

UNCLASSIFIED

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D. C. 20523

RDO/C

PROJECT PAPER

SMALL ENTERPRISE ASSISTANCE
AMENDMENT NUMBER 7

AID/LAC/P-712
(CR-279, 380 & 632)

PROJECT NUMBER: 538-0133

UNCLASSIFIED

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET		1. TRANSACTION CODE <input type="checkbox"/> A = Add <input checked="" type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number <u>7</u>	DOCUMENT CODE <u>3</u>
2. COUNTRY/ENTITY Regional Development Office/Caribbean		3. PROJECT NUMBER <u>538-0133</u>		
4. BUREAU/OFFICE Latin America /Caribbean (LAC) <u>05</u>		5. PROJECT TITLE (maximum 40 characters) <u>Small Enterprise Assistance</u>		
6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY <u>02 24 95</u>		7. ESTIMATED DATE OF OBLIGATION (Under 'B' below; enter 1, 2, 3, or 4) A. Initial FY <u>86</u> B. Quarter <u>2</u> C. Final FY <u>94</u>		

8. COSTS (\$000 OR EQUIVALENT \$1 =)							
A. FUNDING SOURCE	FIRST FY <u>86</u>			LIFE OF PROJECT			
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total	
AID Appropriated Total							
(Grant)	(700)	(2,050)	(2,750)	(8,677)	(13,633)	(22,310)	
(Loan)	()	()	()	()	()	()	
Other U.S.							
1.							
2.							
Host Country	0	615	615	0	1,295	1,295	
Other Donor(s)							
TOTALS		700	2,665	3,365	8,677	14,928	23,605

9. SCHEDULE OF AID FUNDING (\$000)									
A. APPRO- PRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) PSEE	773(b)	840		10,175		6,800		16,975	
(2) EHR	622	631		-		1,000		1,000	
(3) ESF	773	840		4,335				4,335	
(4)									
TOTALS				14,510		7,800		22,310	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)						11. SECONDARY PURPOSE CODE			
12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)									
A. Code	PNP	PRT	PSD	INS	WDI				
B. Amount	100Z	100Z	100Z	26Z	40Z				

15. PROJECT PURPOSE (maximum 480 characters).

To increase the ability of local entrepreneurs to establish, expand or increase the efficiency of their micro, small and medium scale enterprise to produce and sell their good and services in local, regional and international markets.

14. SCHEDULED EVALUATIONS						15. SOURCE/ORIGIN OF GOODS AND SERVICES							
Interim		MM	YY	Final		MM	YY	CAIC Service			Area.		
						1	0	<input checked="" type="checkbox"/> 000	<input checked="" type="checkbox"/> 941	<input checked="" type="checkbox"/> Local	<input checked="" type="checkbox"/> Other (Specify)		

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

The purpose of this action is to extend the PACD from February 23, 1992 to February 23, 1995, and to increase the LOP authorized amount from \$14,510 million to \$22,310 million.

I certify that the methods of payment and audit plans are in compliance with the Payment Verification Policy. *James B. Sanford* James B. Sanford, Controller, RDO/C

17. APPROVED BY	Signature <i>Mosina Jordan</i>	Date Signed MM DD YY <u>02 20 92</u>	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY
	Title Mission Director		

PROJECT AUTHORIZATION

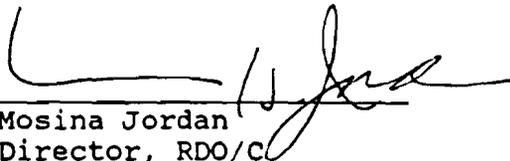
AMENDMENT NUMBER SEVEN

Name of Country : Caribbean Regional
Name of Project : Small Enterprise Assistance
Number of Project : 538-0133

1. Pursuant to Sections 106 and 531 of the Foreign Assistance Act of 1961, as amended, the Small Enterprise Assistance Project (SEAP) for the Caribbean Region was authorized on February 2, 1986 and amended on June 15, 1987; July 31, 1987; April 11, 1988; March 28, 1991; July 30, 1991 and September 23, 1991. Paragraph 1 of the Authorization is amended to read:

Pursuant to Sections 105, 106 and 531 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Small Enterprise Assistance Project (SEAP) for the Caribbean Region involving planned obligations of up to \$22,310,000 in grant funds from the PSEE, EH and ESF Functional Accounts for the period through February 23, 1995, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing project foreign exchange and local currency costs.

2. The authorization cited above remains in force except as hereby amended.


Mosina Jordan
Director, RDO/C

2/20/92
Date

Clearance: RLA:DLuten: (Draft)

February 14, 1992

SMALL ENTERPRISE ASSISTANCE PROJECT

PROJECT PAPER SUPPLEMENT

CONTENTS	PAGE
Amended Project Data Sheet	
Amended Project Authorization	i
I. BACKGROUND TO SUPPLEMENT	1
A. Purpose of Supplement	1
B. Project History	1
C. Project Performance	2
D. Project Evaluations	2
E. Relationship of SEAP to Mission Development Goals	3
F. Project Implementation	3
II. PROJECT MODIFICATIONS	4
A. Institutional Arrangement and Analysis	4
B. SEAP Outputs and EOPS	7
C. Sustainability Goal for NDFs	8
D. Cost Estimate and Financial Plan	10
E. Methods of Disbursement and Financing	13
F. Obligation Schedule	14
G. Procurement	14
H. Implementation Schedule	14
I. Program Income	16
ANNEX	
Logical Framework Update	

I. BACKGROUND TO SUPPLEMENT

A. Purpose of Supplement

Eastern Caribbean private sector development requires an increase in the capacity of enterprises to serve local and foreign markets and an increase in the capability of entrepreneurs to realize business opportunities. SEAP services and credit assistance to micro, small and medium scale enterprises continues to be in demand. Requests for business counselling and credit are on the increase. Micro and small scale enterprises represent the best potential for job creation and retention.

The Project goal and purpose are unchanged. The emphasis is on National Development Foundation (NDF) sustainability and transition of the Eastern Caribbean Organization of Development Foundations (ECODEF) to that of a project grantee. NDFs and the complementary National Development Institutions (NDIs) serve the micro, small and medium scale entrepreneurs. The capability of these organizations to sustain their operations beyond the end of SEAP is a major emphasis of this Supplement.

To this end, the Mission is extending SEAP for three years, until February 23, 1995 and increasing the LOP authorized amount by \$7.8 million to \$22.310 million.

Specifically, the Supplement:

1. Delineates the criteria to be used by the Caribbean Association of Industry and Commerce (CAIC) in allocating USAID funds to NDFs, including WID, Ltd., for their credit and business counselling programs, thus assisting NDFs to achieve sustainability.

2. Describes consolidation of the responsibility for planning and the provision of training and technical assistance by NDFs and NDIs.

3. Establishes Supplement performance criteria for NDFs, NDIs and the International Executive Service Corps (IESC) and requires segregated reporting of SEAP services provided to entrepreneurs serving local and regional tourism sectors.

B. Project History

SEAP was authorized February 25, 1986 with a Project Assistance Completion Date (PACD) of February 24, 1991 and initial authorized amount of \$10.0 million. The project was amended in FY 1987 and the LOP authorized amount was increased to \$11.850 million. On March 28, 1991, the LOP authorized amount was further

increased to \$13.035 million and the PACD was extended to February 24, 1992. On July 30, 1991, the LOP authorized amount was increased to \$14.062 million. On September 23, 1991, the LOP authorized amount was increased to \$14.510 million.

C. Project Performance

As of September, 1991, SEAP had served 3,815 micro, small and medium scale enterprises. Credit was provided to 3,325 micro and small scale enterprises, achieving 117 percent of target. Training was given to 1,757 entrepreneurs and their employees which is 97 percent of target. Technical assistance provided by IESC was 17 percent of target because of a delayed start-up, but by January, 1992, is at 74 percent. Private sector employment was created or retained for 7,960 full-time employees.

D. Project Evaluations

In 1987, RDO/C sponsored an evaluation ("Small Enterprise Cluster Evaluation," Louis Berger International, Inc., January 1988) which included a review of SEAP's micro enterprise assistance portfolio. The evaluation found that SEAP's integrated approach of providing credit and technical assistance (general business advice) through NDFs and WID had made a significant impact in developing viable micro enterprises.

Another SEAP evaluation was conducted in 1989 ("Evaluation of the Small Enterprise Assistance Project, "Louis Berger International, Inc., December 1989). The evaluation examined CAIC's organizational structure and delivery mechanism, internal management and handling of core functions and provision of SME assistance. The evaluation did not review NDF activities since they had been considered in the previous evaluation.

The 1989 evaluation found CAIC had made commendable progress in adjusting its structure to the requirements of development program delivery and in improving its internal management systems, particularly its financial controls and reporting systems. The evaluation reported positive results and generation of financial returns for SMEs as a result of SEAP interventions. The evaluation questioned whether the favorable effect on local and regional supporting services would be long sustained in the absence of USAID assistance. It recommended that consideration be given to increased recovery of SME technical assistance cost.

Regarding the NDF/WID micro enterprise program, the evaluators highlighted that it cannot become financially sustainable in its present form, although it could be sustained with further donor assistance. "If the NDFs are not to become heavily and chronically dependent on RDO/C, a realistic strategy for declining funding is required. As stated in Section A., Purpose of Supplement, sustainability is a major emphasis.

E. Relationship of SEAP to Mission Development Goals

The Mission strategic emphasis is on private sector-led growth. The Mission FY 1992-1993 Annual Action Plan identifies SEAP as a major contributor to realizing the LAC Bureau sub-objective of "encouraging ...economic policies that promote investment, productive employment and export led diversification."

The Bureau sub-objective to "encourage vigorous response by the private sector to a favorable policy environment" is also supported by the efforts of NDFs, WID Ltd and NDIs. The Mission objective of Increased Private Sector Investment identifies SEAP as a critical program component.

F. Project Implementation

SEAP funds CAIC to support NDFs, including WID Ltd., which provide credit and business counselling services to micro and small scale enterprises. Emphasis is placed on NDF cost recovery by passing administration, credit program management and business counselling costs to micro and small scale enterprise clients.

SEAP is structured to enable NDFs to respond to varying client demand for credit, technical assistance and/or training through the preparation of market surveys and annual work plans. The plans are reviewed by CAIC and RDO/C and become the basis for establishing annual project budgets and performance criteria.

SEAP supports NDIs to provide training and technical assistance to small and medium scale enterprises. Following initial assistance, NDIs are expected to recover further training and technical assistance costs.

SEAP also funds IESC to provide technical assistance to micro, small and medium scale enterprises. IESC provides assistance on a partial cost recovery basis.

II. PROJECT MODIFICATIONS

A. Institutional Arrangement and Analysis

1. CAIC

a. CAIC will continue as a Project grantee until ECODEF becomes eligible to receive USAID funds and is granted Project management responsibility. The transfer of project management to ECODEF was requested by CAIC so that it could more effectively carry on Caribbean region private sector representational and advocacy responsibilities. RDO/C supports the suggested change.

b. Project management at CAIC, the Regional Coordinating Unit (RCU), will continue to manage the grantee's micro, small and medium scale enterprise development program. Staffing levels will be reduced to reflect the change in relationship of the RCU to NDFs and NDIs. During the past year, the NDFs and NDIs have developed the capability to organize and implement client training and technical assistance programs, using their own staff or local resources. The RCU will provide technical assistance and training to NDFs to help develop sustainable credit and business counselling programs. Further, the RCU will assemble information about SEAP services provided to entrepreneurs serving local and regional tourism sectors.

c. RCU functions will transfer to ECODEF when it becomes Project grantee. In consultation with ECODEF, a transition plan will be formulated to guide the orderly transfer of RCU functions and determine staffing arrangements. The plan will incorporate consideration of CAIC RCU staff, including the relocation of those transferring to ECODEF and those staff remaining in Barbados. The transition plan shall be submitted for RDO/C review.

d. An Eastern Caribbean Development Committee will be established by the CAIC Board of Directors. The Development Committee will be responsible for policy advocacy and representation of Eastern Caribbean private sector interests before the CAIC Board and Eastern Caribbean governments. Representation includes the analysis of issues and preparation of position papers that affect private sector development, and the representation of those positions and private sector concerns before Eastern Caribbean governments. The Committee will, with CAIC and ECODEF staff support, present a policy advocacy and representation plan and detailed budget for RDO/C review. Partial or full funding for implementation of the representation plan is conditional on RDO/C approval of the plan and budget.

e. The SEAP Policy Advisory Committee will become a sub-committee to the Development Committee. It will remain responsible for SEAP policy articulation, overall direction and performance monitoring. Until transfer to ECODEF occurs, the RCU will report to the Development Committee through the SEAP Policy Advisory Sub-Committee.

f. The indirect cost reimbursement process will continue to be used by CAIC. Since ECODEF receives broad-based donor support, the indirect cost reimbursement process will apply to ECODEF.

g. As agreed in Amendment Number Five, the Export Promotion Project, jointly funded by IDB and USAID, will continue to receive USAID support through June, 1992.

2. ECODEF

a. ECODEF actively collaborates with CAIC to further Eastern Caribbean private sector development. It serves as an organizing mechanism for SEAP NDFs and is an effective advocate for micro, small and medium scale enterprises. ECODEF has successfully obtained other donor support for NDF credit programs and provides organizational development training and consultation to its membership.

b. Inaugurated in May 1987, ECODEF has two categories of membership, full and associate. Full membership includes NDFs of Antigua and Barbuda, Barbados, Dominica, Grenada, Montserrat, St. Kitts & Nevis, St. Lucia, and St. Vincent and the Grenadines. Women in Development (WID) Ltd., of Barbados is an associate member.

ECODEF is governed by a Council of members comprised of two representatives from each member NDF. Its affairs are administered by a Secretariat currently located in the Dominica NDF. ECODEF is represented on the CAIC Board.

c. The objectives of ECODEF are:

- * To foster the creation and institutional development of the NDFs in providing ongoing credit, training and technical assistance to micro and small businesses.
- * To mobilise funds and technical resources to sustain regional and national programs.

- * To provide a forum for the members of ECODEF to exchange views on common interests.
- * To support the development of viable micro, small and medium enterprises in the Eastern Caribbean.
- * To facilitate research, education and publicity in furtherance of micro, small and medium scale enterprises.

d. During 1990 and 1991, ECODEF obtained substantial and diverse donor support for its organizational development as well as for strengthening NDF credit programs and business counselling. Because of the already intensive fund mobilization efforts, ECODEF is well positioned to leverage USAID funds for NDF credit programs. Fund mobilization accomplishments to date are:

- * Core funding of EC\$45,178 for Secretariat operations from the Foundation for International Training (FIT).
- * Program funds for institution-building activities for members. This support was provided by SEAP through CAIC, FIT and the Canadian Training Awards Project (CTAP).
- * Grant funding of US\$420,000 from the European Economic Commission (EEC) for revolving loan funds for members and administration funds for the Secretariat.
- * A program grant of CAN\$61,800 from FIT for strategic planning.
- * Joint financing by the Caribbean Development Bank (CDB) of US\$97,000 and FIT of US\$50,000 to finance an ECODEF Regional Director and technical advisors to work with ECODEF in evaluating NDF needs.
- * A grant of \$11,000 from the United Nations Development Program (UNDP) to fund training attachments for 8 staff of member organizations.

e. RDO/C staff from the Controller's Office, Private Sector Office and Program Office will assess the current organizational status of ECODEF and collaborate with ECODEF to prepare a plan which details PVO registration and grantee eligibility requirements. The RDO/C staff will be available for consultation during this process. If necessary, SEAP funds may be used for employing consultants to develop financial, procurement and administrative procedures. The purpose is to enable ECODEF to gain accreditation, so that project management responsibility can be cleanly transferred from CAIC, thus avoiding overlapping

responsibilities. The Agreement with CAIC will end when ECODEF assumes project management responsibility.

3. IESC

IESC will remain as project grantee for three years to provide technical assistance to micro, small and medium scale enterprises.

B. SEAP Outputs and EOPS

1. Outputs

SEAP outputs during the project extension will be realized by 6,092 micro, small and medium scale separate businesses, of which at least an average of 40 percent shall be owned by women. (Please note that client enterprises may receive several SEAP services, including technical assistance, training and credit. The estimate of 6,092 relates to enterprises, not the number of services and loans.) The outputs were determined by examining prior project performance and assessing the capability of NDFs, NDIs and IESC to meet expected demand. Presuming that timely and sufficient funding would be provided, the following outputs are projected to be accomplished:

a. An estimated 3,500 micro and small enterprises will receive credit from NDFs.

b. An estimated 1,800 micro enterprises that do not receive credit will receive NDF provided business counselling.

c. An estimated 2,700 micro and small entrepreneurs will receive NDF provided training, of which 50 percent will be women.

d. An estimated 648 small and medium scale enterprises will be provided with NDI sponsored technical assistance.

e. An estimated 4,000 entrepreneurs and employees will receive NDI sponsored training.

f. An estimated 144 micro, small and/or medium scale businesses will receive IESC provided technical assistance.

The following are End of Project Status indicators:

2. EOPS

a. Private sector employment will be created or retained for 6,000 people, of which at least 40 percent shall be women.

b. Of the nine NDFs, including WID, Ltd., six shall achieve sustainability.

c. Of the 6,092 enterprises receiving SEAP assistance, 60 percent shall be operating profitably.

d. ECODEF will become a SEAP grantee and effectively manage SEAP.

C. Sustainability Goal for NDFs

1. Performance-Based Funding

Performance-based funding will be instituted during the first year of the extension. Year One is viewed as a transition period, enabling NDFs and WID Ltd. to adequately prepare for annual planning and performance setting towards sustainability goals. Of concern is the ability of NDFs to achieve sufficient income from the provision of training and business counselling and credit interest to sustain operations after SEAP ends. Performance assessments will be performed by CAIC/ECODEF and RDO/C to determine future SEAP funding for NDFs and WID Ltd. based on achieving approved annual projected performance. Changing economic and business conditions will be incorporated in assessments.

NDFs and NDIs will perform market analyses which identify their client pool and the demand for training, technical assistance, credit and other forms of business development assistance. The market analyses will be the basis for preparation of annual work plans which estimate the range and quantity of services and assistance needed to adequately serve their micro, small and medium scale enterprise markets. The plans will specify funding support, including fee and interest income as well as other donor and government support. The work plans, following grantee and RDO/C approval, shall become the basis for measuring NDF performance and allocating annual funding.

2. Market-Driven Interest Rates

In order to help achieve financial sustainability, interest rates to be charged BY NDFs on loans to micro and small enterprises will be positive in real terms (adjusted for inflation) and at least equal to the rates commercial banks charge their riskiest borrowers. Also, the NDFs will be expected to charge appropriate administrative fees to cover the cost of credit

transactions and maintain a loss reserve fund. Training and technical assistance will be provided to NDFs by CAIC during the Year One transition phase to develop a loss reserve fund. Annual assessments will be performed to determine the need for additional assistance.

Year One of the Supplement serves as a transition for NDFs to incorporate performance based credit program funding guidelines. Funding in Year Two for NDF credit programs is dependent on achieving satisfactory performance and compliance with credit program guidelines.

3. Efficient Credit Management

CAIC/ECODEF will administer the NDF credit component
by:

- * Providing technical assistance and training to facilitate cost-containment measures in NDF loan portfolio management;
- * Implementing uniform loan arrearage policies including fines and/or legal prosecution in response to delinquency and default situations;
- * Ensuring the practice of effective loan monitoring to provide early warning information on potential "problem loans";
- * Requiring NDFs to keep loan interest rates at least equal to the opportunity cost of capital as represented by rates used by commercial banks in lending to their non-prime clients; and
- * Providing a phased-approach to full implementation of a cost recovery program to include providing credit to clients to cover such costs, if necessary.

4. Addressing Non-Compliance

Because these measures are of crucial importance for achieving NDF financial sustainability, CAIC/ECODEF will agree to enforce the following noncompliance sanctions:

a. Throughout the three years, credit program funds will be withheld from NDFs which are not charging interest rates equal to or above the full opportunity cost of capital, i.e., no lower than banks charge non-prime clients (usually 2-3 percent above base rate).

b. The grantee will not channel any credit program funds to NDFs whose costs for credit administration exceeds 50 percent of the micro enterprise loan principal.

c. The grantee will not channel any credit program funds to NDFs whose default rate (defined as a loan in arrears for 180 days) reaches 7.5 percent. (The current average default rate is less than 5 percent.) Because of the potential for economic changes which affect default rates, the grantee may request RDO/C to approve a change in default rate as part of the annual planning process.

D. Cost Estimate and Financial Plan

This supplement adds \$7.8 million to SEAP, bringing the total authorized amount to \$22.310 million. Since SEAP is a regional project, no counterpart contribution is required. In keeping with the increasing ability of NDFs and NDIs to assume a greater share of operational and service delivery costs, 40 percent of the budget is proposed for obligation in FY 92, 36 percent in FY 93 and in FY 94, 24 percent is proposed for obligation. The budget is based on an appraisal of the capacity of grantees and sub-grantees to effectively apply USAID funds. Unexpended funds will be deducted from subsequent allocations, thus effectively reducing the need for USAID obligation. The Supplement authorization is allocated as follows.

SEAP SUPPLEMENT (THREE YEARS)

SUMMARY ILLUSTRATIVE BUDGET (\$000)

	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>TOTAL</u>	<u>PERCENT</u>
<u>OPERATING COSTS</u>	1,123	932	626	2,681	35
<u>CAIC/ECODEF</u>					
Project Management (RCU)	285	263	263	811	
Regional Co-ordinator					
Training & TA Officer,					
Credit & MIS Officer &					
3 Support Staff					
Travel & Per Diem of					
RCU Staff	44	29	29	102	
Admin. Support	143	35	35	213	
<u>NDF/WID</u>					
Admin. Support	286	260	86	632	
NDF Loan Officers	216	196	64	476	
<u>IESC</u>					
Director and 2					
Support Staff	109	109	109	327	
Admin. Support	40	40	40	120	
<u>TRAINING & COUNSELLING</u>					
CAIC/ECODEF (RCU)	100	80	66	246	3
<u>TECHNICAL ASSISTANCE</u>	507	467	309	1,283	17
CAIC/ECODEF (RCU)	21	18	14	53	
NDF/WID	216	196	64	476	
IESC	151	151	151	453	
NDI	119	102	80	301	
<u>CREDIT</u>					
NDF Credit Funds	1,490	1,048	752	3,290	42
<u>AUDIT</u>					
CAIC/ECODEF	60	60	60	180	2
<u>EVALUATION</u>					
RDO/C	40	-	80	120	1
<u>TOTAL</u>	<u>\$3,320</u>	<u>\$2,587</u>	<u>\$1,893</u>	<u>\$7,800</u>	<u>100</u>

The following presents cost data within each budget element.

1. Operating Costs

a. Regional Coordinating Unit (RCU): The Supplement budget finances the personnel costs of Regional Coordinator, Technical Assistance and Training Officer, Credit and Management Information Systems Officer and three support staff. In addition, administrative support costs of the RCU, such as rent, communications, accounting, and other indirect services provided by CAIC are reimbursed by the project.

b. NDF/WID: While the full costs of NDF operations was provided for in earlier budgets, the increased emphasis on sustainability has enabled NDFs to assume a greater share of operation costs. The allocation of administration costs will be provided on a declining basis.

c. IESC: In accordance with AID/W guidelines, SEAP bears the full costs of maintaining the regional IESC office located in Barbados. There is no AID/W support for field operations. Personnel costs cover living expenses, such as housing, insurance and home leave of the Regional Director and the costs of two Secretaries. Administrative support costs are those related to office operations, including rent, communications and utilities.

2. Training

a. NDIs: An estimated 75 training courses a year will be coordinated and/or presented by NDIs. Courses will average 18 trainees @ \$62 per trainee.

b. NDFs: An average of 100 training sessions will be provided by NDFs each year at an average cost of \$90 per trainee with an average of nine trainees per session.

3. Technical Assistance

a. CAIC/ECODEF: Project funds will finance the costs of about 400 days of consulting services provided by the project grantee to assist NDFs and NDIs to strengthen sustainability activities, support RDO/C approved advocacy and representational activities of the Eastern Caribbean Development Committee and to provide technical assistance required to assist ECODEF to become eligible to be a USAID grantee. The average cost per technical assistance intervention is \$885, covering an average of 6.5 days.

b. NDF/WID: Project funds will finance the costs of Small Business Advisors at an average cost per Advisor of \$18,000 per year for the three year extension.

c. IESC: Some 48 interventions per year at an average cost of \$3,150 are projected for IESC. SEAP will meet the costs of mobilizing and maintaining volunteers during Eastern Caribbean assignments. Clients reimburse IESC 25 percent of direct technical assistance costs.

4. Credit

NDF/WID: The Budget increases NDF "Revolving Loan Funds" for loans to micro and small scale clients at an average loan of \$940.

5. Audits

Project grantees will arrange for annual audits by a certified Public Accounting firm using Scopes-of-Work as provided by RDO/C. The firm determines if the requirements of the Grant Agreement and applicable U.S. Government laws and regulations are being followed. It will also verify the adequacy of the Grantee's accounting system, the accuracy and allowability of direct costs claims, and verify the accuracy and allowability of indirect reimbursement claims.

6. Evaluations

RDO/C will arrange for evaluations at the end of FY 1992 and 1994. As in the past, the evaluation teams will comprise regional and U.S. personnel who will be hired through direct contracts with RDO/C or under a direct contract between RDO/C and a consulting firm.

E. Methods of Disbursement and Financing

<u>ENTITY</u>	<u>METHOD OF DISBURSEMENT</u>	<u>METHOD OF FINANCING</u>	<u>AMOUNT</u>
CAIC/ECODEF	Direct Reimb.	Co-op Agreement	\$20,587,540
IESC	Direct Reimb.	HB-13 Grant	\$1,200,000
RDO/C Management	Direct Payment	Direct Contract	\$522,460

- * A RCU functional transfer plan will be formulated by CAIC and ECODEF and reviewed by RDO/C.
- * The RCU will complete transition to that of a support unit to the NDFs and NDIs, providing guidance on credit program management, business counselling, training and technical assistance delivery.
- * An Eastern Caribbean private sector advocacy and representational plan prepared by the Eastern Caribbean Development Committee will be submitted for RDO/C review.
- * The SEAP Policy Advisory Committee will become a sub-committee of the Eastern Caribbean Development Committee while CAIC remains a grantee and meets quarterly to guide SEAP.
- * A SEAP evaluation occurs.
- * A compliance audit of CAIC will be performed.
- * By the end of the first year, the Cooperative Agreement with CAIC for its portion of project management ends.
- * Upon certification, ECODEF receives a Cooperative Agreement and take on project management responsibility.
- * IESC two year grant authorized.

2. Year Two

Year Two marks the transfer of project management responsibility to ECODEF and the institutionalization of NDF performance-based funding.

- * NDFs and NDIs perform client demand analyses and prepare annual work plans which establish performance standards are approved by RDO/C.
- * NDFs are assessed to determine their progress in the transition to sustainability and assumption of client training and technical assistance packaging.

- * Financial assessments of NDFs occur.
- * Annual grantee compliance audits occur.
- 3. Year Three
- * This is the final project year.
- * A final audit occurs.
- * A final Evaluation occurs.
- * A close-out report is prepared by the RDO/C Project Officer.

I. Program Income

The NDFs, NDIs and IESC obtain substantial income from clients services provided on a fee-for-service basis. Client income and income from other sources, such as other donors or governments, is detailed in the annual plans and budgets that are submitted by NDFs and NDIs to CAIC/ECODEF and in the annual grant work plan submitted to RDO/C by IESC. Income from these sources is incorporated in projected service levels and sustainability performance assessments for NDIs and NDFs. In the case of IESC, client income is used to offset USAID funding.

16

SUPPLEMENT LOGICAL FRAMEWORK
FEBRUARY, 1992 THROUGH FEBRUARY, 1995

DATE PREPARED: February 3, 1992

Project Title & Number: Small Enterprise Assistance Project (538-0133)

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p><u>Project Goal</u></p> <p>To increase levels of employment, income, productivity and economic growth in Eastern Caribbean countries by assisting in the development of privately-owned productive enterprises.</p>	<p><u>Measures of Goal Achievement</u></p> <ul style="list-style-type: none"> - Increased private sector employment, income, and productivity - Increased integration of local and regional economies. - Increased GDP. 	<ul style="list-style-type: none"> - National and regional statistical data. - Analysis of relevant industry sectors/sub-sectors. 	<p><u>goal targets:</u></p> <ul style="list-style-type: none"> - Validity of development hypothesis.
<p><u>Project Purposes</u></p> <p>To increase the ability of local entrepreneurs to establish, expand or increase the efficiency of their micro, small and medium scale enterprises to produce and sell their goods and services in local, regional and extra-regional markets.</p>	<p><u>Conditions that will indicate purpose has been achieved:</u> <u>End of project status:</u></p> <ul style="list-style-type: none"> - Private sector employment will be created or retained for an estimated 6,000 people, of which at least 40% shall be women. - Of the nine NDFs, including WID Ltd., six shall achieve sustainability. - Of the 6,044 enterprises receiving SEAP assistance, 60 percent shall be operating profitably. 	<ul style="list-style-type: none"> - National and regional statistical data. - Interim and post-project evaluations. 	<ul style="list-style-type: none"> - Regional economic, political and social stability continues. - Availability of viable business opportunities. - Availability of local financing.
<p><u>Outputs</u></p> <ul style="list-style-type: none"> - NDFs will provide credit and business counselling to micro and small scale enterprises. - NDIs will provide training and technical assistance to small and medium scale enterprises. - IESC will provide technical assistance to micro, small and medium scale enterprises. 	<ul style="list-style-type: none"> - 3,500 micro and small enterprises will receive credit from NDFs, of which 40% shall be owned by women. - 1,800 microenterprises that do not receive credit will receive NDF provided business counselling. - 2,700 micro and small entrepreneurs will receive NDF provided training, of which 50 percent will be women. - 648 small and medium scale enterprises will be provided with NDI sponsored technical assistance, of which 40% shall be owned by women. - 4,000 entrepreneurs and employees will receive NDI sponsored training. - 144 micro, small and/or medium scale businesses will receive IESC provided technical assistance. 	<p>Quarterly and annual reports submitted by RCU IESC and other delivery institutions.</p>	
<p><u>Inputs:</u></p> <ul style="list-style-type: none"> - Operating Costs - Training - Technical Assistance - Credit - Audit/Evaluation TOTAL 	<p>(US\$000)</p> <p>2,205 246 1,283 3,766 <u>300</u> <u>7,800</u></p>	<ul style="list-style-type: none"> - USAID Records - CAIC/ECODEF Reports - IESC Reports 	<ul style="list-style-type: none"> - AID contributions obligated on a timely basis - RCU has adequate staffing

Lotus:LOGSEAP:CJONES