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KATALYSIS
North/South Development Partnerships

**First Annual Report to
U.S.A.I.D.**

*A Collaborative Strategy
for
Sustainability*

**Cooperative Agreement
OTR-01580A-00-0108-00**

October 1, 1990 - September 30, 1991

MATCHING GRANT REPORT

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SUMMARY

Founded in 1984, Katalysis North/South Development Partnerships consists of a network of organizations working to provide skills, training, and technical assistance to low-income people in Central America and the Eastern Caribbean. Katalysis has pioneered a new, two-tiered approach to development assistance which derives from a fundamental belief that participation is the key to sustainable change. On the first level, Katalysis has developed a partnership for institution-building between itself and a group of non-governmental organizations, thereby creating a vehicle for equal exchange, decision-making, and shared learning. The second level is the direct field assistance provided by the indigenous organizations which employ a participatory model of service delivery to assist in the social and economic development of the rural poor.

What is unique about this experimental approach is that it capitalizes on the strengths of both northern and southern organizations and, as such, allows for maximum learning and impact. The Northern Partner provides technical assistance, organizational development services, long-term strategic planning, and financial support. The Southern Partners, in turn, serve as the implementing organizations, providing hands-on knowledge of the needs of low-income constituents, direct program experience, familiarity with cultural and societal norms, and access to local resources and expertise.

Since its inception Katalysis has assisted more than 15,000 low-income small farmers, youth, and entrepreneurs through its programs in microenterprise development, sustainable agricultural practices, and women's community banking. Approximately 40 percent of all beneficiaries are women.

The U.S.A.I.D. Matching Grant is intended to support both tiers of the Katalysis approach. On the first level, the Grant provides assistance for each member of the Partnership to build stronger institutions through sustainability strategies development, planning and management systems implementation, and network strengthening. Direct field service support is also given to each Southern Partner under the Grant and allows member organizations to extend current field programs to a higher number of beneficiaries and to improve and expand the types of services provided.

Examples of institution-building activities over the past year include the research, design, and development of sustainability strategies for two Southern Partners. This process has led to fundamental programmatic, institutional, and financial reorganization of these agencies. During the year, these organizations also undertook careful studies of management information systems and have since begun the process of computerization and improved systems design to better fill accounting and reporting needs.

Examples of field services include the establishment of nine community banks in Honduras to bring the total to nineteen, and the introduction of this program to Belize with the successful implementation of two new banks. In Honduras, research has been conducted on the need for, and viability of, a sustainable agricultural training center; this project will be introduced in the next year. In Belize, our Partner has continued its promotional efforts around the revolutionary solar cooking technology with the result that fifty new stoves have been constructed and are in use, helping to prevent further deforestation and environmental degradation.

Overall, a great deal of progress was made in the first year for each Partner and for the Partnership as a whole. The exception to this is our Partner in the Caribbean. During the year, our Caribbean Partner decided, for internal reasons, to dissolve itself. Despite this setback, we look back on the year as one of high learning, significantly improved sustainability, and continued commitment to the Partnership approach. To complete the Partnership network and continue to expand our impact, we are currently seeking a new Partner organization in Guatemala, to come on-line in the second year of the Matching Grant.

I. BACKGROUND TO THE GRANT

Mission

The Katalysis Foundation was founded in 1984 to help low-income people in developing countries become more self-sufficient and self-reliant. To do this, Katalysis has pioneered a new, two-tiered approach to development assistance which derives from a fundamental belief that participation is the key to sustainable change. On the first level, Katalysis has developed a Partnership between itself and a group of non-governmental organizations operating in the Eastern Caribbean and Central America. This Partnership creates a vehicle for equal exchange, decision-making, and shared learning between the Partners. The second level is the direct assistance provided by the Southern Partners -- these organizations employ a participatory model of service delivery to assist in the social and economic development of the rural poor in their countries.

What is unique about this experimental approach is that it capitalizes on the strengths of both northern and southern organizations and, as such, allows for maximum learning and impact. The Northern Partner provides the technical assistance, organizational development services, long-term strategic planning, and financial support so urgently needed by young, limited-resource development organizations. The Southern Partners, in turn, serve as the implementing organizations, providing hands-on knowledge of the needs of low-income constituents, direct program experience, familiarity with cultural and societal norms, and access to local resources and expertise. As local institutions, these groups are able to employ a participatory approach, so that instead of a hand-out, beneficiaries are receiving much-needed skills and training from an organization they can trust.

The Partnership model deserves attention, for despite forty years of development assistance through both governmental and private voluntary agencies, severe economic and social problems persist throughout the developing world. This new model allows for the transfer of northern technological expertise and resources while ensuring the development process is owned by those it is intended to benefit. This

new model recognizes that total reliance on free market forces is an inadequate basis for meeting the needs of the rural poor; in order to be effective players and to find their fair place in society, poor people must organize, must learn business and management skills, must get access to appropriate technologies, and must gain a sense of self-reliance. Our Partner organizations are positioned to provide just such assistance.

Programs

The Katalysis Foundation, at the time of embarking on the U.S.A.I.D. Matching Grant, had three Southern Partners: Belize Enterprise for Sustained Technology (BEST) in Belize, Caribbean Advisory and Professional Services (CAPS) in the Eastern Caribbean, and Organizacion de Desarrollo Empresarial Femenino (ODEF -- the Organization for the Development of Women's Enterprise) in Honduras.

These organizations work primarily with small farmers, women, youth, and microentrepreneurs. While only ODEF focuses its efforts explicitly on women, each of the Partners has a commitment to legitimizing the role of women in development. At this point, as an average across all beneficiaries, women comprise approximately 40 percent of the total. The programs supported by these organizations can be separated into three broad categories:

- Microenterprise Development
- Sustainable Agriculture
- Women's Community Banking

These programs were chosen based on the needs in the countries where the Partnership works and based on our commitment to promoting self-reliance. Microenterprise development remains the largest program and provides credit, management, marketing, administrative and technical assistance to individual entrepreneurs and small cooperative groups. Each of the countries where we work suffer from persistent unemployment and underemployment. Microenterprise development provides an alternative to low-paying jobs and an option for those unable to find work in the conventional workplace. Microenterprise development also allows its participants to manage their own

businesses, helping to combat a sense of oppression and disempowerment. Finally, on a macroeconomic level, microenterprise development provides import-substitution, albeit at a small scale, for countries suffering from balance of payments deficits.

Each of the Partners are working in predominantly rural areas. In Belize, Honduras, and the Eastern Caribbean an average of 70% of the populations live and work in rural areas. Sustainable agriculture, then, becomes an important approach. The Partners provide training and technical assistance for organic farming, composting, family gardens, livestock production, and small farm management.

Finally, the Partnership has joined many other development agencies in pursuing the community banking model. This model was first employed in Bangladesh in 1976 by the Grameen Bank as a means to get credit to the poorest of the poor. To the surprise of many, the poor proved credit-worthy under this model with an average repayment rate of 98% and a growing membership roster of close to 800,000 people. ODEF and BEST are now promoting this model. Both have tailored the model to meet the economic and social needs of their clients and make the model available solely to women. ODEF now has nineteen operational banks, and during the last year BEST was able to open its first two banks. Both organizations have made a significant institutional commitment to this program and it should continue to grow in importance and impact.

The Purpose of the U.S.A.I.D. Matching Grant

The U.S.A.I.D. Matching Grant (MG) is intended to support both tiers of the Katalysis approach. On the first level, the MG provides assistance for each member of the Partnership to build stronger institutions – to help these young organizations reach a sustainable level of operation. On the second level, the grant provides funding for direct field services.

In terms of institution-building, the MG provides three types of assistance: Sustainability Strategies Development, Planning and Management Systems Implementation, and Network Strengthening. The Partnership provides a particularly appropriate structure

for this institutional support, because the Northern Partner can provide the necessary skills and technical assistance. As an objective but committed Partner, Katalysis is uniquely positioned to facilitate organizational planning and development for its Southern Partners. As described in the remainder of the report, this level of support has led to transformative institutional changes during the inaugural year of the grant.

Direct Field Service support is also accorded to each Southern Partner under the U.S.A.I.D. MG. This support allows the organizations to extend their current field programs to a higher number of beneficiaries and to improve and expand the types of services they provide. In the case of ODEF, the MG also makes a special provision to promote its community banking program.

Each of the Partners has a successful record of seeking multiple sources of funding, rather than depending on a single donor. Katalysis has found MG funds to be singularly effective in generating private monies; during the year the private funds we received were more than double the required match. In addition, the MG has provided critical support for non-project oriented activities, support that is traditionally harder to attract from private funders.

Overall, a great deal of progress was made in the first year for each Partner as well as for the Partnership as a whole. The exception to this is our Partner in the Caribbean. During the year CAPS decided, for internal reasons, to dissolve itself. A full explanation of this situation is provided in Section IV. Despite this setback, we look back on this year as one of high learning, significantly improved sustainability, and continued commitment to the Partnership approach. To complete the Partnership network and continue to expand our impact, we are currently seeking a new Partner organization in Guatemala which will come on-line in the second year of the Matching Grant.

II. PROGRAM METHODOLOGY

Program Purpose

The purpose of the Matching Grant -- and the mission of Katalysis -- is to help low-income people in developing countries become more self-sufficient and self-reliant. To Katalysis, development means giving people not a hand-out but the training and skills so that they can help themselves. To achieve its purpose, Katalysis employs a participatory methodology, in its organizational structure and in the way it services its beneficiaries.

Program Goal

The goal of the MG is to strengthen the financial and institutional sustainability of the Katalysis network of organizations and to assist the Southern Partners in extending and improving the services they provide to low-income women, small farmers, youth, and microentrepreneurs.

Program Objectives

The first three objectives of the matching grant are intended to strengthen the institutions of Katalysis' three Southern Partners.

- **Sustainability.** Design and implement comprehensive Sustainability Strategies addressing the financial, institutional, and programmatic goals of each institution. Produce Training and Technical Assistance Plans addressing organizational needs identified in the Sustainability Strategies. Develop income-generating projects through the support of the Sustainability Venture Fund.
- **Planning and Management.** Evaluate, design, and implement improved management information systems to accommodate organizational growth, accounting, and program reporting needs.
- **Network Strengthening.** Promote and facilitate educational interaction among the members of the Partnership as well as the Partners' participation in other regional and international forums. Specifically, at least nine Shared Internal Technical Assistance (SITA) activities will take place between

Partners each year. And, a total of three larger Private Voluntary Organization - Community Participation (PVO-CP) meetings or conferences should be attended each year by the Partners.

The fourth objective of the Matching Grant is to extend program services to a larger number of beneficiaries and improve and expand program services offered by each Southern Partner.

- **Field Services.** The number of beneficiaries will be increased on a yearly basis for each Partner; increased impact should also be demonstrated. Each Partner will undertake a Development Pilot Project each year in order to experiment with, and promote, new development methodologies. ODEF will organize, train, and make operational nine community banks each year.

Methodology

Participation is the foundation of the Katalysis methodology, based on three basic convictions: 1) that development is a process of learning--there are no simple solutions that can be applied, 2) that the people who suffer from inequality are best placed to define their problems and solutions, and 3) that participation leads to commitment and ownership, two ingredients necessary for sustainable social and economic change.

At the Partnership level, this involves:

- Representation on the Katalysis Board by each of the Southern Partners and Katalysis representation on each of the their Boards.
- Semi-annual Partnership Meetings for which all members prepare a joint agenda.
- A Partnership Agreement designating roles and requirements of the Partnership signed upon admission of each new Partner.
- Collective decision-making on distribution of Katalysis general appeal monies.
- Shared quarterly financial statements.
- Joint field projects.
- Joint fundraising efforts.
- Financial and in-kind contributions by each Partner to the Partnership.
- Constant communication, sharing of ideas, joint problem-solving, mutual support.

At the field level, this participatory methodology involves:

- Personnel of each organization comprised entirely of local nationals.
- Staff participation in decision-making through monthly staff meetings, annual staff retreats, staff representation on Boards, etc.
- Fees charged for client services (usually only a small percentage, based on client's ability to pay) to ensure clients value the services they receive.
- Extensive community surveys and interviews with community leaders before undertaking a project.
- Participatory evaluation procedures employed in review of field projects.
- Annual General Meetings to discuss development and organizational issues, attended by clients, staff, and Board. (BEST has held such meetings since its inception; ODEF will introduce next year.)

Beneficiaries

The benefits of the Katalysis Partnership accrue at two levels: 1) to the organizations which are members of the Partnership, and 2) to the low-

income clients receiving assistance from the Southern Partners. Katalysis as the Northern Partner is able to promote development in the way it believes most effective -- through its Southern Partners who are the implementors. It is through these Partners that Katalysis is able to experiment with new development approaches and is able to learn about what does and does not work in different social and economic contexts. The Southern Partners, in turn, benefit through organizational support, technical assistance, and access to financial and other resources.

The true beneficiaries and the *raison d'etre* of the Partnership are the rural low-income small farmers, microentrepreneurs, women, and youth. These are people, traditionally excluded from the development process, who have joined together to solve their own problems and are willing to invest their meager resources to do so.

Of this group, women are particularly vulnerable and, thus, are targeted specifically for inclusion in programs, not only as beneficiaries but as planners, managers, and implementors. ODEF devotes 100 percent of its services to women and youth and BEST has just identified Women in Development as one of its three program sectors.

Inputs

Activities	Person/ Months Planned	Person/ Months Actual
Sustainability Strategies	7	7
Planning/Mgmt. Systems	5	4
Network Strengthening	6	8
Field Support	6	9
Village Banks	4	8
Mgmt./Administration	21	15
Finance and Accounting	10	10
Total	60	61

Outputs

Activities	Planned	Actual
Sustainability Strategies	3	2*
Training and TA Plans	3	0
Network-Wide Wkshops	1	2
Sust. Venture Fund Prjts.	3	2*
Info. Systems Analyses	3	3
Info. Systems Designed	3	2*
Info. Systems Implementd	3	2*
Shared Internal TA	9	14
PVO Commun. Particip.	3	18
Prog. Ser. - # New Benef.	1,900	3,016*
Development Pilot Pjts.	3	2*
Village Banks	9	11**

* Reflect impact of CAPS dissolution.

** ODEF started nine banks and BEST started two for its Development Pilot Project.

III. MONITORING AND EVALUATION

Monitoring and Evaluation constitute an essential part of the participatory process and therefore play an essential role in the Katalysis Partnership.

Critical Indicators of Effectiveness Changes and Refinements

Several refinements were made to the critical indicators of effectiveness and baseline data to better reflect the nature of the services provided by the Southern Partners.

ODEF

- *Income levels.* Because the family is so central to the economic structure in rural Honduras, ODEF adapted its income measure to a *per family* versus *per capita* basis.
- *Cost per Unit of Credit.* ODEF is attempting to reduce the cost of credit delivery and so will measure the cost of issuing and providing training and technical assistance per unit of credit.

BEST

- *Income levels.* BEST has also adapted its income measure to a *per family* versus *per capita* basis. This will be put in place in year two of the MG.
- *New Memberships.* This measure was added because BEST works primarily with cooperative clients and wanted to track membership growth as an indicator of growth and impact.
- *Cost per Person/Day.* This indicator was added because BEST uses it to track trends in staff efficiency. BEST is also contracting out its services and needs this information to charge accurately.

CAPS

Given the dissolution of CAPS, we are not including any adaptations made nor are we including a chart on baseline data and critical indicators. Rather, we present the narrative description in Section IV to reflect the activities undertaken in the first year of the MG.

Targets Changes and Refinements

Targets were not changed during the first year of the program. With the exception of the postponement of one of the planned activities, all targets were met (excluding those resulting from CAPS dissolution). Training and Technical Assistance Plans will be designed in the first quarter of fiscal 1992 based on the requests the Southern Partners for more time to assess appropriate service delivery mechanisms and to plan how to incorporate any necessary training into their other program activities.

We would like to request the modification of two targets over the remainder of the grant regarding Sustainability Venture Fund and Development Pilot Projects. Originally, it was proposed that each Southern Partner research and begin to implement one SVF and one DPP during each year of the grant. Based on the complicated and large size of some of the selected projects in the first year, the Southern Partners would prefer to fully implement these projects rather than embark on new efforts in each of the following years. The target over the life of the grant would then be adapted according to the scale and time/resource intensity of selected projects and could vary from one to three projects per Partner in each category.

Monitoring

The U.S.A.I.D. MG requires narrative reports to be submitted annually. One of the first decisions taken by the Partnership at the outset of the grant was to institute an internal quarterly reporting system. Reports are submitted by each Partner and analyze accomplishments against project objectives, explain workplans for the coming period, and describe problems and revisions. The reports are then distributed throughout the Partnership so that each member is kept informed of others' accomplishments. They form the basis for joint assessment of program progress and provide a mechanism for continuous updates on information to be included in this report.

Evaluation

A mid-term and a final evaluation are required for this grant. The mid-term evaluation was to take place during the first half of the second year of the U.S.A.I.D. MG. Given the changeover in Partners, with the Caribbean Partner outgoing in the first year and a new Guatemalan Partner to be added in the second, the Katalysis Director of Programs and our U.S.A.I.D. Project Officer have decided it would be more informative to postpone the mid-term evaluation to the first half of the third year of the grant, with a final evaluation to take place sometime during the fourth year based on the addition of the Guatemalan Partner late in the grant.

BEST

INDICATOR	BASELINE	STATUS-END OF YEAR 1
<i>Greater Impact</i> Beneficiaries	• 8,658	10,704.
Groups Served	• 14 Groups.	16 Groups.
Income Levels	• Avg. pci is \$200-\$2,500. BEST clients avg. pci of \$300-\$600.	• Same. In 2nd yr., BEST will measure avg. family inc. levels.
Jobs Created	• 5 new jobs in client groups.	• 2 new jobs in client groups.
New Memberships	• Will begin tracking 1991.	• 389 new members.
New/Expnded Enterprises	• 15 new enterprises created.	• 24 new enterprises created.
<i>Planning/Mgmt</i> Quality of Accounting	• Accounting quality is strong. • Prim. need: computerize acct. syst..	• 3 new computers; 1 laser printer. • Actng. comput., staff trained.
Management Information Systems	• MIS satisfactory • Goals: consolidate/ computerize.	• Reports dev'd, finalized 1992: personnel appr.system, cash flow mgmt., admin.manual, exp.distr.
Ability to Plan and Adapt	• Planng: satis. Adapt: to be implmtd. • Monthly project/staff mtgs, 4 board meetings per yr, 1 AGM.	• Same as prev. yr. plus Sust. Strat. Wkshop held & Annual workplan revised to better meet/reflect needs.
<i>Stable Income Base</i> # of Grants	• 12 Donors.	• 12 Donors
Client Fees	• Client Fees: 24%of budget (goal) • Com.Based Enterprises: 3.5% (goal)	• Client Fees: 16%actuals • Comm.Basd Enter.: 2.8% actuals
Income Generating Projects	• None.	• Shredder/Chipper researched.
Donor Base	• Donor base needs diversity; majority funders are U.S.; only 1 funder domestic.	• Goals for end MG: 30%-Fndns/ Church, 30%-Int'l Dev't. , 10%-Clients, 20%-Contrs,10%-Local.
Donor Continuity	• Satisfactory.	• Satisfactory.
<i>Cost Effectiveness</i> Unit Cost	• Currently does not measure.	• US\$25 per beneficiary
Cost per Person/Day	• US\$223 per day.	• US\$225 per day.
Paraprofessionals	• None.	• 4 used during year
Short-Term Staff	• None.	• 3 vols (avg. 3 months each).
<i>Relevant Services</i> Broad Coverage	<u>Provided:</u> Business/Farm Mgmt., Enterprise Dev't, Pjt. Dev't., Tech Training, Human Resource Dev't. <u>Poss Services :</u> Microent. Dev't., Credit, Prod. Costs., Sust. Ag.	<u>Provided:</u> same, plus WID, Credit, Microent. Dev't, Sust. Agric.. <u>Services You Plan to Provide</u> • Prod Costs, Milpa Farming
<i>South-South Network</i> Training	• Solar Box Cooking.	• Same, plus environ. planning.
TA Capabilities	• Prop Writing, Pjt. Design, Farm. Pract., computers.	• Same, plus how run Annual General Mtg., Pjt. Eval., Instit.-Strengthening.
Communication	• Mail, Fax, Telephone, Direct contact.	• Same. Direct = KAT DP-3 trips KAT ED-1 trip; KAT Chair-3 trips. Modem installed. Nov.
Mechanisms for Staff/ Board Consultancies	• Bd./staff . work, Staff rep at Bd mtgs, Staff/Bd. field visits.	• Same
TA and Training Materials	• Farm Costing Doc., Citrus Mgt. Guide, Org. Farm. Guide.	• Solar Cooker Recipes, Constr. Solar Ckers, Org. Farm. updated.

ODEF

INDICATOR	BASELINE	STATUS-- END OF YEAR 1
<i>Greater Impact</i> Number of Beneficiaries	• 646 per year.	• 1,616 per year.
Groups Served	• 4 zones; 28 communities.	• 4 zones; 45 communities.
Income Levels	• US\$650 per family.	• US\$900 per family.
Jobs Created	• 50	• 328
New/Expnded Enterprises	• 447	• 632
<i>Planning/Mgmt</i> Quality of Accounting	• Acctg systems: satis.; credit systems: to be imprvd. Main need: compu. systs.	• Acctg syst: compu'd; credit syst: in proc. 2 new compu. & prtrs + traing.
Management Information Systems	• Prog. reps informative but unwieldy. Need computeriztn & adapt to zones.	• Reps reorg. for zones but need to be streamlnd. Computeriztn in process.
Ability to Plan and Adapt	• 4 Board meetings per year; multiple staff trainings per yr.; staff meetings monthly; annual staff retreat.	• Same, plus Reorg. 4 zones. 3 year plan. wkshops held, doc.produced. Zonal meetings held every quarter.
<i>Stable Income Base</i> # of Grants	• 11 donors (2 comm. bank sponsors).	• 13 donors (8 comm. bank sponsors).
Client Fees	• 25%	• 10%
Income Generating Projects	• No income generating projects. Will initiate a project this year through the sustainability venture fund.	• Selected Office Bldg. Will rent space/equip. Rcvd. land grant from munic., Pro bono architect.
Donor Base	• Diversified; one dom. donor, gov't support, U.S. fdtns & corps. Pursuing European and Asian donors.	• Diversified. Rcvd support from: city government, Dutch org.. Plans: increase local support.
Donor Continuity	• High. Most donors multi-yr grants.	• High. Most donors multi-yr. grnts.
<i>Cost Effectiveness</i> Cost of a Unit of Credit	• 90%.	• 84%
Paraprofessionals	• 10 paratecnicians	• 18 paratecnicians
Short-Term Staff	• Does not yet use short-term staff.	• 4 short-term staff; 1 volunteer.
<i>Relevant Services</i> Broad Coverage	<u>Provided</u> • Credit: Hsing Impr., Women in Business, and Comm. Banks. • TA: pig raising, food prod., solar ckers, bus. admin., accting., mkting, hum. dev't., credit admin. <u>Services You Plan to Provide</u> • Sm. fam. gardens., Urban Pgs., Handicrafts/embroidery.	<u>Provided</u> • Credit: Hsing Impr., Women in Business, and Comm. Banks. • TA: pig raising, food prod, solar ckers, bus. admin., accting., mkting, hum. dev't., credit admin., sm. fam. gardens, handicrafts/embr. plus urban progs. <u>Services You Plan to Provide</u> • Org. Agriculture Training Center.
<i>South-South Network</i> Training	• Community Banking.	• Same plus use of paratechs.
TA Capabilities	• Managing Credit.	• Same plus how to prod. a brochure, Solar Cookers, sm. fam. gardens.
Communication	• Mail, Fax, Telephone, Direct contact.	Same plus dir. con: KAT DP-3 vsts; KAT ED- 2 vsts; KAT Vols - 2 vsts. Modem inst. in Nov.
Mechanisms for Staff/ Board Consultancies	• Priimarily through ED. Bd members work on some specific pjts. w/ staff.	• Bd helped w/ new Guat. Part., land for office and agr. training, ctr.
TA and Training Materials	• Manuals: Community. Banking., Paratecnicians., Growing Vegetables	• Manuals: Solar Cooker Recipes, Salsa prod., Canning Vegetables, Const. of Solar Cookers.

IV. REVIEW AND ANALYSIS OF COUNTRY PROGRAMS

BELIZE

Belize Enterprise for Sustained Technology – BEST

HONDURAS

Organizacion de Desarrollo Empresarial Femenino -- ODEF

EASTERN CARIBBEAN

Caribbean Advisory and Professional Services – CAPS

BEST

The Belize Enterprise for Sustained Technology (BEST) was established in 1986 as one of the few non-governmental organizations in Belize. Committed to social and economic improvement in the country, BEST assists in the development and expansion of small-scale cooperative enterprises, the dissemination of information and training for agriculture, and the incorporation of women and other disadvantaged groups into the development process. Since its inception, BEST has expanded its program and staff and has increased its impact on client groups.

The U.S.A.I.D. MG is intended to strengthen BEST as an institution in order to insure its ongoing sustainability, its ability to plan and adapt, its capacity to work with and learn from other organizations and finally its ability to have maximum impact on its target groups of small-scale farmers, microentrepreneurs, and women. Specifically, the four objectives of the grant are to: develop a sustainability strategy for the organization, improve planning and management systems, continue network strengthening, and enhance field support.

Sustainability

During the first year of the grant, BEST has taken significant actions to improve its sustainability and develop a sound plan for the future. The year proved to be one of reevaluation and planning, appropriately timed given that the organization is moving out of its formative stages and into its maturity. Some of the activities critical to its planning included: a network-wide partnership workshop in the fall, BEST's annual staff retreat, and, finally, a sustainability strategy workshop which was designed and run by the Katalysis DP in August.

In November of 1990, BEST joined its partners in Stockton, California to participate in a workshop on planning and sustainability for the members of the Partnership. During this meeting the concept of sustainability was broadened beyond its traditional interpretation as financial security. While financial security is a critical part of sustainability, an organization must also have sound programs and a strong and appropriate institutional structure. In the last year BEST has made significant progress in all three of these areas.

In terms of improving BEST's financial stability, during the final Board meeting of 1990, the members agreed to create a new position for a Resource Development Officer. The person in this new position was to have responsibility for fundraising, reporting to donors, donor research and relations, and development education. This decision represented a major shift for the organization, because it had previously relied on the efforts of the Managing Director with support from other staff to fulfill these functions. This decision positioned the organization for financial stability and growth in the future.

After an exhaustive search, BEST decided to promote an experienced field officer who had an interest in fundraising -- and knowledge of the organization -- to take on the position. In addition, Katalysis/BEST advertised and found a volunteer to work with the new officer for six months to develop a financial strategy.

This new team has identified diversity of BEST's donor base as a major priority. Over the remainder of the U.S.A.I.D. grant, BEST plans to diversify its portfolio to meet the following approximate targets:

DONOR	CURRENT	PLANNED
Foundations	20%	30%
International Agencies	60%	30%
Clients	5%	10%
Contracts	15%	20%
Local Support	0%	10%

BEST will begin to see the fruits of these changes in its financial structure in the coming year. In the meantime, BEST completed this fiscal year with a surplus.

Another important step that was taken during the year, and promoted through the U.S.A.I.D. MG in the form of the Sustainability Venture Fund, was research on income-generating possibilities. Through this program BEST seeks to develop a realistic local capability to generate its own financial support in a way that complements its development programs. BEST selected the shredder/chipper, a small machine which produces fodder for organic compost from farm debris, as its income-generating project. BEST's intention is to purchase three machines,

sell them through loans to its interested agricultural clients, and then assist the farmers in selling the compost produced through labelling and marketing of the compost. The fees generated through the marketing component would generate an ongoing stream of income while allowing BEST to demonstrate the viability of organic farming techniques. Through its research, BEST identified possible problems in terms of a sufficient market for the compost; as such the project will be further explored during the second year of the grant before it is undertaken. (See Appendix A-II.)

In terms of institution-building, the fall staff meeting highlighted the need for a staff evaluation process and a personnel policy. With assistance from the Board and staff and external consultation from Technoserve, both of these issues were ironed out and documents were produced during the year.

The institutional structure was examined during the staff retreat and subsequent Board meetings with the outcome of a new organizational chart to better reflect evolving programmatic priorities. (See Appendix A-I.) Initially, BEST had been conceived to provide business management and development assistance to new and growing collective enterprises. Much of its initial activity focussed on service to agriculturally-based groups. Over time, BEST became increasingly involved in providing access to alternative agricultural technologies and in finding ways to include women in development. In reviewing its existing programs during the year, BEST realized that it was operating in three sectors: business management and enterprise development, natural resource management, and women in development.

At the end of the year, with the direction of the Katalysis DP, BEST held a sustainability strategy workshop. During the workshop, these three sectors were formalized into distinct program areas with separate staff, specific skills requirements, and particular objectives. This new division allows the staff to better service their clients and to more effectively work together.

The Business Management/Enterprise Development branch remains the largest, with three program staff and sixty percent of clients.

Services offered include: training in record keeping, marketing, proposal writing, business management, project development, computerization of accounts, business analysis, feasibility studies, and micro-enterprise development. As a result of its services, BEST hopes to create more independent cooperatives with enhanced management capabilities -- in other words, stronger institutions. During the sustainability strategy workshop, it was decided, however, that BEST needs to place more emphasis on improved profitability of its clients.

In creating a new Natural Resource Management Program, BEST will complement its already established agricultural training activities and will build on its other programs such as training and technical assistance in solar box cooker technology and organic farming. While BEST has been promoting these alternative activities over the last several years, they had never been formalized. Already BEST has succeeded in raising awareness about solar cooking: fifty cookers are now in operation throughout the country. In terms of organic farming, four of BEST's clients are adapting their traditional farming practices to more benign conservation farming techniques. By forming this new program, with two full-time staff members committed to environmental preservation, BEST will be able to expand these activities and promote the environmental awareness so desperately needed in Belize.

In the fall Board meeting, a proposal was presented to establish a Women's Program. It was approved then and launched with formation of the first women's community bank in December. BEST now has two fully operational banks and is in the process of forming a third. The community banking approach forms the heart of the new women's program. While approved last fall, the program was only formalized during the sustainability strategy workshop. There will be two staff members running this department and the general goal is to promote the empowerment of women in development.

The sustainability strategy workshop built on the strategic planning activities that took place during the year and solidified BEST's plans. From this workshop, a full sustainability

strategy document was produced and is included in Supplement A. This document identifies computer skills, communication, fundraising, impact analysis, and the need for long-range planning as BEST's major goals. In the first quarter of fiscal year 1992, a Training and Technical Assistance Plan will be designed to address these needs.

Planning and Management Systems

The U.S.A.I.D. MG called for the improvement of each Partner's management information systems. To this end, in the last months of 1990, BEST undertook a major evaluation of its accounting, project management, reporting, and database management systems. This analysis lead to the conclusion that computerization of its information systems was a high priority for the year. BEST's management team took two important steps in early 1991 in light of this goal. They: 1) wrote two grants proposals, and received funding, for three new computers and a laser printer; 2) promoted one of their field officers to become the in-house computer specialist and trainer.

During the remainder of the year, the specialist devoted his efforts to computerizing BEST's manual accounting system. This process was facilitated through the assistance of the Katalysis DP and has been completed successfully. BEST's accounts are now fully computerized. During the second year, the computerized system will be streamlined in order to diminish data input and produce better reports. BEST also was able to computerize its quarterly project reporting system, making this process less time-consuming and enabling more timely production of reports.

By the end of the first year all staff had received basic computer training in wordprocessing. This training was provided through a one-day introductory workshop managed by the Katalysis DP and the ongoing assistance of BEST's computer specialist. This training will continue in the coming year.

In several of the Board meetings during the year, and during the sustainability strategy workshop, several Board and staff members expressed their interest in adapting the

quarterly report format. The purpose would be to make the information therein more accessible. At the end of this fiscal year, these revisions were completed. In addition, the need for the collection and reporting of baseline information was identified. A new one-page reporting document has recently been prepared and will be updated regularly. This document should serve as a tool to improve analysis of each of its clients' businesses and progress.

BEST's goals for the coming year include: the streamlining of its accounting system, further computer training for all staff, and making operational the database management system on BEST's clients.

Network Strengthening

From the outset of the Katalysis Partnership, it has emphasized the mutual exchange of information support from North to South, South to South, and South to North. The U.S.A.I.D. MG is designed to further strengthen the interaction between the Partners as well as to encourage participation in other organizational forums.

During the first year of the grant, BEST was quite active in its networking activities. BEST participated in six Shared Internal Technical Assistance activities and seven Private Voluntary Organization Community Participation forums. (See Appendix A-III for full listing.) These interactions have contributed to BEST's knowledge of specific issues, allowed BEST to share some of its expertise, and increased BEST's visibility locally, regionally, and internationally.

Perhaps the highlight of BEST's Shared Internal Technical Assistance Activities occurred in February when a project officer from BEST came to Stockton to present a practitioners viewpoint on solar cookers to a group of professionals participating in a workshop organized by Katalysis. BEST's role in this workshop was crucial to legitimating the value of this new technology and for providing a developing country perspective. BEST also played a leadership role in organizing the Partnership's search for a Guatemalan Partner.

In terms of participation in other PVO forums, one of the most exciting opportunities occurred at the outset of the grant when Bob Graham (Chairman of Katalysis) and Carlos Santos (Managing Director of BEST) presented a talk on "The Partnership Model" at a Consortium of North West Universities in Canada attended by development professionals worldwide. This talk was received with great interest as a new and more just approach to Third World development.

At a national level, BEST has played a leadership role in forming the Association for Non-Governmental Development Agencies (ANDA) of Belize. BEST provided office space and access to necessary resources for ANDA's first staff member and continues to represent ANDA at all national forums. The membership of the organization now numbers six of Belize's non-governmental organizations.

Field Services

Since BEST began operations, it has provided training and technical assistance to the lowest income sectors in all Belize districts. With funding from the U.S.A.I.D. MG, BEST was able to enhance its field support during the year by increasing the number of its clients by 14% and its beneficiaries by 24%. During the year, BEST worked with seventeen cooperative clients, directly impacted 10,946 individuals, and reached over 50,000 Belizeans indirectly. Of its direct clients, BEST was able to increase women participation to 29% of the total.

The services it was able to provide to these beneficiaries include: business management skills, credit, proposal writing, accounting, newsletter preparation, community surveys, strategic planning, marketing, computerization, budgeting, human resource development, organizational development, and farm management. BEST also provides direct technical assistance in such areas as beekeeping techniques, pest control, fertilization, crop selection, and inventory management.

By separating its program activities into three sectors, as described earlier, BEST hopes to increase its expertise and to provide more comprehensive services in each sector.

During the year, BEST became involved with two very important endeavors. In one of these, the Valley of Peace, BEST has played the leadership role in developing the infrastructure of a new refugee settlement which is currently home to 1,320 people. BEST is responsible for coordinating the activities all governmental and non-governmental groups working in the settlement. For example, BEST has contracted with several groups in order to install a potable water system. It has also organized the community around specific projects such as a farm to help meet the food needs of the community and the development of small-scale enterprises to help the new residents become self-sufficient.

BEST also introduced a Women's Community Banking program this year which will serve as it's first Development Pilot Project. During the year, BEST continued to research the community banking model, with assistance from the Katalysis DP as well as from its Partner ODEF. Based on its research, BEST adapted the model to better address the Belizean environment. For example, it decided to increase the average loan size because of the higher cost of living in Belize compared to that in other countries where the model has been introduced. The more advanced activities in which women are involved caused BEST to expand the business management portion of the training. Finally, group cohesiveness and motivation were found to be more problematic and, as such, human development and group dynamics activities were introduced.

During the year, BEST was able to open two banks, the Western Community Bank in Benque Viejo (21 members) and the Women's Working Club in Belize City (12 members). This pilot project has allowed BEST to pioneer a new development model in Belize. In order to expand the concept, BEST plans to hire para-technicians over the next year--an approach it has never before taken. In addition, BEST has begun training members of the Department of Women's Affairs with the intention that the Department can eventually provide a portion of the necessary training and follow-up. Employing these new approaches during the next year, BEST should be able to learn even more about the potential of this model for development in Belize. (See Appendix A-IV.)

ODEF

Organizacion de Desarrollo Empresarial Femenino (ODEF), or the Organization for the Development of Women's Enterprise, was founded in 1985 to help incorporate women and their families into the economic, social, cultural, educational, and political processes of development in Honduras. ODEF joined the Katalysis Partnership in 1989.

ODEF's programs emphasize microenterprise development as a means to combat low paying jobs and persistent underemployment for women. Given the interconnectedness of the problems facing the poor in rural Honduras, ODEF also provides support for housing improvements, health, nutrition, small-scale agriculture, handicrafts, and alternative energy sources.

Over the last three years, ODEF has achieved a remarkable level of growth. Only two years ago, ODEF had a staff of ten, now it boasts a staff of 46. Over the last year, the number of beneficiaries ODEF serves has more than doubled and the number of communities in which it works has grown from 28 to 45. The U.S.A.I.D. MG has been critical to ODEF as an institution during this period; the sustainability strategy, planning and management systems work, and network strengthening have all been fundamental to ODEF's ability to manage its rapid growth. The U.S.A.I.D. MG support for field services allowed ODEF to expand the types of services it provides and to reach an increasing number of beneficiaries.

Sustainability

In September of 1990, anticipating the inauguration of the MG, ODEF's Board of Directors held a meeting devoted specifically to long-term planning. The Board quickly realized that before plans could be made for the future, a very clear understanding of the existing organizational status was necessary. As such, during this Board meeting, a document was produced analyzing ODEF's strengths and weaknesses. In addition, it was realized that ODEF's mission needed to be expanded to include the provision of a wider array of services based on the expressed needs of its beneficiaries. This meeting had an important side-effect: by conducting such an in-depth analysis of the organization, the commitment of the Board and the active roles it plays have increased.

The document produced by the Board in September highlighted the need for a three-year business plan, or sustainability strategy, for ODEF. The Katalysis DP was called in to assist in researching and designing an appropriate business plan structure. The DP spent a week in Honduras in early December 1990 working with ODEF on the concept of strategic planning and refining a business plan format. Using this format, ODEF then held two workshops for the full staff to discuss and define a business plan. The document produced covers programmatic health, institutional strength, and financial stability.

Probably the most significant realization on a programmatic level was the need for a structural reorganization to manage ODEF's high growth portfolio. No longer was it possible for the Executive Director to have full responsibilities for all programs. It was decided to divide program activities into four regional zones. Regional coordinators were given full responsibility and authority for all programs in their zones. The result has been improved communication, better management, reduced stress on staff members, increased commitment, and well-managed growth. The participatory approach of developing this business plan proved especially effective -- all staff now are committed to pursuing the goals they themselves have set. (For the new organization chart see Appendix A-I and for a copy of the business plan see Supplement B.)

An important institutional factor identified during the planning workshops was the need for more formalized personnel evaluations, particularly given the continued growth in the number of staff. A system was designed, with assistance from FOPRIDEH (an umbrella group for Honduran non-governmental organizations) and through examples provided by the Katalysis DP, and was put in place in late spring. The first staff-wide evaluation occurred then and will be continued on an annual basis.

In terms of financial stability during the last year, ODEF continued to make progress. It expanded the paratechnicians program from 10 to 18, which helps to keep costs down. In terms of its funding diversity, ODEF was able to attract donations from several new sources; it received a government-level grant from

Holland, and, in addition received support from both the Government of Honduras and the Municipality of San Pedro Sula. Over the next two years, ODEF's goal is to expand private local support for its programs.

ODEF is also committed to exploring the option of income-generation projects. The ODEF Board devoted a great deal of time and effort during the year to selecting an appropriate first endeavor through the Sustainability Venture Fund. Their goal was to find a project compatible with ODEF's stated objectives that could also generate sufficient income; without this compatibility, ODEF's resources would be further stretched. After much deliberation and research, the Board agreed to construct an office building that would help provide security to ODEF and also holds potential for income-generation. The idea is to rent office space and/or other equipment or conference rooms to non-governmental organizations or perhaps to nascent small enterprises. ODEF's new office building would serve as kind of incubator. ODEF successfully petitioned the City of San Pedro Sula for the donation of land and succeeded in receiving a pledge of pro bono architectural planning from a local firm. Planning is currently in process and construction will begin next year pending successful petitions for financial support for the building. (See Appendix A-II.)

Over the coming year, the office building will be a primary focus of sustainability activities, requiring on-going input and assistance from Katalysis. In addition, given that ODEF's business planning sessions occurred so early in the grant cycle, ODEF will hold another workshop on sustainability this fall that will be facilitated by Katalysis. As in the sessions last year, the full staff will participate and will be responsible for producing the resultant planning document. This document will include a plan for necessary training and technical assistance through the Partnership.

Planning and Management

The MG is also intended to help the Partners evaluate and improve their management information systems. This is particularly critical for ODEF so that its systems keep pace with the rapid pace of program growth. Realizing this, early in the year, ODEF

contracted with two local organizations which are experienced in systems analysis and computerization. PYME (a local non-governmental group assisting organizations providing support to small- and micro-enterprises) has worked with ODEF in developing a computerized accounting system which is now in place; ODEF's administrative staff has been trained to operate the system. FOPRIDEH has provided assistance in computerizing ODEF's credit management system and has produced a detailed document with recommendations. These recommendations are fairly sophisticated and the credit staff has not received sufficient training. As such the process of computerizing ODEF's credit systems will continue.

One credit system needed specific attention during the year, that is the community bank management program. Because this program is unique in its structure, the information systems supporting it needed to be carefully tailored. The Katalysis DP designed a special community bank system during her last field trip. This system will allow ODEF to keep track of the financial status as well as key indicators of growth and economic progress for each bank and its members. The system is relatively simple, so should prove accessible to all staff members.

Prior to this year, only two people from the credit or program departments had any familiarity with computers. In addition, the credit and program areas did not have computers at their disposal, but could only borrow one of the administrative staff's two computers. This has rendered the reporting process quite time consuming and has delayed the computerization of project and credit systems. To rectify this situation, Katalysis and ODEF worked together to locate a volunteer to provide computer training to the staff members of the credit and program departments. A volunteer was contracted for four months and training is in process. Also, two new computers and a new printer were purchased with the support of private donations.

When the organizational structure was revised during the planning workshops it became immediately evident that project reporting needed to be adapted accordingly. All the reports have now been revised. The revised

reports, however, remain cumbersome because they were designed to meet the specific requirements of each of ODEF's many donors (now thirteen); overlap and repetition in information persists. Streamlining these reports has been difficult up to this point because of the limited computer expertise available; with the training in place, this will become a major goal of the coming year. Another goal for next year will be updating and improving ODEF's client database system.

Network Strengthening

During the first year, ODEF was active in its networking activities. ODEF participated in six Shared Internal Technical Assistance (SITA) activities and nine Private Voluntary Organization Community Participation (PVO-CP) forums. (See Appendix A-III.) These interactions contributed to ODEF's knowledge of specific issues, allowed ODEF to share some of its expertise, and increased its visibility locally, regionally, and internationally.

Of all of ODEF's SITA activities, perhaps the most memorable occurred at the very outset of the grant. Francisca de Escoto, Executive Director of ODEF, was in Stockton for the fall Board Meeting. During her stay, Katalysis arranged for her to meet with a local group of Hmong refugee women. Katalysis had played a role in helping the group organize, find its first funding, and apply for non-profit status. From the group's inception its primary activity was the production and sale of handicrafts to generate much needed income for members. Logically, Katalysis introduced them to the community banking model, but never with much success, until Francisca's visit. Her enthusiasm and a sense of shared understanding allowed the women to see the benefits of the model for the first time. In addition, her talk helped them to value the importance of careful bookkeeping and administration. It is fair to say that after her visit the women were motivated and committed as never before.

Another important example of this type of networking occurred during the latter half of the grant: the search for a new Partner in Guatemala. ODEF has played a key role during this search, with two visits by one Board

member and Executive Director and many telephone calls and letters to colleagues in Guatemala. Perhaps the most tangible evidence of ODEF's effort in this process is yet to come. ODEF has offered to train the new Partner in community banking, both by having representatives come visit and work with banks in Honduras as well as for ODEF staff to travel to Guatemala to provide direct assistance.

ODEF has also participated in many wider PVO forums; in fact, ODEF has taken a lead role in organizing some of these. In particular, ODEF hosted a training seminar on solar box cooking which 28 Honduran NGOs attended. ODEF decided to hold this session based on the repeated interest expressed by other organizations. Despite the fact that ODEF only recently introduced this technology, it is the only group promoting solar cooking in Honduras. The project has already gained recognition as an important economic and environmental innovation. The seminar was held in April and was extremely well received. Several of the participating groups have since asked ODEF to train their staff in the technology so that they can disseminate it themselves. Should this prove to be true, the technology can be spread more quickly.

Based on the experience ODEF gained during the year in evaluating itself as an organization and developing a strategic plan, several organizations asked that ODEF assist them in carrying out their own 'sustainability audits'. Early in the year ODEF organized a one-week sustainability seminar for AHDEJUMUR (Association for the Development of Women and Youth) in Tegucigalpa and during the last month of the grant held a two-day workshop for CIDICCO (Organic Composting Promotional Agency). Again, these efforts held great impact for the receiving organizations as well as helping ODEF to learn more about its own sustainability. Working together in this way also helps to break down the competition that is often observed between NGOs.

Field Services

The first year of the MG has proven very eventful for ODEF in terms of its field programs. ODEF was able to increase the number of its direct beneficiaries from 646 to 1,616, or by 150%,

and was able to expand its work from 28 communities to 45 communities. ODEF has continued to have a strong influence on its program participants. During the year, 328 jobs were created and 632 enterprises were established or enlarged as compared to 50 jobs and 447 enterprises in the previous year.

ODEF was also able to expand the types of services it provides. For example, ODEF introduced an Integrated Rural Development Program in two villages to provide comprehensive assistance in microenterprise, education, youth services, health, nutrition, housing improvements and general social and economic welfare. In one of these communities a kindergarten was desperately needed--one is now in full operation with the help of two volunteer teachers located by ODEF. In another example, many of the participants in ODEF's nutritional training programs expressed frustration because they could not afford to purchase the nutritional foods they were learning about. So, ODEF introduced a small family garden project--over thirty small plots have been cultivated as a result.

ODEF also recently established an embroidery project. ODEF is helping 12 community groups organize and is providing marketing, joint purchasing, and administrative training to the members. A final program worth mention is ODEF's solar box cooker promotion. This program has taken off during the year; there are now more than fifty stoves that ODEF has helped to construct that are in operation throughout Northern Honduras. Each of ODEF's five field offices has a cooker which it can lend to community members. Interestingly, and against all predictions, the program has received the most response in San Pedro Sula. This responsiveness can be attributed to the higher level of environmental consciousness among urban residents. The program has served as a catalyst for ODEF to become more involved in urban development.

Another effort initiated and supported through MG funds is ODEF's Development Pilot Project. After much exploration with Board, staff, and beneficiaries, ODEF decided to undertake a sustainable agriculture training center. In the summer, ODEF produced a preliminary concept paper on this endeavor which was critiqued by

Katalysis. ODEF then conducted further research and finalized its concept paper. Using this paper, ODEF was able to successfully petition the Municipality of San Pedro Sula for land for the Center. Additionally, a joint proposal was submitted by Katalysis and ODEF to a private donor for financial assistance to develop the project. (See Appendix A-IV.)

While not new, the community banking program -- a program supported explicitly through the U.S.A.I.D. MG--has continued to grow and has received increasing attention regionally and internationally. At the outset of the year, ten banks were in operation. ODEF succeeded in helping form nine new banks during the course of the year. The banks still boast a 100% repayment rate despite this rapid growth. In addition, savings levels remain high. The groups are increasingly organizing around larger community issues and have helped to find teachers for their communities, petitioned for new roads, and jointly raised funds to help members whose family members suffer from severe health problems.

The primary problem facing the older banks is the attrition of some members as the banks mature. ODEF staff and bank leaders are currently seeking solutions. ODEF itself plans to provide more intensive education during the orientation about the need for long-term commitment by each and every member. ODEF has also pledged to be more diligent in its follow-up services. The bank leaders feel they could do more to identify and support members who might be considering leaving. Overall, however, bank leaders feel that an average of 20 members, currently ODEF's stated goal, may be too high -- that groups are more cohesive, supportive, and responsive when slightly smaller. This matter deserves further attention and will be ironed out in the coming year.

A final community banking event worth mention is a meeting ODEF organized for the leaders of its nineteen existing banks. The meeting helped to create unity among the banks and to allowed each bank feel a part of a larger movement. Each bank representative had the opportunity to share their experiences and get advice and learn from the activities of their sister banks. The meeting was so productive and informative that it will be continued annually.

CAPS

Caribbean Advisory and Professional Services (CAPS) was begun as a field program of International Voluntary Services (IVS) in 1985 and was spun off by that agency during a period of severe financial retrenchment in 1988. CAPS joined the Katalysis Partnership in 1989.

CAPS was constituted as a West Indian-owned technical assistance and training agency. Through six Associate staff members, CAPS was designed to provide needed services to low-income beneficiaries and over 150 local, national, and regional development agencies in the Eastern Caribbean.

Development and Dissolution

Background

As a new indigenous development agency, CAPS struggled through its first year and a half of independence, but managed to continue operations. As a newly autonomous organization, it found itself constrained by administrative limitations, inadequate funding, an inability to effectively market itself, and resultant internal tensions.

At the outset, CAPS appeared to be like so many local development agencies: filling a demonstrated need, providing high calibre local expertise, and possessing an excellent track record and reputation, but under-financed, understaffed, and lacking the necessary business acumen to efficiently operate a cost-effective regional program. In other words, CAPS presented a perfect candidate for participation in the Katalysis Partnership and was poised to benefit from the institutional-strengthening afforded by the U.S.A.I.D. MG.

Preparations for the U.S.A.I.D. Matching Grant

CAPS conducted its second annual general meeting and Board of Directors meeting in August 1990. The six Associates were in attendance, as were the Katalysis President and Director of Resource Development. The Katalysis representatives participated in both sessions and conducted a workshop on the content and mechanics of the U.S.A.I.D. MG in preparation for its inception in October.

During these meetings several institutional concerns were raised:

- Administrative oversight.
- Financial accountability and management.
- Roles and responsibilities of the Associates and Executive Director.
- Communications between headquarters and field staff.
- Personality differences among Associates.
- Productivity, compensation of Associates.

Because of the intensity of these discussions, Katalysis deemed it necessary to meet with the Executive Committee of the Board prior to the implementation of the MG to ensure CAPS institutional capability to participate fully. Katalysis convened a meeting in September in Antigua which resulted in the following:

- 1) The Executive Director's post, previously encompassing both administration and field work, was restructured to that of a full-time Managing Director with full financial, administrative, fundraising, and marketing responsibilities. A job description was written with special attention given to equating authority with responsibility. The position was to be advertised and open to all applicants.
- 2) The authority and duties of the Board were increased giving it foremost responsibility for decision-making.
- 3) Financial records were to be updated and the financial audit (in process) was to be concluded.
- 4) Salaries were reduced to reflect income; Associate productivity was tied to wage incentives.
- 5) Finally, a SWOT (Strengths, Weaknesses, Opportunities, and Threats) Analysis was commissioned to analyze critical issues such as power distribution, authority/responsibility, accountability, and communications.

Dissolution of CAPS

In October, Katalysis commissioned and coordinated the SWOT analysis. We located an independent evaluator who had previously conducted an evaluation of the IVS Caribbean Program in preparation for its spin-off.

Katalysis and the CAPS Board jointly designed his terms of reference. The Partnership provided back-up assistance throughout the analysis. (See Supplement C.)

The CAPS Board and staff met in a joint session in Antigua in January 1991 to assess the SWOT Analysis findings and to chart a future course of action. At that time it was decided to dissolve CAPS and to work toward regrouping under a new name IDEAS (International Development and Affiliated Services, Ltd.). This action effectively took CAPS out of the Katalysis Partnership as it related to the U.S.A.I.D. MG.

Although Katalysis is not in a position to contribute financially to the formation of the new agency, it will provide on-going counsel. If at a later date the new organization comes to fruition, it will be invited to apply for Partner status with Katalysis on a competitive basis with other development organizations in Central America and the Caribbean.

Lessons from the Process

The dissolution of CAPS was a grave disappointment to the many groups and individuals that had worked so hard to stabilize its operation. More importantly, it left a void in the wider Caribbean region of indigenous agencies providing the relevant hands-on assistance epitomized by CAPS. There are some lessons, however, that derive from this experience and should be shared:

1) The spin-off from IVS was premature and affected the fledgling organization in several ways:

- *Administration.* For the first four years the team was an association of equals with specific spheres of expertise but no overall management responsibility. Then, two of the 'equals' became Executive Director and Financial Controller to whom the rest had to report. Further, the Executive Director and Controller had to divide their time between administrative duties and field work because all Associates had to be wage earners for the organization.
- *Finances.* Under IVS management, salaries were paid on time and in full; Associates

were responsible only for field work. After independence, Associates had to raise all finances as well as cover overhead costs. The immediate emphasis on self-sustainability caused stress for the Associates and also caused the organization to lose sight of its development focus.

- *Ownership.* While IVS funding cutbacks forced the hasty transition to independent status, it is important to recognize that the Associates had always been planning to establish a worker-owned organization. When the transition occurred this meant they welcomed the freedom from obligation to higher authority. A feeling pervaded that the *esprit de corps* of the founding Associates obviated the need for traditional mechanisms of accountability. The aversion to any governance also inhibited the acceptance of a Board of Directors and its normal policy-setting function. Further, it contributed to a reluctance to define roles and duties agency-wide. This led to organizational dysfunction and, eventually, to dissension and distrust.

2) CAPS never recovered from its premature launching; it was too consumed with subsistence to institute the systems to insure proper administrative and program oversight. The very standards of institutional development that CAPS so effectively taught to other organizations were absent in its own management. For example, the organization lacked:

- Clear definition of roles and responsibilities of management, field staff, and Board with shared commitment to accountability.
- Participatory management to ensure shared ownership of the organization.
- Strict financial oversight; accessible accounting of financial matters; periodic reporting of income and expenses; living within the organization's generated means.
- Effective communications to enable shared knowledge of, and involvement in, the activities of the agency.
- Establishment of internal and external evaluations of operations to reveal strengths and weaknesses; use of this information to correct problems and plan strategically.

3) The CAPS dissolution provides some critical lessons for the Katalysis Partnership. It raises the questions of how and when to intervene when a Partner is in crisis and what roles are to be played by each Partner. The result was a deeper appreciation of the support derived from the Partnership and a consensus that the level of partnership should be intensified. This was manifest in the subsequent adoption of a Partnership Agreement signed by all members to set standards of commitment, performance, and accountability. It also raises important issues around new Partner selection which are discussed in Section VII.

Activities Completed for the U.S.A.I.D. Matching Grant during the First Two Quarters

Sustainability

CAPS institution-building endeavors during this time were devoted primarily to survival. Numerous restructuring exercises were completed:

- Recruitment of Managing Director based on the new job description.
- Revision of Articles of Incorporation.
- Adoption of new Board responsibilities.
- Completion of SWOT analysis.

Planning and Management Systems

Given CAPS state of transition, planning and management systems analysis and design were not high priorities. Two important activities, however, did take place:

- A new personnel pay-scale with an incentive schedule was drafted and adopted to promote improved financial accountability.
- A balanced 'break even' budget was drafted and adopted in order to set the organization on a pragmatic financial course.

Network Strengthening

The Katalysis Partnership network provided extensive support for CAPS during this period in the form of organizational counseling, setting priorities, the provision of financial and other resources, and moral support for Associates and Board members. In terms of SITA activities,

CAPS Chairman of the Board came to the Katalysis Board Meeting in November to discuss restructuring initiatives, the SWOT analysis, financial issues, and wider Partnership issues. In addition, a CAPS Associate met with the Managing Director of BEST to consult on institutional and programmatic issues being faced by CAPS in its time of transition.

CAPS did continue to interact with the larger PVO community, although at a less active pace, during this period. In particular, CAPS continued to act as the implementor of the Inter-American Foundation's In-Country Fund. In this capacity, CAPS was responsible for reviewing applications, researching organizations, making selections, and distributing funds. CAPS was also responsible for coordinating a representative review committee from diverse non-profit Caribbean organizations. During the first half of the U.S.A.I.D. MG, CAPS supervised the selection and allocation of grants to organizations in four Caribbean nations. (For a complete listing of SITA and PVO-CP activities see Appendix C-II.)

Field Services

Despite the institutional issues CAPS was facing, the field staff did continue to provide small business development and agricultural training services. For example, in Anguilla it contracted with the Ministry of Agriculture to design a sustainable agricultural demonstration program for rural families in the context of national priorities. In Belize, CAPS performed an audit/diagnostic of the handicraft industry in order to assist 28 community crafts production groups in production and marketing.

The following chart summarizes CAPS field activities during the first two quarters of the grant. (See Appendix C-I for full description.)

Characteristic	Number or Percent
Countries Served	7
Contracts	10
Groups Assisted	85
Direct Beneficiaries	495
Number of Female Beneficiaries	277
Percentage of Female Beneficiaries	56%

V. MANAGEMENT: REVIEW OF SUPPORT FUNCTIONS

Project Planning and Management Activities

To introduce the U.S.A.I.D. Matching Grant, Katalysis played a particularly active role in planning and management activities during this first year. Prior to the commencement of the grant, the Katalysis Executive Director and Director of Resource Development conducted orientation workshops with all three Partners to fully acquaint them with the content and mechanics of the MG.

We devoted the majority of our fall Partnership Meeting to reviewing MG requirements and planning how each organization would carry out its objectives. The actual implementation of MG activities, however, was delayed somewhat by the belated hiring of the new Director of Programs (DP) who did not come on board until November.

The DP's first activity -- which proved beneficial both for Katalysis and the Southern Partners -- was to design and produce a calendar reflecting all MG activities for the first year. (See Appendix D-II.) In early December the DP travelled to Belize and Honduras to help design a workplan for each Partner. It was at this point that we decided to require the submission of quarterly narrative reports to ensure maximum communication and follow-through on MG activities.

In the spring, the members of the Partnership met in Belize to analyze the progress of the MG, discuss any obstacles encountered, and jointly work to resolve any issues. In particular, both Southern Partners expressed difficulty in defining and developing their Sustainability Venture Fund projects. As a result, Katalysis provided more intensive support by way of idea sharing, review of possible projects, and planning assistance for the duration of the year. A major purpose of the spring meeting was to discuss what the MG was teaching us about Partnership. This led to the new joint Partnership Agreement described earlier. (See Appendix D-III.) This meeting set Katalysis on a course of extensive self-evaluation in order to determine the strengths and weaknesses of the Partnership model and to establish our strategic goals as an institution.

Staff Resources

The Executive Director continues to be quite involved in Program activities. He spends an estimated 55 percent of his time on field support. He is responsible for the financial, institutional, and programmatic oversight of Katalysis itself and of the Partnership as a whole.

The Director of Programs position was created expressly with financial support from U.S.A.I.D. and for the purpose of oversight of MG activities. The DP serves as the primary liaison for the Southern Partners. During the year she made three field trips. The support she provides is based on expressed needs and includes, but is not limited to, technical assistance, training, access to resources, strategic planning, systems analysis, and organizational development. In addition, she serves as a link to other Private Voluntary Organizations, ensures the Partners have access to state of the art information, and provides report writing and editing services to donors.

To support this new Director, a position was created for an Assistant at the outset of the grant. This position was filled by promoting a long-term intern who is a native Mexican with fluency in Spanish and familiarity with Katalysis programs.

During the year, due to a family emergency, the Director of Resource Development was forced to resign. His position was not filled for many months, but Katalysis was fortunate to find high calibre interim assistance. The services provided by the various individuals occupying this position include: direct fundraising to foundations, two general appeals, financial planning for specific programs for the Partners, donor research and cultivation, and training for Southern Partners in how to organize and carry out successful fundraising efforts.

Finally, the Financial Controller provides financial management assistance, budgeting, and oversees the receipt and disbursement of all funds.

Training

The Katalysis Partnership is designed to be responsive to the training needs of its members. Through the MG, training comprised:

- *Sustainability Strategies* definition, design, and implementation. For ODEF and BEST, these efforts proved fundamental to coping with organizational needs and for improved strategic planning.
- *Management Information Systems* review and redesign including assistance with the computerization of accounting, program, and credit systems. This function also included the refinement of program-related reports to improve content and accessibility. Direct computer training was also provided.
- *Network Strengthening* occurred through initial training on its value and then facilitation of subsequent activities.

Technical Assistance

Technical assistance was provided in support of Southern Partners *field services* primarily through the field visits of the DP. The frequent travel schedule elaborated in the MG proposal turned out to be quite valuable in this regard as it insured consistent availability as well as familiarity with organizational needs. Specific examples of technical assistance that occurred during the year include:

- *Survey techniques.* Workshops on conducting a research survey including how to construct and complete a questionnaire, interviewing techniques, and compilation and analysis of data.
- *Solar Cookers.* Technical assistance was provided in construction techniques, alternative construction materials, how to introduce a new technology, and impact analysis.
- *Community Banking.* For ODEF this consisted of ongoing assistance with regard to bank development, monitoring and reporting, and the evaluation of program strengths and weaknesses. For BEST, this included the provision of materials as to how to market the program, research on possible adaptations to the model, and discussions on program needs in terms of human and financial resources.

- *Organic Farming and Sustainable Agriculture.* Both ODEF and BEST are planning to significantly expand their programs in this sector. During the year, Katalysis kept the Partners informed of new data and information on alternative farming techniques, research on methodologies employed by other agencies, and planning assistance on contemplated programs.

Project Fundraising and Marketing

For a small organization, Katalysis has been quite successful in garnering support from individuals as well as private foundations. These efforts will be increasingly important over the coming years as the Founder and Chief Executive Officer begins to decrease his financial support. The decision to reduce this support was made jointly by the Board and staff during the last Board meeting; it was felt that now that Katalysis is moving out of its inception phase and into a level of maturity, it should be able to support itself through the wider public. This change will intensify our marketing and fundraising efforts.

Primary fundraising mechanisms include:

- *General Appeal.* Katalysis submits two general appeal letters to its membership each year. The donations this year dropped somewhat from the previous year, reflecting the impact of the economic downturn on our individual donors. With our new Director of Resource Development in place we hope to return these donations to their previous level in the coming year.
- *New Donors.* Reflecting our growing reputation and the demonstrated success of the Partnership approach, Katalysis was able to attract six new foundation donors in fiscal 1991 with an average contribution of \$21,500. The majority of these funds were passed through to the Southern Partners, but increasingly Katalysis is asking for, and receiving, support to cover headquarters costs. Of note, three of these new donors have made multiple year grants.
- *Board Support.* The planned decrease in support from the Founder has been offset somewhat by the other members of the

Board. During the year we refined our accounting systems to segregate Board donations, a category that did not previously exist. Because of this change we cannot measure trends, but other Board members made contributions of close to \$24,000 during the year. As an example of their financial support, each Board member has agreed to pay his or her way to the upcoming Board meeting which will be held in Belize.

- **Contracts.** For the first time, Katalysis took on contract work in order to increase the impact of our work while covering costs. In the last year, we successfully undertook five contracts with an average payment of approximately \$6,000.

Role of Board of Directors

The Katalysis Board of Directors is a hands-on Board with each member bringing specific skills and expertise to the Partnership. The Board is an activist association with all members willingly contributing in a variety of ways. The staff and Partners benefit considerably from this support.

During the year, two Board members completed their terms and three members joined. The types of assistance Board members provide include:

- Policy formation.
- Administrative assistance.
- Financial planning.
- Long-range strategic planning.
- Organizational structure and strengthening.
- Fundraising and donor contacts.
- Staff recruitment, selection, and orientation.
- Partner troubleshooting.
- Field visits and project assessments.
- New Partner exploration.
- Inter-agency networking.
- Financial support.

(See Appendix D-IV for a full listing of support provided by each member.)

Development Education

Katalysis believes that to produce sustainable change in the developing world, people in the 'developed' world must understand the causes

for persistent poverty. As such, through the support we provide for different development projects, we try to educate donors and the membership as a whole.

Nowhere is this more evident than in our Community Partnership Program which is designed to connect donors directly to a specific project in one of our partner countries. We believe that through this more direct connection, improved understanding can take place on both sides of the globe. To date, we have promoted 20 such linkages in support of the community banking program. In the coming year, we plan to extend this income generating and educational effort to other development programs such as organic farming and solar cooking.

We produce a newsletter on a semi-annual basis. This newsletter contains updates on each Partner and describes any new activities or learning that have taken place. In every issue, someone from the Third World is given a voice. One page is devoted to an editorial piece by an informed and independent development professional. Currently, this newsletter is distributed to over 1,500 people.

In our general appeals, we focus each letter on a particular country or development issue and try to make each as informative as possible. For example, in our second appeal this year we described some of the cultural traditions of Guatemala in anticipation of our new Partner in that country.

Next year we also plan to introduce a new activity based on the success BEST has had with this approach: an Annual General Meeting. The wider Katalysis community will be invited to an event which will include: donors, volunteers, members, and professionals from other U.S. PVOs. This effort should have financial benefits as well as serve as a means to educate and increase the involvement of our wider constituency.

New Guatemalan Partner

Given the dissolution of CAPS, Katalysis has devoted significant effort this year to selecting a new Partner in Guatemala. This new organization will serve to complete the

Partnership and will also be the third recipient agency under the U.S.A.I.D. MG.

As a preliminary step, participants at the spring Board and Partnership meetings discussed and decided upon the appropriate country selection and organizational criteria for the new Partner.

The country selected was Guatemala based on its persistently high poverty level, geographic proximity to Belize and Honduras, its similar cultural heritage, and the recent growth of non-governmental organizational activity there.

Criteria were carefully designed for the type of organization we are seeking, including: size, type of beneficiaries, program focus, commitment to self-sustainability, a functioning Board of Directors, and interest in joining a Partnership. (A full listing is provided in Appendix D-V.)

Since that time, while a new Partner has not yet been chosen, many actions have been taken toward that end:

- A document on Guatemala was compiled including research on the culture, history, environment, economy, and political situation. An analysis by the Inter-American Foundation of recent nongovernmental activity was also acquired and included. This document was distributed to all Katalysis Partners members of the Board of Directors.
- Katalysis conducted an informal survey of U.S. PVOs active in Guatemala to benefit from their experience and advice.
- Katalysis discussed plans with our U.S.A.I.D. Project Officer in order to assure concurrence and to gain access to any relevant information.
- Three visits were made to Guatemala to meet with prospective candidates. No specific agency was selected, but Katalysis increased its knowledge about how it can best work in the country and the types of organizations which would best fit into the Partnership. Two Katalysis and two ODEF Board members participated in these

exchanges as did the Executive Directors of all three Partners.

- During the second of these trips, Katalysis met with indigenous evaluators who could provide on-going in-country research on potential candidates. An evaluator was selected and has since furnished invaluable information to us on local organizations and has also introduced the Katalysis model to potential groups.

The process of selecting a new Partner is, of necessity, a long and intensive one. We have not yet found the appropriate organization, but we have made significant progress and intend that the new Partner will be selected and on-line during the first quarter of the second year of the Matching Grant.

VI. FINANCIAL REPORT AND TABLES

Financial Overview

Table 1A:
Program Budget versus Actual Expenditures

Table 2A:
Budget Update 1990 - 1991

Table 3A:
Budget Update 1991 - 1992

Table 4A:
Budget Update 1992 - 1993

These tables reflect the fact that during year one of Katalysis Partners CAPS decided to officially dissolve and that in years two and three Katalysis will take on another Partner in Guatemala.

The Matching Grant agreement continues to reflect the requirement to produce a dollar for dollar private source funding match for the duration of the grant. Over three years this reflects a funding base of \$600,000 from U.S.A.I.D. and \$600,000 raised by Katalysis from private sources. We are not and will not undertake an agreement to complete a higher private source match. It should be noted, however, that our estimated budgets are now reflecting higher private source funding.

Funding Sources and Uses

Table 1B:
Sources of Project Funds for the First Year of the Matching Grant

Table 2B:
Sources of Project Funds for the Three Year Matching Grant Period

Table 3B:
Uses of Project Funds for the Three Year Matching Grant Period

Letter of Credit Drawdown

Drawdowns are usually made at the end of each quarter to cover salaries and other expenses incurred during the quarter.

No changes in the rate of drawdowns, cost overruns, or unusually high expenses are anticipated.

Fundraising Plans and Activities

Fundraising activities have been successful during fiscal year 1991 and we anticipate exceeding matching grant requirements over the remaining years of the grant.

Funding has been and will continue to be provided through seven principal sources:

- Individuals
- Board of Directors
- Corporations
- Foundations
- Institutions and Churches
- Investment Income
- Contracts

Contributions from individuals have been realized through a semi-annual mail campaign and an annual Combined Federal Campaign. Additionally, the Community Partnership Program was recently instated, in which major donors underwrite the start-up costs of one or more community banks.

The Board has consistently provided financial support; while the composition of this support will change between the amount given by the Chairman of the Board and other members, the Board as a whole will continue to provide substantial financial assistance.

Grants have been secured from corporations, foundations, churches, and institutions to fund field program costs and administration. This level of support is expected to continue or improve over the next two years of the Matching Grant.

Investment income provides significant capital on a continuing basis.

Katalysis Cost-Share

We anticipate no problems in meeting cost-sharing requirements, either annually or in total.

KATALYSIS FOUNDATION
TABLE IA PROGRAM BUDGET VERSUS ACTUAL EXPENDITURES
10/1/90 - 930/91

=====				
	AID		KATALYSIS	
	BUDGET	ACTUAL	BUDGET	ACTUAL
<hr/>				
A. PROGRAM ELEMENTS				
1. DIRECT COSTS				
A. BELIZE				
Salaries	\$ 29,800	\$ 29,800	-	-
Travel	15,600	15,600	-	-
Office	7,800	7,800	-	-
Dev. Pilots	2,500	2,500	-	-
BELIZE SUBTOTAL	\$ 55,700	\$ 55,700	-	-
B. EASTERN CARIBBEAN				
Salaries	\$ 30,867	\$ 13,254	-	-
Travel	10,640	2,806	-	-
Office	11,693	3,010	-	-
Dev. Pilots	\$ 2,500	-	-	-
EC SUBTOTAL	\$ 55,700	\$ 19,070	-	-
C. HONDURAS				
Salaries	\$ 38,360	\$ 38,360	-	-
Travel	8,790	8,790	-	-
Office	5,950	5,950	-	-
Dev. Pilots	2,500	2,500	-	-
HONDURAS SUBTOTAL	\$ 55,600	\$ -	-	-
D. VILLAGE BANKING	\$ 33,000	\$ 33,000	-	-
TOTAL PROGRAM COSTS	\$200,000	\$163,370	-	-
E. HEADQUARTERS COSTS	-	-	\$200,000	\$163,370
TOTAL PROGRAM ELEMENTS	\$200,00	\$163,370	\$200,000	\$163,370
=====				

KATA : SIS DATION
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 FY 90/91
 TABLE 2A

	Overseas Costs	Grant Disburse.	Sust. Strat.	Network Strength- ening	Development Education	Program Overseas Costs	Support Services	Totals
FIELD SUPPORT -								
Belize, Honduras,								
Eastern Caribbean								
Salaries & Benefits	82,900					120,000	60,000	262,900
Travel	24,900					9,000	4,000	37,900
Training Materials	6,800							6,800
Communications	3,670			6,200		2,500	3,500	15,870
Workshops	700						1,000	1,700
Office and Supplies	6,100					2,400	9,000	17,500
TOTAL	125,070							
Dev. Pilots (2)	5,000							5,000
Loan Funds	33,300							33,300
Grant Disbursements		107,800						107,800
Consultants			2,200		3,000		1,000	6,200
Partners Semi- Annual Meetings			3,700					3,700
Sust. Venture Funds (2)			8,000					8,000
Sust. VF to N.C.E. South/South Consultancies			4,000	1,000				1,000
PVO Community Activities				1,000			1,300	2,300
Newsletters					3,000			3,000
Occupancy						1,200	13,500	14,700
Board and Other Meetings							2,600	2,600
Audit							3,000	3,000
Postage						1,300	4,300	5,600

KATALYSIS FOUNDATION
 BUDGET UPDATE
 FY 90/91
 TABLE 2A

	Overseas Costs	Grant Disburse.	Sust. Strat.	Network Strength- ening	Development Education	Program Overseas Costs	Support Services	Totals
Insurance & Taxes							1,000	1,000
Miscellaneous						3,000	3,000	6,000
Depreciation							4,900	4,900
Dues, Subscriptions and Books						600	1,400	2,000
TOTALS	163,370	107,800	17,900	8,200	6,000	140,000	113,500	556,770

KAI ALYSIS FOUNDATION
BUDGET UPDATE
FY 91/92
TABLE 3A

	Overseas Costs	Grant Disburse.	Sustain. Strat.	Network Strength- ening	Development Education	Program Overseas Costs	Support Services	Totals
FIELD SUPPORT -								
Belize, Honduras,								
Guatemala								
Salaries & Benefits	95,029					125,900	86,700	307,629
Travel	29,159					13,200	1,800	44,151
Training Materials	12,285							12,285
Communications	6,135			6,500		2,400	3,600	18,635
Workshops	600						1,000	1,600
Office and Supplies	5,700					1,500	10,500	17,700
TOTAL	148,900							
Dev. Pilots (3)	7,500							7,500
Loan Funds	33,300							33,300
Grant Disbursements		112,300						112,300
Consultants			3,100		3,100		2,000	8,200
Partners Semi- Annual Meetings			6,000					6,000
Sust. Venture Funds (3)			12,000					12,000
South/South Consultancies				1,000				1,000
PVO Community Activities				1,000			2,000	3,000
Newsletters					3,525			3,525
Occupancy						2,000	12,000	14,000
Board and Other Meetings						800	2,000	2,800
Audit							5,000	5,000
Postage						1,275	3,800	5,075
Insurance & Taxes							1,000	1,000
Miscellaneous						4,000	2,000	6,000
Depreciation							4,000	4,000
Dues, Subscriptions and Books						1,200	800	2,000
TOTALS	189,700	112,300	21,100	8,500	6,625	152,275	138,200	628,700

BUDGET UPDATE
FY 92/93
TABLE 4A

	Overseas Costs	Grant Disburse.	Sustain. Strat.	Network Strength- ening	Dev. Educ.	Evaluation	Program Overseas Costs	Support Services	Totals
FIELD SUPPORT -									
Belize, Honduras,									
Guatemala									
Salaries & Benefits	70,150						132,300	91,000	293,450
Travel	23,260						13,900	1,900	39,060
Training Materials	9,150								9,150
Communications	4,195			6,500			2,500	3,800	16,995
Workshops	300							1,100	1,400
Office and Supplies	4,545						1,600	1,000	17,145
TOTAL	111,600								
Dev. Pilots (3)	7,500								7,500
Loan Funds	33,400								33,400
Grant Disbursements		125,000							125,000
Consultants			2,500		3,400			2,100	8,000
Partners Semi- Annual Meetings			6,000						6,000
Sust. Venture Funds (3)			12,000						12,000
South/South Consultancies				1,000					1,000
PVO Community Activities				1,000				2,100	3,100
Newsletters					3,600				3,600
Occupancy							2,100	12,600	14,700
Board and Other Meetings							900	2,100	3,000
Audit								5,250	5,250
Postage							1,300	4,000	5,300
Insurance & Taxes								1,100	1,100
Miscellaneous							4,200	2,100	6,300
Depreciation								4,200	4,200
Dues, Subscriptions and Books							1,300	900	2,200
Evaluation Fees and Costs						40,000			40,000
TOTALS	152,500	125,000	20,500	8,500	7,000	40,000	160,100	145,250	658,850

TABLE 1B
SOURCE OF PROJECT FUNDS
10/1/90 - 9/30/91

AID MATCHING GRANT	\$165,000
PRIVATE FUNDS	200,000
	<hr style="width: 50%; margin-left: auto; margin-right: 0;"/>
	\$365,000
	<hr style="width: 50%; margin-left: auto; margin-right: 0;"/>

KATALYSIS FOUNDATION
TABLE 2B - SOURCE OF PROJECT FUNDS
10/1/90 - 9/30/93

MATCHING GRANT COUNTRIES

	YEAR ENDED 9/30/91	YEAR ENDED 9/30/92	YEAR ENDED 9/30/93	TOTAL 10/90-10/93
AID MATCHING GRANT	\$165,000	\$235,000	\$200,000	\$ 600,000
PRIVATE FUNDS CASH	200,000	428,700	458,850	1,087,550
	<hr style="width: 50%; margin-left: 0; margin-right: auto;"/>			
	\$365,000	\$663,700	\$658,850	\$1,687,550
	<hr style="width: 50%; margin-left: 0; margin-right: auto;"/>			

TABLE 3B - USE OF FUNDS

10/1/90 - 9/30/93

ALL COUNTRIES

	YEAR ENDING 9/30/91	YEAR ENDING 9/30/92	YEAR ENDING 9/30/93	TOTAL 10/91-9/93
PROGRAM EXPENDITURES				
FIELD SUPPORT	\$400,000	\$189,700	\$152,500	\$ 742,200
SUSTAINABILITY STRATEGY	-	21,100	20,500	41,600
GRANT DISBURSE- MENTS	-	112,300	125,000	237,300
NETWORK STRENGTH- ENING	-	8,500	8,500	17,000
DEVELOPMENT EDUC.	-	6,625	7,000	13,625
EVALUATION			40,000	40,000
TOTAL DIRECT	<u>\$400,000</u>	<u>\$338,225</u>	<u>\$353,500</u>	<u>\$1,091,725</u>
PROGRAM OVERSEAS COST	-	\$152,275	\$160,100	\$ 312,375
SUPPORT SERVICES (G & A)	-	\$138,200	\$145,250	\$ 238,450
TOTAL USE OF FUNDS	<u>\$400,000</u>	<u>\$628,700</u>	<u>\$658,850</u>	<u>\$1,687,550</u>

VI. LESSONS

Since the Katalysis Partnership has only completed the first year of the U.S.A.I.D. Matching Grant, lessons are just beginning to emerge. These lessons can be grouped across four broad categories: changes in private funding patterns, the long gestation period for the introduction of new technologies or methodologies, insitutional-strengthening, and partnership. In the second two years of the Matching Grant, we will continue to explore and report on these issues.

Changes in Private Funding Patterns

Donors are increasingly making grants directly to indigenous organizations, by-passing U.S.-based international development organizations. This constitutes a fast-growing trend and is creating competition for a shrinking pool of available support. While Katalysis continues to be successful in its fundraising efforts, it needs to be conscious of this pattern.

To counteract this trend, our intention at this point is to carefully document the critical support we provide to our Partners in order to justify our expenses. In addition, the Southern Partners are considering making contributions from their own funding sources to help finance the assistance they receive through Katalysis.

Long Development Process for the Introduction of New Technologies and Methodologies

On a programmatic level, the strongest lessons came from the new projects and technologies which the Partners introduced during the year. Each of these efforts have shown substantial progress but are taking longer than planned to become fully operational.

A good example of this comes from the introduction of the revolutionary solar cooking technology. In Belize, where BEST has been promoting this technology for over two years, wide-spread acceptance still has not occurred. To better understand the delay in acceptance, Katalysis conducted research and found that in fact most new technologies require a minimum of three years before they begin to receive noticeable levels of response and adoption.

We have also observed this tendency at a methodological level. For example, ODEF

undertook a new approach this year with the inception of its Integrated Rural Development Program in two communities. Originally, ODEF expected full implementation of the project in both villages could be achieved in one year. In fact, it has taken two years. This longer time period reflects the fact that this is a totally new approach for ODEF and represents a fundamental change in the way it provides its services. Usually, ODEF works with a community group on one type of program, say community banking or pig raising. In the case of the Integrated Rural Development Project, ODEF provides a wide array of services that change over the course of the year based on the shifting needs of the participants. This has meant changes in staff training, reporting and monitoring procedures, accounting practices, and service delivery mechanisms.

In future projects, the members of the Katalysis Partnership will respect the need for a longer introduction process and will set expectations more realistically.

Institutional Strengthening

Institutional strengthening forms a substantial part of the emphasis of the MG. This year taught us, more than we ever expected and through both positive and negative experiences, the value of strong, stable institutions and how the Partnership can be of support.

On the positive side, both ODEF and BEST benefitted substantially from their sustainability strategy exercises. Both agencies underwent profound organizational restructuring resulting from this self-evaluation. These reorganizations were in fact long overdue based on programmatic changes and growth, but it was the institution-wide analysis that induced them to make the necessary structural adjustments. Both organizations now have a longer range perspective on their financial strengths, weaknesses, and needs and thus can plan ahead so as to prevent the financial crises so often experienced by groups at their stage of development.

CAPS also taught us the importance of institutional strength, although from a different vantage point. In the end, it was the organizational weaknesses, compounded by

personal differences, that led to the dissolution of the organization. When CAPS was spun-off from IVS, the staff and Board structures were not properly modified to meet the needs of the newly independent organization. In retrospect, Katalysis could have identified these structural issues sooner and, perhaps, helped salvage the agency. The lessons from this experience must not be lost.

Katalysis has already incorporated these lessons in our search for a new Guatemalan Partner. While we are looking for a relatively young organization for which membership in the Partnership will be of benefit, we also must ensure that certain basic characteristics are in place prior to selection. The organization must have: a sound organizational structure, financial accountability, systems for management and planning, and a working Board of Directors.

The value and impact of institution-strengthening shall be studied in the new Partner selection process and throughout the network during the coming years.

Partnership

Through the increased communication and interaction afforded through the MG, each member began to realize the value of the Partnership. Central to this realization was the fact that the Katalysis Partnership has moved beyond its original mission of providing technical assistance, training, and resources by a Northern to a Southern Partner. Through the two Partnership meetings during the year and through the insightful comments and assistance of two long-term consultants, we have begun to outline some of the benefits that accrue to each Partner of Katalysis:

- **Communication.** The Katalysis Partnership is characterized by far more consultation and mutual support than conventional North/South relationships. This leads to openness and trust and ensures joint ownership of projects and programs.
- **New ideas and innovations.** The Partnership provides an ideal mechanism for discovering, generating, and sharing innovations. Networking broadens exposure to new ideas; this type of exchange has been

particularly fruitful between Southern Partners.

- **Improved learning.** Development is not a process for which there are simple or standard solutions. The Partnership model can leverage the experiences gained by one member organization by sharing them with others. The trust within the Partnership ensures the flow of information to facilitate maximum learning.
- **Institutional Enrichment.** In addition to sharing ideas about program development, the Katalysis Partnership enables organizational learning. For new and growing institutions, this type of sharing has proven invaluable. Katalysis learned from BEST, for example, the value of holding an annual general meeting; BEST learned from ODEF the benefits of using paratechnicians to provide consistent follow-up and client motivation.
- **Effectiveness of Technical Assistance.** Assistance provided by one Partner to another is based on an in-depth understanding and a long term commitment to the other organization. Advice has been found to be more accurate, more insightful, and more feasible.
- **Greater Accountability.** Unlike more traditional, hierarchical models of development, this model enhances fiscal accountability between northern and southern organizations. The Partnership also fortifies programmatic accountability between Southern Partners and to external donors.

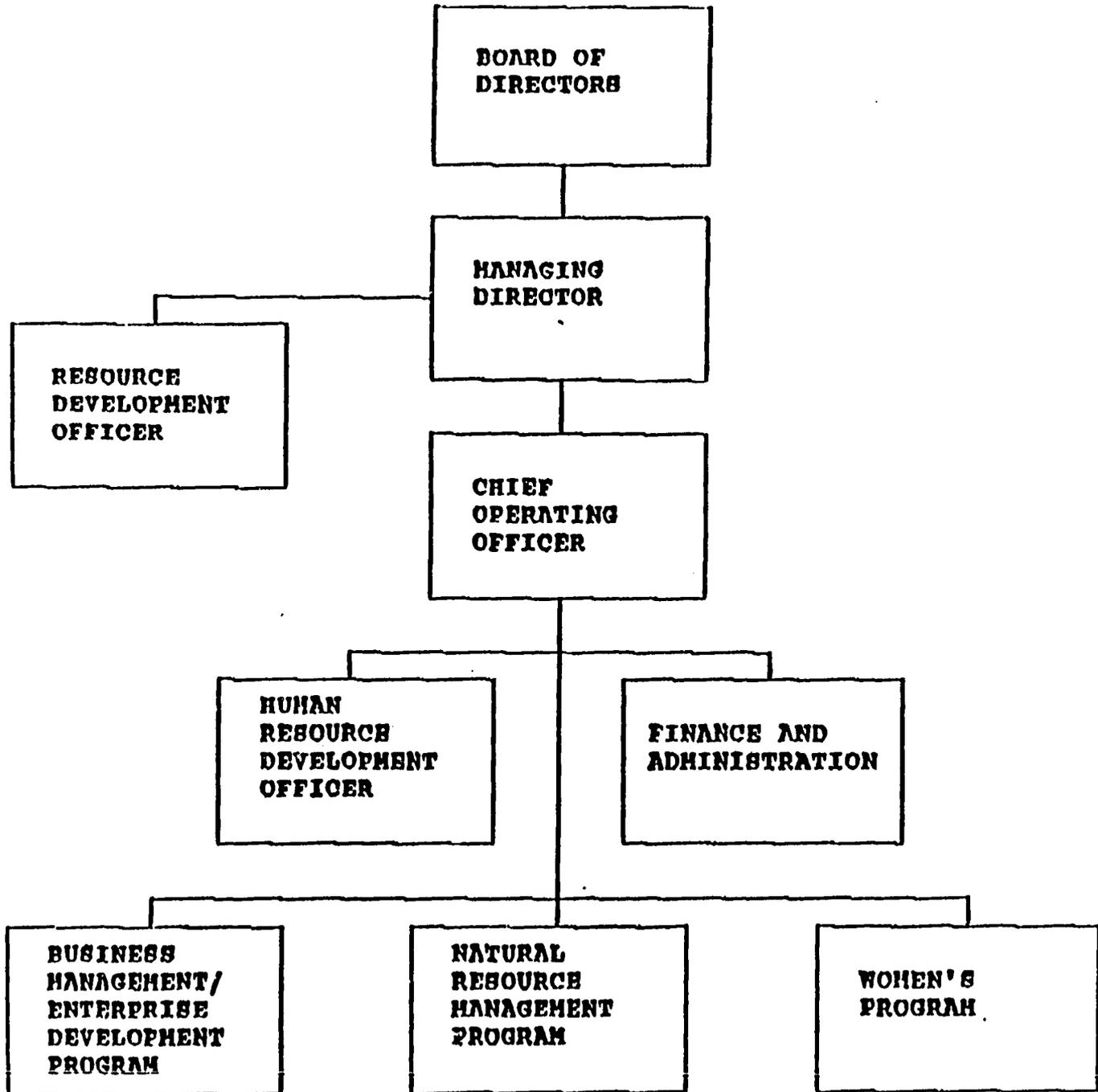
Because the Partnership model is one that has received so much attention in the PVO community and because it is so new, Katalysis is devoting time and energy into refining our approach and documenting our experiences. This will be a major emphasis over the next two years and will require the involvement of all Partners. The new Partner coming on-line next year will only enhance this process.

APPENDIX A

BELIZE ENTERPRISE FOR SUSTAINED TECHNOLOGY

BEST

APPENDIX A-I ORGANIZATIONAL CHART



APPENDIX A - II

Sustainability Venture Fund

Background

To develop a realistic local capability to generate its own financial support, BEST decided to initiate research into a shredder/chipper project which could be an integral part of a commercial compost production program.

With a portion of the funds available for this pilot project, BEST would purchase three shredder/chippers to be used by BEST's small farmer clients who would then switch from chemical fertilizers to organic composting. Some of BEST's clients make compost manually but can only do so on a small scale as the process is labor-intensive and time-consuming. BEST would sell shredder/chippers to farmers on a credit basis who could then produce compost in larger volumes. The farmers could sell the excess organic fertilizer they produced to other members of the farmers' cooperative and to agricultural supply stores. With profits from this venture, participating farmers would be able to repay their loans to BEST for the machines. BEST would assist with marketing, a service for which participating clients would pay a small fee.

BEST selected this project because it could potentially generate income for BEST and would enhance BEST's growing environmental program. Also BEST could draw on the expertise of staff from its Small Enterprise and Business Development Sector to achieve maximum salability.

Research Process

To begin its investigation, BEST conducted a survey of several agricultural supply stores to assess the marketability of organic compost. The results were encouraging; most of the stores are prepared to purchase organic fertilizer with the stipulation that it must be labelled and packaged with a content analysis. BEST clients, unfortunately, do not have the technical capability to meet these stipulations. It was determined that BEST could handle the marketing aspect of the project. BEST would carry out the registration, packaging, labelling, and delivery of the compost. The farmers would in turn pay a small fee to BEST for these services. In this way, the process would produce increased income both for client farmers and BEST.

As a result of this survey, BEST's senior Natural Resource Management Officer devoted time during a trip to California to consult on the project's viability with Katalysis and various shredder/chipper producers and users. He conducted inquiries on different models of shredder/chippers based on: size, efficiency, cost, spare parts, and availability. He concluded that a small machine (three to five horsepower) costing approximately \$1,000 would be ideally suited for this endeavor. He also determined that Granger was the brand of choice because of parts availability.

Subsequent research in Belize did not yield such promising results; it indicated that the compost produced by shredder/chippers is bulky and has low nutrient content. Chemical fertilizer costs approximately BZ\$40 (US\$20) per bag and compost fertilizer would be about BZ\$10 (US\$5) per bag; but, it takes ten bags of organic fertilizer to equal the nutritional content of one bag of chemical fertilizer. This fact decreases the potential of product marketability -- if small-farmers do not see cost incentives they will not likely be willing to experiment with an alternative agricultural technology. It does not discount, however, the use by the small farmer who uses the compost he himself produces.

Plans

With these findings in mind, it appears this project might be viable and useful for BEST's small farmer clients, but it is not ideally suited to an income-generating endeavor for BEST as an institution. BEST is still interested, however, in pioneering this approach in Belize and would like to conduct further research to determine if the identified obstacles can be overcome. It will make use of the remainder of the \$4,000 allocated this year to continue its exploration of this concept.

APPENDIX A - III
Shared Internal Technical Assistance
and
Private Voluntary Organization--Community Participation

BEST

Shared Internal Technical Assistance

WHAT GROUP	TYPE OF ASSISTANCE	WHEN
-1- ODEF	One week training on solar cooker introduction.	Fall 1990
-2- Katalysis Partnership	Meeting on how the Partnership can best assist CAPS in resolving the challenges it was facing.	November 1990
-3- Katalysis	A program officer from BEST designed and presented a portion of a Solar Box Cooker Workshop for development professionals.	February 1991
-4- Katalysis Partnership	BEST distributed its new Solar Cooker Recipe Book to all Partners to assist each in producing their own recipe book.	July 1991
-5- Katalysis Partnership	Director of BEST managed search for new Guatemalan Partner.	Summer, Fall 1991
-6- ODEF	Introduced ODEF/Katalysis to the concept of holding an Annual General Meeting for staff, Board, and beneficiaries.	March 1991

Private Voluntary Organization--Community Participation

WHAT GROUP	TYPE OF ASSISTANCE	WHEN
-1- Consortium of North West Universities (Canada)	Presented panel discussion on partnership as a new approach to development based on the Katalysis/BEST model.	October 1990
-2- Tenth Annual Symposium for Farming Systems (U.S.)	BEST discussed appropriate methods of research on both organic and traditional systems.	December 1990
-3- Government of Belize, Belizean NGO's, representatives of the private sector	BEST sponsored a mid-level management training workshop.	May 1991
-4- Third Int'l Consultation on External Cooperation on Central America	BEST represented ANDA (the Belizean umbrella organization for NGO's) to discuss the integration of Central American NGOs.	June 1991
-5- Women Against Violence Conference	BEST put forth a statement regarding women, violence, and legislation.	August 1991
-6- Coalition of national groups	BEST took part in a workshop on the Reformulation of the National Policy Statement for Women.	August 1991
-7- Annual Studies on Belize Conference	BEST presented paper on "Changes in Our Quality of Life in Post-Independent Belize."	September 1991

APPENDIX A - IV Development Pilot Project

Background

In November 1990 BEST began training for its first Development Pilot Project — Community Banking. In December, it inaugurated its first bank. The Community Banking program, which targets women and combines business management training with credit, is used as a vehicle for the empowering women economically. BEST currently has two pilot banks in different communities in Belize. BEST's goal is to extend the program country-wide based on the success of these pilots.

BEST's Partner in Honduras, ODEF, has successfully established nineteen women's community banks in the Northern region of Honduras. In June 1989, BEST's Managing Director visited ODEF and was so impressed with this program that he recommended to BEST's Board that investigations begin on the feasibility of starting a pilot community banking program in Belize. Following the Board's approval, BEST's Women in Development Officer visited ODEF to learn more about the concept and methodology. Subsequent to this visit, BEST conducted research on other existing variations of the community banking model and completed a prototype framework appropriate for Belize.

This research indicated that income levels are higher in Belize than in many other developing countries where the model has been introduced. As such, the average loan size needed to be increased. Because of the more advanced levels of businesses involved, additional management and credit training along with group cohesiveness would need to be provided. It was decided that membership would consist of women only. These women must be engaged or wish to be engaged in small enterprises. The ideal bank size was determined to be 15 to 25 members.

Community Exploration

Using the framework it developed, the BEST Community Banking team investigated various communities throughout Belize. The criteria used to assess viability include:

- *Need.* The socioeconomic level must be such that the women can effectively use an initial small loan of BZ\$400 (US\$200) or less to improve or start a small business.
- *Motivation.* The women must be entrepreneurial. Are they willing to organize and to help themselves?
- *Interest.* The women must be interested in participating in a program of business training, credit, and savings as a means of improving their standards of living.
- *Size.* At least 15 female community members must express interest in forming a bank to make the project feasible.

Steps in Pilot Community Banking Project

Cycle One:

- BEST lends seed capital of up to BZ\$400 (US\$200) per member to the bank at the prevailing interest rate. (Note: current rate is 12 percent.)
- The bank then lends these funds to its members at the rate of interest it sets; capital and interest are then repaid by members on a weekly basis.
- During the cycle, each member must save an amount equivalent to 20 percent of her loan.

- At the end of the cycle, which lasts 16 weeks, each member will have repaid her loan plus interest and saved 20 percent of the original loan amount.
- The bank maintains interest accrued on member loans plus members savings in a group commercial bank account.

Cycles Two through Seven:

- BEST relends seed capital of up to BZ\$400 (US\$200) per member plus an amount equal to the savings per member at the prevailing interest rate.
- All of the steps besides the first in *cycle one* are repeated.

At the close of Cycle Seven:

- The bank graduates from BEST and becomes self-sufficient.
- The bank is now able to lend its own funds accumulated through members savings and interest.
- BEST is able to onlend original bank capital to new banks.

Reasons for Selecting Community Banking as BEST's First Development Pilot Project

This particular project was chosen because there are numerous women in Belize who have some form of micro-business but do not have access to credit. Moreover, the project complements BEST's expertise in basic business management and enterprise development. The program also fits well into BEST's Women in Development Program which is geared toward the economic empowerment of women. BEST's overall goals of creating economic self-sufficiency for low-income people and strengthening the ability of community-based enterprises to sustain their own development is definitely furthered by this pilot effort. BEST is the first organization to introduce this model to Belize.

How to Expand the Benefits and Promote the Model

To increase the impact of this project, BEST has begun to liaise with other organizations. In particular, the Department of Women's Affairs, is now receiving training in the concept and methodology. Once this training is complete, it will be able to establish banks on its own, with continued supervision and support from BEST. BEST is also investigating the usefulness of paratechnicians in this project. Paratechnical assistance would help address the need for continued hands-on support for members. This form of assistance may prove to be the key to successful expansion country-wide.

APPENDIX B

ORGANIZACION DE DESARROLLO EMPRESARIAL FEMENINO

or

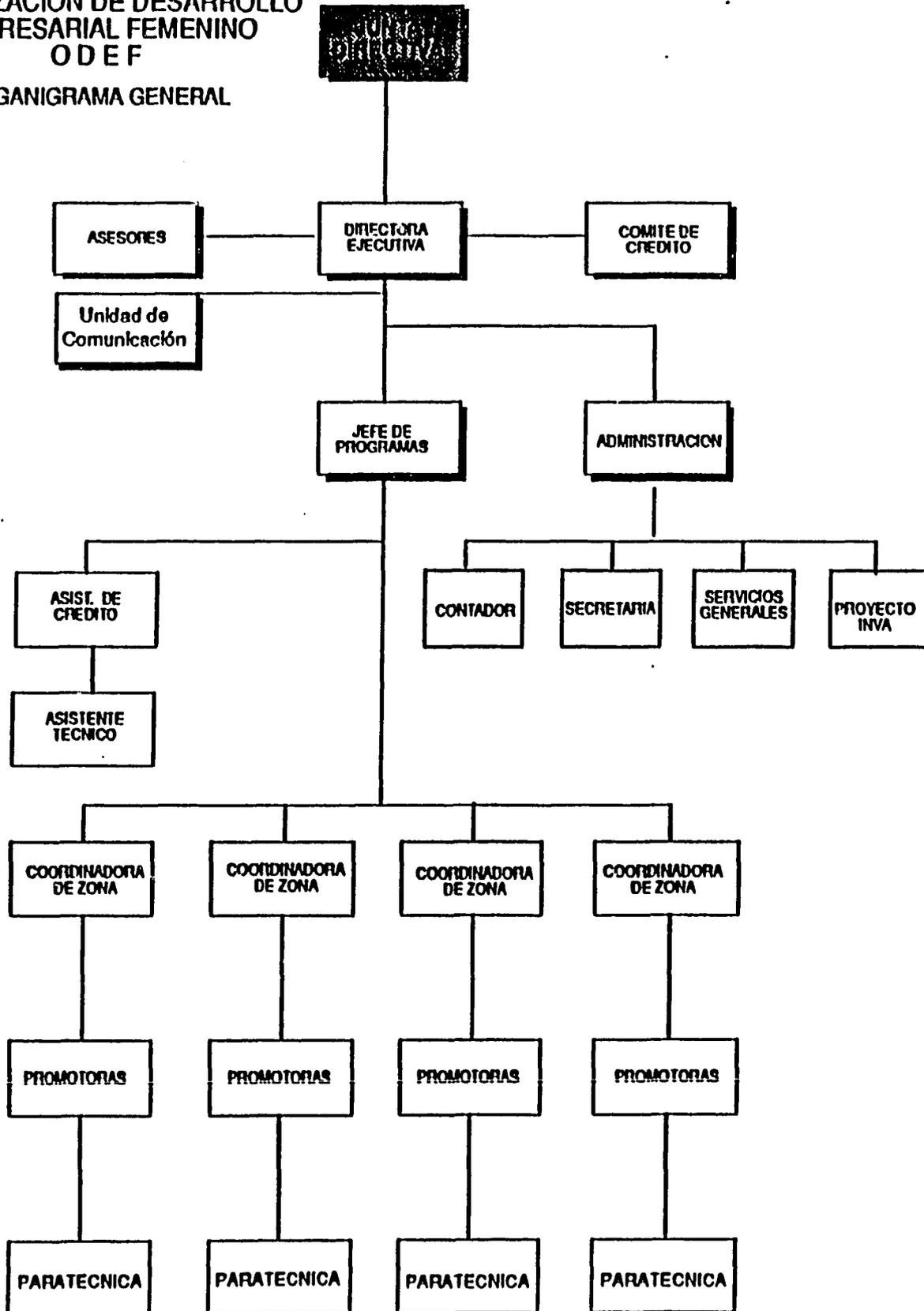
ORGANIZATION FOR THE DEVELOPMENT OF WOMEN'S ENTERPRISE

ODEF

APPENDIX B-I ORGANIZATIONAL CHART

ORGANIZACION DE DESARROLLO
EMPRESARIAL FEMENINO
ODEF

ORGANIGRAMA GENERAL



APPENDIX B - II

Sustainability Venture Fund

Based on a careful and realistic assessment by the Board of Directors and staff, ODEF has determined that the construction of an office building would enhance the organization's ability to become more self-reliant and sustain itself over the long-term.

This office building project was chosen for several reasons:

- The space that ODEF currently occupies does not meet the current needs nor the projected growth of the organization. ODEF's office is overcrowded; staff share very small offices lacking sufficient filing or working space.
- In recent years, the level of inflation has increased by a sizeable proportion in Honduras and this has negatively impacted ODEF's overhead costs. Given the inflationary trend is expected to continue, ODEF assumes the costs of occupying its current location will also increase. By constructing its own building, ODEF would expand its asset base and reduce its overhead costs thereby freeing management to fully concentrate on developing, raising, and monitoring funds for new and on-going programs.
- While the current office is located in one of the better districts in the city, it is not the most appropriate locale; ODEF would prefer to relocate in an area more accessible to its clients.
- It is the expressed feeling of management that having its own building would serve to enhance the organization's self-confidence and sense of security.
- ODEF not only plans to build an office building for itself, but will construct a larger facility in order to rent office space, equipment, and/or the use of conference rooms. It is considering making these services available to other local non-profit development organizations or, alternatively, to nascent microenterprises. The funds generated will help cover the costs of running the building. Thus, ODEF will be generating income and at the same time serve the community as an incubator for new organizations or small businesses.

During the year ODEF was able to secure a commitment for a parcel of land for this project from the Municipal Government of San Pedro Sula. Although the negotiations between ODEF and the Municipality are not yet concluded, the Municipality has given every indication that it will follow through with its pledge. The Executive Director has also met with several local non-governmental groups who have undertaken similar projects to gain from their ideas and expertise.

Through the Katalysis Partnership, ODEF has had the benefit of discussions with a foundation executive from the United States who has experience in, and knowledge of, a variety of fundraising approaches for a capital campaign. In addition, during a recent visit to the United States, the Executive Director was able to meet with the staff of a real estate development company owned by one of the members of Katalysis Board of Directors to gain insight as to how to proceed with such a construction project.

ODEF has utilized MG funds for the initial exploration of this effort and plans to use funds for the second year to continue its research and begin development. ODEF has already successfully solicited the pro bono services of an architect. The completion of architectural plans will be one of the first activities to be undertaken next year. Also, efforts will begin immediately to determine a cost structure and secure capital financing accordingly.

APPENDIX B - III
Shared Internal Technical Assistance
and
Private Voluntary Organization--Community Participation

ODEF
Shared Internal Technical Assistance

WHAT GROUP	TYPE OF ASSISTANCE	WHEN
-1- Katalysis: Hmong Women Artisan Group	Training session in how to start a community bank.	November 1990
-2- Katalysis Partnership	Meeting on how the Partnership can best assist CAPS in resolving the challenges it was facing.	November 1990
-3- Katalysis Partnership	Interviewed and helped in selection of new Katalysis Director of Programs.	October, November 1990
-4- BEST	Assistance with production of new brochure for BEST; shared knowledge ODEF had gained in the production of its brochure.	Spring 1991
-5- BEST	Personnel evaluation, ODEF shared its format with BEST.	May 1991
-6- Katalysis Partnership	Director of ODEF travelled to Guatemala to assist in the selection of a new Partner.	June, August 1991

Private Voluntary Organization--Community Participation

WHAT GROUP	TYPE OF ASSISTANCE	WHEN
-1- Thirty Honduran NGOs	Introduction to Community Banking. ODEF led this workshop with three other Honduran organizations.	February 1991
-2- ADEHUMUR	ODEF conducted a week-long workshop on sustainability for this organization.	March 1991
-3- Twenty-Eight Representatives from Honduran NGOs	ODEF organized a meeting to introduce other Honduran organizations to the benefits and methodology of solar cooking.	April 1991
-4- Group of recent college graduates from Guatemala	Solar cooker demonstrations and construction workshops.	May 1991
-5- Movimiento Guatemalteco de Reconstruccion Rural	A technical assistant from ODEF attended a workshop on sustain. agric.	Summer 1991
-6- Mujeres en Desarrollo de Guatemala	A representative visited ODEF for a week to learn about community banking.	August 1991
-7- World Vision	Representatives from World Vision came for two days to learn about community banks so they can begin to use this model.	August 1991
-8- Meals for Millions	Several representatives visited ODEF to learn more about ODEF's community banking methodology.	August 1991
-9- CIDDICO	ODEF conducted a week-long workshop on sustainability for this organization.	September 1991

APPENDIX B - IV Development Pilot Project

Background

Through much deliberation and research, ODEF decided to establish a sustainable agriculture training center as its first Development Pilot Project under the U.S.A.I.D. Matching Grant. It will be called the Green Heritage Training Center and will be a site where families in Northern Honduras will learn to change traditionally destructive agricultural systems and practices, apply appropriate technologies, organize their communities, and implement environmentally sound agricultural production methods.

The degradation of natural resources is a global problem, but recently, it has become more acute in the Third World. In Honduras, the rate of deforestation is increasing rapidly and the use of chemicals and their residues are not only poisoning the natural habitat but threatening the health of many Honduran families. ODEF has become concerned about the escalating environmental problems faced by the country and is committed to working towards a sustainable environment in Honduras by the year 2000.

Need for the Project

Currently, there are four schools providing training in natural resource management in the country; during the year ODEF conducted extensive research with them. ODEF staff members have made several visits and held several meetings with the International School of Loma Linda in Tegucigalpa and the Meals for Millions project in Olancho, two of the more prominent training centers. Through its inquiries, ODEF has learned more about: the strengths and weaknesses of these institutes, managerial and leadership requirements, participant capacity, design and layout of the facilities, curriculum and training methodologies, promotional and marketing strategies, size, terrain, and location.

While these schools are providing high calibre and much-needed training they also have some limitations. Currently, there are no schools meeting the needs of Northern Hondurans in terms of proximity, climate, or topography. In addition, none of the schools is providing an integrated approach to natural resource management. It is the intended integration of training based on the interrelated issues faced by rural families that makes this truly a development pilot effort.

The primary beneficiaries of ODEF's training center will be men and women from rural areas, children and youth, government institutions, and business people. Through the training, a cadre of technicians with skills in sustainable agricultural development, natural resource management, and conservation techniques will be created, and in this way lessen the country's dependency on external technicians to address its growing environmental problems. Moreover, with campesino families conserving and improving the quality of their natural resources, the tide of rural to urban migration can be stemmed over time.

Methodology

The method of training will be both theoretical and practical. The integrated curriculum will include:

- Management and conservation of soils
 - Use and management of water
 - Development of organic products
 - Agro-forestry
 - Composting
 - Integrated livestock production
- 4/8

Workplan

Over the next several months, ODEF will devote considerable energy to further conceptualizing, planning, and designing the Center. Based on its research thus far, ODEF is considering the development of a Center which will be established in three stages:

Year One: Capacity of 20 participants per course for a total of 600 registrants per year. Target group: campesinos, technicians, community leaders.

Year Two: Capacity of 15 per course with two simultaneous courses for a total of 900 participants per year. Target group: same as the first year plus business leaders and members of other local organizations.

Year Three: Capacity of 40 per course for a total of 1,300 participants per year. Target group: same as first and second years. This is the target year for reaching full capacity.

ODEF anticipates that the Center will be opened in 1993. In terms of its organizational structure, the preliminary thinking is that it will become one of ODEF's programs but will be managed as a separate entity. ODEF is currently in process of conducting a cost analysis of the entire development of the project over a three year period. ODEF will use DPP monies for the second year to begin to develop the financial, programmatic, and institutional planning for the center. In addition, Katalysis and ODEF have recently submitted a proposal to a private donor to help bring this project to fruition.

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APPENDIX C

CARIBBEAN ADVISORY AND PROFESSIONAL SERVICES

CAPS

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APPENDIX C-I FIELD SERVICES

Country: Belize
Contracting agencies: Belize chamber of commerce
Belize investment promotion unit
Assignment: diagnostic/audit of handicraft industry in Belize
Groups assisted: 23
Individuals benefitted: 148 (primarily Mayan and Garifuna)

Country: St. Kitts-Nevis
Contracting agency: Foundation for National Development of
St. Kitts-Nevis
Assignment: costing/pricing of services/products for small
entrepreneurs in the fields of island traders,
hair dressers, and food processors
Groups assisted: 15
Individuals benefitted: 45

Country: St. Kitts-Nevis
Contracting agency: St. Kitts-Nevis Ministry of Tourism and
Labour
Assignment: Develop national strategy for organizational
development of handicraft industry; perform in-
house training at both management/worker levels
of local organizations
Groups assisted: 10
Individuals benefitted: 118

Country: Anguilla
Contracting agency: Ministry of Agriculture
Assignment: Development of sustainable agriculture demonstration
program for families and national needs
Groups assisted: 4 ngo's; 2 government agencies
Individuals benefitted: 42

Country: St. Kitts-Nevis
Contracting agency: Small Business Assistance Project (SEAP)
Assignment: Product design/production, costing/pricing, marketing
of furniture produced by local manufacturers; factory
specs re: equipment and raw material
Groups assisted: 4
Individuals benefitted: 10

Country: Belize
Contracting agency: National Development Foundation of Belize
Assignment: Institutional diagnostic; analysis of loan portfolio;
field trainer skills upgrade; client case studies (6);
client accounting and bookkeeping systems
Groups assisted: NDFB and 10 client groups
Individuals benefitted: 38

APPENDIX C - II
Shared Internal Technical Assistance
and
Private Voluntary Organization--Community Participation

CAPS

Shared Internal Technical Assistance

WHAT GROUP	TYPE OF ASSISTANCE	WHEN
-1- Katalysis Partnership	CAPS participated in an intensive seminar with its Partner's on the management of independent organizations.	November 1990
-2- BEST	A CAPS Associate met with the Managing Director of BEST in order to discuss programmatic and institutional solutions to the problems CAPS was facing.	December 1990

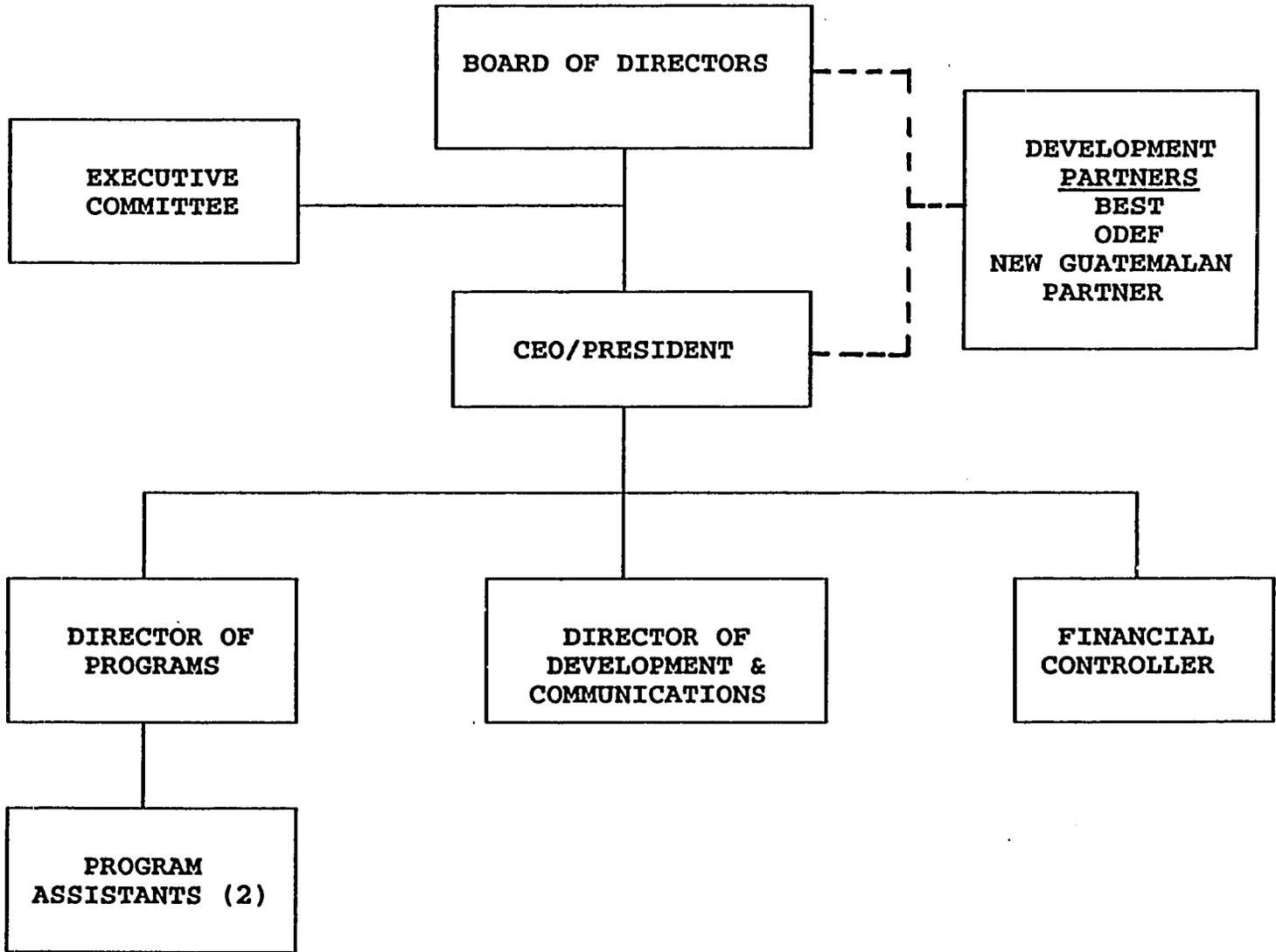
Private Voluntary Organization--Community Participation

WHAT GROUP	TYPE OF ASSISTANCE	WHEN
-1- Coordination of the Inter-American Foundation's In-Country Fund	CAPS was responsible for reviewing applications, researching potential grantees, making selections, and distributing funds to appropriate local development organizations. CAPS was also responsible for coordinating a review committee from diverse non-profit Caribbean organizations. CAPS supervised the selection and allocation of grants to organizations in four Caribbean nations.	Fall 1990
-2- Conference sponsored by the British Commonwealth	CAPS participated in a six-week seminar in South Korea on development assistance for small-business development and project implementation.	October 1990

APPENDIX D

KATALYSIS/NORTH-SOUTH DEVELOPMENT PARTNERSHIPS

APPENDIX D-I ORGANIZATIONAL CHART



APPENDIX D-II MATCHING GRANT CALENDAR - YEAR I

QUARTER 1			QUARTER 2			QUARTER 3			QUARTER 4		
OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER
OPERATIONAL GOALS											
<p>BOD-PARTNERS MEETING</p> <ol style="list-style-type: none"> Committee Meeting to discuss: <ol style="list-style-type: none"> Development Pilot Project Sustainability Venture Fund Joint-Seminar: <ol style="list-style-type: none"> To discuss Sustainability Strategy Network-Wide Workshop 			<p>VISITS TO PARTNERS (Director of Programs) BEST • CAPS • ODEF (One week each)</p> <p>Provide Training and Technical Assistance for:</p> <ol style="list-style-type: none"> Information Systems Sustainability Strategy <p>Report on Activities of Previous Quarter</p>			<p>VISITS TO PARTNERS (Director of Programs & Asst. Director of Programs) BEST • CAPS • ODEF (One week each)</p> <p>Provide Training & Technical Assistance for:</p> <ol style="list-style-type: none"> Information Systems Sustainability Strategy <p>Report on Activities of Previous Quarter</p> <p>BOD-PARTNERS MEETING</p> <ol style="list-style-type: none"> Committee Meeting to discuss: <ol style="list-style-type: none"> Development Pilot Project Sustainability Venture Fund Information Systems Workshop Network-Wide Workshop 			<p>VISITS TO PARTNERS (Director of Programs) BEST • CAPS • ODEF (one week each)</p> <p>Provide Training and Technical Assistance for:</p> <ol style="list-style-type: none"> Information Systems Implementation Sustainability Strategy <p>Report on Activities of Previous Quarter</p>		
<p>ASSIST w/ ANALYSIS OF:</p> <ol style="list-style-type: none"> Information Systems Sustainability Strategy 			<p>ASSIST w/ DEVELOPMENT OF:</p> <ol style="list-style-type: none"> Development Pilot Project Information Systems Sustainability Venture Fund Sustainability Strategy 			<p>ASSIST w/ DESIGN OF:</p> <ol style="list-style-type: none"> Development Pilot Project Sustainability Venture Fund <p>OVERSEE COMPLETION OF:</p> <ol style="list-style-type: none"> Information Systems Implementation Plan Sustainability Strategy 			<p>ASSIST w/ IMPLEMENTATION OF:</p> <ol style="list-style-type: none"> Development Pilot Project Information Systems Sustainability Strategy Sustainability Venture Fund <p>OVERSEE COMPLETION OF:</p> <ol style="list-style-type: none"> Training & Technical Assistance Plan 		
OPERATIONAL GOALS											
<p>BOD-PARTNERS MEETING</p> <ol style="list-style-type: none"> Committee Meeting to discuss: <ol style="list-style-type: none"> Development Pilot Project Sustainability Venture Fund Joint-Seminar: <ol style="list-style-type: none"> To discuss Sustainability Strategy Network-Wide Workshop 			<p>ONE-WEEK VISIT FROM DIRECTOR OF PROGRAMS</p> <p>Training and Technical Assistance for:</p> <ol style="list-style-type: none"> Information Systems Sustainability Strategy <p>Report on Activities of Previous Quarter</p>			<p>ONE WEEK VISIT FROM DIRECTOR & ASSISTANT DIRECTOR OF PROGRAMS</p> <p>Training and Technical Assistance for:</p> <ol style="list-style-type: none"> Information Systems Sustainability Strategy <p>Report on Activities of Previous Quarter</p> <p>BOD-PARTNERS MEETING (Bellini)</p> <ol style="list-style-type: none"> Committee Meeting to present proposals: <ol style="list-style-type: none"> Development Pilot Project Sustainability Venture Fund Information Systems Workshop Network-Wide Workshop 			<p>ONE WEEK VISIT FROM DIRECTOR OF PROGRAMS</p> <p>Provide Training and Technical Assistance for:</p> <ol style="list-style-type: none"> Information Systems Sustainability Strategy <p>Report on Activities of Previous Quarter</p>		
<p>ANALYZE:</p> <ol style="list-style-type: none"> Information Systems Sustainability Strategy 			<p>DEVELOP:</p> <ol style="list-style-type: none"> Development Pilot Project Information Systems Sustainability Venture Fund Sustainability Strategy 			<p>DESIGN:</p> <ol style="list-style-type: none"> Development Pilot Project Sustainability Venture Fund <p>COMPLETE: (by end of Quarter)</p> <ol style="list-style-type: none"> Information Systems Implementation Plan Sustainability Strategy 			<p>IMPLEMENTATION:</p> <ol style="list-style-type: none"> Development Pilot Project Information Systems Sustainability Strategy Sustainability Venture Fund <p>COMPLETE: (by end of Quarter)</p> <ol style="list-style-type: none"> Training & Technical Assistance Plan 		

• Nine Shared Internal Technical Assistance Consultancies
 • Three Meetings with Other Private Voluntary Organizations (one per each Partner)

• Provide Services to Beneficiaries: (BEST: 800), (CAPS: 600), (ODEF: 300)
 • ODEF will Establish Nine Village Banks

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**Partners in Development
Memorandum of Understanding
March, 1991**

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ES

Memorandum of Understanding (MOU)

A. Preamble

This MOU is entered into by The Katalysis Foundation (KAT) of Stockton, California, U.S.A., the Belize Enterprise for Sustained Technology (BEST) of Belmopan, Belize and the Organizacion de Desarrollo Empresarial Femenino (ODEF) of San Pedro Sula, Honduras, collectively referred to as The Partners. The purpose of the MOU is to set forth our understandings of how we wish to operate in partnership. It is entered into in a spirit of friendship, equality and cooperation.

B. Name

The Partnership will be known as Partners in Development.

C. Purpose

The purpose of the partnership is to enhance the ability of each partner to accomplish its mission of sponsoring and facilitating economic and social development. The partnership is a vehicle whereby we can exchange information, technical expertise, financial resources, material goods, networking facilities, management skills and mutual support and goodwill. We wish to do this in an open and public manner and to be identified by the development community as partners. We expect that the partnership will continue to evolve in scope and activities and that our understanding of practicing true partnership will likewise evolve.

D. Term

This MOU will remain in effort until changed or terminated by the partners.

E. Adding New Partners

It is anticipated that there may be new partners added by mutual consent from time to time.

F. Functions

The functions of the partnership will be set out, modified and deleted from time to time by the Partners. This will generally take place in the semi-annual partners

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meetings, but many take place outside those meetings by mutual consent. At the date of signing of this MOU, functions of the partnership include:

1. Joint participation in grant implementation, e.g., U.S.A.I.D. Matching Grant awarded in 1990.
2. Joint participation in the raising of unrestricted operating funds in the U.S.
3. Joint participation in the design, implementation and funding of a number of specific development projects.
4. Information sharing on a wide range of matters including programs, operations and administration.
5. Documenting and promoting the partnership model.
6. Attendance at semi-annual partners meetings where the operating, funding, administrative and financial matters of each partner are discussed and input is solicited.
7. Cross-board membership, i.e., each partner is a member of the Katalysis board and Katalysis is a member of each partner's board. In each case the host organization is bearing the cost of the board meeting attendance.

G. Responsibilities & Duties

Each partner undertakes the following:

1. To respond openly, thoughtfully and promptly to a partners request for assistance.
2. To actively seek to build mutual trust by fully sharing information, confidences and crises with the other partners.
3. To comply fully and promptly with the conditions of any projects involving the other partners and to act in a fiduciary relationship with respect to any monetary funds involvement.
4. To exchange quarterly financial statement.
5. If one partner believes another partner is not living up to the MOU, then the first partner will communicate fully with the other partners.

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H. Decision Making

Decisions affecting the partnership are to be made by mutual consent only. One partner may not make a decision affecting another partner with the consent of the other.

I. References & Acknowledgements

Each partner in its ordinary course of business is free to refer to the activities of another partner or the partnership. Where joint projects have been undertaken the partners shall acknowledge the contributions of the other partner unless one partner deems it detrimental to do so.

J. Additional Agreements

Partners may have additional agreements among themselves outside of this MOU.

K. Withdrawal

In cases of partnership disagreements and misunderstandings, every effort will be made to settle the matter through dialogue and negotiation. A partner may withdraw from this MOU by giving six months written notice to the other partners. A partner may be expelled from the partnership by the unanimous vote of the other partners, with six months written notice to be given.

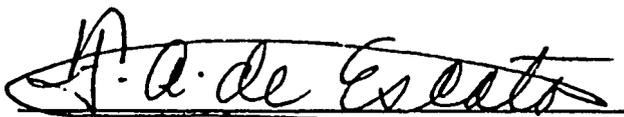
Signed in friendship,


Katalysis Foundation

4/13/91
Date


Belize Enterprise for Sustained Technology

April 13, 1991
Date


Organizacion de Desarrollo Empresarial Femenino

13/04/91
Date

APPENDIX D-IV BOARD ACTIVITIES

The nine member Katalysis Board of Directors has been an activist association who have willingly contributed their services and expertise in a variety of ways:

1. Policy formation
2. Administrative technical assistance
3. Financial planning
4. Long range strategic planning
5. Organizational structure/strengthening
6. Program development
7. Fund-raising; donor contacts
8. Staff recruitment/selection/orientation
9. Partner troubleshooting
10. Field visits/project assessment
11. New Partner exploration
12. Inter-agency networking
13. Financial support

BOB GRAHAM, CHAIRMAN

1. Katalysis Board development
2. Executive Committee: administrative operations
3. Income Generating Committee: Fund-raising concepts, donor contacts
4. Financial oversight and planning
5. Long range strategic planning
6. Liaison with primary donors
7. Program development: community banking, environment
8. Partner board development: BEST
9. Partner troubleshooting: CAPS, BEST, ODEF
10. New Partner exploration: CAPS, ODEF, GUATEMALA
11. Commercial venture research and funding: Rainforest Crunch
12. Inter-agency networking
13. Staff selection/orientation: Director of Programs, Director of Development and Communications
14. New Board member recruitment/orientation
15. Contribution to "Field Notes"
16. Funding access for "Field Notes"
17. Field visits/project evaluation
18. Strategic alliance exploration: Freedom From Hunger, PCI Trip
19. Financial support: Major donor

DAVE BROWN, VICE CHAIRMAN

1. Policy formation
2. New Partner search
3. Fund-raising contacts
4. Executive Committee: Administrative operations

BOARD ACTIVITIES

5. Income Generation Committee: Fund-raising strategy
6. Commercial venture research and funding: Rainforest Crunch
7. Strategic alliance exploration: Freedom From Hunger, PCI Trip
8. Program Director recruitment/orientation
9. Development director orientation
10. HQ relocation exploration
11. Inter-agency networking
12. New Board member search
13. Field visits/project evaluation
14. Long range strategic planning
15. Sustainability Venture Fund TA: ODEF office structure
16. Financial support: Major donor

ROY WILLIAMS

1. Policy formation
2. Long range strategic planning
3. Income Generation Committee: Fund-raising strategy
4. Fund-raising contacts: Family foundations
5. Development Director recruitment/selection/orientation
6. New Board member search
7. HQ relocation exploration
8. Advisement on domestic program
9. Stockton funding base development
10. Financial support

ALICIA RITCHIE

1. Policy formation
2. New country background/exploration
3. Program development: Micro-enterprise, Community Banking
4. Partner troubleshooting: CAPS
5. Partner board development: CAPS
6. Inter-agency networking: IDB, World Bank
7. Liaison with donors: AID
8. Financial support

WENDY GRAHAM

1. Policy formation
 2. Stockton funding base development
 3. Development Director recruitment/selection/orientation
 4. New Board member search: Roy, Rose, John
 5. Inter-agency networking: Threshold
 6. Donor contacts
 7. Stockton office staff support
 8. Domestic program exploration
 9. HQ relocation exploration
 10. Financial support: Major donor
- (10)

BOARD ACTIVITIES

CARLOS SANTOS

1. Policy formation
2. Program Development: Micro-enterprise, Community Banking, Environment
3. New Program Director selection/orientation
4. New Partner search point man: Guatemala
5. New Partner search: CAPS, ODEF
6. Executive director consultation
7. Partnership building process: Partnership Agreement
8. "Field Notes" contribution: Editorial, BEST updates
9. Katalysis institutional development ideas: Retreat, AGM, personnel evaluation process
10. Fund-raising: Draft appeal letter
11. Field visits/project evaluation: ODEF
12. Board rep: ODEF
13. Joint BEST/KAT fund-raising trip to New York, Washington
14. Inter-agency networking
15. Joint proposal writing
16. Partner troubleshooting: CAPS
17. KAT Board development: Meeting site, agenda, composition

FRANCISCA DE ESCOTO

1. Policy formation
2. Executive director consultation
3. New Partner search: Guatemala
4. Inter-agency networking
5. Program development: Micro-enterprise, Community Banking, Conservation Farming, Integrated Rural Development
6. New Program Director selection/orientation
7. Partner troubleshooting: CAPS, BEST
8. Fund-raising: Draft appeal letter
9. "Field Notes" contribution: Articles, ODEF update
10. Brochure and manuals
11. Donor contact
12. Partnership building: Partnership Agreement
13. Joint ODEF/KAT fund-raising trip to Washington, Honduras

JOHN PERKINS

1. Program development: Environment
2. Inter-agency networking: Environmental groups
3. Financial support

JERRY HILDEBRAND

Board contributions are made as part of the job as foundation CEO and relate to most of the categories of itemized assistance mentioned above.

APPENDIX D-V NEW PARTNER CRITERIA

1. SIZE: Small to medium
2. CLIENTELE: Preference for indigenous women
3. PROGRAM: (Credit plus one or more of the following)
 - Credit; Community Banking (mandatory)
 - Small enterprise
 - Environment (Appropriate Technology, Natural Resource, Conservation Farming)
 - Overall commitment to self-sustainability
4. EXPERIENCE
 - Relatively new; inexperienced (i.e. needs can be benefitted by Katalysis Partnership)
 - Some track record
 - Capable of and interested in potential expansion, e.g. to incorporate IDB funding
5. BOARD: Functioning
6. GEOGRAPHIC PRIORITY: Rural
7. ORIGIN
 - Must be incorporated within the country as an independent entity
 - Could be a spin-off of a Northern PVO
8. OTHER
 - Interest in North/South, South/North, South/South Partnership
 - No current IDB funding

INTENT	INDICATOR	VERIFICATION	ASSUMPTIONS
<p>GOAL: Assist poor farmers, micro/small entrepreneurs, women and youth in the Partner countries in Central America and the Eastern Caribbean to become more self-sufficient through the effective local transfer of technical skills and funds</p>	<ul style="list-style-type: none"> • Increased income levels • Crop sales increase • Skill levels improvement • Number of jobs created • Number of trainees in jobs • Number of enterprises initiated or expanded • Number of loans made for small businesses 	<ul style="list-style-type: none"> • Management Information Systems provided for MG (KF/Partners) • Partner records • Client records • Quarterly monitoring (KF) • End-of-grant evaluation (A.I.D.) 	<ul style="list-style-type: none"> • Political stability in Partner countries • Consistent agricultural market and economic conditions so that TA and training have intended impact • Supportive environment for KF Partners with government and other development entities • Existing or potential job market can absorb improved skills; training relates to needs • Beneficiary groups receptive to Partner TA, training and credit programs • Availability of funds to enable Partners to work with groups who cannot afford to pay full fees
<p>PURPOSE: Strengthen and institutionalize relevant, affordable, accessible and sustainable technical assistance and training delivery system for low-income people through 3 indigenous PVOs.</p>	<ul style="list-style-type: none"> • 3 local NGOs (Partners) are now <i>client-</i> rather than <i>donor-</i>driven • Partners have a strong client base (both short term and long term) with demonstrated graduates • Partners have sustainability plan in place and operative • Partners have locally adapted Management Information Systems in place • Sliding-scale fee schedules are established for all clients based on ability to pay • Partners have a strong community base of support and maintain network system with similar NGOs and government entities • Partners possess qualified staff that directly relate to client needs • Partners have reliable client response mechanism in place 	<ul style="list-style-type: none"> • Management Information System provided for in MG (KF/Partners) • Client records • Partner records • Tracked results of TA/training interventions (Partners) • Participatory evaluations (KF/Partners) • Quarterly monitoring (KF) • Annual audits (KF/Partners) • Sustainability audits and strategy/plan formation (KF/Partners) • KF/Partner funding portfolio • Quarterly KF/Partner Funding Update Reports • End-of-grant evaluation (A.I.D.) 	<ul style="list-style-type: none"> • Continued demand for Partner services • Availability/continuity of qualified staff and local leadership of Partners to insure program integrity • Ability of clients who can at least partially pay for Partner service • Ability of Partners to maintain institutional, programmatic, financial stability of their agencies (absorptive capacity) • Effective fundraising capability of KF/Partners • Partners' maintenance of competitive/comparative advantage by being flexible and responsive to changing demands • Partners cultivate and maintain community base of support and network system with similar organizations • Political climate of host countries supportive of local development

INTENT	INDICATOR	VERIFICATION	ASSUMPTIONS
<p>OUTPUTS: 3 Partner agencies have in place the following:</p> <ul style="list-style-type: none"> • Sustainability Plans with verifiable results related to strengthened institution, program and finances (including diversified funding portfolio) • Management Information Systems with documented results of institutional stability and performance tracking • Staff capability to extend program support training and technical assistance in sustainable agriculture, small enterprise development, credit and local institution building to 50-70 groups per year • Full participation in the Katalysis partnership and national and regional PVO networks 	<ul style="list-style-type: none"> • 3 Partner Sustainability strategies formulated by 3rd Qtr Year 1 • 3 Partner Sustainability Plans designed by Year 1 • 3 Partner Sustainability Plans implemented by Year 3 (beginning Year 1) • Sustainability Venture Fund established in Year 1 • 3 Sustainability Venture Projects completed for each of the three MG years • 3 Partner Management Information Systems analyses completed in 1st Qtr. Year 1 • 3 Partner MIS training sessions 3rd Qtr. Year 1; implementation through Year 3 • Development Pilot Projects fund established Year 1 • 3 Development Pilot Projects completed in each of the 3 MG years • 27 Village Banks launched in Honduras at the rate of 9 per year for each MG year; 540 rural women assisted • Partner Program Services (technical assistance/ training) provided to 50-70 local groups per year affecting 6,000 low-income beneficiaries by end of MG. These services will include agricultural production, processing and marketing; small business management and financial controls; youth skills training; small-scale manufacturing; local institutional strengthening • 1 KF Partnership Network Workshop will be held each MG year to discuss common Partner needs • Each Partner will participate in 3 Shared Internal TA interventions each MG year • Each Partner will participate in 1 wider PVO community activity in each MG year 	<ul style="list-style-type: none"> • New Management Information Systems (provided for in MG) • Quarterly monitoring (KF) • Quarterly KF/Partner Funding Update Reports (KF) • Partner records • Partner budgets • Partner client portfolios • Partnership meetings (provided for in MG) • Partner documentation (provided for in MG) • End-of-grant evaluation (A.I.D.) 	<ul style="list-style-type: none"> • Continued U.S.A.I.D. Mission support in Partner countries • Continued host government support • Inputs available as planned • Continued cooperation between KF/Partners • Retention of qualified and committed personnel at KF and Partners • Political and economic stability of host countries

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INTENT	INDICATOR	VERIFICATION	ASSUMPTIONS
<p>INPUTS:</p> <ul style="list-style-type: none"> • Skilled staff • Professional management • Financial support (public and private) • Supplies and equipment • Involved board members and volunteers • Communications network (fax, modem, phone) • Resource acquisition; information sharing • Feasibility studies and evaluations • Technical support and training <p>A.I.D. Katalysis/Private Resources</p>	<p style="text-align: right; margin-right: 20px;"><u>person- months</u></p> <ul style="list-style-type: none"> • Sustainability Strategies (planning, training, TA, implementation) 22 • Management Information Systems (analysis, design, training, implementation) 14 • Network Strengthening (shared internal TA, PVO community participation) 16 • Field Support Services 18 • Village Banks 12 • Management, Administration 63 • Finance & Accounting 29 <p style="text-align: right; margin-right: 20px;">\$ 600,000 \$ 600,000</p>	<ul style="list-style-type: none"> • Institutional evaluations • Project impact evaluations • Staff time reports • Board/volunteer trip reports • Personnel records • Client records • Quarterly monitoring reports • Financial records • Annual audits • End-of-grant evaluation (A.I.D.) 	<ul style="list-style-type: none"> • Partner programs complement Mission CDSS • Partner programs complement host country development priorities • \$600,000 A.I.D. MG • \$600,000 KF/other resources

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APPENDIX F
List of Institutional Development Documents Produced during Year 1
of the
U.S.A.I.D. Matching Grant

- A. BELIZE ENTERPRISE FOR SUSTAINED DEVELOPMENT (BEST)**
SUSTAINABILITY STRATEGY DOCUMENT

- B. ORGANIZACCON DE DESSARROLLO EMPRESARIAL FEMENINO (ODEF)**
DEVELOPMENT PLAN

- C. CARIBBEAN ADVISORY AND PROFESSIONAL SERVICES**
STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS (SWOT) ANALYSIS

Copies of these documents are provided in the *Supplement Section* submitted separately to AID/FVA/PVC.

APPENDIX G
Country Data Sheets
Form 1550

Copies of these forms were submitted to AID/FVA/PVC with the proposal.

KATALYSIS
North/South Development Partnerships

Supplement

**First Annual Report to
U.S.A.I.D.**

*A Collaborative Strategy
for
Sustainability*

**Cooperative Agreement
OTR-01580A-00-0108-00**

October 1, 1990 - September 30, 1991

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SUPPLEMENT A

BELIZE ENTERPRISE FOR SUSTAINED TECHNOLOGY

BEST

SUSTAINABILITY STRATEGY DOCUMENT

BEST'S SUSTAINABILITY STRATEGY

I. INTRODUCTION

Sustainability, or survival, is the ability to keep resources flowing and continue the delivery of services. It has several definitions when used in different contexts. BEST has a responsibility to all of its clients, both funding agencies and grassroots cooperatives/groups. BEST, its Programs, and its Partners are interdependent. The Sustainability of BEST is dependent on the success of its Financial, Institutional, and Programmatic capabilities.

The Institutional aspect includes organizational development, administrative skills, management information system, and long range strategic planning. The Programmatic component includes field level effectiveness, needs impact, technical skills, monitoring and evaluation, and networking. The Financial component consists of diversification of the funding portfolio, reporting and management, cost effectiveness and control, and fiscal skills. To address and develop a sustainability strategy for BEST, all these components must be evaluated.

II. INSTITUTION

A. ORGANIZATIONAL DEVELOPMENT

Presently, there is a staff and management team of twelve, which includes a Managing Director, a Chief Operating Officer, a Resource Development Officer, 4 Administration Staff (Office Accountant, Secretary, Administrative Assistant, and General Assistant), 2 Project/Field Accountants, 2 Natural Resource Management Officers, and 1 Women in Development Officer. BEST is presided over by its 10 member Board of Directors, which assumes a policy level decision making role. BEST's developmental ethos is basically one of outreach to Community-based Enterprises (CBEs). Over the years, BEST has been concentrating on acquiring more contracts, keeping in mind its goal of assisting the poor and working primarily with community-based enterprises (CBEs).

Regarding its organizational structure, BEST intends to hire another Project/Field Accountant with a strong background in business to assist the Chief Operating Officer. Another Women Programs Officer will be hired because of the expansion/addition of the Women's Program. In the future, three, as opposed to four, Administrative Staff will be on board. Responsibilities of these new personnel will be clearly defined and all will be given a job description to assist in this process.

Goals include utilizing human resources to their fullest potential; specifically, the general assistant could help more in the field and the administrative assistant could assume more accounting responsibilities. The Board of Directors should also be

encouraged to play a larger role in the marketing and fundraising of BEST's Program. The three Board sub-committees will be encouraged to meet more frequently and participate more fully in the development and betterment of the organization.

BEST needs to further emphasize and promote profit-making endeavors, using quantitative indicators [sales and output] as opposed to qualitative indicators, as a measuring stick when evaluating performance. The organization will begin to evaluate Staff's performance based on the individual's impact on the client's performance.

Specific Action Plans to help overcome problems/obstacles in BEST's Organizational Development are as follows:

-There will be a meeting for all staff and management to address and agree on an acceptable, long-range organizational structure.

-Job descriptions will be completed.

-A Business Management Officer will be hired for the purpose of assisting the COO. He/she will possess at least an accounting degree, and preferably an MBA.

B. ADMINISTRATION SKILLS

BEST presently has an Administrative staff of four, which includes a Secretary, a Program Accountant, an Administrative Assistant, and a General Assistant. The Secretary's responsibilities include acting as a receptionist, a typist for both the Managing Director and the Chief Operating Officer, and general office management. The Program Accountant is responsible for all in-house accounting, assists in the computerization of accounts for client groups, and provides advice on BEST's in-house computerization. Both he and the Secretary are assisted by the Administrative Assistant who presently acts as an Accounting Clerk and is responsible for the organization's filing system. The General Assistant is primarily responsible for the maintenance of BEST's vehicles, acts as a driver when the need arise and assists in other day-to-day activities.

The goals of the organization are to fine tune its Administrative Staff and take advantage of the human resources available. A proper job description for the Administrative Assistant will be prepared.

Specific Action Plans to meet the above goals are as follows:

-The Program Accountant will work primarily in the office on in-house accounts, instead of acting as both a Program Accountant and a Project Officer.

-A proper job description for the Administrative Assistant will be prepared.

-The Administrative Assistant will assist in field work, mainly in the area of natural resource management.

C. MANAGEMENT INFORMATION SYSTEMS

Management Information Systems include all forms of information flow. Basically, these are general communication, reporting, and computerization. Communications include monthly staff and project meetings, regular project visit reports, circulation files, minutes of Board/Project/Staff meetings, staff retreats, special meetings, Annual Work Plans, Quarterly Project Operating Reports [QPOR's], external evaluations and a Quarterly Newsletter. Work in progress includes an Administrative Manual, a Personnel Appraisal System, employee job descriptions and a brochure. Presently, there are 5 computers which are used primarily for accounting and word processing. The computer programs most often used are WordPerfect 5.1 and Lotus 123.

Goals of the organization are to finalize all work in process. An efficient filing system will be established and in-house circulation procedures will be improved.

All staff must be computer-literate. Staff will fully understand the importance of Quarterly Projects Operating Reports and realize that reports are for the benefit of BEST, its clients, and its donors. Timely and accurate reporting is crucial to the Sustainability of BEST. QPORs should not only satisfy Board requirements, but serve, more importantly, as a tool to update management and staff on the general progress of clients, including trends, impact analysis, and quality of services provided.

Plans have been made by BEST to improve its Management Information System; however there is much work in process and needs to be completed. Although a revised filing system is in place, including a circulation file, there is still a problem retrieving information from the files in a timely manner and distributing materials for circulation. The Quarterly Operating Project Reports, financial reports, and annual workplan also need improvements.

Specific Action Plans to address and improve BEST Management Information System includes:

-The Secretary will design an improved filing system. To assist in this process, the Administrative Assistant is working on itemizing the contents of each file.

-The viability of In-Out boxes for all Staff members will be

investigated to expedite a more effective and timely in-house circulation process.

-Old files will be reviewed and archived.

-The advantages and disadvantages of purchasing a computer scanner to record files on diskettes will be investigated.

-A special meeting will be held with a Board of Directors subcommittee to establish specifically what information should be included in Quarterly Project Operating Reports.

-The Resource Development Officer will be responsible for gathering, editing, and disseminating all donor/partner reports. She will also be responsible for any narrative components which relate to institutional grants. To assist in this process, Projects Staff will report on all specific narrative components which will be submitted to the Resource Development Officer to assist her in data compilation.

-A worksheet will be created and upgraded on a continuous basis which identifies the projects funded, donors, duration of funding, and amount of overall support.

-Efforts will be made to standardize financial reports.

-BEST's Accountant/Computer Specialist will conduct in-house Lotus training.

D. LONG RANGE STRATEGIC PLANNING

Long range strategic planning should be a part of every organization, as its primary purpose is to develop plans for the organization to carry it into the future. BEST's long range planning includes annual retreats where the year's events are examined in detail to determine if BEST met the goals it set for itself at the previous year's retreat. A five-year budget is also a part of BEST's strategic planning as this helps plan the financial allocations of the organization over the following years. Last, but not least, BEST intends to use its Sustainability Strategy as a major component of its long range strategic planning.

The main goal of the organization is to improve the services it offers its clients and provide a measurable contribution. It will also have as large an impact as possible on Belize, through the services it provides to the country's grassroots population. BEST will design its budget to ensure that it will continue to survive as a private, non-profit organization as long as the need for its services exists.

One obstacle facing the organization in this area is the upcoming resignation of the Managing Director. However, at this point, Management does not want this publicized. Therefore, the search for a new Managing Director has to be carried out discreetly.

Specific Action Plans which will assist in BEST Long Range Strategic Planning includes:

-A new Managing Director will be hired at least one month prior to the departure of the present Managing Director. A search will begin as from this moment for a person experienced enough to carry out the responsibilities of BEST Managing Director.

-Annual Staff Retreats will be expanded as appropriate to include new issues.

III. PROGRAM

A. FIELD LEVEL EFFECTIVENESS

BEST's field services are divided into three sectors, namely, Business Management/Enterprise Development, Natural Resource Management, and Women's Programs.

BEST provides many services to its clients through the Business Management/Enterprise Development Program, including training in basic record-keeping. Lack of motivation among clients and the failure of clients to implement the strategies BEST suggests are a few of the obstacles this program is experiencing. BEST identifies the need to prove its impact on the client. As a result, training must be more focused on profitability, productivity and marketability to ensure that client groups prosper.

Recently, there has been an increase in client requests for BEST's assistance in project development and proposal writing. As a result, BEST's Resource Development Officer is receiving training in proposal writing so that she may help develop staff. Staff, in turn, can then transfer these skills to the clients.

BEST's Natural Resource Management Program focuses on complementing its Business Management/Enterprise Development Division with basic training in farm management, as well as researching and promoting solar box cookers, establishing networks, training in organic farming, and establishing agricultural production costs for country-wide dissemination. This program was recently established and, as a result, is slow in attaining full-scale implementation. Organic farming in Belize is also just getting off the ground and much of the success of this aspect of

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the program depends on client interest.

Long-range and short-term goals include determining the viability of solar cookers in Belize, constructing 150 solar cookers for the year 1991 and 500 in the next three years, and publishing a recipe book on solar cooking and manual on organic farming.

The highlight of the Women's Program is its Women's Pilot Community Banking Project which provides training in basic business management, bank administration, individual business advice, and the successful procedures of a Management Committee. BEST seeks to implement pilot community banks country-wide. Ideally, BEST will establish one bank per district [6 districts] per year. Presently, there is only one officer to implement and monitor three banks. Paratechnicians will have to be employed. BEST could also work more closely with other organizations (ie. Belize Rural Womens Association and the Department of Women's Affairs) that are already cultivating women's cooperatives and groups. This would increase BEST's access to established groups who do not have access to credit as well as reduce BEST's follow-up time.

B. ASSISTANCE ACCORDING TO NEED AND POTENTIAL FOR IMPACT

The client needs which BEST is addressing include technology transfer, skills improvement, project development, business orientation, networking/linkages, technical advice, market development, resource development, and fundraising. The client needs which BEST could better satisfy include increased profit margins, financial sustainability, market development, group cohesiveness, motivation, and self-sufficiency. BEST also meets some of the demands of the country by assisting in influencing policy changes so that non-governmental organizations now participate in the National Development Plan. BEST helps to raise environmental consciousness, provide human resource development to rural people, strengthen NGO's networks, access external development funds, and raise awareness of the value of local NGO's in development.

Ultimately, BEST's purpose or "hope" is "to put more money into the hand of the producer". BEST seeks to reduce poverty and improve the country's standard of living through socio-economic development, creating an environment of self-reliance and independence.

Specific Action Plans:

-BEST will revise annual workplan, incorporating the concept of business profitability and improved earnings for clients ("the bottom-line") into workplan planning sessions.

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C. TECHNICAL SKILLS

Technical skills BEST personnel possess to implement its Business Management/Enterprise Development Program include accounting, management, marketing, training, leadership, computer, organizational, economics, strategic planning, statistics, and project management. Areas that needs improvement include knowledge of surveying techniques, ability to identify human resources, and a working knowledge of languages other than english to facilitate closer client working relationships.

BEST's Natural Resource Management Program has personnel with sufficient technical skills in the areas of integrated pest management, agronomy, crop/livestock management, conservation farming, and identification of indigenous crop potential. However, technical skills could be enhanced in the areas of sloping agriculture, irrigation, environmental education, alternative energy sources, and agricultural policy development.

The skills BEST has to properly implement its Women's Program include accounting, basic business management, group cohesiveness, communication, general training/teaching skills, public speaking, networking, project management, and cultural awareness. The areas identified as needing improvement include marketing, leadership, proposal writing, gender awareness, computers, languages, and strategic planning.

As BEST'S staff must have diverse skills in numerous areas, general improvements in skills are required in project management, training/teaching methods, computers, strategic planning, languages, proposal writing, and human resource development. Some staff training has been recently addressed including training in proposal writing, communication, computers and business management. In-house training needs to be more systematic. Initiatives for staff training should come from the staff and from management. The Personnel Appraisal Form, which will soon be completed, will identify and suggest what each staff member needs to improve upon over the following year.

D. MONITORING AND EVALUATION CAPABILITIES

Approximately 10% of total project time is spent on monitoring and evaluation. BEST presently measures its impact on the following data: project time spent versus project time planned; number of client members and employees separated by male and female; distributable income; group cohesiveness [active members versus total membership]; and client requests versus delivery. This gathering/accumulation of information is facilitated through field visit reports, quarterly project operating reports, monthly project and staff meetings, Annual Staff Retreats, Managing Director bi-annual client visits, board meetings, external evaluations, meetings with group leaders, and one-on-one

information gathering.

One method of information gathering is the quarterly project operating reports (QPORs). Although these include some data for evaluation, they do not reflect much trend analysis including income levels, and sales/profits.

Specific Action Plans:

-To improve on this process, BEST Management will submit a bi-annual letter to clients, reporting on their progress.

-The QPOR will also be improved to include additional information for analytical and reporting purposes. Suggestions to enhance the QPOR format include the number of jobs created, enterprises created/expanded, and membership trends separated by gender. Other suggestions include sales level trends, income trends and asset growth.

-BEST is also in the process of reinstating its formal agreements with clients.

E. NETWORKING

Networking is carried out on a continuous basis with a variety of international and domestic governmental and non-governmental organizations. By networking, BEST's work is promoted and information is shared. Staff should be encouraged to assist in public relations efforts when they are in the field. This could facilitate new clients for BEST.

Examples of some of the non-governmental organizations with which BEST networks include the National Development Foundation of Belize, Belize Institute of Management, Belize Rural Women's Association, Belize Federation of Agricultural Cooperatives, Solar Box Cookers International, Technoserve, Katalysis, and Commonwealth Foundation. Government affiliates of BEST in Belize include the Departments of Cooperatives, Women's Affairs, Agriculture, Economic Development, Social Development, Refugee Office, and Environment. International government affiliates include the United States Agency for International Development, Canada Fund, the European Community, Inter-American Foundation, and the United Nations High Commission on Refugees.

VI. FINANCIAL STRENGTH

A. DIVERSITY OF FUNDING

BEST's funding base is comprised of international development agencies, foundations, churches, corporations, client fees, contracts, and local support. Foundations, corporations, and churches contribute approximately 30% of the funding base by means

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of grants, International Development Agencies 60% -again through grants, and client fees and contracts 10%. BEST total budget for 1991 is US\$350,000, of which 100% of all funds have been secured. Approximately 40% of BEST total budget for the upcoming year has also been secured. However, the total budget for the following years will have to be secured. Income generating projects are also being researched which include a shredder/chipper, guided tours, hotel, accounting services, and food processing.

BEST is aware that approximately 90% of its funding base is derived through grants from International Development Agencies, foundations, corporations, and churches. There is a definite need to diversify its funding portfolio and increasing its client base in order to raise a greater portion of income from client fees. Similarly, funding from contracts should be increased by furthering a relationship with the Ministry of Economic Development, as well as ensuring an exceptional performance on existing and future contracts. Local support from the business community should also be targeted by submitting proposals to local banks and subsidiaries of international companies.

BEST's aim for its future funding portfolio is as follows: foundations, corporations, and churches - 30%, International Development Agencies -30%, client fees -10%, contracts -20%, and the local business community -10%. A 3-Year Resource Development Plan will be designed as a strategy for raising 60% of BEST's total budget, securing potential sources of income from foundations, corporations, churches, and International Development Agencies.

	<u>Present</u>	<u>Future</u>
Foundations, corporations and churches	30%	30%
International Development Agencies	60%	30%
Clients	5%	10%
Contracts	15%	20%
Business Community	-	<u>10%</u>
Total	100%	100%

Specific Action Plans to diversify BEST's funding portfolio includes:

-Design a 3-year Resource Development Plan as a strategy for raising 60% of BEST's total budget.

-Expand the client base and provide clients with a means to a higher profitability margins. Consequently, clients could pay a higher fee.

-Increase funding from contracts by liaising closely with contractual agencies such as the Ministry of Economic Development, and ensuring an exceptional performance on all existing and future contracts.

-Carry out a public relationship campaign for the purpose of enlightening the public about Belizean NGOs. This will be carried out by the Association of National Development Agencies [ANDA]. This will assist in BEST [as well as other NGO's] endeavor to acquire more local support

B. REPORTING AND MANAGEMENT

There is a Resource Development Desk within the organization whose responsibility, among other things, is to report to all BEST donors in a timely and accurate manner. It is the responsibility of this person to develop a tracking system to keep abreast of reporting deadlines and design a database of donors. The Resource Management Officer's ultimate responsibility is to document and disseminate information. Whenever possible, this person is assisted by Project Officers responsible for the project a given donor is funding. However, it is the responsibility of the Resource Development Officer to ensure that information is provided to donors in the proper reporting format and that all deadlines are met. It is the responsibility of the Office Accountant to report on any financial requirements by BEST donors. In the future, the Resource Development Officer and the Office Accountant should liaise more to make certain that reports are prepared accurately and mailed to donors.

BEST's Resource Development Desk is still in its infant stage. However, the organization is aware of the need for such a Desk, hence, its recent establishment. The goal is to successfully manage and expand its present portfolio, guaranteeing that all reporting deadlines are met and funds secured, and to diversify the funding base. Gradually, there will be an expansion of the funding portfolio, as this is vital for the organization's existence. As this Desk becomes more established, additional staff may have to be employed, who possess established skills in report and proposal writing.

As the Resource Development Desk is still in its infant stage, there is still alot of work to be done. The Resource Development Officer is responsible for all reports, proposals, newsletters, annual report, fund raising strategies, training in proposal writing, and any narrative reports that are required by the organization. Additional staff or support staff may be necessary to relieve this officer from some of her duties. Project officers, as well as Administrative Staff, should display more interest and cooperation in report writing by providing the required information to the Resource Development Officer in a timely manner.

Specific Action Plans to facilitate an improved reporting and management system are as follows:

-BEST will fully support the Resource Development Officer

-Training in both report and proposal writing for the Resource Development Officer will continue and she, in turn, will train other staff.

-The computer system will be better organized.

-The Resource Development Officer will receive increased cooperation from other personnel.

C. COST EFFECTIVENESS AND COST CONTROL

BEST defines cost-effectiveness as "getting as much as possible out of every dollar and devising ways of improving even that". Presently, the cost of BEST services is US\$245/day. This cost has slightly decreased since 1985 when costs were US\$250/day.

On a yearly basis, income equals expenses. However, on a monthly basis, expenses regularly exceed income causing a cash flow shortage. To avoid the cash flow problem, claims and reports must be submitted on time, or preferably in advance. Proposals for funding must also be submitted in advance of needs.

BEST salaries are 60% of the total budget, and, in general, staff is paid approximately 50% more than the staff of similar NGOs in Belize. However, BEST's salary scale is higher because of its philosophy to attract higher caliber personnel. This is now a precedent. The decision to change this philosophy must be made by the Board of Directors.

D. FISCAL SKILLS

Fiscal management is the effective planning and controlling of funds to meet the organization's financial needs in the current fiscal year and to secure future financial stability. The majority of fiscal responsibilities lie with the Managing Director who is ultimately responsible for financial planning, fundraising, cost control, and budgeting. The Chief Operating Officer acts as Deputy to the Managing Director and is responsible for the review of accounts, supporting the budgeting and monitoring functions, planning and executing operations and acting as final arbiter regarding budgeted operations. BEST's Office Accountant prepares in-house accounts, budgeting reports and prepares financial reports for donors. The Board of Directors must approve each year's budget, acting as final arbiter.

The operational systems in use to ensure proper fiscal management are an Annual Workplan, program budgeting, cash budgeting, and donor accounting and reporting. Evaluation procedures include Monthly/Quarterly/Annual Financial and internal control mechanisms such as division of duties, limits of financial authority and bank reconciliations. The monitoring and reviewing

of bank reconciliations could be improved.

Skills which BEST will need to manage increasingly complex finances include long range fiscal management skills such as controlling cash flow, implementing multi-donor accounting procedures and developing fundraising strategies. BEST will also need more advanced in-house computerization of accounts and computer training of staff. Although BEST presently has five computers, their demand increases as staff, particularly the Resource Development Officer and Accountant, become more computer dependent.

The primary obstacle to meeting the deficits in fiscal management is complex, costly and time-consuming international fundraising procedures including developing donor contacts. Another is the lack of human resources.

Specific Action Plans:

-The cash flow problem will be addressed as BEST will design a strategy for buffer funds.

-BEST will employ a Senior Business Management/Enterprise Development Officer who will relieve the Chief Operating Officer of some of his field work.

-BEST will maintain its close relationship with the Resource Development Division of Katalysis including developing donor contacts, and liaising for submission of project proposals.

SUPPLEMENT B

ORGANIZACION DE DESSARROLLO EMPRESARIAL FEMENINO

ODEF

DEVELOPMENT PLAN

02



ASOCIACION DE DESARROLLO EMPRESARIAL FEMENINO

ODEF.

San Pedro Sula, Honduras, C. A.
Apartado N°. 357, Tel. 52-3571 • Fax: 52-8349

PLAN DE DESARROLLO

ODEF

San Pedro Sula, Honduras

enero 1991

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WOMEN'S ENTERPRISE ORGANIZATIONAL DEVELOPMENT

ODEF

MID TERM PLAN

INDEX

- 1. INTRODUCTION**
- 2. PLANS PURPOSE**
- 3. ODEF'S OBJECTIVE**
 - 3.1 Specific objectives**
 - 3.2 ODEF's description**
 - 3.3 ODEF's structure**
- 4. THE PROBLEM**
 - 4.1 What has caused growth**
 - 4.2 ODEF's transition**
 - 4.3 Moment in which this change was given (time, situation)**
 - 4.4 Strength and weaknesses**
 - 4.5 How much do we want to grow (activities, geographical area)**
- 5. ODEF'S MARKET**
 - Who are our actual and potential clients**
 - 5.1 ODEF's price and cost of services rendered**
 - 5.2 How to expand the programs market**
 - 5.3 What is our region potential**
- 6. COMPETITION**
 - 6.1 Who are they**
 - 6.2 Identify the strengths and weaknesses of the competitor**
 - 6.3 Is the competitor growing as fast as ODEF**
 - 6.4 In which programs can we work along with the competitor**
 - 6.5 What are our program advantages**
 - 6.6 For the clients**
 - What is most important to them**
 - What do they need the most**
 - What would they like to change**

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1. INTRODUCTION

ODEF's present mediocre development terms are a reaffirmation of its objectives and purposes as a guide to execute its activities.

It is a product of arduous labor from the Meeting Committee, Executive Committee and ODEF's personnel, keeping in mind the responsibilities that we have towards our beneficiaries, donors, general society and primarily towards ourselves for our contributions to the development of our country.

Being a guide, it is subjected to revision and readaptation in accord with the prevailing situation in such determined time frame, in the mean time it is flexible to change.

It contains eight chapters which refers to the plan's purposes, which we have had problems with ODEF's expansion, this is why we were urged to elaborate, on ODEF's service market, an analysis is made as to the competence and financial development of the organization as well as to the direction and personal labor within this institution.

For elaboration purposes, we count with the advise of the President and the Katalysis Foundation Programs Director, Gerald Hildebrand and Karie Brown, as well as Jaime Arguello from Robert Nathan Associates, and in behalf of ANDI/PYME who we give special appreciation for their support in seeing us through successfully.

2. PURPOSE OF PLAN

- To reaffirm ODEF's objectives.
- To define politics and strategies which will be followed to achieve successful objectives.
- To know what we are going to do and where we want to go in the next 3 years.
- To conduct an internal and external objective revision which will influence the execution of the activities.
- To program goals and budgets.
- To formulate strategies which will permit us to minimize dependency on external funds.
- To know if we are going to have labor funds for the next 3 years.
- To improve failing situations and the reasons why they are failing.
- Locate personnel in correspondent positions.
- To know what else ODEF can offer its clients.

3. ODEF'S GENERAL OBJECTIVE

- To facilitate incorporation of the individual and its family, especially that of the women's conscious participation to the economical, social, cultural, educational and political changing process, with the mean to improve their way of life.

3.1 SPECIFIC OBJECTIVES

- Amplify opportunities so the women can obtain major income through better paying jobs or through self employment, credit and technology that will permit them to increase their production and improve their management.
- Educate the Hondurans, especially women, training them so as to participate in elaboration and execution of political action plans which will be directed to the solution of economical development problems.
- Coordinate and support other regional institutions as for the finding of alternatives which will offer support for the improvement of life quality.

3.2 ODEF'S DESCRIPTION

- ODEF signifies: Organization for the Development of Women's Enterprise, it is a Honduras organization, private, volunteering without any lucrative means, non-political and non-religion biases.

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3.3 ODEF'S STRUCTURE

ODEF is formed by:

- General Assembly
- Meeting Committee
- Executive Committee
- Credit Committee
- Advisory Committee
- Chief of Programs
- Administrators (bookkeepers, secretaries, general informative services)
- Technical Assistants
- Credit Assistants
- Zone Coordinators
- Para-technicians (see organizational chart at the end of document)

4. THE PROBLEM

- The major problem ODEF faces is its rapid growth in such short time which it was not prepared for.

4.1 WHAT HAS CAUSED SUCH GROWTH

- Its credibility and its services has generated multiple affections which has transmitted from beneficiary to beneficiary and from community to community (this has caused major service demands).
- Relationship between Director and beneficiaries.
- Relationship between employee and beneficiaries (this is major compromise of services rendered through personnel).
- Participating Methodology (to make - to learn)
- There is only a few institutions in Honduras supporting women, offering the opportunity to obtain training, credit or technical assistance.
- ODEF's confidence in women allows it to posses flexible conditions as for the approval of credit.
- Political flexibility is existent for beneficiaries.
- National and International credibility has caused major support by donors.

- Creation of new projects.
- The needs for credit by women.
- Strength that ODEF offers women.

4.2 ODEF'S TRANSITION

- Addition of the number of beneficiaries
 - 1985 - 86 = 5 beneficiaries (business women)
 OEF International
 5 Porcine Projects with 75 beneficiaries
 - 1988 = Growth initiation
 - 1990 = 600 beneficiaries

4.3 AN ECONOMIC CHANGE WAS GIVEN AT THE END OF 1989

- Very little personnel and vast demands.
- By the increase of funds, the actual existent personnel is enough for the demand.

Initiation of a porcine project, the actual executing projects are:

- Business Women, Community Banks, Integrated Rural Development, Solar Cookers, Improvement of rural life and initiation actions towards the protection of the environment.

4.4 STRENGTH

- Trained personnel.
- National and International Relationships.
- Training offer is livable.
- Leadership and technical assistance as joint credit.
- One of the few organizations that support women of scarce resources.
- Mutual confidence among personnel and beneficiaries.
- Field personnel, women working for women.
- Good relationship among ODEF's personnel.
- Executive Directive within the organization.
- Youthful spirits among the personnel.
- Personnel mysticism and dedication towards work.

- Attitude or flexibility towards change.
- Constant support from the beneficiaries.
- Personnel shows confidence towards the Executive Director.
- ODEF's appropriate structure.
- Rapid approval of loans.
- Enough personnel to cover actual demands.
- Some adaptable norms by the administration which will permit effectiveness on such tasks.

4.5 WEAKNESS

- Paternity (occasional)
- Lack of vehicles for personnel's transportation to the field and the majority of personnel does not know how to drive.
- Lack of personnel training to supplement pig feeding.
- Dependent on external funds.
- Lack of building.
- Lack of administrative agility to purchase materials.
- Lack of personnel's technical capacity or interest to manage the computers.
- Lack of data bank.
- Lack of diagnostics by the community being served by ODEF.
- Lack of an agile information system.
- There is no consistent computerized information management within the credit portfolio.
- The computerized administration information system does not function very well.
- In some cases, credit is not very appropriate due to lack of coordination and team communication.
- Lacking team communication in different zones.

SUGGESTIONS

That the administration be more flexible in delivering paper work and materials.

5. ODEF'S MARKET

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5.1 WHO ARE OUR ACTUAL AND POTENTIAL CLIENTS?

- Women of scarce economic resources, between the ages of 18-60 who will achieve productive activities within the branches of industry, commercial, farming, craftsmanship and elaboration of meals, who have great economical, administrative and technical limitations.
- Youth of rural areas ages 12-13, who are interested in organizing and participating in all activities and projects that ODEF supports.
- Men and women from rural zones and marginal urban neighborhoods supported through improvement projects for a better way of life and who will serve to present their respective guarantees.
- Children from rural areas supported by the Integrated Rural Development projects through a rural kindergarten.
- Community which is generally supported by the Integrated Rural Development.

Communities in which we want to work at an average term:

- | | | |
|----------------|---|-------------------------------|
| San Pedro Sula | - | Yorl (zone #1) |
| San Pedro Sula | - | Siguatpeque (zone #2) |
| San Pedro Sula | - | Copan (zone #3) |
| San Pedro Sula | - | Cuyamel (zone #4) |
| San Pedro Sula | - | La Masica, Atlantida (zone#5) |

ODEFS 1991 PROGRAM

Project	Activities	Zone #1		Zone #2		Zone #3		Zone #4		Total Courses	Total Benef.
		#	Benef.	#	Benef.	#	Benef.	#	Benef.		
Business Women	Training & Credit	3	45	3	45	3	45	3	45	60	180
Community Banks	Training & Credit	3	45	3	45	3	45	3	45	60	180
Impro. Life Qual.	Credits	2	40	2	40	2	40	2	40		160
Solar Cookers	Demo's & Construc.	3	45	3	45	3	45	3	45		180
Invest. (Solar Cookers)				1		1					
Porcine Project	Capacit., Credit and Follow up	1	12	1	13	1	12	1	13		50
	Capacitation	1		1		1		1		20	
Sustainable Agriculture	Capacit., & Tech. Asst.	1		1		1		1			40 not new
DRI	Integrated Rural Dev.	*1		*1		*1		*1			
Continuation of already existent.	Youth Projects	2	30	3	45	1		15			105
* If other funds are obtained then these DRI will be created.		1	12								
	Household Improv. Kinder			1	12	1	12	1	12		48
	Coordination with other Institutions										
	Health										
	Natural Resources										
	INA										
	Others										
Technical Assistance	Workshops and Follow up	3	21	3	21	3	21	3	21		84

ODEP'S 1992 PROGRAM

Project	Activities	Zone #1 # of Benef.	Zone #2 # of Benef.	Zone # 3 # of Benef.	Zone #4 # of Benef.	Total Courses	Total Benef.
Business Women	Capacit., & Credit	4 60	4 60	4 60	4 60	70	210
Community Bank	Capacit., & Credit	3 45	3 45	3 45	3 45	60	180
Household Improve.	Credits	3 60	3 60	3 40	2 40	10	200
Solar Cookers	Demo's and Construc.	4 60	4 60	3 45	3 45	70	210
Invest. (Solar Cookers)							20
Porcine Project	Capacit., & Credit and Follow up	1 12	1 13	1 12	1 13		50
Sustainable Agriculture	Capacit., Tech. Asst.	1	1	1	1		40
DRI	Integrated Rural Dev.	1	1	1	1		
Continuation of already existent	Youth Projects	2 30	3 45	1 15	1 15	7	105
	Household Improv.						
	Coordination with other Institutions	1 12	1 12	1 12	1 12	4	48
Technical Assistance	Workshop & Follow up	4 48	4 28	4 28	4 28		112

ODEP'S 1993 PROGRAM

Projects	Activities	Zone #1 # of Benef.	Zone #2 # of Benef.	Zone #3 # of Benef.	Zone #4 # of Benef.	Zone #5 # of Benef.	Total # of Benef.
Business Women	Capacit., & Credit	4 60	4 60	4 60	4 60	2 30	270
Community Banks	Capacit., & Credit	3 45	3 45	3 45	3 45	3 45	225
Housing Improve.	Credits	3 60	3 60	3 60	3 60	2 40	280
Solar Cookers	Demo's & Construc.	4 60	4 60	4 60	4 60	3 45	285
Invest. (Solar Cookers)							
Porcine Project	Capacit., & Credit & Follow up	1 12	1 12	1 12	1 13	1 10	
Sustainable Agriculture	Capacit., & Tech. Asst.	2 20	2 20	2 20	2 20	1 10	
DRI	Integrated Rural Dev.	1	1	1	1	1	90
	Youth Project	1 15	1 15	1 15	1 15	1 15	
	Housing Improv.	1 12	1 12	1 12	1 12	1 12	75
	Kinder		1 20				60
	Coordination with other Institutions						
	Health					48	
	Natural Resources						
	INA						
	Other						
Technical Assistance	Workshop & Follow up	5 35	5 35	5 35	5 35	5 35	210

**BENEFICIARIES DESCRIPTION - ASSISTED PROJECTS
EXECUTED YEARLY**

Year	# of Benef.	Projects	Personal	Funds
85 - 86	5	Business Women	3	OEF
	75	5 Porcine Projects	4	OEF
86 - 87	15	Business Women	6	FOPRIDEH
	30	2 Porcine Projects	7	OEF
				PYM
87 - 88	162	Business Women	5 + 3 Paratech.	FOPRIDEH
	20	2 Porcine Projects	6	OEF
				PYME
88 - 89	170	Business Women		FOPRIDEH
	108	9 Porcine Projects		PYM
	7	Community Banks		OEF
	50	Housing Improvements		CITIBANK
89 - 90	323	Business Women		KATALYSIS
	40	6 Porcine Projects		FIA
	61	Community Banks		FICAH
	212	Solar Cookers		KATALYSIS
		2 DRI Communities		KAT/SBCI
		Youths		KAT/LDS
		Housing Improvements		
		Sustainable Agriculture		INVA
90 - 91				

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GEOGRAPHIC AREA FOR 1992 - 1995

Zone #1	Zone #2	Zone #3	Zone #4	Zone #5
S.P.S. A Yoro	S.P.S. A Siguatepeque	S.P.S. A Copan	S.P.S. A Cuyamei	S.P.S. A La Masica Atlantida

NOTE: Suggestions for amplification of new communities in existing zones and new creation of new ones, allowing priority to first alternatives.

5.1 PRICE AND COST OF SERVICES OFFERED BY ODEF

	1991	1992	1993
Business Women's Capacitation	LPS. 10.00	LPS. 12.00	LPS. 15.00
Community Bank's Capacitaion	5.00	7.00	10.00
Workshop Tech. Asst. Capacitation	10.00	12.00	15.00

.2 HOW TO EXPAND ODEF'S MARKET

- a) Exchange of experiences among community women.

COMMUNITY BANKS

- b) ODEF's beneficiaries are women that have been with organization for some time and that are capable of handling the bookkeeping to support the new formation of beneficiaries.
- c) Diffusion by beneficiaries of activities achieved by means of ODEF's services.
- d) Support community micro-enterprise organization to achieve communal beneficial projects, that will serve as to multiply services given by ODEF.
- e) Promote capacitation events (educative goals, field trips) as an incentive to executed activities.

FOR ALL PROJECTS

- f) Emission of pamphlets where ODEF's services will be made known.
- g) Identify organizations and their services through radio broadcasts.
- h) Locate labels or banners on community entrances making ODED's services known.
- i) Encourage recreational activities among youths.
- j) Beneficiaries should participate in craftsmanship fairs.
- k) Use of promotions through the best communication systems utilized by different community zones.
- l) Identify ODED's offices by labeling them.
- m) Utilization of manuals to achieve a multiply means of reaching the rest of the communities.
- n) Locate banners on community entrances where housing improvement projects are being held.

6. COMPETITION

6.1 WHO ARE THEY?

- PTR (Rural Technology Programs)
- DRI-YORO (Integrated Rural Development - Natural Resources)
- C.D.I. (Industrial Development Center)
- Worldly Vision
- EDUCSA
- Friendly Horizons

6.2 IDENTIFY STRENGTHS AND WEAKNESSES

6. COMPETITION

6.1 WHO ARE THEY?

- PTR (Rural Technology Programs)
- DRI-YORO (Integrated Rural Development - Natural Resources)
- C.D.I. (Industrial Development Center)
- Worldly Vision
- EDUCSA
- Friendly Horizons

6.2 IDENTIFY STRENGTHS AND WEAKNESSES

STRENGTHS:

- Some institutions count with enough economic resources, technically to execute projects.
- Some offer services that ODEF does not offer.
- Some have generated income to tend to auto-sufficiency.
- Some have their own office and training buildings.

WEAKNESSES:

- Paternity
- Wrong follow up of achieved activities and projects.
- Accomplishment of quantitative goals not qualitative.
- Some of the competitive organizations do no demand much guarantee while others demand too much guarantee for loan approval.
- Men work for women.
- Some institutions impose projects.
- Some of the institutions or organizations do not elaborate on diagnostics of the communities that are being served.

6.3 IS THE COMPETITION GROWING AS FAST AS ODEF?

- There is indexes of some competing institutions or organizations that are growing, but there are others that are not growing as fast as ODEF.

6.4 IN WHAT PROGRAMS CAN WE WORK WITH THE COMPETITORS?

Projects

Institutions with whom to coordinate

- | | |
|------------------------|--|
| - Micro-enterprises | EDUCSA
AHDEJUMUR
INFOP
NATURAL RESOURCES
SAVE THE CHILDREN |
| - Pigs | NATURAL RESOURCES
(Animal Sanitation Programs) |
| - Solar Cookers | COHDEFOR
MUNICIPAL OF S.P.S.
SOCIAL CLUBS |
| - Housing Improvements | INVA |

ARE WE ENLARGING OUR RELATIONS WITH THE ONES WE ARE WORKING WITH?

- There is more effective amplification of relations due to the DRI Project, especially in the area of: education, health, hygiene, housing, recreation (youth groups), etc., and is coordinating relations with the Health and Education Ministry.
- INVA is implementing the housing improvement project.

6.5 WHAT ARE SOME OF THE ADVANTAGES OF OUR PROGRAMS FOR OUR CLIENTS?

- Training
- Credit Assistance
- Technical Assistance
- Follow up of training and credit
- Receive support from para-technicians
- Women formation
- Learn the registry
- Value their labor
- They learn to manage their business
- They learn to elaborate on familiar budgets.

7. FINANCIAL DEVELOPMENT

7.1 Budget for 1991 and (92-93)

7.2 How can we become auto-sufficient

7.3 How to manage information for reports for all the donors

8. DIRECTION AND PERSONNEL

8.1 Organization chart and explanation

8.2 Explanation of functions within the most important positions

8.3 Number of personnel, hierarchical level and coordination (zone meetings, etc.)

8.4 Bookkeeping

8.5 Legal advise

8.6 Other advisers needed by ODEF

8.7 Computation

8.8 Benefits that ODEF offers its personnel

ODEFS 1992 BUDGET

<u>Concept</u>	<u>Year 1992</u>
1. Salary	180,621.00
2. Benefits	51,765.00
3. Professional Wages	4,237.00
4. Transportation Expenses	16,030.00
5. Function Expenses	40,461.00
6. Office Expenses	13,674.00
7. Personnel Training	1,750.00
8. Monitoring and Evaluation	10,623.00
Total	319,161.00

ODEFS 1993 BUDGET

<u>Concept</u>	<u>Year 1993</u>
1. Salary	139,855.00
2. Benefits	40,082.00
3. Professional Wages	4,661.00
.....tion Expenses	11,755.00
.....xpenses	38,145.00
.....xpenses	10,028.00
7. Training of Personnel	1,250.00
8. Monitoring and Evaluation	5,274.00
Total	251,050.00

.6 FOR THE CLIENTS

WHAT IS MOST IMPORTANT TO THEM?

- Training
- Obtain credit

WHAT CHANGES WOULD THE CLIENTS LIKE TO SEE?

- Increase that the loan amounts
- Increasing time for term cancellations.
- That credit be issued to people that have initiated a productive activity.

FINANCIAL DEVELOPMENT

.1 BUDGETS FOR 1991, 1992, AND 1993

ODEF'S 1991 BUDGET

<u>Concept</u>	<u>Year 1991</u>
1. Salary	153,838.00
2. Benefits	44,090.00
3. Professional Wages	3,852.00
4. Transportation Expenses	14,573.00
5. Functioning Expenses	40,962.00
6. Office Expenses	12,431.00
7. Personnel Training	1,500.00
8. Evaluation and Monitoring	13,404.00
Total	284,650.00

7.2 HOW TO BECOME SELF SUFFICIENT AND REDUCE EXTERNAL DEPENDENCY?

We could reach self sufficiency by the following ways:

- 1) Increase interest rates.**
- 2) Increase the commission percentage charges for credit.**
- 3) Increase the number of loan amounts of the portfolio.**
- 4) Donations of land for the construction of an office building and rent it out.**
- 5) Implement productive businesses.**
- 6) Reduce the cost of concentrated actions (by zone)**

HOW TO DO IT?

- Work with marginal urban areas and reduce the cost and amplify the number of beneficiaries.**
- Cover a major amount of community beneficiaries.**
- Improve the efficiency of the personnel.**
- Effective recuperation of loans.**
- Individual campaign development for collection funds at a national level.**
- Locate low financial interest rates or flexible loans.**

8. DIRECTION AND PERSONNEL

FUNCTIONS

EXECUTIVE DIRECTOR

- 1) Direct the organizations personnel.
- 2) Legally represent the organization.
- 3) Elaborate on proposal as for collection of funds.
- 4) To make general decision in the organization.
- 5) Watch the well being of the organization.
- 6) Coordinate at an executive level with other institutions or organizations.
- 7) Approve credit application for less than L. 5,000.00.
- 8) Delegate functions and authority.
- 9) Achieve meetings with technical and administrative personnel (Chief of Programs, Zone Coordinator, Administrator).
- 10) Interview and select new technical personnel.
- 11) Sign checks within the organization.
- 12) Supervise projects.
- 13) Elaborate annual budgets with Chief of Programs and Administrators.
- 14) Provide information to donating entities.
- 15) Revise information on wages and elaborated wages by Administrators.
- 16) Participate on the Meeting Committee's meetings.
- 17) Participate on monthly personnel meetings.
- 18) Participate on national and international meetings with other institutions.
- 19) Evaluate subordinating personnel immediately.
- 20) Revise technical manuals.

CHIEF OF PROGRAMS

- 1) Direct the organization in the absence of the Director.
- 2) Evaluate responsibilities of personnel.
- 3) Coordinate with the Administrator as to administrative personnel's needs (travel allowance, materials, etc.).
- 4) Coordinate, plan, supervise, and evaluate technical and project actions.
- 5) Consolidate monthly information with Zone Coordinator.
- 6) Represent the organization within the training clauses.
- 7) Participate in service improvement trainings.
- 8) Comply with whatever function the Director assigns.

ADMINISTRATOR

- 1) Direct the personnel in an educated manner.
- 2) Analyze organizational expenses with the Executive Director.
- 3) Evaluate personnel responsibilities.
- 4) Participate in annual budget elaboration.
- 5) Coordinate with the sub-director and/or department chief as to administrative needs of the technical personnel (materials, travel allowances, etc.).
- 6) Keep control of fund balances.
- 7) Provide financial information to the Executive Director and donating organizations.
- 8) Proportion necessary audit information.
- 9) Supply all departments with ample logistics and office materials.
- 10) Participate in service improvement trainings.
- 11) Comply with all inherent functions and/or assignments assigned by the Chief.
- 12) Collaborate with the rest of the personnel wherever needed.

CREDIT ASSISTANT

- 1) Become aware of the beneficiaries before approving credit.
- 2) Revise credit application of new and continuing loans.
- 3) Notify the Zone Coordinator of approved loans, pertaining to their respective zones.
- 4) Disburse payment to beneficiaries.
- 5) Take effective disbursements to community banks and recuperate repayment of communities where DRI is non existent.
- 6) Daily log of credit portfolio analysis.
- 7) Elaborate on credit information.
- 8) Provide monthly information to the supporting technical department head.
- 9) Visit defaulting beneficiaries.
- 10) Speed up defaulted loans with an attorney.
- 11) Participate in service improvement trainings.
- 12) Comply with whatever assignment the immediate chief assigns.
- 13) Collaborate with the rest of the personnel wherever needed.

TECHNICAL ASSISTANT

- 1) Provide projects with technical assistance and follow up.
- 2) Coordinate technical assistance with other institutions.
- 3) Provide technical assistance diagnostics every six months.
- 4) Participate in training the moment FODA is taken.
- 5) Maintain an actual listing of technical and training necessities of the beneficiaries via FODA.
- 6) Elaboration of technical manuals.
- 7) Maintain an actual listing of technical and training services that ODEF and other institutions have to offer.
- 8) Provide information.
- 9) Participate in service improvement trainings.
- 10) Comply with whatever assignment the immediate chief designates.
- 11) Collaborate with the rest of the personnel wherever needed.

ZONE COORDINATOR

- 1) Direct and coordinate the assigned zone personnel.
- 2) Coordinate with the technical and credit support department.
- 3) Evaluate personnel responsibilities.
- 4) Participate in service improvement trainings.
- 5) Programming of personnel's monthly developed activities.
- 6) Evaluate programmed activities.
- 7) Revise and authorize travel allowances of in-charge personnel.
- 8) Supervise activities and trainings of different projects.
- 9) Revise credit applications.
- 10) Provide information of activities achieved in your zone to the Chief of Programs.
- 11) Provide weekly and monthly program information to the Chief of Programs.
- 12) Consolidate information provided by the promoter and technician.
- 13) Revise and solicit materials ordered by the task team.
- 14) Coordinate with institutions within your zone.
- 15) Meet with the task team every 15 days within correspondent zones.
- 16) Participate in meetings held by the Director, Chief of Programs and Technical personnel.
- 17) Comply with whatever assignment your immediate chief designates.
- 18) Collaborate with the rest of the personnel wherever needed.
- 19) Participate in zone meetings when time permits.

- 3.2 NUMBER OF PERSONNEL**
= 40 people (January 1991)
(4 men and 36 women)

HIERARCHY LEVEL

- 1) Technicians depend directly on the Zone Promoter.
- 2) Promoters depend directly on the Zone Coordinator.
- 3) Coordinators, Technical and Credit Assistants depend directly on the Chief of Programs.
- 4) Lucrative projects depend on the Chief of Programs.
- 5) Accountants, Secretaries, General Services and Lucrative Projects depend on the Administrator.
- 6) The Chief of Programs and Administrator depend on the Executive Director.
- 7) The Executive Director depends on the Meeting Committee.
- 8) The Meeting Committee depends on the General Assembly Association.

INTERNAL COORDINATION

EXISTENT WITHIN COORDINATION:

- 1) Para-technicians, Development Promoter and Zone Coordinator.
- 2) Zone Promoters coordinate with other zones.
- 3) Coordination with Coordinators and Technical Assistants.
- 4) Coordination with Coordinators and Chief of Programs.
- 5) Coordination with Zone Coordinators.
- 6) Coordination with Chief of Programs and Technical Assistants.
- 7) Coordination with Chief of Programs and Credit Assistant.
- 8) Coordination with Credit Assistants and Technical Assistants.
- 9) Coordination with Chief of Programs and Administrator.
- 10) Coordination with Administrator and Accountant, Secretary, General Services and Lucrative Projects.
- 11) Coordination with Chief of Programs and INVA personnel.
- 12) Coordination with Zone Coordinators and INVA projects.
- 13) Coordination with Chief of Programs and Executive Director.
- 14) Coordination with Administrator and Executive Director.
- 15) Coordination with Chief of Programs and Credit Committee.
- 16) Coordination with Executive Director and Credit Committee.
- 17) Coordination with Executive Director and Advisor.
- 18) Coordination with Executive Director and Meeting Committee.
- 19) Coordination with Executive Director and Legal Advisor.
- 20) Coordination with Meeting Committee, Legal Advisor and Executive Director.

3 ACCOUNTING

4 LEGAL ADVISORY

ODEF's legal advisor is from Gala Legal Offices, Gala and Associates.

5 OTHER ADVISORS NEEDED BY ODEF

- 1) Advisors on the management of the credit portfolio.
- 2) More advisors on computation.

6 COMPUTATIONS

Some Recommendations

- 1) People that receive training should practice it more and then should share with the rest of the personnel.
- 2) Input all information on computer and correct the existing one.
- 3) ODEF should hire a temporary person to be responsible for the Data Bank and other.
- 4) The rest of the personnel should show interest and should learn to operate the computer.

8.7 BENEFITS OFFERED BY ODEF TO THE PERSONNEL

- 1) Medical insurance
- 2) Social Security
- 3) Life insurance
- 4) Training
- 5) Salary promotion
- 6) Lending
- 7) Promotions
- 8) Lending of vehicles for personal errands.
- 9) Personal telephone calls.
- 10) Permission when requested.
- 11) Vacations

**MEETING COMMITTEE
MARLEN URIECHO, FRANCISCA DE ESCOTO
LOURDES FERNANDEZ, CARLOS SANTOS
SANTA EUCEDA, REGINALDO SHERAN
AND PATRICIA MURILLO**

Secretary
Arguello
aldo Sheran

Executive Director
Francisca A. De Escoto

Credit Committee
Francisca A. De Escoto
Suyapa Caballero
Santa Euceda

Chief of Programs
Gloria Sarmiento

Administration
Sergio Fernandez

Assistant
Line Mendoza
Lobo

Technical Assistant
Marla Ruiz
Nereyda Padilla

INVA Project
Mario Aguilar

Accounting
Patricia Nelson

Secretary
Sandra Pineda
Roxana Henriquez
Damaris Royos

General Services
Miguel Angel Chacon
Marvin Hernandez
Mirian Murillo

Zone Coordinator
#1
Blanca I. Canales
San Pedro Sula • Yojoa

Zone Coordinator
#2
Eldy Godoy
S.P.S. - Yojoa Lake

Zone Coordinator
#3
Lorena Montiel
S.P.S. - Azaculapa

Zone Coordinator
#4
Ruth Escoto
S.P.S. - Cuyamel

Promoters
Dalia Perez
Sadia Fugon
DRI - Mojiman

Promoters
Elba Bonilla
Ada Jimenes
DRI - Yojoa

Promoters
Patricia Henriquez

Promoters
Maura Pineda

Para-Technicians
Sonia Martinez
Edith Castro
Mabel Martinez
Antonla Zelaya
Delmy Soto

Para-Technicians
Fredosvinda Carasco
Sulma Torres
Yanoth Castellanos
Maribel Guity
Marcela Cruz
Dora E. Enamorado
Doris Lima

Para-Technicians
Ivis Fernandez
Olga Chinchilla
Rodriguez Sandoval

Para-Technicians
Choloma and Baracoa
Lilian Sanchez

Beneficiaries

Beneficiaries

Beneficiaries

Beneficiaries

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SUPPLEMENT C

CARIBBEAN ADVISORY AND PROFESSIONAL SERVICES

CAPS

**STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS
(SWOT) ANALYSIS**

CARIBBEAN ADVISORY AND PROFESSIONAL SERVICES

CONSULTANT'S REPORT

CONTENTS:

1 INTRODUCTION

2 RECOMMENDATIONS

- 2.1 Ownership;
- 2.2 The Board;
- 2.3 The Associate
- 2.4 Management and Administration
- 2.5 Financial Considerations

This Report represents the Final Report of an assignment for CARIBBEAN ADVISORY & PROFESSIONAL SERVICES, LTD. of Castries, St Lucia, and KATALYSIS of California, USA. and executed between September 13th and October 15th 1990.

by
LAWSON CALDERON,
Castries, St Lucia

CAPS SWOT ANALYSIS

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1 INTRODUCTION

1.1

This assignment was commissioned out of the recognition that not all was well in a young professional service organisation which was launched with so many high expectations, especially as its success hinged on the essential cohesive magnetism of the main participants. But now internal disagreements were threatening to atomise CAPS. The essence of this report is to carve out a working series of mechanisms which would enable CAPS to restructure itself to become an effective operation.

1.2

The consultant sought to interview each Board member, and each Associate. Unfortunately, almost every person was overseas, and some not easily traceable. Nevertheless, contact was made and lengthy discussions held with 10 of the 13 players.

1.3

At all times the Consultant eschewed the "What went wrong" or "who's to blame" approach, in favour of a more positive "can it work" or "what can we do" attitude. In any event an attempt at an "investigation of the records and books of the organisation would have damaged any possibility of on-going confidence in the process of partnership; particularly since not all parties agreed to the timing, method, and need of the SWOT Analysis.

1.4

To a large extent, therefore, the Consultant's findings and recommendations are based as much on subjective interpretation of confidentially expressed opinion (some of which is based on second hand information, and "guess-say"), as it is on previous experience, and professional instinct. The Report therefore deals mainly with those recommended mechanisms and structural changes which should be in place in order to make CAPS viable, vibrant and vivified.

CAPS SWOT ANALYSIS

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2 RECOMMENDATIONS

2.1 Ownership

2.1.1

There is misunderstanding caused by the overlap of the roles of owner / shareholder, operating partner, employer, and employee. Various interpretations are given to each role and to each player's expectations of these roles.

2.1.2

As a non-profit organisation, the question of shareholding is not critical since there should never be any distribution of dividend. It is only for the purposes of controlling the general policy of the organisation, which essentially means electing a Board, that the issue becomes important. To overcome this problem the parties must understand the corporate culture of organisations such as a large partnership of attorneys or doctors or other professionals.

2.1.3

Part of the answer is to have all Associates as shareholding members.

2.1.4

However it is not only the singular Associate who has an interest in CAPS. Other parties might do so, for whatever reasons and for differing periods of time. Therefore, these parties could also be shareholding members. There are instances where non-interested parties are invited to serve on the Boards of organisations to boost prestige, help shape image, and to enhance marketability. If this was seen as necessary for CAPS, such persons should also be, nominally, shareholding members.

2.1.5

It would be in CAPS interest, bearing in mind its mission, to broaden the base of its shareholding membership without fear of numbers.

CAPS SWOT ANALYSIS

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2.2 The Board

2.2.1

Elections to the Board should be viewed from the perspective of the specific corporate culture for this type of organisation. Paramount must be the interests of the Associate. That is a sine qua non. That is not to say any specific associate, but the generic associate. Therefore the numbers on, and the composition of the Board must be weighted in favour of associates. A formula (perhaps 5:4 i.e. Associate : non-associate) can be discussed. With this formula it would not be necessary for the Chairman of the Board to be an associate for reasons given above in 2.1.4. Indeed, it is strongly advisable for the Chairman not to be an associate.

2.2.2

Since the Board consists of shareholding members there can never again be the question of it being a mere rubber stamping group for some other authority. On the other hand, because there is a marginal weighting in favour of the associate it should never be the voice of the associates which outshouts other voices.

2.2.3

Whereas the contention is in favour of a strong Board, it also cautions against Board level involvement in the day-to-day detail of executive management. Quarterly Board meetings reviewing reports from the executive management of the organisation, and preparing for the AGM, should be the limit to its role. If necessary, standing Committees of the Board (such as Finance Committee, Grievances Committee, Executive Management Committee, Compensation Committee, The Associates Panel), which meet as and when necessary can assist the executive management in their duties; but in any event the routine decision-making process remains an executive matter not a Board policy matter, unless, of course, policy has to be reviewed or new policy established.

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2.3 The Associate

2.3.1

Part of the original objectives of CAPS is to promote its strength in depth of resources. It appears that the the shortage of financial resources has forced the original associates to frustrate this objective so that there would be fewer mouths to feed from the same pot. This approach was short-sighted. The essence of CAPS' growth potential lies in its ability to offer a greater multiplicity of services at different levels of expertise.

2.3.2

It is strongly recommended that CAPS seek out and invite into its fold additional professionals (at a pre-determined level of expertise, who would enhance the organisation's marketability. Once again CAPS should not be intimidated by numbers, although management and co-ordination is important. Realistically, CAPS could accommodate a ROSTER of 15 associates within 6 months, moving to 25 within 18 months, and growing at determined levels thereafter.

2.3.3

The type of associates who could live on a roster is probably different from those looking for a full-time salaried position. The criteria for inclusion should be pre-agreed, but to begin with should include:

- i- Age: minimum of 25, no maximum;
- ii- Academic credentials: first degree; unless exceptional work experience in speciality;
- iii- Work experience: five years;
- iv- consulting experience: not necessary;
- v- major skill areas: preferable to have two skills;
- vi- marketability: should be bringing in a target group, or key centre of influence, or nest of prospective clients.
- vii- personal compatibility: not necessarily everybody's best friend; should be sponsored by an associate;
- viii- nationality: Caribbean, including by acquisition;
- ix- price and fee range: immaterial;
- x- negative referrals: very important to identify early.

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2.3.4

It is recommended that there be clusters of associates around specific skill areas enabling CAPS marketing to be service driven. A "senior associate" or "Managing Associate" can be established as leading a core group of specialist associates as and when the demand arises. Where there are weak skill areas the organisation can push for recruiting these skills.

2.3.5

The initial Service Areas can be:

- Information technology and computerisation;
- Organisational development;
- Human Resource Development;
- Agriculture, food processing and agro-industry;
- Industrial Engineering;
- Finance, and business management;
- Economics, sectoral studies and marketing;
- Community based resource development;

2.3.6

Although associates would tend to gravitate towards a specific service area, they would be able to work in different Service areas according to the assignment. Specific marketing and promotional tools can be developed for each Service area, and CAPS can begin to be more market driven and responsive to the larger development community.

2.3.7

The question of professional competency and performance, is important and this has raised its head over the last 2 years. Part of this problem is because associates believe that they can accomplish tasks outside their skill area. CAPS should not encourage specialists learning on the job at the client's expense. The answer is to broaden the resource base of CAPS as the above proposals seek to address.

CAPS SWOT ANALYSIS

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2.3.8

It can be argued that the best monitors of performance are the associates themselves. In which case it is recommended that an Associates Panel be established. This panel would comprise the "heads" of each Service (possibly titled "Managing Associate"), and would be chaired by one of its members. The Chairman of the Associates Panel would sit ex-officio on the Board; and the Panel should operate as a Standing Committee of the Board.

2.3.9

The Panel can have the following responsibilities:

- i- establish standards for assignments, productivity, reporting, and client relationship;
- ii- review new applicants for the Roster;
- iii- review complaints and questions from associates or from the market about performance;
- iv- consider associate grievances for onward transmission to a Grievances Committee of the Board, through the executive management of CAPS.
- v- creation of new Service Areas, and vetting new registrants on the roster.

2.3.10

In respect to the existing associates it is recommended that all of them be invited to register on the Roster.

2.3.11

A further consideration is that there must be clear understanding as to the roles, expectations, and responsibilities of Associates. There is need to put in writing the contractual relationships between the associates inter se, and with CAPS. This is a matter which has nothing to do with ownership or management but which is vital to the professional integrity of a personality based service organisation. This requirement is of even greater significance if CAPS becomes roster based for its resources.

CAPS SWOT ANALYSIS

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2.4 Management and Administration

2.4.1

CAPS' attempt at self regulation has not worked. The absence of accountability, proper reporting, co-ordination of activities, establishment of performance criteria, and even financial controls have brought feelings of mistrust and poor organisational cohesion. To the extent that the associate is as much alienated as the Board member. There must be a separation of responsibility. With the recommendations above at section 2.2.3 and 2.3.8 above clear lines of accountability are proposed.

2.4.2

In terms of executive management several conflicting considerations need to be balanced. Firstly, the organisation must meet the needs of the associates, not to slavishly be abused by associates, but to enable them to maximise their potential earnings and achieve job satisfaction. Secondly, the owners of the "business" must have the confidence in the administrative systems in place to deliver accountability. Thirdly, sponsors and financial partners require information to enable them to be satisfied that their "investment" is secure. Fourthly, the market-place demands certainty in the delivery of services and the fulfillment of promotional representations. Finally, the organisation has a life of its own and requires self-sustainability to ensure longevity.

2.4.3

Unfortunately these objectives have not been achieved. Neither can they be achieved where there is a so poorly defined separation of responsibility. It is a mistake to have any associate as the chief executive officer of CAPS; he cannot be "primus inter pares". This fatal flaw has its origin in the perception of ownership by the associates. The majority of rancour and bad blood has centred around the whole position of Executive Director. It cannot be solved by replacing one associate with another in that position.

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2.4.4

What is required is a competent employee to run the organisation. The type of person must command the respect of the associates, must be able to wet-nurse prima donnas, must be able to enforce consensual boundaries of performance, and service the needs of the shareholders through the Board. Unfortunately, it is unlikely that the organisation can at this stage finance an appropriately qualified individual. Moreover, it would be unrealistic to expect the associates to yield income to remunerate a CEO at a higher level than themselves.

2.4.5

What might work is an interim arrangement whereby, somebody is groomed into that position over a period of 6 - 12 months, during which time, the Board, the Associates and the staff of the organisation get over the current hiatus and put CAPS back on even keel. An Executive Management Committee would be expected, during this interim period, to play a greater role.

2.4.6

There is also need for the administration of CAPS to be reviewed. A book-keeper, even if only part-time is essential; an executive officer, partly responsible for research and conducting low level tasks in certain assignments would be a real asset.

2.4.7

With greater emphasis on a roster, and therefore greater strain on communications, a series of contract forms, manuals and procedures is recommended. Specifically the following should be drafted:

- i- A contract between each Associate and CAPS, setting out the general relationship between the Associate and the organisation, as well as expectations and responsibilities.
- ii- A contract form signed by each associate when he takes on an assignment, setting out Terms of Reference, financial arrangements, reporting obligations, and professional considerations.

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- iii- Procedures manuals which would set out the methods of marketing; the administration of contracts and assignments; activity reporting; disputes; financial arrangements between third-party clients, associates and CAPB; book-keeping; terms and conditions of remunerating associates.
- iv- A Code of Conduct governing professional performance, conflict of interest, marketing ethics, and dismissal.
- v- Bidding procedures, proposal presentations, Assignment or Contract agreements with third party clients, should be standardised.

2.5 Financial Considerations

2.5.1

Some of the anxieties which have arisen over the past two years have been caused by the uncertainty over the management and accounting for funds, the generation of income, and the low level of productivity amongst certain associates. Much of this anxiety is tied to the lack of information flowing from the administrative core of the organisation to associates and Board members, and from associates to each other and the core. However, it must be emphasised that the auditors of the organisation reveal no malfeasance, abuse or improper accounting practices. On the other hand (and bearing in mind that hindsight is twenty-twenty vision) some parties feel that the grant funds received by CAPB could have been better or at least differently planned in order to effect greater long term advantages. Thus to some, there is little to show either by way of assignments executed, or by market positioning, or organisational infrastructure. A complete rethink on the financial management of CAPB, accountability checks and balances, the remuneration package of associates and productivity must be done.

2.5.2

A Three Year Financial and Marketing Plan is recommended as a priority. Derived from this general plan should be a 12 month plan, reviewed annually; and then a strict monthly work programme. The plans should include administrative and overhead expenses, Marketing and variable expenses, and projected income. Just as importantly, there should be details on Proposals written, contracts signed, revenue, work-in-progress, receivables, and net income. Simple standardised forms would reduce the time spent on this activity.

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2.5.3

It is important that each associate reports on his activities, and that each "Managing Associate" reports on his Service area, that each Board Committee reports, and that these reports are collected for transmittal to the Executive Management Committee.

2.5.4

Philosophically, grant funding should not be used for salaries which can be met directly by income generating activities, otherwise it acts as a disincentive to effort. Grant funds to CAPS should be reserved for financing organisational infrastructure, establishment expenses, non-recurring marketing costs, and supporting project activities (including professional fees where necessary) which are not income generating and purely developmental. It is the income from assignments which should feed associates. Thankfully for them their infrastructure is subsidised. This feature of CAPS puts the associates at a real advantage over their competitors in the consultancy market.

2.5.5

It is recommended that associates be supported and remunerated in three ways:

- i- A nominal monthly retainer of about EC\$1,000 to EC\$1,400 is ample subsidy for an independent professional who left to his own devices would have no such financial foundation. The "Managing Associate" could receive a slightly larger stipend of between EC\$1,500 to EC\$2,000. CAPS could also consider a scale with predetermined criteria, ranging from EC\$1,000 to EC\$2,000.
- ii- A Marketing Allowance up to EC\$1,000 payable on a re-imbusement basis on presentation of invoices and original vouchers. Consideration could be given to advances on this figure, but with strict controls on presentation of vouchers.
- iii- Professional Fees, derived in various ways:
 - I- a Finder's Fee for procuring an assignment, representing 5% of the fee value of the contract;
 - II- a Development Fee for work on purely development projects set at 65% of his normal net charge out rate;
 - III- a Professional Fee for routine assignments.

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2.5.6

Professional fees are calculated by establishing the associate's normal rate, deducting a portion for overheads, another for the finder's fee, and leaving a net charge out rate. Thus, for example, where an associate's normal rate is US\$190.00 per man day, CAPS would deduct 30% for overheads, 5% for finder's fee, leaving 65% or US\$123.50 payable to the associate. Note the same figure would result in the case of a development project. It must be remembered that the associate also receives his retainer, marketing allowance and a finder's fee. Clearly under this arrangement, the associate who spends time working on assignments, marketing CAPS services and generally performing, even as a Managing Associate, will be the one deriving greater financial benefit from the CAPS partnership. An associate finding one assignment, and working 15 man days per month at a normal rate of US\$190.00 per man day, on a retainer of EC\$1,000 would earn:

Retainer	1,000.00
Marketing Allowance	1,000.00
Finder's fee	384.75
Professional fees	<u>5,001.75</u>
TOTAL	<u>7,386.50</u>

2.5.7

To continue working with the above example, where there to be 10 consultants on the CAPS roster performing equally (i.e. 15 man days per month on assignments and the balance presumably on administration and marketing), the organisation would certainly break-even in covering its marketing and expenses directly related to associates. Viz -

Gross Revenue		EC\$76,950
less Retainers	10,000	
Marketing All	10,000	
Finders fee	3,848	
Professional fees	<u>50,017</u>	<u>73,865</u>
Contribution to Overheads		<u>3,085</u>

This scenario does not yet include grant funds, which as has been said would be dedicated to handle core overheads and other expenditures. In the absence of grant funds the percentage of fees payable to overheads would increase, by agreement, to cover the required expenditures.

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