beneficiaries (primary and secondary)?
- e. How do participants assess this activity? What is their estimation of probable benefits derived from participation? Estimation of areas of improvement? Were the services adequate? What new services would participants like to receive under a similar project?
- f. Have there been any unanticipated benefits or negative impacts of the project?
- g. Are the resources used by participants in productive activities primarily local or imported?

3. Economic and Financial Analysis

- a. Conduct an appropriate economic analysis to determine the material, labor, and social costs and benefits of primary activities carried out under the HCDP.
- b. Conduct an appropriate financial analysis to determine the cost-effectiveness of HCDP operations and programs. Determine areas where increased/decreased allocation of resources would prove more cost-effective.

4. Special Activities

- a. Assess potential for self-sufficiency for CANO component of the HCDP and the HCDP in general.
- b. Assess effectiveness of HCDP credit fund. Number of beneficiaries, loan repayment rate, reasons for default, etc. Provide recommendations for improvement in operational procedures if required.
- c. Assess impact of Export Marketing Component. Potential for this sector in Haiti and investment required.

D. Required Reports

The contractor shall submit draft reports to USAID and CARE, in English, one week after site visits are completed. Comments from USAID and the Grantee shall be incorporated in the final report (in PES format) one week thereafter.

HAITIAN CRAFTS DEVELOPMENT PROJECT

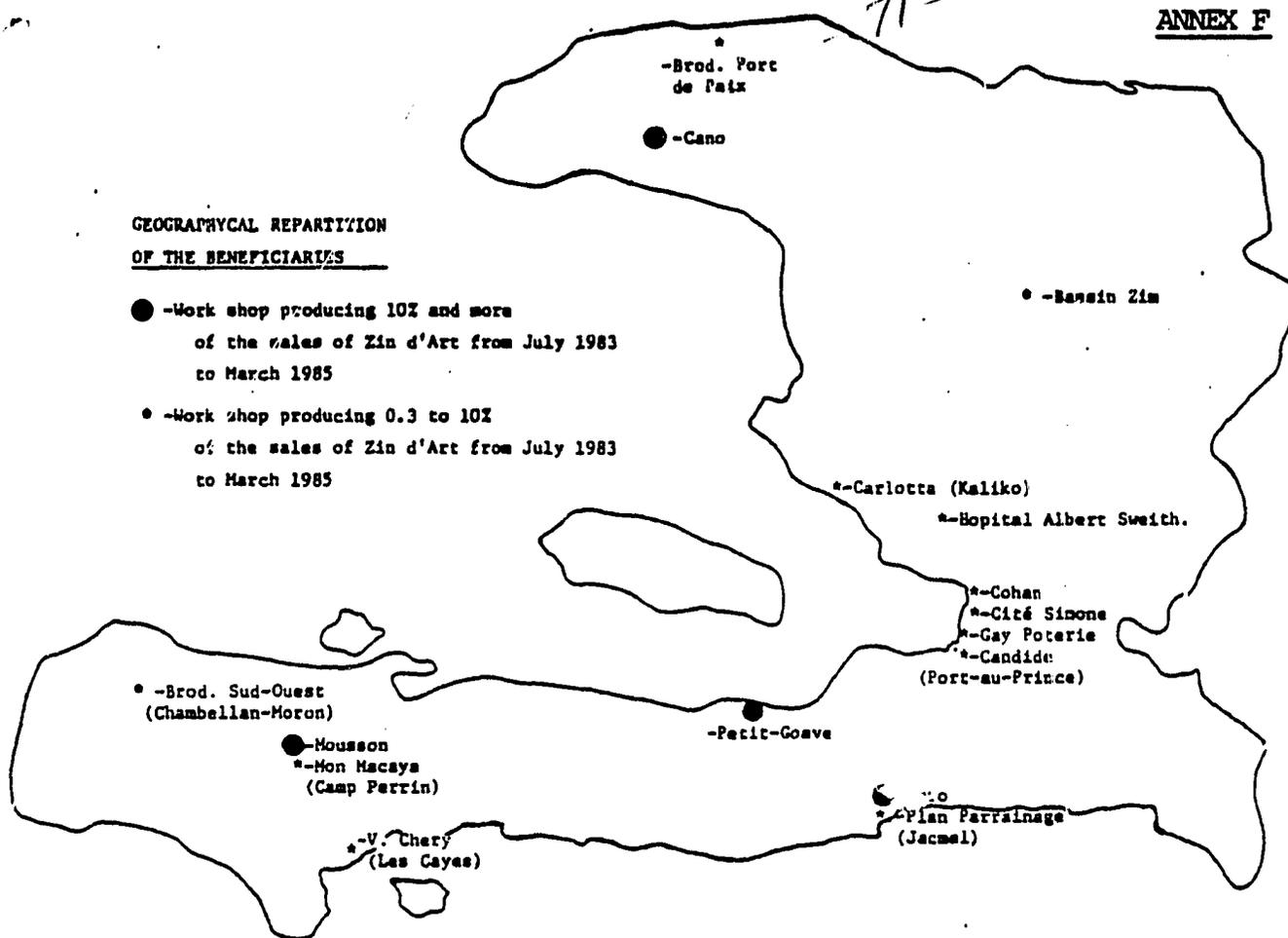
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GEOGRAPHICAL REPARTITION  
OF THE BENEFICIARIES

- -Work shop producing 10% and more of the sales of Zin d'Art from July 1983 to March 1985
- -Work shop producing 0.3 to 10% of the sales of Zin d'Art from July 1983 to March 1985



(Work shops)

