

FINAL REPORT

"A REPORT ON THE EXTERNAL EVALUATION
OF THE SMALL INDUSTRY DEVELOPMENT
PROGRAM IN THE DOMINICAN REPUBLIC"

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FONDO DE INVERSIONES PARA EL DESARROLLO ECONOMICO (FIDE)
BANCO CENTRAL DE LA REPUBLICA DOMINICANA

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I. INTRODUCTION

Small scale enterprises in the Dominican Republic represent an important segment of the nation's economy, and an essential element in the strengthening of the business infrastructure. Through a bilateral agreement between the United States and the Dominican Republic, the Central Bank established the Small Business Assistance Center (CAPE) within the Bank's Fondo de Inversiones para el Desarrollo Economico (FIDE). The Small Business Assistance Center would provide the technical and policy leadership in the creation of a system of Technical Assistance Centers (TAC) intended to provide credit and technical assistance services to small businesses in the Dominican Republic.

Development Associates, Inc. was contracted by the Agency for International Development (USAID) to assist the Central Bank and FIDE in various stages of planning and implementing the Small Industry Development Program. The company provided FIDE with assistance in the preparation of the operations, procedures, and evaluations manuals for CAPE and the Technical Assistance Centers, as well as in coordinating and evaluating training and technical orientation in small business assistance methodologies, rendered through a series of workshops held at the Carvajal Foundation in Cali, Colombia.

The Small Industry Development Program has now been in operation since April, 1983 and the first Technical Assistance Center was authorized in June 1983. Since that time there have been 7 Centers approved. Part of the overall program design provided for self evaluations by the various TACs and CAPE, as well as an external third party evaluation. Accordingly, Development Associates was again contracted by USAID to carry out the external evaluation of the Program, and assist CAPE and the TACs in performing their respective self evaluations.

A Development Associates team conducted the external evaluation, and related activities, during May 2 - May 25, 1984, in the Dominican Republic in conjunction with the USAID Project Officer, FIDE/CAPE officials and the staff of the various Technical Assistance Centers.

The external evaluation built upon the data produced through the TAC self evaluations, field interviews at each TAC, and with CAPE officials. It was intended to provide formative data on the Small Industry Development Program that could be utilized in further refining and improving the overall program. To do the external evaluation, Development Associates was contracted to carry out several important activities that included:

- Refine the evaluation design and complete the preparation of the interview guides for collection of data from CAPE, TACs, beneficiaries and the financial intermediaries;
- Assist the CAPE and TAC staffs in the performance of their respective self-evaluations;
- Based on the self evaluation data conduct an external evaluation of the total program and collect additional data to verify TAC findings;
- Prepare an annotated outline of the final report for submission to USAID and FIDE/CAPE, and conduct a formal debriefing, before departing the Dominican Republic.
- Upon return to Washington, D.C. complete the final report in both English and Spanish.

This report contains descriptions of the current status of the CAPE/TAC system and the principal findings and recommendations of the external evaluation. It also describes the methodology employed in the assessment of CAPE and TAC operations. Based on the results of this evaluation, Development Associates prepared a series of recommendations intended to increase the congruence between program operations and the original plan, as well as to further refine the implementation of the Small Industry Development Program. As such, the report is meant to provide FIDE/CAPE and each of the Technical Assistance Centers with a management tool to upgrade program performance, increase efficiency and improve the likelihood of success over the coming years.

In conducting this external evaluation, the Development Associates team was cognizant of the many contextual factors that affect the implementation of innovations like the Small Industry Development Program. Likewise, it is recognized that new organizations such as CAPE and the Technical Assistance

Centers need a period of time to develop as functional organizations. New organizations typically progress through various stages of growth, beginning with an initiation phase involving the bringing together of people and resources to implement a new concept. Over a period of time new organizations progress to higher levels of functioning where staff skills, management and technical resources are consolidated producing an efficient organizational system. In later stages, organizations reach a level of maturity and stability that permits the agency to extend into new horizons. In our estimation, the Small Industry Development Program is progressing through various of the early stages of growth and maturity. Many of the problems and limitations experienced by CAPE and the Technical Assistance Centers are related to this process of organizational growth. Other problems are related to the larger economic and social conditions in the Dominican Republic, that are beyond the control of the program, but which directly affect its ability to fully carry out the credit and technical assistance functions.

The Small Industry Development Program has great promise in nurturing the growth and expansion of the small business sector in the Dominican Republic. By the same token, it presents dramatic human and managerial challenges to the Central Bank, FIDE/CAPE and the Technical Assistance Centers. It is Development Associates' hope that this report contributes to the ultimate success of the program and provides program personnel in the frontlines with a useful management tool.

II. THE EXTERNAL EVALUATION

The Small Industry Development Program design includes a special emphasis on self-evaluations by CAPE and the TACs as a mechanism for continually monitoring and improving their operations and performance. In addition, provisions were made for an external evaluation that would build upon the data derived from the respective self-evaluations, and examine the first year performance of CAPE and the Technical Assistance Centers.

Under a contract with the Agency for International Development (AID), Development Associates conducted the external evaluation of the program in the Dominican Republic during May 2-25, 1984.

Purposes of the External Evaluation

The external evaluation was designed to provide AID and FIDE/CAPE with timely information on the overall performance of the Small Industry Development Program and particularly the progress made by the various organizations in implementing the initial plan. The external evaluation examined the functions carried out by CAPE and the TACs in implementing the credit and technical assistance system during the first year of a five year program.

Importantly, one of the purposes of the external evaluation was to provide key AID and FIDE/CAPE decision makers with information about program strengths and shortcomings, together with recommendations on ways to improve the program's performance, efficiency and likelihood for self sufficiency. As such, the external evaluation was essentially formative in nature and not necessarily concerned with judging the absolute success or failure of the Small Industry Development Program. Given the relative youth of the program, a summative evaluation would have been premature.

In more specific terms, the external evaluation concentrated on several components of the Small Industry Development Program namely:

- CAPE/FIDE functions related to rendering and coordinating technical assistance, promoting the program, and processing loan packages from intermediaries;
- Technical Assistance Center functions related to pre and postfinancing assistance, relationships with financial intermediaries, internal management capacities, staff development, and the self-sufficiency trajectory;
- Financial Intermediary functions with respect to participation in the TAC credit system, approval of loans, and institutional accessibility in different regions of the Dominican Republic; and
- Program beneficiaries satisfaction with TAC services, particularly credit and technical assistance.

As part of the external evaluation, Development Associates also rendered technical assistance to CAPE and the TACs in carrying out their respective self-evaluations. Since the external evaluation relied to a large degree on the self-evaluation data, these activities were intimately related.

Evaluation Design and Procedures

The external evaluation employed a performance congruency design whereby the actual activities and accomplishments of CAPE/TACs were compared to their respective operational plans. Thus the evaluation focused on identifying those functional areas in the Small Industry Development Program that were within the range of the original plan, as well as functions that varied or were deficient.

During the initial five days of the in-country visit by the Development Associates team, the basic design was refined and the various data collection instruments were prepared in collaboration with the USAID Project Officer and CAPE officials. Four instruments were prepared which were structured interview guides to verify self-evaluation data, as well as gather additional information about program functions. The instruments included:

- Technical Assistance Center Interview Guide
- CAPE Interview Guide
- Program Beneficiary Interview Guide
- Financial Intermediary Interview Guide

Samples of these instruments are contained in Appendix B of this final report. Beginning May 8, 1984 site visits were conducted by Development Associates to the seven Technical Assistance Centers that had been approved and/or were in proximity of obtaining final designations as TACs. The data collection schedule was as follows:

PROPE (San Francisco)	May 8
PROAPE (Santiago)	May 9-10
CADEPE (Moca)	May 11
PROPESA (Salcedo)	May 11
FDD (Santo Domingo)	May 14
CATESUR (Azua)	May 15
CATRE (San Pedro)	May 16

The CAPE external evaluation was conducted during May 17-18, 1984, although preliminary data had been gathered by the team during the early stages of the in-country visit. Also on May 18, one of the evaluation team members conducted focused interviews with five financial intermediaries in Santo Domingo, with particular emphasis on their perceptions of the CAPE credit assistance program and recommendations on strategies to increase intermediary participation. Similarly, an informal meeting was held by the evaluation team with Lic. Roberto Liz, Director of FIDE, to discuss problems attendant to obtaining the cooperation of financial intermediaries and to examine preliminary alternatives.

During each visit to the respective TACs, a sample of program beneficiaries was selected for interviewing. In total, 17 structured interviews were conducted with beneficiaries, plus an additional 5 informal interviews. A total of 8 interviews were conducted with financial intermediaries throughout the Dominican Republic.

Analysis and Reporting Procedures

Data derived from structured interviews, content analyses, observations and program records was summarized and reduced for each of the organizations evaluated. These qualitative and numerical data were subsequently compared with

the operational plans of the respective organizations including the strategies, methodology, program budgets, income projections and related factors.

In the majority of instances, narrative analyses were prepared that described the organizational characteristics and key functions of the TACs and/or CAPE. Where appropriate, summaries of financial and other numerical data were prepared particularly related to disbursed/approved loans, program income trends, and other budgetary items.

Analyses were performed for each specific TAC and the CAPE, with descriptive narrative analysis regarding key program functions. Likewise, an overall analysis of the TAC was performed in order to identify general system-wide trends, performance trajectories, major issues and design considerations. Appendix C contains summary data tables describing program funding highlights, disbursements to TACs, first year TAC performance and approved FIDE loans.

Shortly after the conclusion of the data collection on May 18, 1984 the evaluation team began drafting an annotated outline of the final report for submission to USAID. A briefing on the principal results and recommendations of the external evaluation was conducted on May 23rd at the Santo Domingo USAID Mission. A separate briefing was held with the Director of FIDE that same day.

The final version of the evaluation report was prepared in Arlington, Virginia, and submitted to USAID.

III. THE SMALL BUSINESS ASSISTANCE CENTER (CAPE)

General CAPE Operations

The Small Business Assistance Center (Centro de Asistencia a la Pequeña Empresa, CAPE), a division within the Central Bank's Economic Development Investment Fund (Fondo de Inversiones para el Desarrollo Economico, FIDE), was established to coordinate the implementation of the Small Industry Development Program in the Dominican Republic. During the past year CAPE has been engaged in selecting the seven approved Technical Assistance Centers, and providing various types of support and guidance to these organizations.

For purposes of the external evaluation, Development Associates examined the activities carried out by CAPE in relation to the functions that were defined in the procedures manual. More specifically, the evaluation gathered information with respect to the following CAPE operations:

- Promotion;
- Technical Assistance and Training;
- Credit and Financing Functions;
- Disbursement to TACs
- Monitoring and Evaluation
- Administration

In evaluating the performance of CAPE during the first year, Development Associates took into account the problems attendant to implementing a complex program, such as the Small Industry Development Program, on a national scale. Likewise, it was recognized by the evaluation team that an initial start-up period is needed to adequately institutionalize an innovative approach that involves many different segments of the public and private sectors in the Dominican Republic.

Accordingly, the evaluation concentrated on identifying both the strengths and limitations of CAPE's first year performance in order to identify critical areas where improvements and refinements would be needed, and subsequently enhance the organization's capacities.

Promotion

During the first program year, CAPE concentrated efforts on initial promotional activities and in establishing the seven TACs. For example, FIDE's Director, Lic. Robert Liz, held group promotional meetings with TAC board members and staff representatives, as well as local financial intermediaries in the respective TAC communities. This group format appeared to be appropriate for disseminating program information to the community and demonstrating the government's active support of the program. Because of the group setting of these meetings and the limited time available, some of the specific concerns of the intermediaries and TACs could not be discussed in detail. Subsequent to these initial meetings there appeared to be insufficient follow-up, particularly with the intermediaries, to resolve some of the key issues and concerns. This lack of individualized follow-up may have contributed to some of the difficulties experienced by the TACs in securing loans through the financial intermediaries.

In addition to the aforementioned meetings, CAPE staff made presentations at TAC/AID sponsored microbusiness expositions held in Santiago and Santo Domingo. In addition, CAPE held a TAC meeting in September 1983 (Primer Encuentro de Asistencia Tecnica) during which PROAPE, CAPE, CEPESA and the FDD made program presentations to organizations interested in establishing technical assistance centers. The various presentations discussed typical experiences, problems and alternative solutions. As a by-product of this meeting and the microbusiness expositions, articles were published by the local media describing the Small Industry Development Program. As part of the general program promotion, a simple brochure was printed by FIDE that highlighted the main features of the program and the various services available to small industries.

In general, promotion activities were low key, in part because of the competing demands on the time of FIDE and CAPE staff. Moreover, according to FIDE/CAPE personnel, a major factor was a Central Bank policy, whereby high level management discouraged concerted or highly visible promotion efforts. It appears that this policy posture limited the scope of the national promotion and precluded individual discussions with the financial intermediaries, radio

publicity spots, and printed literature. However, with the recent change in the Governor of the Central Bank, this conservative promotional policy may be relaxed. Clearly, CAPE should plan and carry out a more concerted promotional effort to publicize the program and gain further cooperation from financial intermediaries.

Technical Assistance and Training

A critical function of CAPE was to provide and/or coordinate the provision of technical assistance and training to TACs established during the first year of program operations. Similarly, CAPE was to assist the TACs in the preparation of their respective operations plans, providing them with the required format and technical guidance in completing their applications for TAC designation.

In conjunction with a team of Development Associates consultants and designated FIDE personnel (CAPE did not formally exist yet) the initial group of prospective TACs received guidance in preparing operational plans and cash flow projections. Later, during the first operational year, CAPE continued to provide advice to new TAC applicants on the development of operational strategies, and computation of program financial projections in relation to the estimated number of approved loans, number of clients and similar factors.

Developing an operational plan represented a new experience for most personnel in both CAPE and the Technical Assistance Centers. Consequently, in the actual preparation of the various operational plans there were problems with incomplete or absent data in the plans. Subsequently, CAPE made individual visits to each TAC applicant to review program and operational plan requirements, and assist the organizations in preparing well defined plans. Based on the deficiencies evident in the operation plans of existing TACs and also to promote the program with prospective TACs and to assist them in the development of their plans, the aforementioned seminar was held in September, 1983.

In addition to assisting TACs with operations plan development, FIDE/CAPE provided TAC personnel (and those from prospective TAC organizations) with

training in small business assistance principles and methodology through two different training contractors namely, the Carvajal Foundation and the Foundation for International Training (FIT).

The Carvajal Foundation training series was held in Cali, Colombia at their small business assistance program (DESAP), with the first course being held between July 24-29, 1983. Seven people attended, including the CAPE Director, one CAPE project analyst, and 5 participants representing existing or potential TACs. This five-day course provided an opportunity for CAPE to observe the DESAP business clientele and assistance methodology, and determine the appropriateness of this training for future participants from the Dominican Republic.

The Carvajal Foundation conducted a second 20 day course from October 17 to November 11, 1983. Eight people attended, including the CAPE project analyst who attended the first training event.

In total, fifteen trainees attended the two DESAP sessions. Of these, 10 staff are still with the TACs. In turn they have been training new TAC staff thus producing a desirable multiplier effect. Unfortunately, five DESAP trained people are no longer working with the TAC program. Consequently, to reduce short-term attrition, CAPE will require that future trainees remain with the program for at least one year upon completion of their training.

The Foundation for International Training, a Canadian organization, conducted the second staff training series for TAC and CAPE personnel in three stages. The first stage of the training was held from November 30 to December 6, 1983 and was entitled "Curso de Iniciación a la Pequeña Empresa" ("Beginning Course in Small Enterprise"). It covered major administrative and management issues related to small business. The second stage was conducted during the week of January 23-27, 1984, and presented a practical guide to planning, organizing, developing and conducting brief training programs for adults in small business fields. The title of this course was "Seminario de Capacitación para Capacitadores" ("Teacher Training Seminar"). The third stage, from March 5-9, 1984 covered basic accounting principals for small business. The FIT courses were attended by 18 participants each of whom attended all three stages according to CAPE staff.

As part of its staff development effort, CAPE sent one of its project analysts to a training session sponsored by the International Labor Organization and the Costa Rican National Training Institute (OIT/INA). The course, entitled "Gestión Gerencial en la Pequeña Industria" ("The Management Function in Small Industry") was held between June 20 and July 15, 1983 in San Jose, Costa Rica.

CAPE, through the various training sessions, attempted to provide instruction to both CAPE and TAC staffs. CAPE's personnel have had to learn along with the TACs the techniques and methodologies for providing effective assistance at the small business level. In fact, in one case PROAPE, the TAC from Santiago had received prior DESAP training and had been operating for over two years before CAPE was conceived. As a result, PROAPE was, in several ways, better prepared than CAPE to assist and train new TAC organizations. In practice, PROAPE has collaborated fully with CAPE in providing various types of technical assistance and training to the other TAC organizations.

In general, the participants' comments and evaluations of both the DESAP and FIT training were favorable. However, informal conversations with TAC personnel suggested that the DESAP training was more appropriate to the size and level of expertise of the small businesses served by the TACs.

The FIT trainers and course content were given excellent ratings in terms of organization and presentation, particularly in the adult training series. But it appears that the accounting course was too sophisticated for the general level of business typically served by the Technical Assistance Centers. The FIT orientation was more appropriate for medium sized firms in the Dominican context.

In this respect, the DESAP system, content, and focus appeared to be initially most appropriate in terms of TAC training. However, one TAC director noted that by combining the best of both the DESAP and FIT accounting systems his personnel had developed a solid "hybrid" system, that was very compatible with the needs and capabilities of their clients. Future CAPE training for TACs should carefully examine the compatibility of the techniques, content and sophistication to ensure that they are appropriate for the Small Industry Development Program.

Credit and Financial Functions

Loans to Small Businesses

Development Associates analyzed the lending breakdown across the Small Industry Development Fund in terms of loans made directly to small businesses by the financial intermediaries and those made through the TAC system. The figures are revealing and essentially indicate a high degree of reluctance on the part of the intermediaries to participate in the program, particularly as it relates to TAC initiated loans.

As of May 1984, FIDE/CAPE made 32 loans to small businesses through the Small Industry Development Fund. Total loan approvals as of May 18, 1984 were RD \$855,294. Total disbursements as of the same date were RD \$639,462. Of the 32 loans approved, 10 (31%) were initiated by the TACs, totaling RD \$189,903 or 22% of the total peso amount of approved loans. Nine of the 10 TAC loans were through PROAPE; the other was through the Dominican Development Foundation (DDF). Overall 22% of the 32 loans made through the system were small, in the RD \$2,000 to \$10,000 range; 31% were medium sized loans in the RD \$10,001-25,000 range; and, 47% were large loans of RD \$25,001 up to the maximum for individuals in this program of RD \$50,000. Of these large loans, 12 of the 15 (80%) were deemed not to need TAC assistance. The remaining 3 loans in this category were channeled through PROAPE.

With regard to TAC channeled loans, 3 of 7 small loans or 43% of all small loans in the range of RD \$2,000-10,000 were initiated by PROAPE; 4 of 10 mid-sized loans of \$10,001-RD \$25,000 or 40% of all loans in this category were initiated by PROAPE (3) and the DDF (1); and 3 of 15 large loans of RD \$25,001-RD \$50,000 or 20% of this category of loans were initiated by PROAPE.

The 12 large loans made directly without TAC involvement totaled RD \$468,380 or 55% of the total RD peso amount of loans approved. Medium sized loans channeled directly by the financial intermediaries total RD \$112,500 or 13% of the total. Added together, large and mid-sized loans channeled directly by the intermediaries totaled RD \$580,880 or 68% of the total portfolio of approved loans. Small loans (4) channeled directly by the financial intermediaries totaled RD \$34,511 or only 4% of the total loans approved.

The loan data bear out the intermediaries' concern with the time, work and expense associated with the issuing of smaller loan amounts under this program. Clearly, the intermediaries have leaned towards those loans that are in medium or large categories and are generally not utilizing the TAC channel and management assistance services.

Likewise, based primarily on PROAPE's limited experience, there appears to be a propensity for TACs to work with mid-sized loans in the RD \$10,001 to RD \$25,000 range. Given the TACs self-sufficiency objectives (with income based on a percentage of loan amounts) and the financial intermediaries' disinterest in approving small loans, this pattern was not surprising.

Also these data may suggest that businesses needing loans below RD \$25,000 also represent enterprises likely to need the technical assistance services offered by the TACs more than the larger firms receiving loans above RD \$30,000,* at least in the perception of the financial intermediaries.

The overall loan record indicated that the TAC system has been concentrating on loans in the medium range, but has experienced serious problems in having a substantial share of the overall approved loans from the Small Industry Development Loan Fund. As such, most of the larger loans are being handled directly through the financial intermediaries, independent of the Technical Assistance Centers. As a consequence, the TACs have not derived the benefit of the pre and postfinancing commissions on 68% of the total monetary value of the portfolio of approved loans.

The FIDE loan application process appears to be another factor related to the difficulties experienced with the financial intermediaries and delays in the the disbursement of loan funds.

The current FIDE loan application system appeared to be extremely lengthy and time consuming, and a contributing factor to the intermediaries' avoidance of

* On the basis of purchasing power before exchange rate adjustments of April and May 1984.

the program. For example, the financial intermediaries assess a loan application using their internal formats. Upon approval, the intermediaries must transfer all of the data to FIDE's format and forward that information to FIDE. Once FIDE receives the loan information from the intermediary, CAPE completes another review that includes a visit to the business. This CAPE review is necessary before the intermediary can receive a disbursement from FIDE to cover the loan. Many intermediaries commented that the FIDE format was lengthy and overly complicated, particularly for smaller loan amounts.

Moreover, once the intermediary has completed its review and approval process, there are eleven additional steps required to reach the point where the loan proceeds are actually disbursed to the beneficiary. The process is the following:

1. Loan application sent by the intermediary to FIDE which then transfers it to CAPE;
2. CAPE receives application and completes its review;
3. FIDE credit committee (or subcommittee) approves or rejects the loans;
4. If approved, an agreement is entered into between the Central Bank and the intermediary;
5. If intermediary uses guarantee fund, then another contract is signed between the intermediary and the Central Bank;
6. Loan agreement then made between the intermediary and the beneficiary; (Normally all contracts between the Central Bank and the intermediary and the intermediary and the beneficiary are signed on the same day.)
7. Intermediary then makes a written request for disbursement from FIDE;
8. Disbursement request then sent from FIDE to the Central Bank Financial Department;
9. Financial Department authorizes disbursement and sends to Accounting Department;
10. Accounting Department makes disbursement to the intermediary; and,
11. Intermediary makes disbursement to the beneficiary.

The duplication of effort and delays in disbursements from FIDE to the intermediaries because of the process just described has been cited by the

banks as the major bottleneck in the program, particularly in the case of the smaller loans which will most likely need the TAC assistance. The process takes an average of 5 to 8 weeks.

Given the present system, which includes many steps and shuffling of documents back and forth between the intermediaries and the Central Bank, there is plenty of room for delays on the part of both parties. Thus one would be remiss in placing principal responsibility for the delays on one institution or another. It should be pointed out, however, that under the present system FIDE/CAPE is fairly efficient. Suffice it to say that the system itself seems to be the principal problem and unless it is changed or adjusted to be more responsive in the approval and disbursement of small and mid-sized loans, rates of disbursement cannot be expected to improve nor can TAC involvement be expected to increase appreciably.

Unless a mechanism can be installed to make the process of application, review, and disbursement of small and mid-sized loans (up to RD \$30,000 possibly) more attractive to the financial intermediaries, loans will probably continue to be concentrated at the top end of the scale (RD \$40,000 to \$50,000). Moreover, without such a system, most loans will probably continue to be channeled without the TACs achieving increased involvement posing serious constraints on TAC self-sufficiency. Above the RD \$30,000 level, it is most likely that the financial intermediaries (which will probably continue to initiate the large loans) will not call on the TACs for the provision of management assistance simply because the level of assistance provided by them will probably not be as appropriate at the higher end of the spectrum as it is for smaller businesses receiving smaller loans.

If the system can be changed or adjusted to be more responsive to both the needs of the intermediaries and the borrowers, future TAC performance, it is suggested, would probably be markedly improved, as well as the overall Small Industry Development Fund disbursement rates. There are quite a few solid loan possibilities in the small and mid-size range in the reported pipeline. Counting only those loans that are ready, or close to being ready, for presentation to the intermediaries, and that are likely to be financed, the breakdown is the following:

<u>TAC*</u>	<u>No. of Loan Applications in the Pipeline</u>
CATRE: San Pedro	49 (Based on classification system established by this TAC)
CATESUR: Azua	14 (initial TA given, ready to receive loans and sign TA agreements)
PROAPE: Santiago	13 based on current pipeline
PROPE: San Francisco	9 based on first round of applications developed
FDD:	3 based on loans applications currently at FINADE
<u>TOTAL</u>	<u>88</u> could be financed very soon

* NOTE: All data are based on individual TAC reviews held by the external evaluation team, May 1984. CADEPE and PROPESA had no applications in the pipeline in large part due to their recent designation/approval as a TAC.

These 88 loans represent close to triple the number currently approved through the Small Industry Development Fund. With a more responsive disbursement mechanism, they could potentially be approved and disbursed within a matter of weeks -- the initial information has been assembled and in many cases the applications have been completed already by the TACs. Assuming, conservatively, an average loan size of RD \$12,000 these potential loans would represent disbursements against the Fund of RD \$1,056,000 which would be very important for the Fund's movement, which has not been adequate. Likewise, this increase in lending, if done through the TACs, would give them a critical boost in credibility with the beneficiaries and intermediaries not to mention the importance to their income generation potential and self-sufficiency objectives.

Disbursements by CAPE for TAC Operations

The first contract between the Central Bank and a TAC (PROAPE) was signed on June 23, 1983. Since then six other TACs have been approved. As of May 1984, first year grant approvals for all seven TACs totaled RD \$240,522 of

which RD \$40,813 had been disbursed as of May 24 to four TACs. A first disbursement of RD \$42,116 was to be made to CATRE as of the end of May 1984 giving a total of RD \$82,929 in disbursed grant funds. Also, an additional RD \$8,284 was requested by PROPE of San Francisco de Macoris in March 1984 to cover unanticipated expenses.

Of the RD \$82,929 in disbursed grant funds (projected as of May 31, 1984), RD \$53,037 or 64% was for TAC operating expenses, and RD \$29,892 or 36% was for purchasing equipment and office materials.

The process of new TAC approvals and grant disbursements appeared to be clear, and CAPE seemed to be in adequate control of this function. Grant disbursement records were likewise accurate and well maintained.

The delays experienced in TAC approvals and subsequent grant disbursements during the start-up phase were not totally surprising given the newness of the program and the initial institutional development being experienced. Delays in postapproval disbursements appeared to be principally due to incomplete documentation in disbursement requests presented by the TAC's. CAPE has been providing technical assistance to the TACs to learn the system and reduce the amount of processing time expended due to incomplete information.

Monitoring and Evaluation Functions

As of May 1984, CAPE had conducted the first round of monitoring visits to three TACs. According to CAPE, there were some delays in obtaining the needed monitoring information from them. As a result, CAPE has reiterated the need for the TACs to maintain accurate records for the monitoring visits, as well as for the self and external evaluations, as stipulated in the procedures and evaluations manuals. Monitoring reports were completed by CAPE albeit behind schedule for the first round of monitoring visits. These reports once they were completed, appeared to be thorough and consistent with the intent of the CAPE monitoring function.

The original plan was quite specific with respect to CAPE's evaluation responsibilities during the first year. For one, CAPE was to complete a mid-year and annual self-evaluation of itself. In addition, CAPE was to ensure that each of the TACs completed their respective self-evaluations, including the mid-year and annual assessments.

In practice, CAPE's evaluation functions were deficient in relation to the original plan. As of May 1984, CAPE had not completed its own self-evaluation. Similarly, there were delays in the completion of the self-evaluations by the respective Technical Assistance Centers. Under the basic plan, the TACs were to have completed their self-evaluations prior to the external evaluation. However, the Development Associates' team had to assist each of the TACs in completing their self-evaluations during the course of the external evaluation.

It appeared that both CAPE and the respective TACs did not assign a high priority to the evaluation component of the Small Industry Development Program. Granted that the entire program represented a demanding and complex undertaking, and that all of these organizations were faced with competing pressures, the evaluation component was intended to provide timely information about the program's progress and problems.

As in many new organizations, managers are inclined to act on the basis of "intuitive" data, relying on their experience to plan program changes and improvements. The use of formal evaluation approaches is basically a "counter-intuitive" process, and typically requires a certain amount of time to be accepted and implemented.

Accordingly, it is important for CAPE to take a strong leadership role in ensuring that the evaluation activities of the program are carried out faithfully. Likewise, it is equally important for CAPE to set the example by performing its self-evaluation activities in a timely manner.

Administration

FIDE/CAPE has established an adequate system of internal administrative controls for tracking program financial and technical assistance. Since

these are standard administrative functions performed by FIDE, the CAPE staff were well versed in the various procedures, particularly in the financial tracking area.

A review of the CAPE administrative system indicated that the following controls were being maintained:

- Requests for FIDE director approval of grant disbursements to TACs;
- Notification of approvals of disbursements to TACs;
- Grant disbursement control sheet;
- Supervision of sub-loans financed under the Small Industry Development Program;
- Weekly work plans; and;
- Monitoring format for use in tracking TAC progress.

CAPE is using these various controls, and in the case of financial monitoring of grant and loan disbursements, records were up to date. Similar, weekly work plans were prepared regularly to schedule CAPE loan analyses and other CAPE functions.

As previously mentioned, only three monitoring visits had been completed by CAPE. Due to the newness of the program only three TAC's had been in operation long enough to require monitoring visits. These visits were made to PROAPE, PROPE, and the FDD. Although there were delays in compiling some of the data and completing the reports for two of the TACs, they are now complete and the system is being implemented. As noted earlier, CAPE had been slow in monitoring and in supervising the self-evaluations of the respective TACS.

In terms of reporting, initially CAPE had been preparing monthly reports, as well as intermittent memoranda for the FIDE Director describing program activities, progress and problems. Apparently this practice was discontinued. CAPE seemed to feel that it was unnecessary since all program activities were carried out under the FIDE Director's general guidance and, thus, he knew what was happening in the program. Because of

competing priorities on the Director's time, concerns and program implementation-problems were subsequently discussed informally. CAPE staff appeared to believe that written reports would not necessarily expedite decisions or other needed action. However, for purposes of documentation, planning and daily operations, a formal reporting system is in fact important to an organization such as CAPE. Again, reliance on an informal "intuitive" approach is not necessarily appropriate or adequate for this type of program.

The formulation of specific and detailed operational plans stating projected activities, methodologies, income and performance targets was viewed in the project design as an integral part of this program. Good, solid planning, it was felt, would provide concrete guidelines in implementing the overall program and making it successful.

The emphasis on operational planning applied to CAPE, as well as to the TACs, and was the intention of the project design staff which included FIDE/CAPE personnel from the outset of the effort. However, CAPE never prepared a formal operations plan. While there was a CAPE operations manual which described general organizations and functions, there were no specific operating targets, goals, objectives or timeframes for CAPE activities. Given the complexity of CAPE's functions, an operational plan is essential to properly executing the Small Industry Development Program, as well as providing a basis for CAPE's self-evaluation.

Strengths and Limitations

Based on Development Associates external evaluation, a number of key strengths and limitations were observed in CAPE's general performance during the first program year. These included the following areas:

Strengths

CAPE's manager and project analysts are highly competent individuals with a thorough understanding of the Small Industry Development Program. During the first year, CAPE was successful in translating the program from an idea to actual operations. With seven Technical Assistance Centers approved in the

first year, CAPE has begun to establish a working network of organizations to serve small businesses in the Dominican Republic.

Importantly, key CAPE personnel were involved in the conceptualization and planning of the Small Industry Development Program. The experience of these staff members in the management of international donor funds substantially augmented the capabilities of CAPE in managing the first year implementation in terms of financial tracking and recordkeeping.

CAPE has been effective in orchestrating other technical resources to assist the TACs. For example, CAPE was able to obtain technical assistance inputs from INFOTEP. CAPE also developed linkages with the financial intermediaries, through FIDE, that will be important in producing enduring institutional changes during coming years. It has the potential to help influence adjustments in the Central Bank policies and traditional lending mechanisms on behalf of small business in the Dominican Republic.

Although there have been serious difficulties experienced in achieving some of the key goals of the program, it is important to recognize that FIDE/CAPE has begun to put the TAC network system into operation. Moreover, it appeared to be committed to ensuring the program's success.

Limitations

CAPE did not devote sufficient attention to the evaluation component of the Small Industry Development Program as evidenced by the absence of a CAPE self-evaluation, and the delays experienced in having the various TACs complete their respective evaluations. As an innovative program, the Small Industry Development Program must be continually refined and adjusted on the basis of accurate, valid and timely information.

The FIDE/CAPE loan review procedures and supervision process appeared to be overly cumbersome and complex, particularly for a program attempting to facilitate relatively small loans. While some of these procedures are needed to adequately control the disbursement of loan funds, the future success of the program will depend on the ability of FIDE/CAPE to handle the volume of small business loans in an efficient manner.

The external evaluation also indicated that CAPE's activities are not exclusively dedicated to the Small Industry Development Program. Rather CAPE personnel have also been responsible for monitoring over RD\$15 million in Corporación de Fomento Industrial (CFI) funds, as well as the new Haitian border program. There were also indications that CAPE staff would have increasing responsibilities in performing loan analyses for the export promotion program in addition to its current assignments.

These multiple demands on CAPE personnel appeared to be related to a general personnel shortage within FIDE. However, this situation has detracted from the Small Industry Development Program and could pose serious problems in the future. This will be particularly problematic in the event that the TACs are successful in obtaining loan approvals for the "pipeline" loans, meaning that CAPE would have a substantial increase in its workload.

Similarly, by placing inordinate demands on the CAPE staff, its ability to carry out the necessary loan analysis, technical assistance and program monitoring functions will be further dissipated. This situation could produce further delays and problems in the loan application and review process.

If the program is successful in increasing the rate of loan approvals/disbursements, CAPE staff must devote its full attention to the Small Industry Development Program, including the credit analysis and TAC support system functions that will be essential. Even if the FIDE loan analysis procedures are simplified, as recommended in this report, the program will require CAPE's concerted attention and management guidance.

IV. THE TECHNICAL ASSISTANCE CENTERS (TAC)

Development Associates conducted site visits to each of the Technical Assistance Centers during the period May 8-16, 1984, as part of the external evaluation of the program. Although only four of the TACs at the time had received grant disbursements to cover initial program costs, all seven had CAPE approved operations plans. The evaluators decided that it was important to visit all the approved TACs, even though in two cases actual TAC program activities had been minimal, in order to get a sense of how well postured they were to initiate the program and the extent and effectiveness of CAPE's role in providing program planning and start-up support and backstopping. Data collection included self-evaluation data, review of Center records, and interviews with Center directors, beneficiaries, and local financial intermediaries. On the following pages are the evaluation team's reports on each TAC. They were:

- Programa de Asistencia a la Pequeña Empresa (PROAPE)
- Programa de Promoción de Pequeñas Empresas (PROPE)
- Centro de Asistencia para el Desarrollo de Pequeñas Empresas (CADEPE)
- Programa de Promoción de la Pequeña Empresa de Salcedo (PROPESA)
- Fundación Dominicana de Desarrollo (FDD)
- Centro de Asistencia Técnica del Suroeste (CATESUR)
- Centro de Asistencia Técnica Regional Este (CATRE)

PROGRAMA DE ASISTENCIA A LA PEQUENA EMPRESA (PROAPE)

Organizational History

PROAPE was started by and is operated under the auspices of the Asociacion para el Desarrollo, Inc. in Santiago de los Caballeros. The Asociacion itself was founded in 1962 by local businessmen who were convinced that more private sector involvement was needed in economic and social development initiatives in the Dominican Republic. Since then, the Asociacion has started and spun off several projects supporting local and regional development. One of the better known initiatives was the Instituto Superior Agricola (ISA), a major agricultural training institution close to Santiago.

PROAPE commenced operations almost four years ago in an effort to provide needed assistance to small firms, initially in the metalworking field, that would build appropriate farm machinery and implements. This initial thrust was expanded, however, to include all small manufacturing businesses.

Appropriate Technology International (ATI) a Washington based development organization, provided an initial \$U.S. 50,000 grant in 1981 at the outset of the project. The Central Bank of the Dominican Republic also provided PROAPE with an organizational development grant in 1981, from its own funds, even before the Small Industry Development Program was conceived. Since then PROAPE has provided training and direct technical assistance to Santiago small businesses. It received the DESAP training in Cali Colombia in 1982 and was essentially already operating like a TAC before the AID/Central Bank sponsored program began.

Because of its two year head-start, PROAPE has gained substantial experience in small business assistance, program development and operations. It has been helpful to new TACs entering the system, providing them with orientation and training in small business assistance methodology, content and, in some cases, in operations plan development. This was helpful to CAPE in implementing the program during the first year.

PROAPE was approved by FIDE as a TAC in May 1983 and has been operating as a TAC for all intents and purposes for one year. The grant agreement between FIDE and PROAPE was signed on June 23, 1983. Subsequently, PROAPE requested its first disbursement on September 29, 1983 and received its first grant disbursement from FIDE for RD \$12,241 in December 1983. PROAPE's total first year grant was for RD \$38,964.

The lag between the signed grant agreement and first disbursement of grant funds from FIDE raised a problematical question as to what period the evaluation would be based on. Does the first year of TAC operation begin on the date of the signing of the grant agreement or when initial grant funding is actually received?

PROAPE assumed and based its self-evaluation data on the December 1983 date, when its first grant disbursement was received. PROAPE's position was that funds needed to hire staff, buy equipment, and begin to operate as a TAC were not received until December. With reduced staff throughout 1983, PROAPE claimed that it could not really get off the ground quickly under its new TAC status and therefore should be evaluated on the basis of the December date, even though the grant agreement dated back to June.

The six month delay in receiving financing, however, while a factor, was not the singular reason for PROAPE short-falls in achieving first year objectives. It is Development Associates' assessment that the intermediaries' reluctance to finance projects under the TAC system represented a fundamental problem not only for PROAPE, but for the other Technical Assistance Centers.

Development Associate's evaluation of PROAPE took into account its overall activities, accomplishments, and the general PROAPE situation since mid-1983. Some of the data was based on December 1983 to April 1984 information. Other data reflected a full year's operations. The evaluators chose not to decide on the question of the official date in which a TAC had formal operating status. Rather this is an issue which should be addressed by FIDE/CAPE and AID.

Operational Plan and Goals

Several years ago, when it was first initiating operations, PROAPE completed a survey of Santiago small businesses in order to understand the size and characteristics of the sector. Partly on the basis of this survey, PROAPE proposed to integrate 300 area small businesses into the TAC system. For its first year, PROAPE projected channeling 40 loans and providing technical assistance to small businesses with an average loan size of RD \$8,000, totaling RD \$320,000. On the basis of the 2% and 3% commissions on this loan portfolio, and fees from courses in business administration, PROAPE projected a first-year non-grant income of RD \$17,760. Training assistance was projected for 240 enterprises.

Promotion

PROAPE has made a concerted effort to promote the TAC program and build its credibility within the small business and financial communities. Promotional efforts have included:

- door-to-door contacts with small businesses in the area;
- trade fair for small businesses;
- conferences and workshops;
- articles about the PROAPE; and
- bulletins and program brochure.

Based on information from December 1983 to May 1984, PROAPE had conducted interviews with 71 prospective technical assistance and credit clients and was currently providing pre-loan services to 33

clients; 26 of which were contacted directly by PROAPE; seven of which came to PROAPE on an unsolicited basis.

Credit and Technical Assistance Services

Pre-Financing Services

Since December 1983 PROAPE had provided pre-loan services to 33 clients and as of May 1984 there were 13 loans in PROAPE's pipeline. Seven applications had been prepared and submitted to the financial intermediaries. Of these, only two were submitted since December 1983. One of the seven applications was approved in October 1983, but had not yet been disbursed. The remaining six applications were being prepared and finalized with the small business owners.

Since July of 1983, a month after PROAPE was approved by FIDE as a TAC, 15 pre-loan short courses had been conducted; 11 in accounting, with approximately 165 participants; 2 in cost analysis with 20 participants; and, 2 in marketing with approximately 14 participants each.

PROAPE staff estimated that throughout the pre-loan phase, approximately 52.5 hours of TAC staff time was spent with each client either individually or collectively in promotion, short courses, business analysis, loan preparation and direct technical assistance. The technical assistance included accounting follow-up primarily to ensure that systems were being correctly applied.

Loan Activity and Post-Financing Services

Since April 1983, 9 PROAPE initiated loans have been approved by the financial intermediaries. Four loans were made before PROAPE was approved as a TAC and were channeled, as previously mentioned, through the Association. As such, no commission income was derived. In November 1983, FIDE/CAPE approved two loans for the Asociacion para el Desarrollo de Santiago in the amounts of RD \$33,800 and RD \$10,000 respectively, which appear to cover these 4 non-income generating loans made by PROAPE in April and May 1983. These two loans to the Association were disbursed in January 1984.

In addition to PROAPE's credit functions, it provided technical assistance clients with follow-up on a monthly basis for six months. Technical assistance plans focused on accounting system follow-up, marketing, and legal matters.

Although there were 12 loans in varying stages in PROAPE's pipeline at the time of the external evaluation, the program ran into a major bottleneck. That is, the financial intermediaries were not approving many loans through PROAPE. Both PROAPE and various intermediaries in large part attributed this reluctance to handle small and mid-size loans of between RD \$2,000 and RD \$25,000, which are generally the kind promoted mostly by PROAPE, to the inordinate amounts of paperwork involved given loan size and the lengthy

disbursement process. Additionally, the number of loans submitted by PROAPE to the intermediaries since December 1983 (date of first PROAPE disbursement) is very low, only two. The bulk of PROAPE's loans were submitted between April and December. This may possibly be attributed to PROAPE's having taken a position after the beginning of 1984 that it could not in good faith submit loans that were not likely to be approved or that would take too long, jeopardizing PROAPE's credibility.

It is interesting to note that PROAPE initially worked on a line of credit basis whereby the Association made loans from its own funds to PROAPE beneficiaries which were then reimbursed by FIDE through the Small Industry Development Loan Fund. The Association guaranteed the loans it received from FIDE. This system seemed to be an effective way of channeling loans to small business clients, given the intermediaries' reluctance to make individual, often sparsely collateralized small loans. PROAPE used this system in early 1983, before officially becoming a TAC. Since then PROAPE has not channeled credit via the Asociacion and its ability to assist clients in securing loans has been restricted under the current lending procedures.

Program Self-Sufficiency

PROAPE was in its 11th month of operation when the external evaluation was conducted. Based on the full year's activities since its approval, PROAPE's records indicated it had earned RD \$3,497 in 3% commission income. RD \$1,886 in first year 2% post financing technical assistance income is forthcoming but has not been received. Together these charges represented commission income of RD \$5,383 or only 30% of the projected income for the first year goal of RD \$17,670. When fees from short courses were added (RD \$2,000 approximately), PROAPE had generated only 42% of its first year goal since June 1983.

Depending on which official starting date is applied for PROAPE, the self sufficiency projections vary significantly. If in fact the program began in June 1983, then PROAPE will be seriously deficient in achieving the projected level of program income.

In contrast, if December 1983 can be viewed as the official start date for the TAC, then the prospects are more encouraging with an additional six months remaining in the first grant year. Assuming that the approved loans during the remaining two quarters are equal to the number/loan volume reported as of May 1984, PROAPE may be able to generate an additional RD\$6,994 in 3% pre-loan commissions. (This would not include the 2% technical assistance income or fees derived from courses.) Under these highly optimistic assumptions, PROAPE could realize a total income of RD\$12,377 or 70% of the first year target.

This optimistic income trajectory likewise assumes that the lending bottleneck be opened by establishing less cumbersome Central Bank

loan review and disbursement procedures, and a higher degree of cooperation by the intermediaries.

According to PROAPE and FIDE/CAPE reports, RD \$12,241 of grant funds have been disbursed to PROAPE. During the period December 1, 1983 to March 31, 1984 expenses totaled RD \$13,590 which break down into RD \$2,937 for equipment and RD \$10,653 in operating costs. Actual operating costs, as can be seen, were below the RD \$11,658 quarterly projection.

RD \$2,063 of the RD \$5,000 equipment budget was not spent. Even so, because of the absence of sufficient levels of program income derived from commissions and fees there was still a negative cash flow of RD \$1,349 including the income from grant funds. It seems that PROAPE was able to temporarily adjust for this shortfall by not spending the aforementioned RD \$2,063 of its equipment budget.

The fundamental problem with achieving self-sufficiency is integrally linked to the difficulty in getting PROAPE initiated loans approved and disbursed by the intermediaries. PROAPE has an ample client base to generate the projected income, but in the absence of approved loans, self-sufficiency is impossible.

Administrative Management System

PROAPE has a sound administrative and management system which is well planned and organized. Its financial controls are good and it has received a high level of support in this regard from its sponsoring organization as evidenced by the fact that its accounting/disbursement functions are handled by the Association's accounting department.

While PROAPE is concurrently operating other programs, including an Interamerican Development Bank microbusiness loan fund, the Association's central accounting office is clearly separating PROAPE's Small Industry Development Program activities and expenditures from its other projects on its chart of accounts.

PROAPE's filing and documentation system was adequate and systematic. Up-to-date tally sheets were maintained for all businesses being assisted. In general, PROAPE records on clients, financing and income appeared accurate.

No quarterly reports had been submitted to CAPE, although required in the procedures manual. However, financial reports were submitted to CAPE with disbursement requests on a quarterly basis. PROAPE's self-evaluation was completed during Development Associates site visit.

Program Beneficiaries

Four beneficiaries were selected for interviews from among clients with approved loans. They reported receiving services from PROAPE including business analyses, assistance in preparing loan

applications, training workshops in accounting, cost principles and marketing. One of the beneficiaries noted that accounting and cost analysis short courses were the most valuable services rendered.

Without exception, PROAPE's assistance was rated very favorably by the beneficiaries. One indicated, however, that the loan application process was too lengthy.

Beneficiaries reported making changes in the management of their businesses as a result of PROAPE assistance including improved accounting, higher production quality, and sales.

Impacts of credit seem to be substantial. One business owner reported doubling sales with the expectation of tripling sales with the next loan disbursement. The loan was for RD \$40,900. Thirty-five new jobs were created among the businesses interviewed. Loans totaled RD \$72,444 or approximately RD \$2,069 per new job created. The majority of loans were used for both working capital and purchase of equipment. In terms of current business problems, beneficiary respondents reported a generalized, commonly shared need for working capital.

In sum, the beneficiaries interviewed were positive about the services provided by PROAPE. Being able to get loans approved, in several cases for the first time, was viewed as an important milestone in the growth of the beneficiaries' businesses.

Financial Intermediaries

An interview with the Banco de Desarrollo y Capitalizacion, S.A. was conducted in Santiago. In addition, the Compania Financiera Dominicana, S.A., Santiago branch, completed the interview guide and forwarded it to the evaluation team later in the week.

Both intermediaries were familiar with the TAC system. In addition to having received orientations from FIDE and from PROAPE, the manager of the Compania Financiera Dominicana's (CFD) Santiago office is also a member of the PROAPE Board of Directors. A vice president of the Banco de Desarrollo y Capitalizacion (BDC) is also on the Asociacion para el Desarrollo de Santiago's board.

These two officials expressed general support for the TAC program and felt that the quality of PROAPE's services was good. The BDC has made four loans totaling RD \$59,655 through PROAPE and, along with the Financiera Empresarial of the Banco Popular, is the most supportive of the program in Santiago. While the CFD is verbally supportive, it had made no loans through PROAPE.

Principal concerns with the Small Industry Development Program, expressed by both intermediaries revolved around excessive required loan documentation, duplication of effort between the intermediaries and FIDE, and the lengthy time required to process/receive FIDE disbursements. They also indicated problems related to the risk and loan transaction cost factors of small loans, although in both

instances the intermediaries recognized that PROAPE (and the TACs generally) served to reduce these problems. One intermediary indicated that there were variances in the financial data found by its staff during visits to clients and that reported by PROAPE, but also seemed to feel that these were start-up problems which could be overcome with time and more TAC experience in loan analysis and preparation.

In terms of loan analysis and documentation, one official said that the problem was not in getting more information, but rather focusing on more pertinent information such as better market analysis. He noted that the current formats contained much extraneous information that could be reduced. According to this official, all the bank wants is good, solid, pertinent information requiring minimal review time.

Interest spreads for the financial intermediaries between the rate charged to them by FIDE and that which they in turn can charge was not considered a problem. With respect to contacts and information from CAPE, both intermediaries reported little communication. One official noted that over the years, he was not aware of any formal orientation sessions by FIDE with the intermediaries to explain to loan officers the full process of FIDE loan application and review. The intermediary felt this would be very helpful to loan officers. Coincidentally, at a monthly TAC meeting observed by the evaluation team, TAC staffs made a similar request of CAPE. The TACs requested that CAPE provide them with a flow chart and description of the various loan processing steps.

The average loan sizes for the two intermediaries contacted were RD \$66,947 and RD \$110,000. The smallest business loans reported under the program were RD \$6,000 to a PROAPE client and RD \$7,800. But it should be added that these very small loans were the exception. Under normal circumstances the CFD indicated that the smallest acceptable business loans were in the vicinity of RD \$20,000; the BOC indicated a RD \$50,000 norm, unless it involved a PROAPE client.

The officials interviewed by Development Associates recommended several changes in the program to stimulate more financial intermediary participation and generally increased operational effectiveness. These included:

- Simplify the system for business analysis, processing, and loan disbursements. Eliminate extraneous or duplicative paperwork and focus on pertinent information gathering;
- Establish a fund at each intermediary, e.g., RD \$200,000 to RD \$500,000 as a line of credit for TAC loans. Make the guarantee reserve fund automatically available to intermediaries for these loans if the credit line was in excess of a given amount;
- Give more disbursement authority at the FIDE regional level in Santiago;

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- Provide training for PROAPE to increase its staff's understanding of business legislation including the legal aspects of incorporation and the banking system; and
- Not expect TACs to be financially self-sufficient which forces them, much as in the case of the financial intermediaries, to push larger loans and simply be extensions of the formal development banking system.

In general, the two intermediaries indicated a basic willingness to work with PROAPE and the Small Industry Development Program. Both respondents were quite candid and direct in explaining their perceptions of the program and its limitations.

PROGRAMA DE PROMOCION DE PEQUENAS EMPRESAS (PROPE)

Organizational History

PROPE was established under the sponsorship of the Asociacion para el Desarrollo de la Provincia Duarte, Inc. in San Francisco de Macoris and had been in operation for six months at the time that Development Associates conducted the external evaluation in May 1984. Its grant agreement with the Central Bank (FIDE/CAPE) was signed in November 1983.

The PROPE Technical Assistance Center has been operated under the direction of a Peace Corps Volunteer assigned to the San Francisco de Macoris region who was instrumental in promoting the center from the outset. He worked with the Association and CAPE in creating PROPE and developing the operational plan. The Volunteer is scheduled to return to the United States in August 1984 and another Project Director will be assigned to manage the TAC.

Operational Plan and Goals

PROPE's operational plan established a first year goal of 35 approved loans with an average value of RD \$7,000 representing a total loan target of RD\$245,000. The plan included projected program income in the amount of RD\$11,900 with a basic grant from FIDE/CAPE of RD\$9,197. In addition, the sponsoring association donated RD\$2,400. The first year operating budget totalled RD\$23,497. Since the need to hire a replacement for the Peace Corps Volunteer had not been projected, PROPE had to revise its grant request, applying for an additional RD \$8,284 to cover this added expense.

Promotion

Based on the data obtained during the site visit, it appeared that the level of effort expended by PROPE in promoting the Small Industry Development Program in the small business community was relatively low. Moreover, the promotion effort carried out by PROPE seemed to lack a well defined plan or strategy.

According to PROPE staff, promotion efforts were carried out through personal visits to prospective clients. The staff administered a questionnaire to gather information about the history and nature of each business contacted. In addition, motivation meetings were held with 15 businesses in the San Francisco de Macoris area.

Approximately 30 clients were identified through PROPE's outreach and promotion efforts. An additional 6 clients were obtained through various referral sources. Thus, in a six month period the program reported a total of 36 outreach contacts, or an average of 6

contacts per month. Since PROPE did not document all contacts with prospective clients, in reality the program may have contacted a larger number of businesses. In the absence of reliable records, the evaluation team could not determine the number of informal contacts made by PROPE staff.

PROPE began a census of small industries, but the survey had not been completed as of May 1984. It was not clear when the census would be fully completed.

Credit and Technical Assistance Services

As of May 1984 PROPE had not obtained any approved loans. Five loan applications had been submitted, but none were approved. According to the PROPE Director, four credit applications were in process at the time of the external evaluation.

According to program records, a total of 24 businesses had been interviewed by PROPE for technical assistance services and two training applications had been received. As of May 1984, PROPE had prepared a total of seven technical assistance plans on behalf of TAC clients. In addition, three accounting workshops were conducted with a total attendance of 29 participants.

The level of effort devoted to technical assistance was also low and below the projections initially established by PROPE in their operational plan. According to program records, PROPE had requested a reduction in their first year target for approved loans. The original goal of 35 loans was reduced to 20. At the same time, PROPE submitted a request for an additional RD \$8,284 to defray the salary of a new Project Director since the Peace Corps Volunteer will be leaving the country in August 1984. Granted that PROPE's first year budget was modest, it would appear that both the promotion and technical assistance activities could have reached a larger segment of the small businesses in the San Francisco de Macoris region.

Administrative and Management System

PROPE maintained a basic administrative and recordkeeping system for program records, client data and general TAC activities. However, a review of the files indicated that many files and program records were not current. As noted earlier, there was insufficient documentation of the outreach efforts carried out by PROPE during the initial six months of the program.

During the process of assisting PROPE staff in the preparation of their self evaluation, it was evident that many program records were poorly organized and staff often had difficulty in locating basic performance data.

According to the Project Director, PROPE had not submitted any progress reports to FIDE/CAPE during the six months of TAC operation. He indicated that CAPE had not requested any reports. Similarly, no financial reports had been submitted. These were collected by CAPE during the March 1984 monitoring visit.

In terms of staffing, the TAC consists of a Director, Assistant Director and a Promoter. A secretary is paid for by the sponsoring association. The PROPE professional staff's background and academic training was appropriate for the types of technical services rendered by the Technical Assistance Center. Staff members were also very knowledgeable about the business community in San Francisco de Macoris.

Program Self-sufficiency

At the end of six months of operation PROPE had collected a total of RD\$150 in program income derived from the various workshops conducted. The absence of any approved loans will make it extremely difficult for PROPE to even approach the first year program income goal.

If PROPE can make dramatic improvements in obtaining loan approvals for its clients over the next six months, the program can begin to generate a higher level of income and narrow the gap in this performance area. This, however, will require, in addition to a more receptive attitude on the part of the financial intermediaries, a concerted and aggressive effort on the part of PROPE staff in promoting the program with the intermediaries. It will also require building a larger base of credit clients.

Program Beneficiaries

Five beneficiaries were interviewed by Development Associates that were purposively selected to obtain a variety of industry types that included shoe manufacturing, mechanical repair shops and concrete block manufacturers. On the average, these beneficiaries had been in their respective occupations for 23 years.

In general, the beneficiaries had a positive perception of the PROPE Technical Assistance Center and gave favorable ratings to the various services that had been rendered by the program. The respondents included three clients that had loan applications in process with assistance from PROPE. The combined value of these loans was RD\$104,000.

Four of the five beneficiaries had no history of receiving loans from a bank or financial intermediary. There was one beneficiary who had received credit from the Banco Popular as a result of INFOTEP assistance. Among the beneficiaries with no loan experience, one had tried for several years to obtain credit from FOMENTO INDUSTRIAL, but without success.

As a whole, the beneficiaries gave ratings in the good to excellent range to PROPE's promotion, business analysis and loan assistance services. PROPE staff were viewed as knowledgeable and interested in helping the small industry owners.

With respect to the value of the training provided by PROPE, one business owner stated that the techniques learned at the workshops had saved his enterprise money and improved his overall financial situation.

Financial Intermediaries

Development Associates conducted interviews with officials from Banco Popular and Banco de Reservas in San Francisco de Macoris. None of these banks has approved loans for PROPE as of May 1984.

Banco Popular has an arrangement with its subsidiary Financiera Empresarial and indicated that they can channel loans through that intermediary. However, the Banco Popular official stated that they were not familiar with FIDE policies under the Small Industry Development Program and had no experience in working with any FIDE programs. (There had been several meetings between Banco Popular and the Director of FIDE in prior months)

The interview indicated that Banco Popular had a rather negative perception of the Small Industry Development Program. The bank official commented that these types of loans were more appropriate for the Financiera Empresarial, adding that the TAC loans were too small and required excessive bank time to process. He mentioned that Banco Popular had some bad experiences with small loans in the past.

The Banco de Reservas official indicated that they had never received a loan application from the Technical Assistance Center. In general, his perception of the TAC program was negative and felt that it was really not a new program, but rather the same as CFI, with simply a new name. The bank official explained that Banco de Reservas had very bad experiences with these type of clients (small industries), noting that the TAC is dealing with the same clients as CFI, e.g., clients that do not qualify for commercial bank loans.

Both of the bank officials interviewed stated they had no prior contact with CAPE representatives. The Banco Popular official cited several problems with the Small Industry Development Program that included high transaction costs, particularly for smaller loans. He added that if FIDE can guarantee 75% of a loan, why not go a step further and provide 100% guarantees. The interest spread was not seen as a problem by either bank official.

One bank official recommended that FIDE adopt a system similar to that in Moca whereby the Association is funded directly (the IDB Small Projects Program) and they operate the credit fund. In

addition, he suggested that a special financial intermediary be established by FIDE to handle this type of lending, noting that the cost to the development finance companies and commercial banks was too high.

The negative attitudes expressed by both bank officials was in part due to their association of the Small Industry Development Program with former programs such as that of the Corporacion de Fomento Industrial (CFI). Moreover, a more aggressive promotion effort on the part of PROPE may have minimized, or at least neutralized, some of the negative perceptions that both banks had of the Small Industry Development Program.

CENTRO DE ASISTENCIA PARA EL DESARROLLO DE
PEQUEÑAS EMPRESAS (CADEPE)

Organizational History

CADEPE is a new subdivision under the umbrella of the Asociación para el Desarrollo de la Provincia Espaillat, Inc. in Moca. The Association was founded on March 11, 1975, to promote and assist in the general economic and social development of the Espaillat Province. It has, over the last nine years, been actively involved in various areas including agriculture, business, and education.

The Association has fostered swine production and established a farm for animal reproduction and agricultural improvement. Moreover it has promoted the establishment of several educational institutions including a vocational school, a fine arts institute and a city library. Several years ago the Association also started a small enterprise credit program through the Interamerican Development Bank (IDB).

The Association, through its IDB revolving loan fund has been financing small projects, primarily rural enterprises. However, 46 small businesses in urban areas also received loans of up to RD \$6,000.

The Association recognized the importance of small enterprises as a vehicle for social and economic development and, through its IDB program gained a firm background in working with this sector.

As a result, in July 1983, the Central Bank, through the FIDE/CAPE mechanism, contacted the Association with regard to its interest in establishing a Technical Assistance Center (TAC).

Subsequently, the Association created CADEPE on August 1, 1983 to support regional economic development and industrial decentralization, to assist in reaching regional employment objectives, and to promote the economic forward and backward linkages needed for balanced industrial development. With respect to the Technical Assistance Center, CADEPE's operational plan was officially approved in February 1984. The actual grant agreement was signed in May 1984. Thus, at the time the external evaluation was conducted, the TAC had only recently been officially designated.

A Development Associates evaluation team member visited the CADEPE project on May 11 to discuss program development and operations as part of the external evaluation. The interview guide did not lend itself to such a new Technical Assistance Center. Therefore, data collection activities concentrated on the process used by CADEPE in applying for TAC status, its current activities and status, projections of future technical assistance needs, and concerns about potential implementation problems.

The Application and Selection Phase Process

The Association hired a director for CADEPE in September 1983, to initiate the project and develop the operational plan for a Technical Assistance Center to be included in its formal application to CAPE. Although the Association had been informally included in the TAC system, and some basic program information and guidelines provided, the new director on was unclear about certain programmatic details.

The CADEPE director, according to his description of events, decided that the first priority was to design and complete a survey of small businesses in Moca. In October 1983 this survey was completed. Two hundred and sixty small enterprises were identified of which 65 were initially chosen as candidates for TAC program assistance.

In early November 1983, upon completion of the initial CADEPE small business survey and planning phase, CAPE sent a group of TAC and potential TAC staff to the DESAP small business training program in Cali, Colombia, as part of the technical assistance and training that would be needed to get the program implemented. The training provided very specific information about the kind and level of assistance that is most appropriate for very small businesses, and methods for providing this assistance efficiently.

Although its grant agreement was not signed until May 1984, CADEPE's creation on August 1, 1983 was, in many respects, the initiation of project start-up activities. As mentioned in the previous section, the director began to organize the project in September. In December a Peace Corps Volunteer was assigned to CADEPE to help begin providing accounting assistance to small businesses identified by the project. In February, the Association hired another technical assistance provider (promoter). The Director has received the DESAP training in Cali, Colombia, and the Peace Corps Volunteer received training from the Foundation for International Training (FIT). Both the training components were coordinated by CAPE.

Operational Plan and Goals

The CADEPE director elaborated the operational plan including first year training and credit activities and methodology of operations. The plan was finalized in late November 1983, at which time the director completed his financial projections and, by extension, established the self-sufficiency goals. PROAPE, of Santiago, provided assistance to CADEPE in this initial stage.

Upon returning from the Cali, Colombia training session the final CADEPE operations plan was sent to CAPE in December 1983. CAPE reviewed the plan in January, 1984, and made some minor adjustments in operational costs projections and added a monthly prorated cash flow for the first year. The Operations Plan was officially

approved in February 1984 by the Central Bank. The grant agreement between CADEPE and FIDE/CAPE was signed in May 1984. As of this evaluation CADEPE had not yet made its first disbursement request to CAPE.

CADEPE's plan established the following targets for its first year:

- 24 loans; average size RDS10,000
- Total approved loans at RDS240,000
- technical assistance and training income RDS10,201
- grant subsidy RDS44,168

Program Start Up

CADEPE is currently providing direct technical assistance to 18 businesses in Moca, many of which are IDB micro-business program clients. It has its staff, operational systems and plan, and clients in place and should be ready to move ahead fully with the Small Industry Development Program. However, to date all technical assistance since February, when CADEPE's operational plan was officially approved by CAPE, has been provided free of charge. No technical assistance contracts have been developed nor have any credit projects been elaborated. Similarly, no seminars or workshops have been held either. CADEPE is operating, but not under the TAC philosophy and methodology specified in the program or operations plan. It is the evaluation team's belief that the past months since February, when its operations plan was approved could have been used more effectively, from the program's point of view. CADEPE could have been formalizing technical assistance contracts and potential loan projects which would support its self-sufficiency objectives. It appears that CADEPE lost valuable time by not implementing the TAC methodology nor carrying out critical start-up functions intended to build a pipeline of credit and technical assistance clients.

Administrative and Management Systems

CADEPE's internal management as far as it went, appeared to be satisfactory. Records and internal control sheets were being used for the overall project and individual clients. With regard to the separation of IDB and FIDE/AID projects, it appeared that this will not be a problem since each is a distinct project with its own respective staff. The CADEPE director indicated that there was an overlap of programs where CADEPE staff would provide technical assistance to IDB beneficiaries, but that the programs, for evaluation, accounting, and control purposes, will be separate.

Program Self-sufficiency

The CADEPE Director indicated that the time required to provide assistance to small businesses, in relation to the income which could be expected from this work will make self-sufficiency impossible. Notwithstanding the fact that CADEPE has been rendering

technical assistance to 18 clients since February 1984, and collected no fees, this attitude by the CADEPE director raises serious questions about the likely success of this effort. In part, it may reflect CADEPE's lack of understanding of small business consulting techniques and methods for efficiently managing the time of TAC professional staff. Also, the CADEPE director may not fully understand the contractual obligations attendant to the Association's operational plan, including program income projections.

Program Beneficiaries

While CADEPE was not actually operating as a TAC in May 1984, i.e., carrying out the TAC methodology and procedures, it was providing technical assistance to 18 small business clients. Two beneficiaries were selected for a brief interview. However, only one of the selected beneficiaries was available for the interview.

Development Associates visited a metal mechanics shop where CADEPE had installed a simple bookkeeping system. The owner had received one IDB small business loan through the Association. His daughter kept the books, under the supervision of the owner. They commented that using the bookkeeping system was not difficult, and that it was an important turning point for the owner. The owner appeared to demonstrate an increased awareness of his business costs and how to more rationally price products and services. This beneficiary was pleased with the technical assistance rendered by CADEPE.

Financial Intermediaries

At about the time that the CADEPE operations plan was approved in February 1984, the FIDE Director made a promotional visit to MOCA. A meeting was held with local financial institutions by representatives of the board of directors of the Association and the CADEPE staff to explain the program to them. Topics included explaining the importance of the program from the Central Bank's viewpoint, an overview of how the program was to operate in terms of the TAC/financial intermediary relationships, and other generally motivational topics. Details on program operations were not covered at this meeting which was primarily promotional.

Despite this initial effort, the CADEPE Director and staff sensed that the receptivity of the banks will be very low. CADEPE is well aware of the frustrations being experienced by other TACs which are further along in implementation, particularly PROAPE.

The Director was especially concerned that the delays in loan review and disbursements due to the lack of interest by the financial intermediaries will cause small business owners to become frustrated with the program and lose faith and interest in the TAC.

As an alternative solution to this critical problem, the CADEPE director suggested that the TACs manage their own funds through a

line of credit from FIDE as the Association does with the IDB loan fund. Also he stated that FIDE, because of its relationship with the development banking institutions (financieras) (FIDE provides them with the great bulk of their funds for on-lending), could obligate them to earmark money specifically for Small Industry Development Program clients.

Also discussed was how these alternatives enhanced or detracted from an essential precept of the program which is to institutionalize small business lending through the national development finance infrastructure.

Generally, it was agreed that at the local level, more detailed one-on-one meetings were needed with the financial intermediaries to establish a better base of understanding of the program. Relatively little promotion has been done both at the local as well as national levels in this regard.

SUMMARY

Although CADEPE's application was approved in February 1984, the program has continued to operate as a fully subsidized provider of direct management assistance. Moreover, it appears that CADEPE lost valuable time by not implementing the TAC methodology nor beginning to build a backlog of credit and technical assistance clients.

Since the formal contract between CADEPE and FIDE was signed in May 1984, it is imperative that CADEPE begin to operate according to the approved operational plan and carry out the procedures set for the Technical Assistance Centers.

Based on discussions with the CADEPE Director, there are also serious concerns about the organization's ability to generate the planned level of program income. It appeared that from the onset CADEPE has taken a highly pessimistic view of their ability to achieve the program income targets and may not fully appreciate the importance of the self sufficiency concept for the future of its program.

According to the CADEPE Director, the TAC staff consists of technicians with generalist backgrounds in business management and accounting. As such, the organization will need periodic external assistance in more specialized areas, such as labor legislation, health and safety in the workplace, industrial engineering and similar areas.

The pre-implementation training provided to CADEPE staff was positively evaluated, particularly the DESAP course. This course was felt to be appropriate for the types of small industries that will be served by the Technical Assistance Centers and provided staff with a useful tool to apply in their field work. The accounting course presented by FIT was felt to be interesting and

well presented. However, according to one CADEPE staff member, the accounting system presented was too complex for application in the level of small businesses assisted by CADEPE.

Finally, the CADEPE Director was unclear as to what types of technical assistance CAPE should offer to the Technical Assistance Centers. It may be helpful for CAPE and CADEPE to discuss this area in more detail during coming months.

PROGRAMA DE PROMOCION DE LA PEQUENA EMPRESA DE SALCEDO
(PROPESA)

PROPESA represents one of the Technical Assistance Centers (TAC) that was only recently approved and formally contracted by FIDE. Thus at the time of the external evaluation, PROPESA was scheduled to sign the formal agreement on May 15, 1984 and actually begin operations. For purposes of the external evaluation the Development Associates team concentrated on gathering descriptive data with respect to the application process, readiness for TAC implementation, potential for self sufficiency and the organizations base for future loans through financial intermediaries. As such, this report will describe the evaluation teams observations and interview data collected in terms of the organizations basic readiness, as well as specific technical assistance needs that are related to the ability to effectively implement the Technical Assistance Center.

The Technical Assistance Center will be operated under the auspices of the Asociacion Para El Desarrollo de Salcedo, Inc. which was established in March 1983, in collaboration with la Asociacion de Pequenos Empresarios de Salcedo. Shortly thereafter, the Asociacion undertook a fairly comprehensive study of small and microbusinesses in the Salcedo Province in order to construct an inventory of businesses, as well as identify their principal problems in production, marketing, management and financing. This business census was carried out with direct participation from the Fondo de Inversiones para el Desarrollo Economico (FIDE), the Central Bank and the Secretario de Estado de la Empresa Promotora de Inversiones, S.A. Moreover, technical guidance was provided by the Director of Programa de Asistencia a la Pequena Empresa (PROAPE) and the head of FIDE's regional office in Santiago.

This business census represented the basis for the creation of PROPESA as a vehicle for assisting small and microbusinesses, and eventually as the basis for the Technical Assistance Center in Salcedo. As such, PROPESA was basically already in operation when application for selection as a TAC was made. The program had conducted a series of accounting workshops and assisted small businesses in installing accounting systems. In addition, PROPESA had prepared various business analyses on behalf of local firms.

The TAC Application and Selection Process

The Association submitted the original application to FIDE-CAPE in October 1983 and received approval on March 1, 1984. According to the Director, the organization was scheduled to sign the formal agreement on May 15, 1984 and proceed with the implementation of the Technical Assistance Center.

During the application review process PROPESA received technical assistance and advice from PROAPE in making certain revisions to the original application. FIDE had returned the PROPESA application in November 1983 since some corrections were needed. The PROPESA Director also noted that the model provided by FIDE describing the application process and selection criteria had been helpful in structuring their operational plan.

With respect to future technical assistance required by PROPESA, the Director noted that one of the staff members in addition to himself had attended the training in Cali, Colombia but subsequently had accepted other employment. He indicated that a replacement for the position of General Consultant had been recruited, but she would need some outside training similar to that rendered in Colombia.

In discussing the internal technical assistance needs of PROPESA, the Director observed that there are limited professional resources in Salcedo proper that can assist in the development of TAC staff. Although Salcedo has a sizeable group of professional people, the large majority work in Santiago and are thus not readily available to PROPESA. The organization does have an agreement with a local university, but needs specialized training and assistance in areas such as marketing, investment analysis and related technical areas.

Program Start-Up

PROPESA appeared to be reasonably prepared to begin the implementation of the Technical Assistance Center in Salcedo. The program is fully staffed including the Director, Promotor and General Consultant. Since the Director attended the training in Colombia, he should be able to provide effective methodological and operational guidance to the Center, particularly during the early stages of the Center.

According to the Director, the process of starting the Technical Assistance Center must be gradual and systematic. He noted that Salcedo is a comparatively small province, and that implementing the program at a highly accelerated rate could in fact be counterproductive. The cultural climate in the community requires that the process of initiating the program be moderate in order to allow business people and leaders to gradually integrate into the mechanism.

Importantly, the Director has a sense of priorities for the initial 30 days of TAC operation. Promotion activities are already underway with at least 24 small business enterprises identified as prospective technical assistance or financing clients. Likewise the 1983 census conducted by the Association located 119 small and medium sized businesses in the Salcedo province. Thus PROPESA has an ample inventory of prospective small business clients to successfully pursue the targets contained in the operational plan.

The Director noted that PROPESA will conduct an accounting workshop in June that should attract a sizeable audience. Similarly the staff will give a high priority to securing technical assistance & credit clients during the first 30 days of operation.

Based on the evaluation team's observations and the data provided by the Director, PROPESA should be able to begin implementing the Technical Assistance Center with minimal delays. PROPESA staff are highly familiar with the small business network in the Salcedo Province and appeared to have a substantial degree of credibility among community leaders. With a well planned and focused effort during the early stages of the program, PROPESA should evolve into a functional and productive center.

Program Self Sufficiency

Part of the interview with the PROPESA Director revolved around the question of the program's ability to generate the level of income projected in the plan of operations. Based on the approved plan, PROPESA expects to generate RD\$11,000 during the grant year. According to the Director, at the time that the plan was prepared that target appeared to be realistic and feasible. However he indicated that business people in Salcedo are rather anxious and uncertain about the economic future in the country, especially with the recent strikes and economic problems. Some businesses have expressed reservations about participating in the small business industry program, and some reluctance about having to pay commissions on secured financing.

The Director added that this is a psychological situation that hopefully will be transitory. As the economic conditions in the Dominican Republic stabilize, the Salcedo business community may become more optimistic about the feasibility of expanding their enterprises had borrowing capital.

Thus, the question of PROPESA's ability to generate the planned level of program income may be largely influenced by the overall economic climate in the Dominican Republic, and the general attitude of the business community towards future business prospects and the feasibility of financing expansions and growth.

Financial Intermediaries

The issue of PROPESA's eventual self-sufficiency as a Technical Assistance Center is also linked to their relationships with the financial intermediaries. The Project Director indicated that he has had a series of meetings with various intermediaries including Banco de America, FIDECASA, and the Corporacion Financiera Dominicana. He explained that typically the financial transactions are handled by their headquarters or regional offices in Santo Domingo or Santiago. Thus PROPESA will face the problem of processing loan applications through financiera offices outside of Salcedo, which could further compound the problem of getting loan applications approved in a timely manner.

Notwithstanding these factors, the Director plans to pursue financing of loan applications through the Corporacion Financiera Dominicana and FIDECASA. By laying some basic groundwork with the key financieras, PROPESA may be in a reasonable position to secure financing on behalf of its clients and resolve some of the potential problems associated with completing transactions in financiera offices outside of the Salcedo province.

It was evident to the evaluation team that the PROPESA Director recognized the pivotal role that the financieras will play in assisting small business enterprises, and in ensuring that PROPESA achieves a successful self-sufficiency trajectory during the coming years. PROPESA may be able to resolve some of the "long distance" financing problems by utilizing the network of Technical Assistance Centers in Santo Domingo, San Francisco and Santiago as extensions of PROPESA, particularly in handling the routine aspects of processing loan applications from Salcedo.

Summary

PROPESA had only recently been formally contracted as a Technical Assistance Center by FIDE/CAPE, and at the time of the evaluation team's visit had not yet signed the actual agreement. Thus, the site visit concentrated on examining the operational readiness of PROPESA and describing the key pre-implementation activities conducted by the organization.

In general, PROPESA appeared to be in a good position to begin implementing the Technical Assistance Center. The organization had completed important groundwork by carrying out a comprehensive census of small and medium sized industries in the Salcedo Province. Some promotion activities had also been carried out with prospective clients and financieras in the province. Also PROPESA staff had formulated a specific set of operational priorities for the first 30 days of operation intended to establish a basis for the technical assistance, training and financing components of the Center.

The question of PROPESA's ability to generate the planned level of program income was of obvious importance to the Director. It was hoped that improvements in the overall economic climate in the Dominican Republic would engender a more positive outlook on the part of Salcedo's small business sector, particularly with respect to obtaining the financing needed for business expansion, working capital and other related purposes.

Although PROPESA is basically prepared to implement their operational plan, FIDE/CAPE should provide the organization with assistance and guidance during the initial stages of the Technical Assistance Center, building on the knowledge and experiences gained from the more experienced centers in Santiago, Santo Domingo and other locations. Moreover, FIDE/CAPE should arrange to have the

General Consultant, who will be new to PROPESA, receive training along the same lines as that presented in Colombia. Although the actual training cannot be totally replicated, it may be helpful to have the General Consultant observe operations and methodologies in other Technical Assistance Centers. Likewise, the PROPESA Project Director should devote considerable time to training the new staff member and communicating some of the key concepts and techniques he learned at the Cali training.

Finally, during the course of the site visit the evaluation team urged the PROPESA staff to pay close attention to the self-evaluation requirements set forth in the operations manual. It was agreed that PROPESA would set up the basic data files and records to facilitate both their self-evaluation and any external evaluations that may be performed by FIDE/CAPE and/or external consultants.

FUNDACION DOMINICANA DE DESARROLLO (FDD)

Organizational History

The Fundacion Dominicana de Desarrollo (FDD) is a non profit organization that was originally established in 1962 under the name of Asociacion Pro Bienestar Social. Later in 1966, the FDD adopted its current name. The organization has concentrated on projects involving the private sector in alleviating social problems.

At this time the FDD operates four major programs namely, the Technical Assistance Center, Desarrollo Agropequero, Desarrollo Artesanal and Microbusiness Development. According to FDD records, over the past 18 years it has secured RD\$ 22,000,000 in financing for small productive enterprises representing 3,215 separate loans. This Santo Domingo based organization thus had a well established history of managing credit and technical assistance programs for small and microbusinesses.

Operational Plan and Goals

In March 1983, FDD submitted a TAC application to FIDE proposing to establish a Center in Santo Domingo. The operations plan was approved June 29, 1983 and the contract signed September 29, 1983. According to the present TAC Director, actual operations did not begin until January 1984. Several factors appear to have contributed to FDD implementation problems.

- Lack of a well defined plan and methodology in spelled out in the TAC application;
- Ambitious first year targets for approved loans and program income;
- High turnover in assignment of TAC Directors; and,
- Problems in obtaining loan approvals through financial intermediaries.

The original operational plan called for the following goals in the first year.

Number of approved loans	100
Average loan value	RD\$ 6,450
Total loan value	RD\$ 45,000
Program income	RD\$ 19,350

In reviewing the original FDD operations plan submitted to FIDE (and approved), Development Associates found the plan to be extremely lean and lacking sufficient details with respect to implementation strategies and methodologies. The plan devoted the majority of the narrative to describing FDD's organizational capabilities and history. Out of 29 pages, only 5 were devoted to TAC methodology. Some problems may have been averted if FIDE had insisted on a more comprehensive operational plan.

The difficulties attendant to achieving the original goals were documented in a February 16, 1984 memorandum from Armando Cabral, then TAC Director. The memorandum noted that: (a) goal of 100 loans was difficult if not impossible to achieve; (b) staff assigned to TAC in November 1983 were unable to implement Center and had simultaneous responsibilities on the Microbusiness Project, Grupos Solidarios and other FDD activities; and (c) it was impossible to implement the operational plan. Instead, an alternative plan was prepared, effective February 15, 1984 with substantially reduced goals. The new plan projected 20 approved loans with a total value of RDS 260,000 and RDS10,050 in program income.

FDD is now basing TAC activities on the revised operational plan. However, there was no documentation indicating that the revised plan had been submitted to FIDE.

To date, there had been three different FDD staff assigned as TAC Directors. The problems in obtaining loans are described in a later section.

Promotion

In attempting to implement the Technical Assistance Center, FDD conducted promotion activities through direct contact with prospective clients. In addition, according to the TAC director 15 clients were referrals from FDD's Microbusiness Project. Another 57 clients were derived through direct TAC promotion and contacts.

The Center received several telephone and personal inquiries about TAC services, but no documentation was kept. As of May 1984 the Center was maintaining a daily log of inquiries and referrals.

With respect to promoting the program with the financial intermediaries, the FDD Board of Directors has played an active role. The FDD Director has contacted several intermediaries such as Banco Continental and attended other meetings with TAC staff. FDD management is assisting in setting up meetings with FINADE and other institutions.

The TAC Director indicated that given the present problems with the program, promotion activities have been reduced until the TAC gets consolidated.

Credit and Technical Assistance Services

According to TAC records, a total of 72 clients had been served as of May 1984. Of these, 27 have completed the business review/diagnostic phase, and the remaining 45 clients are in various stages of business reviews and analyses.

One loan application had been approved for RD\$ 20,000.* The loan had not been disbursed at the time of the evaluation visit. According to TAC staff, the Banco Continental, which approved the loan, will not disburse funds to the client until the Bank receives a disbursement from FIDE. It was also indicated that the client with the approved loan will not use postfinancing technical assistance.

The program has experienced serious problems in obtaining credit approvals through the banks and financial intermediaries in Santo Domingo. As of May 1984, the TAC had submitted 18 loan applications with only one approval secured. Banks are asking for clients with collateral and are not interested in small loans which are generally seen as too costly and risky.

The difficulties in securing loan approvals has virtually brought this facet of TAC operations to a standstill in Santo Domingo. The Banco Continental has been the only intermediary to approve a loan. Other institutions such as FINADE, COFINASA, and the Banco de Boston have not yet rendered any credit to TAC clients. FINEMPRESAS has lent to PROAPE clients through the Association in Santiago, but not in Santo Domingo. Without the FDD guarantee, it appears that approved loan activity in the near future will be minimal.

Compounding the problem, according to TAC staff, was the tendency of clients with collateral to apply directly for loans with the intermediaries, thereby, avoiding the cost of pre and postfinancing commissions and the time and inconvenience of attending TA/workshops. Thus the program may be left with only marginal clients.

Activity in other facets of the technical assistance component has been low. Two training plans had been completed as of May 1984 and one technical assistance contract signed. The only client to receive a loan was determined not to need postfinancing management assistance. Three workshops had been completed including 2 in accounting and one in cost principles. The total number of participants was 57 for the combined courses.

Administrative and Management Systems

At the time of the evaluation visit, the TAC still lacked basic office equipment such as metal filing cabinets. Although program files were maintained, they were stacked on desktops. The TAC Director explained that the price of equipment had risen above what had initially been budgeted. Filing cabinets were scheduled for purchase.

* Three other loans were sent to FINADE for review. For more information on FINADE see Appendix A: Special Interviews with Financial Intermediaries. Another loan was sent to FIDE export credit, but was not considered a TAC loan.

The self evaluation had not been completed as of May 1984. Appendix I of the self evaluation manual had been prepared and provided to the Development Associates team. No narrative report had been prepared. Also it was not clear whether quarterly reports had been submitted to FIDE. (the present Director had been on job for one month). Staff consisted of the director and two professional staff (promotor and technician), plus a half time secretary. Some in-house consultants may be used from other FDD divisions at no cost to the TAC.

Operationally the TAC has been established as a separate division within FDD and all accounting and financial records segregated. FDD has a highly sophisticated accounting department that handles all of the FDD grants.

The lack of management continuity in the operation of the Technical Assistance Center has contributed to the slow implementation of this project. Frequent changes in Project Director, and assignment of TAC staff to other FDD projects, diluted the level of effort during the critical formative stages.

Program Self Sufficiency

As of May 1984 the program had generated RD\$926 in program income derived from training courses (RD\$326) and the one approved loan (RD\$600). The loan commission had not yet been disbursed.

Assuming that the three new loans issued under a FDD guarantee materialize, an additional RD\$2239 in loan fees can be projected.

Given that there are about 4 months remaining in the FDD contract, it is improbable that the program income target (both the original and revised version) will be accomplished. Without dramatic improvements in the credit situation and the responsiveness of the financial intermediaries, FDD will be significantly short at the end of the first program year.

Program Beneficiaries

Interviews were conducted with four TAC clients, including the business that had recently received a loan approval for RD\$20,000. Three of the four beneficiaries had prior loans, largely through the Microbusiness Project with amounts ranging from RD\$2500 to RD\$6000.

Each had received business analysis/diagnostic services and were satisfied with the quality of assistance. Three had participated in TAC training workshops.

Technical assistance services were rated in the good to very good range. One beneficiary could not make an assessment of service quality. Overall the numerical and narrative assessments were very favorable. The TAC was seen as filling a gap for small businesses,

and the 3% pre-financing commission was viewed as reasonable for the type of pre-loan services rendered, which included assistance in management improvement and loan package preparation.

Since most of these TAC beneficiaries were former Microbusiness Project clients, their assessment of the FDD Technical Assistance Center may have been influenced to some degree since their assistance had been received in large part through that project. However, specific references to TAC services were made. The applied value of the FDD services, in any event, in operating their businesses was appreciated.

The interviews indicated that these beneficiaries had been able to transfer the workshop skills in accounting, marketing and costing to their business operations. One respondent noted that he owed all of the management skills he has to FDD assistance. Now he can't keep up with the backlog of orders.

No post-financing services had been rendered by the Center.

Financial Intermediaries

On the day that the Development Associates team visited the FDD Center, officials from the Banco Continental de Desarrollo and the Financiera Nacional des Desarrollo (FINADE) were not available for meetings. Interviews were conducted later in the week focussing on the general problems associated with lending to TAC clients, as well as specific topics related to the FDD Center.

The Banco Continental, that approved the single FDD/TAC loan to date, explained several perceived limitations with the program including: (a) insufficient information about the client's business and costs; (b) difficulties in getting loans processed on a timely basis by the Central Bank; (c) involvement of FIDE in the pre-financing stages of a loan application; (d) high risk in lending to small businesses; a 90% guarantee would be desirable; (e) small loans require the same bureaucratic process and delays as larger loans forcing financial institutions to concentrate on larger loan amounts.

The Banco Continental expressed interest in working with the FDD/TAC, observing that the small businesses of today represent the medium and large businesses of the future and a basis for Dominican development. The President of the bank added as well, that there needs to be a less cumbersome lending system under this program.

FINADE expressed confidence that many of the problems attendant to the Small Industry Development Program would gradually be resolved. FDD has sent them three loan applications, through the TAC, that will be guaranteed by the Fundacion. FINADE expressed a high degree of confidence in the FDD in operating the TAC and noted that the FDD had done a complete job in preparing the three loan applications.

The main problems expressed by FINADE, as in the case of the Banco Continental and other financial intermediaries interviewed throughout the Dominican Republic, revolved around receiving prompt disbursements from FIDE and the cost of processing small loan amounts.

Both intermediaries expressed confidence in the FDD and its TAC operation. Problems noted were related to the bureaucratic delays and the size of the loans being applied for by small businesses. In both interviews, a positive tone was evident towards working out accommodations.

CENTRO DE ASISTENCIA TECNICA DEL SUROESTE (CATESUR)

Organizational History

CATESUR was established in August 1983 as a subdivision of the Instituto para el Desarrollo del Suroeste (INDESUR) in the city of Azua. Its Technical Assistance Center operational plan was submitted to FIDE/CAPE by INDESUR and approved in November 1983. A formal agreement was signed in January 1984 and the first grant disbursement issued in March 1984.

The CATESUR program had thus been in operation for approximately four months at the time of the external evaluation. Functionally, the Technical Assistance Center operates under the overall guidance of the parent organization, but with relative autonomy in carrying out day-to-day operations.

Operational Plan and Goals

The approved plan for CATESUR called for it to channel 20 loans during the first year, an average value of RD\$15,000 representing a total loan amount of RD\$ 300,000. The grant amount was RD\$ 19,268 and total income was projected to be RD\$16,200.

In general, the operational plan submitted by CATESUR was satisfactory and discussed in adequate detail the basic approach and methodology to be implemented by the Technical Assistance Center.

Promotion

The program carried out a fairly comprehensive promotion effort that included personal visits to small businesses in the region, radio announcements and interviews with Catholic Church officials. In addition, the CATESUR staff undertook a door-to-door promotion strategy intended to introduce the Center's services on an individualized basis.

Overall, the promotion efforts appeared to be well planned and systematically implemented. These promotion activities were initiated as early as October 1983, several months prior to the signing of the formal agreement. According to CATESUR staff and program records, these pre-operational activities included the following promotion activities:

- visits to Azua, Padres las Charcas, Las Yayas, Peralta and Sabana Yegua;
- motivational workshop for 29 participants in November 1983;
- announcements via the radio program, "INDESUR DICE" on Radio Monte Rio and a series of public announcements in December 1983;

- participation in an INFOTEP workshop to publicize the TAC;
- CATESUR discussion of the program on a radio station, La Voz del Obispado, serving the southwest region of the country in December 1983;
- meeting with the Banco de Reservas in Barahona to promote the TAC and gauge the Bank's disposition to financing small industries in January 1984;
- motivational workshop in Azua in January 1984 for 30 prospective clients;
- meeting with Banco Nacional de la Construccion en Barahona in February 1984; and,
- motivational workshop in Barahona in March 1984.

As of May 1984, CATESUR had received 44 referrals from the Azua area and an additional 37 from the Barahona area. For each of these referrals, the staff prepared an initial business profile. In most cases a pre-diagnostic assessment was also completed. Over the past several months, a variety of courses have been offered to these businesses by CATESUR.

The CATESUR promotion efforts were effective in identifying and beginning to establish an inventory of small industries in Azua and Barahona from which to draw credit and technical assistance clients. Likewise, the program staff made a concerted effort to promote the Technical Assistance Center with the financial intermediaries and key community leaders in the region.

Credit and Technical Assistance Services

As of the external evaluation, CATESUR had not obtained any approved loans. However, the program appeared to have established an ample backlog of prospective clients that could put the program on a satisfactory performance trajectory. Based on program records and the self-evaluation data compiled by CATESUR, the staff conducted a total of 44 interviews in Azua with prospective credit and technical assistance clients. Of these, 40 expressed an interest in credit or technical assistance, and the remaining four were primarily interested in the training workshops. On the basis of CATESUR's analysis the clients with loan potential consisted of the following:

- 9 businesses would qualify for financing
- 13 businesses may be able to qualify for financing
- 17 businesses would not qualify for financing

In addition, CATESUR identified another 33 businesses in the Barahona region that were interested in credit and technical assistance. The analysis indicated the following breakdown with respect to financing potential:

- 5 businesses would qualify for financing
- 17 businesses may be able to qualify for financing
- 11 businesses would not qualify under the present system

In terms of the "pipeline" for loans there were 14 small enterprises that CATESUR considered to be well qualified and bankable. Another 35 businesses were classified as possibly qualifying for a loan. Thus, in total CATESUR had 49 potential loans of varying probability. According to the Project Director, the 14 qualified businesses were prepared to sign technical assistance contracts with CATESUR. The total estimated value of these loans was not available at the time of the external evaluation visit.

CATESUR conducted four workshops (averaging 15 hours each) with an overall attendance of 84 participants. The workshops were in costing and accounting, and appeared to have been well received by those in attendance. CATESUR charged participants RDS10.00 for each course.

Although no loans had been approved as of May 1984 and CATESUR was in its fifth operational month, the program appeared to have moderate potential to achieve its loan and program income targets. For one, the program has systematically analyzed prospective credit clients and differentiated these businesses according to their bankability. As a result, CATESUR has a well defined group of high and medium possibility businesses where it can concentrate its time and resources during the coming months.

Likewise, CATESUR has established a foundation with the financial intermediaries such as the Banco Nacional de Desarrollo that is interested in working with the program. The program must still contend with reluctant financial institutions, and the Project Director was aware of the difficulties attendant to securing loans for small businesses. He understood the importance of establishing strong relationships with each of the intermediaries.

Administrative and Management System

CATESUR had a well developed administrative and management system that appeared to be an extension of the management approach by the parent organization. A self evaluation report had been prepared by the staff and was completed prior to the arrival of the Development Associates team. Importantly the staff maintained quantitative program data on a regular basis that was detailed and precise. Program records, files and correspondence were organized and properly stored. Client data with respect to training, technical assistance and related services was up-to-date as well. CATESUR prepared on a regular basis work schedules and assignments for all staff that promoted a well organized effort. Moreover, the staff employed a highly analytical approach in assessing each prospective client and differentiating the financing potential of each referral. In this manner, program resources could be focused on clients with the best chances of receiving financing.

The Center has five fulltime professional staff and a secretary. The secretary has an accounting background as well and may be used in conducting some workshops. The division of labor among the staff appears to be adequate and appropriate for the program's functions. The office space was limited with about five desks located in one small room. Program expenditures require the signatures of both an INDESUR official and the CATESUR manager. The Technical Assistance Center maintains an account with the Banco de Reservas in Azua. Given that this institution has not been cooperative in approving client loans, it may be judicious to transfer the TAC account to another institution.

Program Self Sufficiency

The CATESUR Director expressed concerns about their ability to meet the program income target at the end of the first year. Specifically, the lack of participation by banks and financial intermediaries has posed a major roadblock to the program.

As of May 1984, CATESUR had generated RD\$568 in program income, primarily from the workshop fees. Without a dramatic change in the lending practices of the intermediaries and banks, it is unlikely that CATESUR will achieve even a modest degree of self sufficiency during the first grant year.

Even though CATESUR has 14 viable loans in the "pipeline", it was not possible to estimate the loan amounts or potential program income that could be generated. Comparatively CATESUR is in a good position with respect to potential loans if the situation with the financial intermediaries can be improved and the flow of credit to small businesses expanded.

Program Beneficiaries

Four beneficiaries were interviewed as part of the external evaluation. These respondents were drawn primarily from the group of businesses classified as good financing prospects. In addition, these businesses had participated in one or more of the training courses offered by CATESUR. Several important points were made by the interviewed businesses with respect to the program's services.

The assistance in the area of accounting rendered by CATESUR was typically rated as extremely valuable. Moreover, there were indications that these small enterprises were in fact applying the techniques and skills derived from the workshops. In one instance, a business owner had decided to temporarily close his bakery due to increased fuel costs after doing a breakeven analysis and determining that the business would lose money. Instead during this period he concentrated on remodeling a new location for the bakery and minimizing potential losses in the current operation.

Most of the business owners interviewed had no history of obtaining financing. One had qualified for a FOMECA loan, but declined the financing because of unfavorable terms. Another owner indicated that prior to CATESUR, he had only "dreamed of getting outside financing" and was excited about the prospect of being able to actually secure a loan for his business.

In general, CATESUR staff was characterized as efficient, knowledgeable and dedicated by the interviewed business owners. Only one respondent indicated that he was too busy to attend the CATESUR workshops, but did plan to seek future financing through the TAC. Program staff had established good rapport with each of the clients.

Financial Intermediaries

The Banco de Reservas is the only financial intermediary in the Azua area. Development Associates conducted an interview with a bank official and discovered that the Banco de Reservas had only been operational for one month after buying out the Royal Bank in Azua.

According to the official interviewed, CATESUR had provided them with an orientation on the credit and technical assistance program. This same official noted that there had been a lack of promotion of the Small Industry Development Program through the internal Banco de Reservas system. He added that further promotion by FIDE, through the various local bank managers, was needed to effectively market the new program.

As of May 1984, the bank had not approved any TAC loans. They will require that loan clients have or establish an account with the Banco de Reservas. The official noted RD\$5,000 was the smallest loan amount that the bank would consider. He indicated that the risk associated with lending to small businesses, as well as the cost of processing small loans, represented key concerns of the bank.

In addition to the general unresponsiveness of the financial intermediaries, CATESUR is faced with the problem of completing some loan transactions on a "long distance" basis. This situation could further complicate and delay loan transactions. CATESUR suggested the possibility of establishing a line of credit with INDESUR or a local intermediary, to expedite smaller loan amounts that would not be attractive to the banks or financial intermediaries.

CENTRO DE ASISTENCIA TECNICA REGIONAL ESTE (CATRE)

Organizational History

The Centro de Asistencia Tecnica Regional Este (CATRE) is a Technical Assistance Center established under the sponsorship of the Universidad del Este in San Pedro de Macoris. Although the TAC was actually approved in March 1984, and the formal agreement signed in May 1984, the CATRE Project Director indicated that the program had been in operation since November 1983. According to the project Director, a short-term operating plan was submitted to FIDE/CAPE in January 1984 subsequent to the Colombia training.

Prior to the formal approval of the CATRE plan and the signing of the agreement, the program had been operating largely through the personal financial resources of the Project Director. It was not clear from CATRE or CAPE, how these pre-approval expenditures would be treated in relation to the TAC's first year budget.

For purposes of the external evaluation, the performance of CATRE was examined on the basis of a November 1983 starting date. This timeframe was based on Development Associates' understanding that CATRE had been authorized by FIDE/CAPE to begin operations at that point, eventhough the contractual aspects of establishing the TAC had not been fully completed.

The sponsorship of the Universidad del Este will provide CATRE with a sound organizational foundation and an important source of support in carrying out its credit and technical assistance functions. Likewise, CATRE will have access to the academic and technical resources of the university and access to resources for training entrepreneurs, providing management training and similar types of capacity building linkages.

Operational Plan and Goals

The operational plan that was approved in March 1984 specified a number of key performance targets for the first program year that included a total of 50 approved loans with an average value of RDS8,000 representing a total loan target of RDS 400,000. The first year grant was in the amount of RDS61,654 and RDS21,163 in income from commissions and fees was projected.

In general, the operational plan prepared by CATRE appeared to be well conceived and provided sufficient detail to guide the implementation of the Technical Assistance Center. The Project Director and TAC staff appeared to be well versed in, and were carrying out the promotional, technical assistance, and implementation strategies contained in the CATRE operational plan.

Promotion

According to program records and staff interviews, CATRE began a series of intensive promotion efforts in November 1983 that included door-to-door marketing. Part of the initial strategy was to let the small business community know about the program and to gain the confidence of prospective clients. CATRE also provided pre-diagnostic services and workshops. As of May 1984 CATRE reported having completed 140 individual visits to potential clients, and performed 84 pre-diagnostic reviews. Also, 69 individuals attended the motivation workshops sponsored by CATRE.

Overall the program has conducted a planned and systematic promotion effort. CATRE staff was also in the process of completing a census of small businesses and industries in their service region to augment a survey conducted in 1982. This small business census should provide CATRE with a useful inventory of potential clients and profile of the business in the region.

The CATRE Director indicated that the use of a one-on-one promotion approach was needed since many people in the region do not rely on printed or broadcast media for this type of information. Moreover, these individual contacts appear to have been effective in establishing rapport with the small business community. As such, the promotion strategies adopted by CATRE were appropriate for the conditions in the region and seem to have provided the program with a good foundation for identifying future credit and technical assistance clients. According to the Project Director, all of the current CATRE clients were obtained through the program's promotion efforts.

Credit and Technical Assistance Services

As of May 1984, CATRE reported a total of 79 clients. There were no approved loans at the time of the external evaluation visit, but the CATRE staff estimated that there were 49 clients that would qualify for financing in coming months. This estimate was based on a classification system employed by CATRE whereby each client business is analyzed and rated according to several criteria including owners' interest, available collateral, business market, projected revenues and investment/employee ratio.

Seven workshops had been conducted by CATRE since November 1983 with a total attendance of 103 persons. The series included three accounting workshops, two costing workshops and two investment analysis workshops. The program maintained excellent records on each of the workshops.

According to CATRE records, the staff completed 789 visits to small industries in the region to provide accounting assistance and observe general business operations. These visits were conducted between December 1983 and May 1984, and represent multiple visits to various firms during that time period.

The Project Director indicated that there were two clients actually working on loan applications because of the economic difficulties posed by the devaluation of the peso. The estimated value of the combined potential loans was not available. In the absence of any approved loans there were no postfinancing activities rendered by CATRE.

Administrative and Management System

The external evaluation revealed that CATRE had a well organized administrative system with the necessary filing, recordkeeping and documentation procedures. Files were maintained for each program client and included specific information about initial visits, diagnostic data, workshop attendance and related informational items.

In addition, the program provided regular reports to FIDE/CAPE on a monthly basis that described major program activities. CATRE's promotion and technical assistance services were also well documented, and the basic data easily retrieved. All financial transactions and records are maintained through the university, and there appeared to be adequate controls on TAC expenses and disbursements.

With respect to staffing, the CATRE staff consists of a Director, three promoters, two assistants and a secretary. An organizational chart had been prepared by the Director to illustrate the division of labor among TAC staff. While the staffing plan was generally satisfactory, the precise role of the two assistants did not appear to be clearly defined with respect to their functions and relationship to the promoters/technical staff. Each of the staff members was highly knowledgeable about the program's philosophy and intent, and appeared to be well qualified for their respective duties. According to the Director, each professional staff member is also certified by the university as part of their standard personnel system.

Program Self-sufficiency

CATRE had generated RD\$1,860 in program income as of May 1984 primarily from the workshop fees. No loan commissions had been earned by the program.

Based on the 49 clients that were deemed to be qualified for a loan by CATRE, the trajectory of loan commissions may begin to move within the next several months. If May 1984 in fact represents the first month of TAC operations, then CATRE may be in a comparatively strong position to achieve its program income goal. On the other hand, if the program actually began in November 1983, then the TAC was in its seventh month of operation with negligible income generated.

The question of CATRE's ability to gain self-sufficiency clearly depends on the future cooperation of the intermediaries in granting credit to TAC clients. Development Associates' interviews with a

Local bank official suggested that CATRE may be in a good position to obtain loans for TAC clients. A later section of this report describes the interview with the Banco de Reservas in San Pedro de Macoris and in Appendix A, CATRE's relationship with COFINASA is also discussed.

Program Beneficiaries

Two program beneficiaries were interviewed during the visit to CATRE by Development Associates. One of the beneficiaries had no loan history, and the second had received credit from the Banco de Reservas having obtained three separate loans of RD\$5,000. In addition, he had received an RD\$8,000 loan through Financiera Universal.

Both beneficiaries were satisfied with the services provided by CATRE. The program staff was characterized as helpful and knowledgeable about accounting, loan packaging and cost principles. Ratings in the very good to excellent range were assigned to CATRE's promotion, business assessment and loan packaging services. Both respondents had received business analysis services and assistance in preparing loan packages which were scheduled for submission within the near future.

There were indications that the skills learned at CATRE workshops were being applied in daily business operations. One beneficiary stated that as a result of the training he was able to undersell his competition and increase sales by pricing his product at RD\$38 per 100 concrete blocks instead of the going rate of RD\$40 and still make a profit. By applying the cost analysis methods learned at CATRE workshops, this business owner gained an edge on his competitors.

The beneficiaries noted that the CATRE training had been very helpful in improving their skills in determining the costs of production, maintaining business records and installing formal accounting procedures. The interviews indicated that the assistance beneficiaries had received was properly tailored to meet their needs. Importantly, there was evidence that the skills were being applied by the beneficiaries, that tangible improvements had been made in their business management techniques and that benefits were being realized as a result.

Financial Intermediaries

The Development Associates team met with the manager of the Banco de Reservas branch office in San Pedro de Macoris, which is basically the only financial institution available to CATRE located in the immediate area. This informal interview revealed that the manager had a very positive attitude toward small business lending and an interest in processing future TAC loans. Moreover, this branch office had a record of making small loans to businesses that fall under TAC criteria without any connection to the TAC program.

The bank manager pointed out several important factors that relate to the Small Industry Development Program and the provision of credit to TAC clients. For one, local branch offices had not received any guidance or communication from the Banco de Reservas central management in Santo Domingo with respect to the Small Industry Development Program. Thus in many localities, the branch managers may be unaware of the program.

Also, it was noted that branch managers are authorized to approve loans below RD\$10,000. Higher loan amounts must be processed by the central office and often get delayed in the Banco de Reservas' elaborate loan review system. Thus, in this case TAC clients with loan amounts in the middle to upper ranges could face difficulties in dealing with the Banco de Reservas system which is opposite the situation in most other financial intermediaries.

Given that the Banco de Reservas is a government controlled bank the branch manager observed that FIDE/CAPE should deal with the Bank at the highest management level to obtain a working agreement that is subsequently communicated to all of the branch offices. This approach would facilitate the processing of TAC loan packages and hopefully reduce some of the problems experienced by the programs in obtaining loan approvals.

Although the university, CATRE's sponsor, is one of the owners of COFINASA* a Santo Domingo based development finance institution, CATRE (and the university) would prefer to deal initially with the Banco de Reservas which is directly across the street from the TAC offices. The Project Director indicated that there were two loans in process that would be submitted to the Banco de Reservas in San Pedro.

* For more information on COFINASA see Appendix A: Special Interviews with Financial Intermediaries.

V. SUMMARY OF EVALUATION FINDINGS

The Small Industry Development Program is a relatively new collaborative effort between USAID and the Central Bank in the Dominican Republic to foster the development of small businesses by increasing their access to capital coupled with technical assistance and specialized training. The program recently completed its first operational year and Development Associates, Inc. was hired to carry out the first formative evaluation. The external evaluation examined program performance and accomplishments, particularly in relation to the planned goals and program purposes. The evaluation likewise focused on identifying needed adjustments in program design and procedures to improve program effectiveness.

The following summary of evaluation findings is organized according to four subheadings corresponding to key areas of crucial importance to the efficient and effective operation of this program.

FIDE/CAPE, the program management and implementation unit set up within the Central Bank, has been successful in implementing several important facets of the program over the last fifteen months. Most important, there are now seven Technical Assistance Centers (TACs) in the program in varying stages of development. Their staffs have received in-country and international training. Operations plans have been approved for each TAC, and as of the end of May, 1984, FIDE/CAPE had disbursed over RD\$82,000 in operational start-up grants to five TACs. There have been some start-up problems in developing operational plans, and in implementing program procedures. Many of these difficulties are fairly typical in new programs and tend to subside with time and experience.

However, the program has experienced serious difficulties in achieving the planned level of loans through the financial intermediaries. While there is some evidence that gradual changes are occurring in terms of the intermediaries' willingness to participate in this economic development strategy, basic adjustments will be required in the Central Bank's lending mechanism.

It appears that this crucial problem was recognized by the Central Bank which has the power and authority to change or adjust current program procedures and foster the kind of institutional change sought by this program. If the needed changes are made, the attractiveness of the program to the intermediaries will be enhanced and their participation will probably also increase, in turn enabling a number of important program objectives to be achieved. It is this kind of institutional change that will ultimately yield enduring and concrete benefits to Dominican small industries.

Within this institutional change framework and the attendant social, economic and technical processes, Development Associates has evaluated the first year performance of the program. It is hoped that the findings and subsequent recommendations will provide FIDE/CAPE and the TACs with a useful management tool.

Small Business Assistance Center (CAPE)

- CAPE has been effective in translating the Small Industry Development Program concept into reality.
- During the past year it has selected and assisted seven TACs in start-up and implementation. It provided direct assistance and also coordinated various conferences and training workshops and courses for TACs. CAPE assisted TACs in the initial stages of the development of their operations plans, but in some instances, the approved operations plans for TACs were deficient in the definition of methodologies and strategies and may have contributed to subsequent implementation difficulties. It appears that in some cases CAPE may have been under pressure to recruit potential TAC organizations and approve plans without sufficient time to make necessary additions or revisions.
- CAPE did not have a written operational plan to guide its own planning, implementation and management of the program during the first year.
- CAPE had not completed its self-evaluation. While credit and financial records are complete and up-to-date, in the absence of the self-evaluation, routine information on program performance was difficult to gather.
- CAPE began, but has not continued, the practice of providing periodic progress reports to FIDE.
- There were indications that the TACs would have benefitted from additional CAPE training in loan analysis, loan application procedures and related functions. This also holds true for the financial intermediaries.

- CAPE staff have generally been unable to devote sufficient time to key technical assistance and monitoring functions, due to competing demands for their time from other FIDE responsibilities.
- In general, the program has not sufficiently differentiated between the various levels of businesses to ensure that training and technical assistance is adequately tailored to their needs.
- Frequently it was difficult to determine when a TAC was deemed official and operational. CAPE does not appear to have defined this sufficiently.
- There was an evident need for increased promotion of the program by CAPE directly with the financial intermediaries at the local and national level.
- The present CAPE/FIDE loan application format and process appears to be overly complicated and burdened with excessive paperwork and bureaucratic procedures, substantially contributing to delays in the credit process.
- CAPE loan disbursement/approval procedures are not adequately differentiated with respect to differing sizes of loan amounts, requiring the same amount of up-front analyses and personnel time for both large and small loans.
- Importantly, CAPE staff have been accessible to TAC personnel and generally responsive to requests for training, intervention and support.

Technical Assistance Centers (TAC)

- At the time of the evaluation, four TACs had been in operation for five to eleven months. Three other TACS were recently established and in operation from two weeks to four months. Among the experienced TACs, implementation time averaged 8 months.
- As a whole, the TACs have experienced serious difficulties in obtaining loans for clients through the financial intermediaries. To date, only 31% or 10 of the loans disbursed through the program have been processed through a TAC. And of the loans processed directly through the intermediaries without TAC assistance 78% were medium to large generally did not utilize TAC assistance.
- The self-sufficiency trajectory across all TACs has been extremely low and it is unlikely that any Center will achieve its planned income target unless some operational changes occur in the loan fund. This deficiency is directly related to the problems of financial intermediary participation under current Small Industry Development Loan Fund operating procedures.
- The TACs have an ample pipeline of potential loan (88) that, if approved, could dramatically increase the self sufficiency curve of the TACs in the next few months.
- Ten (10) loans have been approved through the TAC system since the beginning of the program.
- In general, TAC promotional efforts were adequate. But there was a distinct need for increased systematic marketing with the financial intermediaries.

- The quality of administration and management across TACs was generally satisfactory. However, the quality of TAC self evaluations varied in terms of completeness and detail. Some TACs provided minimal data, in part due to deficiencies in program records and documentation. The evaluators consistently emphasized the importance of having good, clear records to the TACs, in their own best self-interest, following the minimal standards outlined in the procedures and evaluation manuals.
- The technical competency and qualifications of TAC staff appeared to be adequate for the program. Ongoing professional development will be important in continually upgrading staff technical skills.
- Beneficiaries generally were satisfied with the quality of TAC technical assistance services. There was frequent evidence that the TAC training was being applied by small industries in their day-to-day operations particularly in the bookkeeping area. The beneficiaries were finding basic bookkeeping to be useful to them in running their businesses.
- Some financial intermediaries complained about TAC loan application services, citing incomplete or superficial documentation in the most important areas, such as product market analysis a problem. In some cases, intermediaries that were not well informed about this program confused it with the CFI program that has the reputation of being unsuccessful.
- The operational plans submitted by TAC organizations to FIDE/CAPE were of varying quality. In some cases, the plans were extremely deficient and lacked methodological definition. Others were quite complete and reflected a well planned strategy.
- In general, the TACs possess the technical, human and experiential base to successfully get the Small Industry Development Program off the ground. Many of the problems experienced have been beyond the control of TACs, such as negative intermediary attitudes, national economic problems and uncertainty.
- External technical assistance over the coming years will likely be required by TACs to continually upgrade staff capacities and periodically stimulate new energy and focus.

Program Self-Sufficiency

- It is highly improbable that any of the TACs will be able to meet its program income goal by the end of the first year. The serious problem with the reluctance of financial intermediaries to make large numbers of small and mid-sized loans, e.g., RDS\$25,000 and under, has literally brought loan approvals and resultant TAC commissions, to a near standstill.
- TACs may have overestimated their ability to generate income during the first year. It was unclear how CAPE evaluated the feasibility of TAC program income projections during the application review stage.
- If TACs can get the pipeline loans into the intermediary system, and obtain approvals on a timely basis, the self sufficiency curve would pick up

speed. Under an optimistic timeframe for loan approvals, some TACs would be able to approach meeting their program income goal.

Program Concept and Design

- In practice the Small Industry Development Program has only been in operation for less than one year. Therefore it is clearly too early to make summative judgements about the overall effectiveness of the program concept and methodology.
- CAPE and TAC are going through the experiences and problems typical of new organizations. Continual testing and re-testing of approaches is taking place. With time the program should reach a more mature and stable mode of operation.
- Program implementation has been influenced by the larger economic picture in the Dominican Republic, with some small industry owners, as well as intermediaries, uncertain about the economic future. Also, in this respect, with the recent devaluations, the real purchasing power of credit will be reduced greatly in terms of what can be bought with the loan proceeds, especially if part of the loan is for imported materials or equipment.
- Program targets for the first year, particularly in approved loans and income, may have been overly ambitious for a brand new program requiring the creation of a national coordinating group (CAPE) and a series of separate Technical Assistance Centers. A one year period to establish program in the financial and small industry communities appears to be a reasonable timeframe. This is particularly true given the loan processing and disbursement bottleneck being experienced by the entire program.
- Beneficiary interview data further verified the need to increase small industry access to capital. Credit assistance, combined with technical assistance, is a valid approach. Time will be required to institutionalize TAC relationships with the financial intermediaries and increase confidence in TAC services.
- The program requires a more differentiated approach to channeling credit to businesses of varying sizes, management capacities, assets and capital requirements.
- In practice the notion of CAPE as a coordinating agency may have experienced role conflicts, with CAPE also acting in an adversary role in reviewing TAC loan applications.
- Self-evaluation is a key element of the program design. TACs have carried these out with varying quality. CAPE's own self-evaluation was not conducted. This is still a critical exercise in refining the program and producing required data.

VI. RECOMMENDATIONS

The following recommendations are based on the principal findings derived from Development Associate's external evaluation. They reflect various interviews and/or informal discussions with key officials of FIDE/CAPE, the Technical Assistance Centers, financial intermediaries and USAID officials. Development Associates hopes that these recommendations will provide CAPE and the TACs with a useful tool for systematically refining and strengthening the Small Industry Development Program in the Dominican Republic.

Small Business Assistance Center (CAPE)

1. While in the majority of cases the TAC plans were satisfactory, CAPE should ensure that revised and new operational plans, both for continuing and new TACs, be more specific in defining a methodology and implementation plan. These operational plans should represent a detailed work plan to guide the TACs in achieving their goals.
2. Provisions should be made by CAPE to provide ongoing orientation and training to TAC staff in loan analysis procedures and application requirements of FIDE and the various financial intermediaries. This would help to assure high quality loan applications and avoid delays in the processing of applications due to lack of information or procedural problems. A similar program should be carried out with the financial intermediaries regarding the complete FIDE process.
3. At least two staff members should be assigned to CAPE by FIDE on a fulltime basis to attend to Small Industry Development Program TAC assistance functions, ongoing promotion with intermediaries, and increased technical assistance as the program expands. Depending on workloads within FIDE/CAPE over time, the Central Bank should possibly consider hiring an additional staff person specifically for CAPE.
4. CAPE should develop a clearly defined typology of levels of business which represent those companies generally assisted under the program.

Subsequently, the training and technical assistance services rendered by the TACs should be consistent with the unique needs of businesses in each of the various levels. CAPE training to TACs (e.g., DESAP and FIT training) should emphasize the importance of proper differentiation.

5. CAPE should clearly define when a TAC is to officially begin operations, e.g., when the operations plan is approved or when the grant agreement between FIDE/CAPE and the TAC is signed.
6. CAPE should prepare an annual operations plan for the period June 1, 1984 to May 31, 1985, that specifically defines its objectives, methodology, and work plan, as the TACs are required to do. Included should be detailed projections for AID financed Small Industry Development Loan Fund sub-lending activities for the year. This will be important to AID in terms of future disbursements to FIDE/CAPE and compliance with Implementation Letter 1A, Section 5.1E.
7. CAPE should perform and complete its self-evaluation for first year operations including detailed information on financial and technical assistance operations by July 30, 1984. This is again important in terms of compliance with AID Implementation Letter #1A Section 5.1E and to form the basis for future disbursements from AID to FIDE/CAPE. Information should include a full report on all AID financed Small Industry Development Loan Fund sub-lending, promotional and technical assistance activities carried out during the first operational year of the program.
8. CAPE should reinstate the practice of preparing and submitting monthly reports to the FIDE Director on program operations, accomplishments, potential issues and status of TAC goal attainment.
9. CAPE should increase program promotion efforts with individual financial intermediaries including TAC Directors, analysts and promoters.
10. Where feasible, CAPE should simplify its loan procedures and application forms for small loans in order to expedite the process.

11. CAPE/FIDE should redesign and adjust its loan disbursement mechanisms to expedite the processing of small loan amounts. This would provide incentives to increased intermediary lending at the smaller end of the business scale.
12. In order to accelerate program results, CAPE should take immediate steps to expedite the financing of the 88 TAC clients that are potentially bankable (pipeline). More specifically:
 - Followup with the four financial intermediaries that expressed positive attitudes about the program (FINEMPRESARIAL, Banco Continental de Desarrollo, COFINASA, and FINADE). Schedule individual meetings between intermediaries in Santo Domingo and other cities and TAC organizations.
 - Follow through with CAPE's plan to meet with the President of the Banco de Reservas to solicit its cooperation as a government-owned bank with extensive branches throughout the nation.
13. FIDE should provide a vehicle to CAPE staff to facilitate the performance of their promotion, technical assistance and monitoring responsibilities.

Technical Assistance Centers (TAC)

1. Assign the highest priority to accelerating the submission of loan applications on behalf of clients that are potentially bankable.
2. Increase TAC promotion efforts in order to attract a higher percentage of Small Industry Development program loan clients into the TAC system. Aim at increasing TAC processed loans from the present 31% to at least 65%.
3. Plan and carryout a focused marketing strategy with financial intermediaries in the respective TAC cities and service areas. Coordinate these efforts with CAPE.
4. Complete all self-evaluation activities and reports as required in the manual. Ensure that program activities, client services, program income and other key functions are properly documented.

5. Tailor credit and technical assistance services on the basis of the level of business represented by the clients.
6. TAC Directors should ensure that all loan applications submitted to financial intermediaries and/or other institutions are complete and accurate in all respects.
7. For subsequent program years, ensure that the respective TAC operational plans are of sufficient detail to provide TAC staff with a clear work plan, methodology and implementation priorities.
8. Arrange to secure periodic training and technical assistance in the implementation of the Small Industry Development Program methodology and continually upgrade TAC staff skills in business analysis, technical assistance planning, loan packaging and related competencies.
9. Continue the practice of exchanging information, techniques and knowledge across the various TACs as is currently being done through monthly meetings.
10. In planning future TAC budgets, make every effort to ensure that program income projections are realistic and attainable.

Program Self-Sufficiency

1. CAPE/FIDE should prepare a plan of action to deal with the shortages in TAC program income that are likely to occur, particularly among the four more established centers. Provide each center with specific recommendations (action steps) for the next six months.
2. Both CAPE/FIDE and the TACs should carefully monitor program income production over the next six months. CAPE should provide TACs with technical assistance in improving the overall program income picture.
3. In future budget submissions, CAPE should apply rigorous standards in evaluating the feasibility of TAC program income projections.

4. CAPE should not permit TACs to amend program income or loan targets without a formal modification to the TAC agreement and budget.

Program Concept and Design

1. FIDE/CAPE should review loan target projections submitted by TACs for the five year period and make necessary adjustments as realistic, given the economic conditions and business environment in the Dominican Republic. As mentioned before in the findings, this should take into account the effect of the recent peso devaluations on average loan sizes as the prices of materials and equipment are affected. The real value of loans will be eroded in terms of 1983 pesos, when most operations plans were developed, increasing, possibly, the average loan size. Other related ramifications of the devaluations should also be studied.
2. FIDE/CAPE should consider the possibility of establishing a line of credit for small loans, in terms of this program, which would be available to financial intermediaries, thus expediting the process of and interest on the part of the intermediaries in financing small loans. This line or "global loan" concept could apply to, for example, amounts of RD\$30,000 or less. The process of disbursements for large amounts, that is, possibly over RD\$30,000 would remain the same as it is currently.

This concludes Development Associates' report on the external evaluation of the Small Industry Development Program. In closing, the evaluators have recognized that many of the difficulties experienced by the program during the first year represented problems typically associated with new and innovative systems. Similarly, some of the shortfalls evidenced in the achievement of key loan and program income targets were related to larger economic factors in the Dominican Republic and institutional factors characteristic of the banking industry. Still, there are strategic options that can be exercised by CAPE/FIDE and the Technical Assistance Centers that can improve overall program performance. As such, the forthcoming year should be a pivotal one for the future success of the Small Industry Development Program in the Dominican Republic.

APPENDICES

APPENDIX A: SPECIAL INTERVIEWS WITH
FINANCIAL INTERMEDIARIES

APPENDIX B: DATA COLLECTION INSTRUMENTS

APPENDIX C: SUMMARY DATA TABLES

APPENDIX A: SPECIAL INTERVIEWS WITH FINANCIAL
INTERMEDIARIES

APPENDIX A: SPECIAL INTERVIEWS WITH FINANCIAL INTERMEDIARIES

Summary of Special Interviews

On May 18, 1984, upon completion of the field visits to the Technical Assistance Centers (TACs), visits were made to the presidents, general managers, and/or other top personnel in the main offices of five financial intermediaries in Santo Domingo. Four were development banks and one was a commercial bank. Three of the four development banks have worked over the past year (the fourth will begin soon) with the system either through the TACs or by making loans directly to small businesses utilizing the Small Industry Development Loan Fund. But their overall participation in the program had been low. The commercial bank did not know much about the program, and had not participated but with more explanation and promotion may be willing to get involved.

The objectives of the visits were:

- to understand policy stances of the main offices of the intermediaries in Santo Domingo regarding the Small Industry Development Program since the participation of the interior branches, where several TACs are located depends on head office instructions on how to approach this program;
- to determine how clear an understanding of the program the intermediaries had and the reasons for their very low level of participation in the program irregardless of whether loans were channeled directly to the beneficiaries or through the TACs; and,
- to receive their assessments of program operations, needed adjustments, and general receptivity to the program.

Topics covered during the visits were:

- purpose of the visits;
- discussion of the TAC system;
- discussion of the intermediaries philosophies pertaining to small business lending; and
- discussion of the credit operating systems, including loan application, disbursement, and guarantees.

Summary of Findings

- The four development banks visited were FINEMPRESARIAL, Banco Continental, COFINASA, and FINADE. Officials at each bank appeared disposed to working with the TACs and lending to small businesses even though they recognized the risks and transaction costs involved. Their understanding of the Small Industry Development Loan Fund operations and the TAC program was good.
- The evaluation team interviewed an official at the Bank of Boston, a commercial bank, who indicated a limited understanding of this program and confused it with the Corporacion de Fomento Industrial (CFI) program which, among all private bankers, AID, and Central Bank officials has a very poor reputation based, in large part, on its poor loan repayment record. Any perceived connection to the CFI program is very negative. The lack of understanding of the program would appear to be because promotional efforts by FIDE have been focused on the development banks, not commercial banks.
- The Bank of Boston perceives itself to be a retail bank and as such primarily makes commercial loans. It is not guided by the same philosophies as the development banks and is, it would appear, more reticent about small business lending than the others interviewed.
- The Bank of Boston official interviewed indicated that he had heard that the guarantee fund was not very efficiently operated. He suggested that if changes in guarantee fund operations procedures could be made, then he would be willing to approach the Bank of Boston board with a request for an internal small business credit line of perhaps RD \$100,000 for Santo Domingo and RD \$100,000 for the interior to test the system.
- The Banco Continental and FINEMPRESARIAL of the Banco Popular are already making more loans through the Small Industry Development Loan Fund than are other intermediaries. FINEMPRESARIAL has also taken the initiative to commit a RD \$200,000 internal credit line to this program. Its position is that the need to make credit available to small businesses is recognized and that normally these businesses cannot wait for two or three months or more for their loans to be disbursed as is the case without the internal line under the current FIDE system. Therefore FINEMPRESARIAL is willing, up to a maximum of RD \$200,000 pesos, to float small business loans with subsequent monitoring, supervision, and reimbursement by FIDE to speed up to the loan process.
- Interestingly, as the program progresses, there is a tendency for some intermediaries to line up with specific TACs.

FINEMPRESARIAL has worked primarily with PROAPE which was the only and most developed TAC for a number of months. Two of FINEMPRESARIAL's loans under the program were to the Development Association of Santiago which guaranteed them.

FINADE and COFINASA are most closely associated with the FDD and CATRE respectively. FINADE recently began to receive TAC initiated loan applications. As of May 13 it had received three loan applications from the FDD. FINADE expressed complete confidence in the quality of the FDD's work based on its initial examination of the loans applications and its knowledge of the FDD's past record. FINADE is receptive to receiving loan applications from the FDD. COFINASA will work initially with the program through CATRE in San Pedro de Macoris. The major reason is that CATRE's sponsoring organization, the Universidad Central del Este, is very supportive of the program and is an owner of COFINASA. Because of this relationship the COFINASA official interviewed felt his organization could trust CATRE to do a credible job.

- The intermediaries feel that the technical assistance and follow-up provided by the TACs to small businesses are essential ingredients of the program. They also recognize that the TAC system could have the important effect of reducing intermediary transaction costs and risks through provision of these services.
- The interest spread was not considered a problem by the intermediaries.

General Observations

- The receptivity of the four development banks interviewed was surprisingly high from upper echelon management. The intermediaries did not balk so much at the idea of making loans to small businesses, rather their concerns revolved around the long loan processing and disbursement time involved in dealing with FIDE. In their opinion the time and duplication of effort needed to complete a full review and approval for each individual loan by FIDE, as it is currently done in addition to the TAC's analyses and the intermediaries' own review and approval process, is excessive. It makes lending currently through the FIDE system unattractive and restricts moving loan funds efficiently. The loan application review, approval, disbursement and supervision process by FIDE is too complicated and time consuming at the smaller loan amounts particularly. Several intermediaries said that small businesses cannot wait the length of time required under the current Small Industry Development Loan Fund operating procedures for their loans. For instance, when they need small loans for working capital for materials purchases, they often need the money quickly to take advantage of current prices when they are most advantageous.
- The guarantee fund, it was alleged by two intermediaries, can take up to a year or more to reimburse the intermediaries for their bad loans. Moreover, one official suggested that the fund's 75% coverage was not sufficient. Another official felt that for Central Bank programs to work better, the bank must assume more of the risk.
- FIDE's involvement in approving all construction work slows down the loan process tremendously.

Recommendations of Financial Intermediaries

1. FIDE should simplify the application process for smaller loans.
2. FIDE should speed up loan disbursement process by implementing line of credit for the intermediaries to use in making smaller loans. As a corollary to the line of credit proposal under the current system, one intermediary suggested that the first disbursement of loan funds to the beneficiary after intermediary approval should be automatic, with FIDE review and supervision following as its work load permits.
3. FIDE should not require construction approval from the Ministry of Public Works on all construction components of loans. Construction components below a specified cost or outside certain locations having specific zoning regulations should be exempted from this requirement. Other larger projects having an impact on the intent of zoning regulations should be reviewed by FIDE's engineer. But Ministry involvement should be minimal particularly given the small size of loans involved.
4. Review the guarantee fund operational system for increased efficiency in practice and as to whether an increase in the percentage of coverage would provide greater incentives to the intermediaries to participate in the program.

APPENDIX B: DATA COLLECTION INSTRUMENTS

FINANCIAL INTERMEDIARIES - INTERVIEW GUIDE
INTERMEDIARIOS FINANCIEROS - GULA DE ENTREVISTA

Intermediary/Intermediario: _____

Person interviewed/Persona entrevistada: _____

Interviewer/Entrevistador: _____

City/Ciudad: _____

1. When did you first find out about the TAC system?
Cuándo supo usted por primera vez del sistema CAT?

2. What explanations were given to you about the program?
Qué explicaciones obtuvo sobre el programa?

3. Who gave you the orientation?/Quién lo orientó?

4.

	Yes or No
	Sí o No
Have there been further contacts with the TAC? Ha habido contactos adicionales con el CAT?	_____
What was the nature of these contacts? Describe. Cuál fue la naturaleza de estos contactos? Descríbalos.	_____

5. Has there been a meeting of the financial intermediaries and the TAC board? / Ha habido una reunión entre los intermediarios y la junta directiva del CAT?

6. Have you approved any loans to business assisted by the TAC?/
Han aprobado ustedes algunos préstamos a negocios asistidos por el CAT?

If yes, what was the loan for?/Si afirmativo, ¿cuál fue el propósito del préstamo?

To what kind of business? / Para qué tipo de negocio?

If no, why not?/Si negativo, por qué?

7. What is your opinion regarding the quality of services offered by the TACs? Cuál es su opinión en cuanto a la calidad de los servicios ofrecidos por los CATs?
8. What contacts with or information from CAPE have you had/received? Describe. Qué contactos con o información ha tenido/recibido del CAPE? Describe.
9. What is the average size of your loans?/Cuál es el monto promedio de sus préstamos?
What is the smallest business loan you have with a client?/Cuál es el monto más bajo que tiene con un cliente para un préstamo productivo?
10. How do you define micro, small, medium, and large business?/Cómo define usted una empresa micro, pequeña, mediana y grande?
11. What is the smallest business loan that you would consider for approval?/Cuál es el monto más bajo para un préstamo productivo que tomarían en consideración?

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12. What are your principal concerns with the Small Industry Development Program?/Cuáles son sus principales inquietudes con el Programa de Desarrollo de la Pequeña Industria?

- * Interest spreads/diferenciales
- * Risk/riesgo
- * Transaction costs/costos de transacción
- * Time to receive disbursements/tiempo en recibir los desembolsos
- * Reserve fund operations/operatividad del fondo de reserva

13. Under ideal circumstances, what changes would you make in the program to stimulate more "financiera" participation in/ Bajo circunstancias ideales, cuáles cambios haría usted en el programa para estimular más participación de las financieras en:

- * Small micro business lending/prestar a pequeñas y micro empresas

- * The CAPE/TAC technical assistance and training system/el sistema de asistencia técnica y adiestramiento comprendido por el CAPE y los CATs.

CAPE EXTERNAL EVALUATION: INTERVIEW GUIDE
EVALUACION EXTERNA DEL CAPE: GUIA DE ENTREVISTA

Agency Name/Nombre de la Empresa: _____

Interviewer/Entrevistador: _____

Date(s) Data Collected/Fecha(s) Recopilación de Datos: _____

Individuals Providing Data/Personas Proveedores de Datos: _____

I. GENERAL INFORMATION/INFORMACION GENERAL

1. Indicate number of approved technical assistance centers.
Indique la cantidad de centros de asistencia técnica aprobados.

<u>TAC Organization/ Organización CAT</u>	<u>Approval Date/ Fecha Aprobación</u>	<u>City/ Ciudad</u>	<u>Grant Amount/ Monto Concesión</u>
---	--	-------------------------	--

2. Indicate number of organizations' applications currently in review.
Indique el número de solicitudes de organizaciones corrientemente en revisión.

<u>Applicant Organization/ Organización Solicitante</u>	<u>Date Application Submitted/ Fecha Solicitud</u>	<u>Status of Application/ Status de Solicitud</u>
---	--	---

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3. Total number of TAC applications received by CAPE to date/
Número total de solicitudes de los CAT recibidos por CAPE
hasta la fecha.
4. Describe the orientation and review phase for establishing
a TAC, including information about the following: /
Describa la orientación y la fase de revisión para establecer
un CAT, incluyendo información sobre los siguientes puntos:
 - * Public information about availability of TAC grants/promotion
Información pública de la disponibilidad de las concesiones/
promoción de los CAT.
 - * Criteria applied in reviewing/selecting potencial organizations
qualified to be TACs/Criterio aplicado en la revisión/selección
de organizaciones potenciales, calificadas para ser CATs.
 - * Procedures to verify applicant organization's capabilities./
Procedimientos para verificar las capacidades de la organiza-
ción solicitante.
 - * Time frame between receipt of applications and approval/
Lapso de tiempo entre el recibo de las solicitudes y su apro-
bación.
 - * Role of CAPE in preparation of TAC operational plans/timeframe.
Función de CAPE en la preparación de los planos/tiempo operacio-
nales de los CAT.

II. TECHNICAL ASSISTANCE/ASISTENCIA TECNICA

1. Describe CAPE activities in the supervision/evaluation of TAC operations, including:/Describa las actividades de CAPE en la supervisión/evaluación de las operaciones de los CAT, incluyendo:

* system for supervising TAC questions/sistema para supervisar las preguntas de los CAT _____

* records/registros _____
.....

* correspondence/correspondencia _____
.....

* process/procedimiento _____
.....

* system for evaluating TAC operations/sistema para evaluar las operaciones de los CAT _____
.....

* method/método _____
.....

* frequency/frecuencia _____
.....

* records/reports-registros/reportes _____

2. Describe how CAPE coordinates TA provided by TACs to small industry. Explain below: / Describa cómo CAPE coordina la Asistencia Técnica (AT) suministrada por los CATs a las pequeñas industrias. Explíquelo:

* types/sources of TA provided-tipos/fuentes de la asistencia técnica proporcionada _____

* frecuencia and location/frecuencia y lugar _____

* coordination mechanism/mecanismo de coordinación _____

3. Describe CAPE's process and actions to facilitate training to upgrade TAC staff qualifications/Describa los procedimientos y acciones de CAPE en facilitar entrenamiento para ascender las calificaciones de los personales de los CAT:

* type/source of training obtained-tipo/fuente del entrenamiento contenido _____

* date of training events/provider of training-fecha de los eventos de entrenamiento/proveedor del entrenamiento _____

* number of TAC staff trained by agency/número de personal de los CAT entrenados por agencia _____

- * records, reports and memoranda documenting training/
registros, reportes y recordatorios que documentan el
entrenamiento _____

- * approximate cost of CAPE sponsored training/costo aproximado
del entrenamiento auspiciado por CAPE _____

4. Describe how CAPE review subsidy required by TACs for services
rendered:/Describe cómo CAPE revisa el subsidio requerido por
los CATs por los servicios prestados:

- * records, correspondence documenting reviews/registros, corres-
pondencia de documentación de las revisiones _____

- * process for reviews/procedimientos para las revisiones _____

- * frequency of reviews/frecuencia de las revisiones _____

- 4.a. Have there been instances where disbursements to a TAC were suspended
pending clarification of a review issue or question? Please describe.
Ha habido ocasiones en las cuales se suspendieron los desembolsos a
los CAT, quedando pendiente una clarificación de un producto o cuestión?
Describir.

5. Describe how CAPE coordinates outside assistance to TACs, based on the following categories: / Describe cómo CAPE coordina la asistencia externa a los CATs, basándose en las siguientes categorías:

* businesses/negocios _____

* financial/financiero _____

* developmental institutions/instituciones de desarrollo _____

6. Explain how CAPE coordinates the provision of information to TACs relevant to small industry sector/ Explique cómo CAPE coordina la provisión de información a los CATs correspondientes al sector de la pequeña industria:

* booklets/folletos _____

* bibliographies/bibliografías _____

* other/otros _____

* frequency/type-frecuencia-tipo _____

	Intermediary	Amount	Beneficiary	Loan Type F W	TAC	City	Date App.	Date Disbursed
	Intermediaria	Monto	Beneficiario	Préstamo/tipo	CAT	Ciudad	Fecha Aprob.	Fecha Desemb.
18.								
19.								
20.								
21.								
22.								
23.								
24.								
25.								
26.								
27.								
28.								
29.								
30.								
31.								
32.								
33.								
34.								
35.								

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	Intermediary	Amount	Beneficiary	Loan Type F W	TAC	City	Date App.	Date Disbursed
	Intermediaria	Monto	Beneficiario	Préstamo/tipo	CAT	Ciudad	Fecha Aprob.	Fecha Descab.
36.								
37.								
38.								
39.								
40.								

nb

III. 2. Describe process used by CAPE to review requests for reimbursements by intermediaries/ Describa el procedimiento utilizado por CAPE para revisar las requisiciones de reembolso por las intermediarias.

* Time between receipt of requests and completion/Tiempo entre el recibo de las requisiciones y su completación _____

3. Describe status of the revolving fund of credit in terms of the following/ Describa el status del fondo circulante de crédito en término a lo siguiente:

* Date fund established/fecha de establecimiento del fondo _____

* Total amount of revolving fund/Monto total del fondo circulante _____

* Total amount disbursed to date/Monto total desembolsado hasta la fecha _____

* Number of disbursements to date/Número de desembolsos hasta la fecha _____

IV. EVALUATION/EVALUACION

1. Did each of the TACs complete a self-evaluation for:/Completó cada uno de los CATs una auto-evaluación para:

Mid-Year/Medio año Yes _____ No _____

Annual/ Anual Yes _____ No _____

2. Did CAPE provide technical assistance to the TACs in the performance and completion of their self-evaluations. Please specify assistance./ Ha provisto CAPE asistencia técnica a los CATs en el desarrollo y cumplimiento de sus auto-evaluaciones. Especifique tipo asistencia.

- IV. 3. Does CAPE have written self-evaluation reports from each of the TACs on file. Please provide a copy./ Ha escrito CAPE reportes de las auto-evaluaciones de cada uno de los CATs en los archivos. Favor de proveer una copia.
4. Did CAPE prepare a plan for its self-evaluation including a design methods, data collection, analyses and reporting? Obtain a copy of plan./ Ha preparado CAPE un plan para su auto-evaluación incluyendo un diseño, métodos, recopilación de datos, análisis y reporte? Obtenga una copia del plan.
5. When did CAPE complete its self-evaluation? Obtain a copy./ Cuando completó CAPE su auto-evaluación. Obtener una copia.
6. Did CAPE complete an overall evaluation of the operating TACs? Completó CAPE una evaluación general de los CATs operativos?

When was it completed?/Cuándo fue ésta completada?

Who was responsible for carrying out the evaluation of TACs?
Quién era el responsable de llevar a cabo la evaluación de los CATs?

What were the principal findings of CAPE's overall evaluation?
Cuáles fueron los principales descubrimientos de la evaluación general de CAPE?

V. ADMINISTRATION/ADMINISTRACION

1. Indicate number of employees assigned to CAPE/Indique el número de empleados asignados a CAPE.

Professional _____
Profesional

Support _____
Soporte

TOTAL _____

2. How often does CAPE provide program reports to the following agencies:

Central Bank _____
Banco Central

AID _____

Other agencies _____
Otras

3. Have any CAPE reports to AID been late and/or not accepted by AID? Explain/ Han llegado tarde o no aceptados algunos reportes de CAPE a la AID? Explique.

4. Review the following administrative and recordkeeping systems:/
Revise los siguientes sistemas administrativos y de teneduría de libros.

* Individual TAC files (approved centers)/Archivos individuales de los CAT (centros aprobados) _____

* Applications file/archivos de solicitudes _____

* TAC requests for disbursement file/Archivos de requisiciones de los CAT para desembolso _____

- * Financial intermediaries file/Archivo de las financieras intermedias _____
- * Disbursed loans file/Archivo de préstamos desembolsados _____
- * Staff job descriptions/Descripciones de los trabajos del personal de CAPE _____
- * CAPE operations manual (distributed to staff)/ Manual de operaciones de CAPE(distribuido al personal) _____
- * Evaluation reports/TAC-Reportes de la evaluación/CAT _____
- * CAPE monitoring reports/Reportes dirigidos de CAPE _____

VI. PROMOTION/PROMOCION

1. What promotion activities did CAPE carry out this year? Specify. Qué actividades de promoción fueron llevadas a cabo por CAPE en este año? Especifique.

2. Obtain samples of promotion materials used by CAPE/Obtenga muestras de los materiales de promoción utilizados por CAPE.

3. Indicate the utilization of the following promotion methods:

	<u>Yes/Sí</u>	<u>No</u>	<u>Frequency/Frecuencia</u>
Press releases/Notas de Prensa	_____	_____	_____
TV Announcements/Anuncios TV	_____	_____	_____
Radio Announcements/Anuncios Radio	_____	_____	_____
Brochures/Folletos	_____	_____	_____
Conferences/Conferencias	_____	_____	_____

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BENEFICIARIES: INTERVIEW GUIDE
BENEFICIARIOS: GUIA DE ENTREVISTA

TAC/CAT _____

Interviewer/Entrevistador: _____

Date/Fecha: _____

1. Name of beneficiary/Nombre del beneficiario: _____

City/Ciudad/Municipio: _____

2. Number of years in this city/Numero de anos en esta ciudad: _____

3. Reason for starting the business/Razon por haber comenzado el negocio:

4. Previous occupation/Ocupación previa a comenzar el negocio.

How long?/Cuánto tiempo?

5. What assistance did you receive from the TAC?
Qué tipo de asistencia recibieron del CAT?

- Review of business/diagnóstico
- Loan application/solicitud
- Technical assistance/Asistencia técnica
- Training/Adiestramiento; Workshop/Talleres; Seminars/Seminarios

How much time was spent on each of these areas with you?

Cuánto tiempo pasó el CAT con ustedes en cada una de estas áreas?

-
-
-
-

Name of TAC employee(s) who worked with you in these areas.

Nombre del/los empleado(s) que trabajó/trabajaron con ustedes en estas áreas.

6. How would you assess the quality of TAC services/activities?

Cómo calificaría usted la calidad de los servicios/actividades del CAT?

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Service/Activity Servicio/Actividad	Poor Malo	Fair Reguiar	Good Bueno	Very Good Muy bueno	Excellent Excelente
Pre-Loan/Pre-Financiamiento	1	2	3	4	5
1. Promotion/Promoción	—	—	—	—	—
2. Business Assesments/Diagnóstico	—	—	—	—	—
3. Loan Application/Aplicación del Financiamiento	—	—	—	—	—
4. Training/Adiestramiento Post-Loan/Post-Financiamiento	—	—	—	—	—
5. Technical Assistance/Asistencia Tecnica (Individual)	—	—	—	—	—
6. Training/Adiestramiento	—	—	—	—	—
7. What changes have you made in the management of your business as a result of TAC technical assistance and training? / ¿Qué cambios ha hecho en el manejo de su negocio como resultado de la asistencia técnica y del adiestramiento recibidos del CAT?					

If you have received a loan with TAC assistance, please complete the following section. Si usted ha recibido un préstamo con la asistencia del CAT favor completar la siguiente sección.

8. Loan Amount/Cantidad Prestada _____
 Use of the loan/Usó del préstamo _____
 Earnings before the loan/Ganancias antes del préstamo _____
 Current earnings/Ganancias corrientes _____
 Percentage increase/Porcentaje del incremento _____

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9. Employment impact/Impacto ocupacional

Number of employees before receiving the loan/Número de empleados antes de recibir el préstamo _____

Number of employees after receiving the loan/Número de empleados después de recibir el préstamo _____

How many relatives work in the business now?/Cuántos parientes de usted trabajan en el negocio ahora? _____

How many of your employees were previously employed/Cuántos de sus empleados estaban empleados cuando usted los empleó? _____

How many of your employees had previous experience in your line of business?/ Cuántos de sus empleados tenían experiencia previa en su línea de negocios? _____

10. Describe your current most pressing business problem./Describa el problema más urgente para su negocio actualmente.

11. Socio-economic impact of increased earnings. Describe:
Impacto socio-económico de aumento de ingresos. Describa:

*Increased educational possibilities for you and for your family members./ Incrementos en posibilidades de educación para usted y los miembros de su familia.

*Increased health care./Incrementos en cuidados médicos.

*Improved diet./Mejoras en la dieta.

*Other: (land, real estate, purchases, automobile, truck for business use, etc.)
Otros: (compra de tierra, bienes raíces, automóvil, camión para el uso del negocio, etc.)

TECHNICAL ASSISTANCE CENTERS(TAC): INTERVIEW GUIDE
CENTROS DE ASISTENCIA TECNICA(CAT): GUIA ENTREVISTA

Technical Assistance Center/Centro de Asistencia Técnica: _____

Address/Dirección: _____ City/Ciudad _____

Telephone No./No. Teléfono _____ Interviewer/Entrevistador _____

_____ Date/Fecha _____

TAC Director's Name _____

Director del CAT

Person(s) Completing Interview/Personal que suministra información _____

Date TAC approved by CAPE/Fecha de Aprobación del CAT _____

Amount of First Year Funding / Suma del Fondo para el Primer Año _____

I. ADMINISTRATION - Administración

1. Have you provided quarterly reports to CAPE?/Ha suministrado usted reportes al CAPE trimestralmente?
2. Did the Center conduct a self-evaluation of the program? When?/Ha conducido el Centro una auto-evaluación del programa? Cuándo?
3. Provide a copy of most recent self-evaluation report./Proporcione una copia del reporte de auto-evaluación más reciente.
4. Number of full-time professional staff employed by Center/Número de personal profesional a tiempo completo empleado por el Centro _____
Number of clerical/support staff-Número de personal secretarial _____
Number of consultants used by Center/Número de consultores utilizados por el Centro _____
5. Has a filing/record keeping system been established?/Se ha establecido un sistema de archivo y registro?
6. Who is responsible for authorizing Center expenses? Quién es responsable de autorizar los gastos del Centro?

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Who is responsible for maintaining financial records?
Quién es responsable de mantener los registros financieros?

7. How often are financial reports submitted to CAPE?
Con qué frecuencia se suministran los reportes financieros al CAPE?
8. How often are disbursement requests made to CAPE?
Con qué frecuencia se hacen solicitudes de desembolso al CAPE?
9. How long does disbursement of funds take?
Cuánto tiempo se toma el desembolso de fondos?
10. Administrative checklist: Are the following systems in place?
Lista de Chequeo Administrativo: Están los siguientes sistemas en lugar?
 - *Personnel files and records _____
Archivos y Registros del Personal
 - *Client files and records _____
Archivos y registros de Clientes
 - *Correspondence/memoranda files _____
Archivos de correspondencia y memos
 - *Financial records _____
Registros financieros
 - *Program income records _____
Registros de ingresos
 - *Program reports file _____
Archivo de reportes del programa

II. PROMOTION - Promoción

1. Describe TAC promotional activities/Describa las actividades promocionales del TAC.
2. How many clients were directly contacted by the TAC?/Cuántos clientes fueron directamente contactados por el TAC?
3. How many clients came to TAC on their own?/Cuántos clientes llegaron al TAC por su cuenta?
4. Total number of referrals to date./Número total de asignados hasta la fecha.

5. Total number of clients to date _____
Número total de clientes hasta la fecha

6. Number of pending clients _____
Número de clientes pendientes

III. TECHNICAL ASSISTANCE AND TRAINING - Asistencia y Entrenamiento Técnico

A. Pre-Loan activities/Actividades previas al préstamo

1. Number of active pre-loan clients _____
Número activo de clientes pre-préstamo

Amount of pending loans _____
Cantidad de préstamos pendientes

2. Criteria used to select clients./Criterio que se usa para seleccionar clientes.

3. Number of staff hours devoted per pre-loan client.
Número de horas dedicado por el personal a los clientes pre-préstamo.

4. Number of credit applications processed through TAC.
Número de solicitudes de crédito procesadas a través de TAC.

5. Number of training applications made to the TAC.
Número de solicitudes de entrenamiento hechas al TAC.

6. Number of training plans completed.
Número de planes de entrenamiento terminados.

7. Number of contracts signed with the TAC./Número de contratos firmados con el TAC.

B. Post-loan activities/Actividades posteriores al préstamo

1. Number of post-clients to date/Número de clientes post-préstamo hasta la fecha.

2. Number of training courses held. Total number of participants per course.
Número de cursos de entrenamiento. Número total de participantes por curso.

3. Number of workshops held? Total number of participants per workshop.
Número de seminarios-taller. Número total de participantes por seminarios-taller.

4. Describe technical assistance provided to post-loan clients./Describa la asistencia técnica proporcionada a los clientes después del préstamo.

a) Types of assistance:
Clases de asistencia

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- b) Frequency:
Frecuencia
 - c) Methodology:
Metodología
 - d) Number of technical assistance days provided:
Número de días provistos para asistencia técnica
5. Describe how client follow-up is performed, and how often.
Describa cómo se lleva a cabo el seguimiento a los clientes, y con qué frecuencia.
6. What sources have been used to provide training to clients?
Qué fuente se ha utilizado para proveer el entrenamiento a los clientes?
- TAC staff _____ CAPE staff _____ Other _____

IV. CREDIT - Crédito

How many loans have been approved by the financial intermediaries?
Cuántos préstamos han sido aprobados por los intermediarios financieros?

Please list client, amount of loan, and approved date.
Favor de listar cliente, monto del préstamo y fecha de aprobación.

Type of Business/ Tipo de negocio.

Location of business/Situación del negocio.

Loan purposes/Prósitos del préstamo.

*Fixed assets _____
Activos fijos

*Working capital _____
Capital de trabajo

V. CHANGES IN BUSINESS STATUS AFTER TAC/CREDIT INTERVENTION - Cambios en el status del negocio después de la intervención del Crédito de TAC

- 1. Number of new jobs created / Número de nuevos empleos creados.
- 2. Changes in production levels / Cambios en los niveles de producción.
- 3. Changes in market area/sales levels./Cambios en el mercado-niveles de ventas.
- 4. Profit margin changes. / Cambios del margen de beneficio.

5. Changes in shop/store operations, administration, personnel, accounting.
Cambios en las operaciones de almacén, administración, personal, contabilidad.
6. Which of these changes can be related directly to TAC?
Cuáles de estos cambios pueden ser relacionados directamente al TAC?

VI. TAC MANAGEMENT AND ADMINISTRATIVE DEVELOPMENT - Administración y Desarrollo Administrativo del TAC.

1. Number of TAC personnel provided job related training _____
Número de personal del TAC provisto de entrenamiento

*Type of training _____
Tipo de entrenamiento

*Source of training _____
Fuente de entrenamiento

VII. FINANCIAL SELF SUFFICIENCY - Suficiencia de Financiamiento Propio

1. Total income received from technical assistance (pre and post-financing)
Ingreso total recibido de la asistencia técnica (antes y después del financiamiento)
2. Total disbursements received by TAC to date _____
Total de desembolsos recibidos por el TAC hasta la fecha
3. Remaining balance in basic TAC grant _____
Balance restante en la concesión básica del TAC.
4. Projected income from technical assistance _____
Ingreso proyectado de la asistencia técnica
5. Problems in generating income. _____
Problemas en la generación de ingreso

VIII. CAPE

1. Describe technical assistance provided to Center by CAPE.
Describa la asistencia técnica proporcionada al Centro por CAPE.
 2. How often are monitoring visits conducted to Center by CAPE.
Con qué frecuencia son conducidas las visitas instructivas al Centro por CAPE.
 3. Training programs provided by CAPE to Center. /Programas de entrenamiento proporcionados por CAPE al Centro.
 4. Sources of outside assistance coordinated through CAPE.
Fuentes de asistencia externa coordinada a través de CAPE.
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APPENDIX C: SUMMARY DATA TABLES

SUMMARY OF TAC FIRST YEAR PERFORMANCE
As of May 1984

TAC	GRANT AGREEMENT SIGNED	GRANT AMT.	GRANT DISBURSEMENT	LOAN AMT.		INCOME		NO. LOANS		ACHIEVED	
				PLANNED	ACTUAL	PLANNED	ACTUAL	PLANNED	ACTUAL	LOANS %	INCOME %
1. PROAPE	June 1983	RD\$33,964	RD\$12,241	RD\$320K	RD\$169,603	RD\$17,670	RD\$5,497	40	9	22.5	31
2. FDD	Sept. 1983	RD\$35,820*	RD\$12,328	RD\$645K	RD\$20,000	RD\$19,350	RD\$926	100	1	1.0	5
3. PROPE	Nov. 1983	RD\$9,197**	RD\$6,948	RD\$245K	0	RD\$11,900	RD\$150	35	0	0	1
4. CATESUR	Jan. 1984	RD\$19,268	RD\$9,294	RD\$300K	0	RD\$16,200	RD\$568	20	0	0	4
5. PROPESA	May 1984***	RD\$36,451	0	RD\$225K	0	RD\$11,456	0	30	0	0	0
6. CADEPE	May 1984***	RD\$44,168	0	RD\$240K	0	RD\$10,201	0	24	0	0	0
7. CATRE	May 1984***	RD\$61,654	RD\$42,116	RD\$400K	0	RD\$21,163	RD\$1,860	50	0	0	9
	TOTAL	RD\$240,522									

*Included RD\$5,000 for Feria Microempresa 1983 already reimbursed by AID.

**PROPE requested an additional RD\$8,284 in March 1984.

***Grant agreements with these TACs signed in May 1984-starting first implementation year.

PROGRAM FUNDING HIGHLIGHTS*

I. INCOME FROM COMMISSIONS AND FEES

A. Total TAC Non-Grant Income to Date

(Percent of TAC non-grant income goals achieved based on elapsed quarters since date of signing of the grant agreement)

<u>Organization</u>	<u>Quarters</u>	<u>% Income</u>	<u>Projected/Actual</u>
PROAPE	4	31	(17,670/5,497)**
FDD	2	10	(9,675/926)
PROPE	2	3	(5,950/150)
CATESUR	1	14	(4,050/568)
PROPESA	new	0	
CADEPE	new	0	
CATRE	new	35	(5,290/1,860)
Average		13.3	

II. GRANT STATUS

A. Total First Year Grants Approved	RDS240,522
B. Total Value of Approved Grants for TACs that Have Begun to Receive Disbursements	RDS159,903
C. Disbursed to Date	RDS82,929***
1. As a % of II A.	34.5%
2. As a % of II B.	51.9%

* All figures in RD pesos.

** This figure represents approximate actual income received and does not include the 2% post-financing technical assistance commission which will not be received until the end of each loan year.

*** Includes projected May grant disbursement to CATRE of RDS42,116.

GRANTS APPROVED BY THE CENTRAL BANK
OF THE DOMINICAN REPUBLIC FOR THE
TECHNICAL ASSISTENCE CENTERS

Center	Date of Grant Agreement	Grant Amount	Disbursements Made		
			Office Equipment & Materials	Operational Expenses	TOTAL
Programa de Asistencia a La Pequeña Empresa (PROAPE)	23-6-83	33,964.00	5,000.00	7,241.00	12,241.00
Centro Fundación Dominicana de Desarrollo (FDD)	29-9-83	35,820.00*	-	12,328.00	12,328.00
Centro de Asistencia Técnica del Suroeste (CATESUR)	31-1-84	19,268.95	6,801.95	2,493.00	9,294.95
Programa de Promoción Pequeñas Empresas (PROPE)	1-11-83	9,197.00	5,450.00	1,498.80	6,948.80
SUBTOTALES			17,251.95	23,560.30	40,812.75
Centro de Asistencia Técnica Regional Este (CATRE)	2-5-84	61,654.00	12,640.00	29,476.00	42,116.00
TOTALES			<u>29,891.95</u>	<u>53,036.30</u>	<u>82,928.75</u>

*Includes RD \$5,000 for the Microenterprise Fair '83.

*Disbursement projected for the end of May 1984.

FONDO DE INVERSIONES PARA EL DESARROLLO ECONOMICO (FIDE)
LOANS AND REIMBURSEMENTS APPROVED FOR THE INDUSTRIAL SECTOR

1983

Intermediary Institution	TOTALS		Small	Business	Percentages of Total	
	Number	Value 000's Pesos	Number	Value 000's Pesos	Number %	Value %
Banco de Reservas	7	292.4	1	9.9	14.3	3.4
Royal Bank of Canada	3	2,145.6	1	50.0	33.3	4.4
City of Manhattan Bank	3	2,128.4	-	-	-	-
Bank of Nova Scotia	1	50.0	-	-	-	-
Bank of America	-	-	-	-	-	-
Banco Metropolitano	4	437.0	-	-	-	-
Banco de Boston	-	-	-	-	-	-
Banco Popular Dominicano	1	575.0	-	-	-	-
Banco del Comercio Dominicano	2	225.0	-	-	-	-
Banco Nacional de Crédito	2	1,046.9	-	-	-	-
Banco Giro del Dominicano	1	18.0	-	-	-	-
Citibank, N.A.	-	-	-	-	-	-
Compañía Financiera Dominicana	7	2,150.5	2	17.5	-	-
Banco Desarrollo Fin. del Caribe	-	-	-	-	-	-
Banco Continental	9	710.4	6	185.4	67.0	26.1
COFINASA	1	50.0	-	-	-	-
FINAFID	-	-	-	-	-	-
FINEMPRESA	7	2,375.5	4	100.2	57.1	7.3
Banco Industrial de Des. e Invers.	2	80.0	2	80.0	100.0	100.0
La Morada	2	306.7	-	-	-	-
FINOP	1	50.0	-	-	-	-
Banco Desarrollo Industrial	3	110.0	2	80.0	67.0	72.7
Banco Desarrollo Interamericana	4	553.0	-	-	-	-
Banco Desarrollo Nacional	4	1,446.9	-	-	-	-
FINADE	2	2,443.1	2	45.0	24.3	1.8
FINICORP	-	-	-	-	-	-
Banco Desarrollo y Capitalización	6	648.7	3	53.7	50.0	8.2
Financiera Bancocomercio	-	-	-	-	-	-
TOTALS	84	15,284.2	23	621.7		

1984

(January - March)

Banco de Reservas	1	294.2	-	-	-	-
Royal Bank of Canada	1	1,750.0	-	-	-	-
Banco del Comercio Dominicano	1	50.0	1	50.0	100.0	100.0
Banco Hipotecario Dominicano	1	50.0	1	50.0	100.0	100.0
Banco de Desarrollo Industrial	1	60.0	-	-	-	-
Banco Continental de Desarrollo	2	75.0	1	30.0	50.0	40.0
FINEMPRESA	2	2,350.0	-	-	-	-
Financiera Desarrollo y Capitalización	1	6.0	1	6.0	100.0	100.0
FINADE	2	395.0	1	35.0	50.0	8.9
Compañía Financiera Dominicana	2	38.7	2	32.7	100.0	100.0
FINOP	1	7.7	-	-	-	-
Corporación Fin. para el Desarrollo	1	10.0	1	10.0	100.0	100.0
TOTALS	15	4,780.6	9	223.7		

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