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USAID IMPROVING ACCESS TO FINANCIAL SERVICES PROJECT

ANNUAL PERFORMANCE REPORT I

December 21, 2011 – September 30, 2012

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USAID Improving Access to Financial Services Project

QUARTERLY Performance REPORT:
December 21, 2011 – September 30, 2012

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ABBREVIATIONS

AMC	The Cooperative Society of Savings and Loans – a Non-Bank Financial Inst.
ASOMI	The Association of Microfinance Institutions of El Salvador
COP	Chief of Party of the Improving Access to Financial Services Project
CRB	Central Reserve Bank
FEDECACES	The Federation of Credit Unions of El Salvador
Fedecrédito	The Federation of *Cajas* of El Salvador
GBSI	Global Business Solutions, Inc. – Prime Contractor
LOP	Length of Project
LOU	Letter of Understanding
METAS	The Project-provided financial training course
MSEs	Micro and Small Enterprises
NBFIs	Non-Bank Financial Institutions
OTA	Office of Technical Assistance of the U.S. Treasury
SFS	Superintendency of the Financial System
STTA	Short-term Technical Assistance
UNDP	United Nations Development Project
Weidemann	Weidemann Associates , Inc. – Sub-Contractor

EXECUTIVE SUMMARY

The USAID Improving Access to Financial Services Project (*"The Project"*) has achieved the following during its first nine months of operations:

1. Provided extensive technical assistance to the Central Reserve Bank to prepare and introduce regulations to promote mobile financial services throughout El Salvador. As of the writing of this report, these norms have been presented to the industry for public comment and are expected to be signed prior to year-end.

2. Obtained USAID authorization to *triple* - from 80 to 240 - the end-of-project indicator of financial staff from regulatory and supervisory bodies trained. In Fiscal Year I the Project surpassed the new target.

3. Sought USAID authorization to *quadruple* – from 800 to 3,200 – the number of expected new borrowers as a result of Project technical assistance. Also, added a new indicator: 800 new savers in Project-assisted institutions.

The Project seeks to improve the lives of lower income households. The Project design follows international best practice by pursuing broader access to financial markets and services for micro and small enterprises (MSEs)[1]. Its strategy involves strengthening both the regulatory environment and the private sector financial institutions which offer services to this economic sector. The Project focuses attention on the role of women in Project activities and is meeting or significantly exceeding Project targets.

The USAID Improving Access to Financial Services Project began on December 21st, 2011. By January 8th, 2012 the Project´s Chief of Party was in-country. The following activities were accomplished during this nine-month Fiscal Year I:

Component 1: Improvement of the Enabling regulatory and supervisory environment for MSEs

The original Project contract identified the following expected result under this component:

> "At least 80 financial staff from regulatory and supervisory bodies trained with USG assistance in topics such as analysis, evaluation, and measurement of financial and operational risks, group lending, information sharing techniques and new products, mainly Mobile Banking."[2]

Number of Regulatory and Supervisory Staff Trained		
Original Deliverable	*Project-Proposed Revised Deliverable*	***Fiscal Year I Result***
80	240	243

300% Increase !

During the nine months of the Project´s Fiscal Year I, six training events were offered to representatives of the Central Reserve Bank

[1] Ref USAID/El Salvador's Mission Strategic Objective "Economic Freedom: Open, Diversified, and Expanding Economies," and Intermediate Result No. 3 "Broader Access to Financial Markets and Services

[2] Global Business Solutions, Inc. contract, Page 11 of 50 pages

(CRB) and the Superintendency of the Financial System (SFS). Four training events covered topics related to Mobile Banking and two events covered the analysis, evaluation and measurement of financial and operational risks of financial organizations providing services to MSEs.

Because of higher demand in response to the quality of training being provided for the training services, the Project petitioned USAID to increase this deliverable, from 80 to 240 trained staff from regulatory and supervisory bodies and as of the date of this annual report the Project has surpassed the increased target.

1. Three important results/initiatives have emerged from these training activities: El Salvador now has draft regulations for permitting mobile financial services which, if adopted, will represent a global model for this new distribution model;

2. The Project and the SFS has agreed to work together to develop an on-line tool to promote the formalization of currently unsupervised financial organizations and to guide them through the process of securing SFS authorization to capture savings, a critical element for the long-term success of financial institutions interested in serving the needs of MSEs; and

3. The Project is assisting the CRB to expand the outreach of its Program of Financial Education (from 3,500 to 35,000 people) by linking it with Project partner ACACU, a cooperative in La Unión which manages a Friday-evening television program which the CRB will use to educate ACACU´s audience. As financial services become increasingly available to lower income households and MSEs, such programs of financial education and consumer protection grow in importance to ensure the proper use of loans and to motivate people to save.

Component 2: Improvement of Technical Skills, New Products and Market Infrastructure of the Financial Institutions to Provide Appropriate Financial Services for MSEs

The Project contract defines the following expected results under this component:

> "No less than eight Microfinance Institutions supported by USG technical assistance, training and improved technology, strengthened. At least two of them must be ready to comply with the SFS requirements for becoming an organization supervised by that body by the end of the project.
>
> No less than 300 staff from microfinance organizations and the association trained in new methodologies and products appropriate to MSEs.
>
> No less than 800 new MSEs borrowers from USG Assisted Microfinance Institutions attributable to the technical assistance provided under this contract.
>
> No less than two new financial products or instruments introduced, developed or improved."[3]

Additionally, the Project must strengthen at least one association of institutions servicing micro and small entrepreneurs.

[3] Ibid, Page 12 of 50 pages

During Fiscal Year I the Project identified seven of the minimum of eight expected Microfinance Institutions:

1. ***Asociación Cooperativa de Ahorro y Crédito de la Unión de Responsabilidad Limitada (ACACU)* -** ACACU is a credit union located in La Unión. With five branch offices, it manages US$45 million in total assets, US$35 million of which are in outstanding loans to almost 6,000 of its membership, approximately 1,200 of which represent loans to micro and primarily small enterprises averaging US$3,500.
2. ***Adel Morazán Créditos de Responsabilidad Limitada (AMC)*** – This microfinance institution / cooperative society is located in San Miguel with sixteen branch offices throughout El Salvador serving approximately 12,500 micro and small entrepreneurs. It disburses more than 1,200 loans each month with an average value of less than US$900.
3. ***APOYO INTEGRAL* -** Integral is a regulated microfinance institution / cooperative society. It has approximately $70 million in assets and 35,000 microenterprise borrowers being attended through 26 branches.
4. ***Asociación Salvadoreña de Extensionistas del INCAE (ASEI)* -** ASEI is a non-governmental organization (NGO) with head offices in San Salvador. It manages four branch offices, 7,200 business clients and an outstanding loan portfolio of approximately US$1.4 million. The important fact about ASEI is its plan to grow to 80,000 clients by the year 2020.
5. ***Servicios Financieros ENLACE* -** This microfinance institution / non-governmental organization has a head office in Santa Tecla, ten branch offices throughout El Salvador and more than 37,000 active clients. It disburses almost ten thousand credits to business entrepreneurs each month, 100% of which, on average, are below US$400.
6. ***FINCA* -** This non-governmental organization has its head office in San Salvador and nine branch offices throughout El Salvador currently serving approximately 6,000 clients. FINCA offers financial services primarily to women entrepreneurs.
7. ***Fundación Campo* -** This non-governmental organization has head offices in San Miguel. Of particular interest is that this organization works with rural producer groups, offering the Project an opportunity to explore ways to increase the productivity of participating small farmers.

Activities continue to identify the eighth Project partner. Based on its selection of the institutions above, the Project has requested that USAID increase the deliverable of providing loans to new borrowers, from the original 800 to a new Project target of 3,200 new micro and small business borrowers.

Number of New Borrowers	
Original Deliverable	*Project-Proposed Revised Deliverable*
800	3,200

400% Increase !

One Association Strengthened

There are three primary associations of financial institutions servicing micro and small entrepreneurs: the Federation of Credit Unions (FEDECACES), the Federation of Cajas (Fedecrédito) and the Association of Microfinance Institutions (ASOMI). Throughout Fiscal Year I the Project reached out to all three associations on multiple occasions, yet serious obstacles continue regarding engaging an association in Project activities.

A strategic orientation of the Project involves encouraging and helping organizations to transform themselves into intermediaries supervised by the Superintendency of the Financial System (SFS). The Project is working individually with the previously mentioned institutions as well as with the regulatory authorities to accomplish this goal.

Both FEDECACES and Fedecrédito have successfully defended themselves against past attempts to require their affiliates to be supervised by the SFS. Although the Project believes that this represents a strategic misconception on their part, it possesses little incentive to encourage a change in direction. The Project Nonetheless, the Project intends to continue meeting with representatives of both FEDECACES and Fedecrédito during Fiscal Year II to discuss emerging opportunities pertaining to micro-insurance, over-indebtedness, financial education and enhanced in-house self-regulation.

Strategic issues also affect the Project´s ability or willingness to provide support to ASOMI. From 2008-2010, microfinance associations world-wide contributed to the definition of a set of indicators to measure their own institutional performance. (See table below.)

	Indicator	Target
ASSOCIATION PERFORMANCE	**Membership and Representation**	
	Member satisfaction results	Increasing
	Member ratio (%)	100%
	Member coverage (%)	100%
	Association Financial Performance	
	Cost recovery ratio	100%
	Overhead ratio	15% - 20%
MEMBER RESULTS	**Member Performance**	
	No. of deposit-taking members	Increasing
	Deposit-taking members (%)	100%
	:	:
INDUSTRY QUALITY	Interest rate disclosure	100%
	Consumer Protection	100%
	Financial Transparency	100%

To reiterate, colleagues of ASOMI around the world actively participated in the design of this set of indicators. Significantly, from the Project´s perspective, these representatives of microfinance associations established deposit-taking as a key institutional goal: the number of deposit-taking members should increase until all members are authorized by the local regulatory authority to capture savings.

At present, ASOMI has no explicit plans for promoting deposit-taking among its membership. Indeed, at its recent conference held in Panamá in September, 2012, the regional microfinance association REDCAMIF, of which ASOMI is a member, did not introduce in any of its panels and presentations, a strategy for encouraging its membership to seek authorization to capture savings.

To capture savings in El Salvador, an institution must seek authorization from the Superintendency of the Financial System. To succeed, its internal policies and procedures must comply with regulatory requirements. The Project supports those interested in taking this important step in institutional transformation and is reluctant to invest in a microfinance association which does not actively advocate for this among relevant authorities and its membership. As of the date of this report, the Project is awaiting feedback from the Board of Directors of ASOMI regarding this important strategic discussion. Hopefully, opportunities will arise in Fiscal Year II which will warrant Project support for this association.

Source: Success Indicators for Microfinance Associations, The SEEP Network, McAllister, Patrick and Dezso, Diana, 2010

Training

During Fiscal Year I the Project provided five training events to 166 staff of microfinance organizations, primarily through the "METAS " course but also on topics related to becoming a supervised financial institution. The "METAS" course continues to be in high demand and over 93% of participants affirm that the course is very valuable and that they would recommend it to colleagues.

The consolidated target for all training activities is that at least 40% of trained staff is female. As of the end of Fiscal Year I, the actual result stands at 44%.

The USAID Improving Access to Financial Services Project provides the instructor and materials. Training participants must cover all other costs, including the rental of the training venue and all meals and foods provided during coffee breaks. This is unusual for USAID-supported Projects yet provides added credibility to the quality, impact of and demand for the Project´s training activities.

Remaining Project deliverables refer to the institutional of Project partners and will be met or surpassed in Fiscal Years II and III. In addition, the Project petitioned and USAID approved a new deliverable: Number of New Savers (65% women) with a target of 800 new savers.

Project Administration

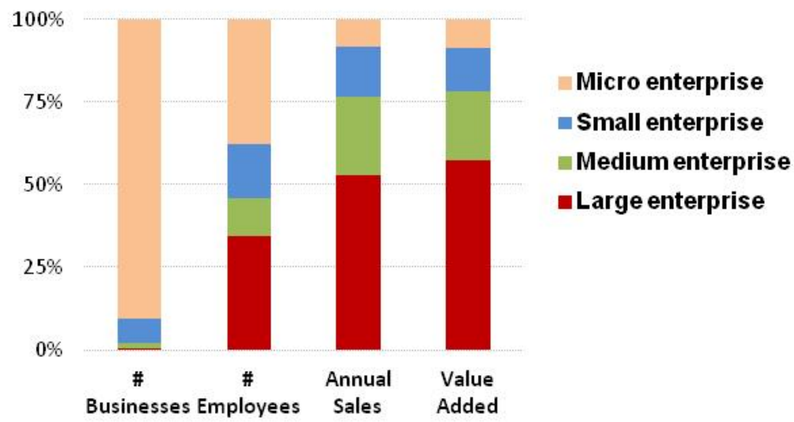
All Project-required reports and studies were delivered on schedule. Project expenses closely match submitted budgets, with a cumulative budget variance of only 4.8%:

In conclusion, the results of the first nine-month Fiscal Year of the USAID Improving Access to Financial Services Project reflect a strong tendency towards meeting or achieving significant increases in Project deliverables. Indeed, Project initiatives result in positive leverage of Project resources to meet goals. The Project´s relationship with important institutional Partners is strong – for example, the Superintendency of

the Financial System invited the Project´s Chief of Party to moderate an event in which the USAID Ambassador gave the keynote address – and technical advances are occurring at participating microfinance institutions. The USAID Improving Access to Financial Services Project is making important strides in improving the environment and direct services that will meet the financial services needs of MSEs and indeed all lower income households in El Salvador by strengthening the regulatory environment and the financial institutions providing those needed services.

I. INTRODUCTION TO THE USAID IMPROVING ACCESS TO FINANCIAL SERVICES PROJECT

Micro and small enterprises (MSEs) in El Salvador generate over 50 percent of employment nationwide and as such represent a critical business sector which warrants dedicated policies and initiatives to enhance its competitiveness. This means that more micro and small businesses should not only increase their current productivity but should also grow into medium and large businesses in the future.



Providing support to the country's micro and small enterprises is a pre-requisite for enhancing the national and international investment climate in El Salvador. Representing over 95 percent of the country's businesses and, micro and small enterprises require ready access to the financial services needed to increase their efficiencies, productivity and profits.

The USAID Improving Access to Financial Services Project (IAFS) contributes to the accomplishment of the USAID/El Salvador's Mission Strategic Objective "Economic Freedom: Open, Diversified, and Expanding Economies," through Intermediate Result No. 3 "Broader Access to Financial Markets and Services" by creating an enabling environment and increasing the capacity of Non-Bank Financial Institutions (NBFIs) to provide appropriate and permanent services for MSEs. It also orients all strategies to be consistent with the objectives and goals delineated in the Partnership for Growth agreement between El Salvador and the United States. There is little question that to encourage greater investment volumes in El Salvador, particularly in large, internationally-focused companies, it is imperative to ensure a properly functioning, well-funded micro and small business sector operating within a supportive political and legal environment. This is a major focus of the USAID IAFS Project:

1. Identify a number of Non-Bank Financial Institutions (NBFIs) interested in attending the needs of productive micro and small enterprises;
2. Provide assistance to these institutions to strengthen their operating systems, broaden their product lines and deepen their capacity for effective and timely financial analysis aimed to enhance institutional performance;
3. Support the efforts of those NBFIs interested in falling under the supervision of the Superintendency of the Financial System (SFS);
4. Support the SFS itself to ensure appropriate and effective supervision of the NBFIs;
5. Encourage greater numbers of NBFIs to seek SFS supervision as a necessary step for seeking further investments, both national and international.

Additionally, consistent with the orientation of the *USAID Forward* initiative, the USAID IAFS Project is providing extensive support to the Central Reserve Bank (CRB) and the SFS for promoting financial inclusion via the development of mobile financial services. As will be presented in this report, the IAFS Project has been singularly successful in orienting the BCR and SFS towards a market-driven, institutionally neutral set of regulations aimed at promoting widespread and rapid use of this new range of services.

II. PROJECT ACTIVITIES CARRIED OUT DURING FISCAL YEAR I

A. START UP

The first year of operations for any new project is complex. Key personnel must be hired and relocated, local housing and transportation must be secured, location staff positions must be advertised, identified and interviewed, references must be contacted and salaries negotiated.

- Key Personnel hired and in-country
  - ✓ The originally proposed Project Chief of Party, William Tucker, was hired within two weeks of contract signing and arrived in-country on January 8th, 2012.
- Local Staff Recruited, Approved and Hired
  - ✓ The Project Administrator, Beatriz Molina, received USAID authorization on February 16th and started work immediately.
  - ✓ On April 3rd USAID approved the proposed Monitoring & Evaluation Specialist, Mr. Francisco Hernández.
  - ✓ On May 8th USAID approved the Project´s Marketing and Communications Specialist, Ms. Melissa Aguirre. This last position was upgraded from the administrative position as originally described in the Project proposal in order to be more responsive to the USAID Mission’s desire for enhanced communications of Project activities and successes.
- GBSI Registered In-Country
  - ✓ With the assistance of the Project COR, the Project identified a simplified set of procedures for registering GBSI in El Salvador, and this was done quickly at low cost. GBSI formally secured its registration and received its Tax Identification Number on March 5th. The project team further established that its sub-contractor need not secure its own Tax Identification Number.
- Operationalize the Project Office
  - ✓ Project offices in the Edificio Gran Plaza in Colonia San Benito were secured in March.

- ✓ The Project Administrator secured the necessary quotes from vendors for the procurement of office furniture and equipment, internet service and phone lines, other services, etc. Office equipment was then secured and installed.
- ✓ The Project office immediately prepared a Facebook page to communicate Project activities: http://www.facebook.com/ProyectoIAFS

In summary, all start-up activities were completed on time and under budget, allowing the Project team to focus on technical implementation.

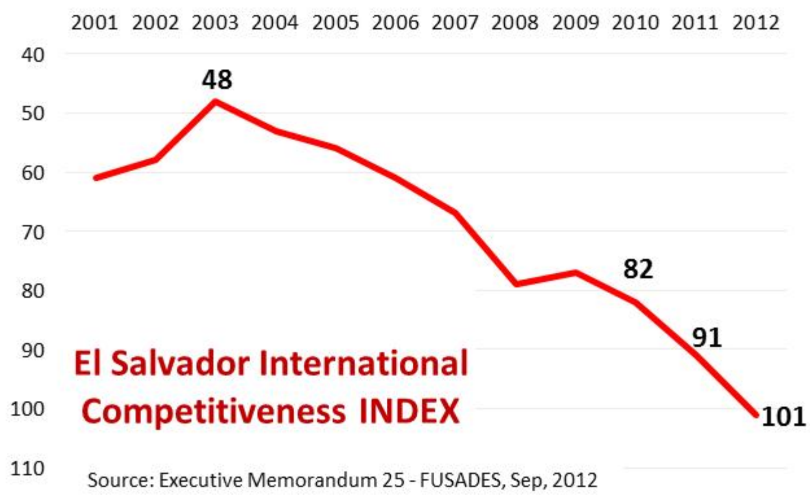
B. TECHNICAL ASSISTANCE ACTIVITIES

Component 1: Improvement of the Enabling Regulatory and Supervisory Environment for MSEs

The **PARTNERSHIP FOR GROWTH** Joint Country Action Plan 2011-2015, signed between the governments of the United States and El Salvador, contains the following quote:

> *"In the Global Competitiveness Report, El Salvador ranks last out of 142 countries under the Organized Crime indicator, and 132 out of 142 countries in Business Costs of Crime and Violence."*
> Page 5, PfG Country Action Plan

A document from a local Salvadoran institution presents the following analysis regarding El Salvador´s level of international competitiveness:



It is the position of the USAID Improving Access to Financial Services Project that there are limited opportunities to enhance the overall security situation within El Salvador without attending to the business needs of the country's extensive small and micro enterprise sectors. And as far as reversing the free-fall of the country´s international competitiveness is concerned, major initiatives are required to attract the new private sector investments which represent the only practical and viable strategy for success. As will be presented below, the Project´s contributions to introducing mobile financial services in El Salvador could prove to be one such major initiative.

As expressed in the September 28th weekly report, while supportive of some of its initiatives and indeed open to the possibility of coordinating some actions where appropriate, the USAID Improving Access to Financial Services Project makes note of the enthusiasm surrounding the development bank of El Salvador "BANDESAL". In some cases, BANDESAL is being presented as the principal strategy within El Salvador for providing financial services to micro and small businesses. BANDESAL is a public sector initiative and there is a wealth of global experience concerning the operational challenges which such entities sooner or later face. The Project believes that an enabling environment with a strong orientation towards private sector initiatives will support a resurgence of the international competitiveness of El Salvador. The Project-supported design for promoting mobile financial services, implemented during this first Fiscal Year of operations, reflects this private-sector approach for the enabling environment.

Within this orientation, early in Fiscal Year I the Project carried out a rapid assessment of issues affecting access to financial services, focusing specifically on the strengths, weaknesses, opportunities and threats facing the microfinance sector in El Salvador. Mobile financial services were identified as an important opportunity in that report:

> *Given the pending introduction of mobile financial services, allowing multiple corporate actors to enter into this new market, important opportunities for alliances between NBFIs and mobile network operators may arise. Given certain international experiences with mobile financial services, it will be important for Project partners, and indeed all NBFIs in El Salvador to carefully assess their market positions as this new mobile service spreads throughout the market.*
>
> USAID Improving Access to Financial Services Project: Quarterly Report I, page 5

Mobile Financial Services led by the Central Reserve Bank

The USAID Improving Access to Financial Services Project took full advantage during Fiscal Year I of an opportunity to support plans for introducing mobile financial services throughout El Salvador.

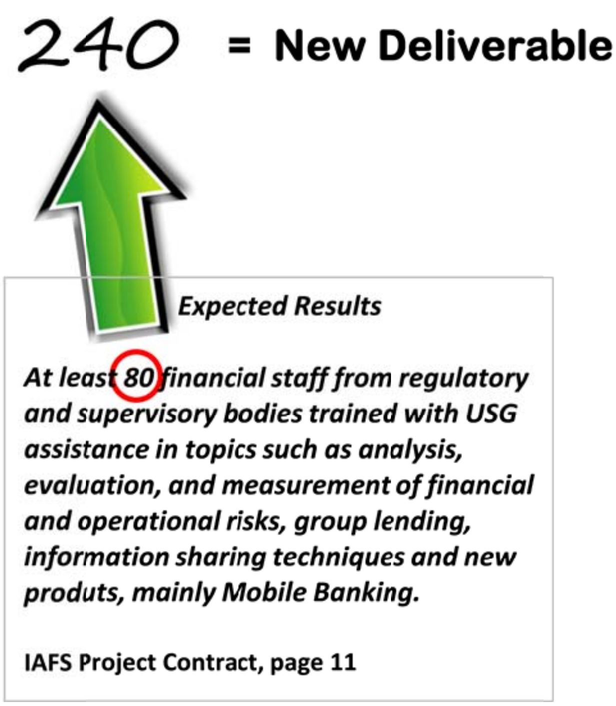
The Central Reserve Bank (CRB) requested Project assistance for developing a set of norms and regulations to implement mobile financial services. The CRB provided the Project with a very tight timeline to prepare the regulations pertaining to mobile financial services. The Project immediately recognized the importance of this opportunity and, in close coordination with the Project´s Contracting Office Representative (COR), met with USAID representatives to explain the intended strategic orientation to guide the CRB and the importance of securing the expertise of certain consultants. The aggressive sequence of consultant visits (see calendar below) and eventual success in steering the regulatory model in a market-driven direction would not have been possible without the sustained efforts and agile reactions of the USAID Mission as multiple consultants were submitted for the necessary approvals and clearances, all within a very tight timeframe.

USAID IMPROVING ACCESS TO FINANCIAL SERVICES PROJECT

EXTERNAL SHORT-TERM TECHNICAL SUPPORT TO CENTRAL RESERVE BANK MOBILE FINANCIAL TRANSACTIONS

April	23	24	25	26	27
	Efraín Camacho - Lead Consultant				
May	30	1	2	3	4
	Efraín Camacho - Lead Consultant				
	7	8	9	10	11
	14	15	16	17	18
	21	22	23	24	25
		Fabiola Herrera - Payment Systems			
	28	29	30	31	1
			Ricardo Estrada - Supervision Mobile Transactions		
		Efraín Camacho - Lead Consultant			
June	4	5	6	7	8
	Ricardo Estrada - Supervision Mobile Transactions				
		Freddy Landivar - Information Security			
	Efraín Camacho - Lead Consultant				

The Terms of Reference of every consultant were designed to inform and guide the participating representatives of the BCR and SFS in the technical areas identified and requested by the CRB. Consistent with Project design and deliverables, all short-term consultants prepared training activities as part of their work in support of a market-driven, “*neutral*” set of regulations for mobile financial services.[4] The demand for these trainings far exceeded Project expectations, resulting in the subsequent request to elevate at no additional cost to USAID, the deliverable of financial staff trained from regulatory and supervisory bodies, from 80 to a new target of 240[5]. All consultant final reports were delivered to USAID and uploaded to the Development Experience Clearinghouse as per contract stipulations.



As currently designed, the draft regulations, if implemented, will engender a major and sustained increase in financial inclusion, allowing low-income households everywhere to have access to financial services for the first time in their lives. The draft regulations are consistent with Project strategies and orientations in terms of a neutral, open, market-led, demand-driven model which, if approved as written, will represent a model not only for Latin America but for developing countries worldwide.

The Project coordinated very closely with the *Programa Conjunto del Fondo España-Naciones Unidas “Vivienda y Asentamientos Urbanos Productivos y Sostenibles”*, an program involving the United Nations Development Project (UNDP) as well as *ONUDI* and *ONUHABITAT*. The UNDP had previously funded a visit by representatives of the CRB and the SFS to both Colombia and Paraguay to familiarize themselves with the laws and norms governing mobile financial

[4] “Neutral” refers to an important strategic goal of the consultancies: the neutrality of the proposed norms refers to the avoidance of any bias towards any one industry, specifically the banking industry which, in Latin America, has been successful in ensuring control over these new mobile services. “Neutral” regulations in this sense leave it to the competitive market to decide which combination of service providers or alliances will succeed.

[5] Although official notification of USAID approval of the proposed new target has yet to be received as of the writing of this report, the Monitoring Section of this Quarterly Report assumes eventual approval and applies the new target.

transactions in those countries. Continuing with this coordination, the UNDP representative agreed to finance 100% of the costs of the Project´s second consultant, Lic. Fabiola Herrera, a senior executive of the Central Bank of the Dominican Republic.

The Project´s Lead Consultant, Mr. Efraín Camacho, past Superintendent of Banks in Bolivia, returned to El Salvador on May 29th with the purpose of weaving together with representatives of the Central Reserve Bank and the Superintendency, the contributions of all of the Project´s consultants to create a set of norms and regulations for authorizing mobile financial transactions in El Salvador.

Summary Conclusions

Source: Efraín Camacho's Final Report

"The proposed regulation is open and neutral in the sense that it allows for the functioning of all business models. …[I]t … integrates additive and transformational business models, creating a regulatory innovation compared to what exists internationally.

As currently designed, the regulation makes possible the financial inclusion of broad segments of the populace, who already possess cell phones yet do not have, currently, access to financial services."

Page 3 – IAFS Translation

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Broadening the Perimeter of Supervision of the Superintendency of the Financial System (SFS)

The Project is working with the SFS to advance its 5-year Strategic Plan, which includes an initiative aimed at extending its supervisory responsibilities to the credit union and *Caja* systems as well as other microfinance institutions. The SFS has requested Project support and this will be provided throughout the life of the Project.

The following list summarizes conversations held between the Project and the SFS:

a) "Cooperative Banks"[6] and Savings and Loan Societies together manage in excess of $750 million in savings from primarily lower-income households. Only a small number of these institutions are formally supervised by the SFS.

[6] Cooperative Banks encompass Savings and Loans Cooperative Associations, Savings and Loans Cooperative Societies, Rural Credit *"Cajas"* and the four Workers Banks.

b) Laws, norms and regulations governing the supervision of deposit-taking entities are complex and have generated interest on the part of only a small number of financial organizations to voluntarily seek external supervision by the SFS.
c) The act of being supervised by the SFS represents a marketing advantage for the financial intermediary in that it confers greater credibility to the supervised entity in a competitive marketplace: that is, both consumers and investors view them as safer institutions.
d) Although certain SFS requirements may increase costs for the supervised entity, the end result is a stronger, safer institution, capable of both capturing and protecting household savings.
e) The concept of "delegated supervision" has emerged due to concerns on the part of the SFS of the potential expense of supervising a large number of relatively small financial intermediaries. Although these smaller intermediaries would be assessed a fee for the SFS supervision – and initial estimates indicate that these fees could be sufficient to cover the costs of an efficient specialized office – in order to follow the very same policies as those applied to the country's commercial banks, the national government would nevertheless need to allocate funds from the national budget to cover a portion of the costs of this office. This complicates efforts towards direct supervision.
f) Both Fedecrédito, the apex body of the *Cajas*, and FEDECACES, the Federation of many Salvadoran credit unions, oppose the direct supervision of the SFS and their political influence has, to date, allowed them to successfully defend this position. This has created a tremendous challenge for the Project to address its objective of strengthening of an Association/Federation that will promote better laws and actions related to financial services for MSEs.

The Project has proposed and the SFS has agreed to support the development of an on-line tool to simplify the understanding of current norms and regulations and to guide interested organizations through the process of preparing themselves for eventual supervision, as per an important Project deliverable. The intent is to work with SFS experts and their counterparts from the Central Reserve Bank, to assist in the development of this tool and, in the process, identify opportunities to support the SFS's intent to move away from a model of supervision through compliance and towards the model of supervision of risks. Considering preliminary findings from work done during Fiscal Year I, the Project will actively seek and aggressively pursue opportunities to simplify the process of supervision while maintaining proper levels of prudence, and that by doing this reduce the costs to the financial organizations of being supervised. Simplified procedures accompanied by lower costs and greater emphasis on the benefits of being supervised, will increase institutional willingness to take this important step.

Component 2: Improvement of Technical Skills, New Products and Market Infrastructure of the Financial Institutions to Provide Appropriate Financial Services for MSEs

This second component refers to the work carried out by the Project with selected microfinance institutions. The section below describes the process and results concerning the selection of participating institutions, describes the intensive training activities carried out by the Project, presents in detail the design of the *Performance System*, a financial monitoring system which is expected to contribute to enhanced productivity and efficiencies within Project partners, and concludes with a description of the customized technical assistance activities designed for each Project partner.

Selection of Participating Institutions

As indicated in the Project's Work Plan for Fiscal Year I:

> *"The selection of counterparts will be influenced by (i) their current market presence in terms of assets, number of branches, the extent to which they already provide productive loans to small and micro enterprises, etc.; (ii) their growth plans in terms of expanding their outreach to productive borrowers; (iii) their level of commitment to ensure the success of Project support; (iv) their ability to replicate project activities through internal training capabilities; and (v) Project budget limitations, requiring a prioritization of Project resources to maximize impact."*
> GBSI Work Plan, Fiscal Year I, page 10

More specifically, the Project parameters actually used required that the institutions should have four or more branches, over 6,000 clients, have a physical presence throughout the country, have good potential for growth and a willingness to follow the business model being implemented by the Project; that is, interest in moving towards becoming a fully regulated financial intermediary.

To seek the minimum of eight institutional partners, during Fiscal Year I the Project met with fifteen individual organizations in addition to FEDECACES, the federation of credit unions, Fedecrédito, the federation of *Cajas*, and with ASOMI, the association of microfinance institutions. Base on the selection parameters described above, the following non-banking financial institutions were selected and Letters of Understanding signed with them:

1. ***Asociación Cooperativa de Ahorro y Crédito de la Unión de Responsabilidad Limitada (ACACU)* -** ACACU is a credit union located in La Unión. With four branch offices, it manages US$45 million in total assets, US$35 million of which are in outstanding loans to almost 6,000 of its membership, approximately 1,200 of which represent loans to micro and primarily small enterprises averaging US$3,500.

2. ***Adel Morazán Créditos de Responsabilidad Limitada (AMC)*** – This microfinance institution / cooperative society is located in San Miguel with sixteen branch offices throughout El Salvador serving approximately 12,500 micro and small entrepreneurs. It disburses more than 1,200 loans each month with an average value of less than US$900.

3. ***APOYO INTEGRAL* -** Integral is a regulated microfinance institution / cooperative society. It has approximately $70 million in assets and 35,000 microenterprise borrowers being attended through 26 branches.

4. ***Asociación Salvadoreña de Extensionistas del INCAE (ASEI)* -** ASEI is a non-governmental organization (NGO) with head offices in San Salvador. It manages four branch offices, 7,200 business clients and an outstanding loan portfolio of approximately US$1.4 million. The important fact about ASEI is its plan to grow to 80,000 clients by the year 2020.

Dates Letters Of Understanding Signed

2012

AMC	March 19
Apoyo Integral	May 22
ENLACE	June 6
FINCA	June 6
ACACU	August 21
ASEI	August 22
F. Campo	September 12

5. ***ENLACE* -** This microfinance institution / non-governmental organization has a head office in Santa Tecla, ten branch offices throughout El Salvador and more than 37,000 active clients. It disburses almost ten thousand credits to business entrepreneurs each month, 100% of which, on average, are below US$400.

6. ***FINCA* -** This non-governmental organization has its head office in San Salvador and nine branch offices throughout El Salvador currently serving approximately 6,000 clients. FINCA offers financial services primarily to women entrepreneurs.

7. ***Fundación Campo* -** This non-governmental organization has head offices in San Miguel. Of particular interest is that this organization works with rural producer groups, offering the Project an opportunity to explore ways to increase the productivity of participating small farmers.

The following institutions were visited but did not become Project partners, due either to their own decision or because greater opportunities to promote Project objectives were found elsewhere:

- Coop-Uno, a credit union in Santa Ana which did not appear deeply committed to Project objectives;
- ACACYPAC, a large credit union in the northern region of the country. The Project pre-selected ACACYPAC but its Board of Directors declined the invitation to participate in the Project;

- The Foundation for the Self-Development of Micro and Small Business (FADEMYPE), a foundation based in San Salvador with almost 6,000 borrowers managing a loan portfolio $8.6 million out of three branch offices;
- ACOCOMET, a credit union in Ahuachapán;
- Factoraje Pentágono, a private company based in San Salvador, specialized in Factoring for MSE. Pentágono was of potential interest given the product but its limited growth plans with the Project´s target population argued for a focus on other institutional candidates;
- Banco de los Trabajadores Salvadoreños, a large cooperative bank based in San Salvador which declined the Project´s invitation to participate;
- ACCOVI, a supervised credit union based in San Vicente. The Project offered an invitation to ACCOVI to participate but this was declined; and
- PADECOMSM, a cooperative society in Morazán which showed interest in the Project but declined to submit a request to become Project partners.
- ACACSEMERSA, a credit union located in Santa Ana. It is expected that ACACSEMERSA will become the eighth Project partner in the first quarter of Fiscal Year II.

Training Activities

The Partnership for Growth agreement calls for a transfer of knowledge and capabilities to local counterparts. The IAFS Project has two important deliverables which are directly related to this goal: number of regulators and supervisors trained and number of MFI staff trained. The initial target for the training directed at regulators and supervisors was 80 over the life of the Project. USAID approved the Project's proposal to *triple* this target to 240. As will be shown below, the number of regulators and supervisor who have attended the six training events provided to them by the Project during Fiscal Year 1, has now surpassed this higher target.

As far as training staff from financial organizations is concerned, the Project has an aggressive life-of-project target of 300 people trained.[7] At the end of Fiscal Year 1, 166 representatives from financial organizations have participated in four separate training events provided by the Project, therefore, putting the project well on its way to achieving its life-of-project training targets.

At least forty percent of all Project-trained personnel must be women. Of the total number of 409 individuals trained by the Project to date, 180 (44.0%) have been women.

[7] It is relevant to note that the Project applies a conservative policy in terms of counting training participants. For two-day events such as the GOALS course, participants must be present both days to be counted towards the Project deliverable. Those who are present for only one day are not counted.

Training quality is ascertained via evaluations completed by class participants. The one question most closely tied with the concept of quality asks whether participants would recommend the course to others. Of the 228 people who have taken the Project's "METAS" course, including representatives from the Central Reserve Bank and the Superintendency of the Financial System, 93% of respondents indicated that they found the course "very valuable" – the highest possible score - and would recommend it to others.

The "METAS" course covers risk management of microfinance institutions and represents an opportunity for leaders and staff of microfinance institutions and their associations to enhance the performance of their institutions. The course is also appropriate for those responsible for the regulation and supervision of the microfinance sector itself, as evidenced by the demand for this course from El Salvadoran regulators and supervisors (89 course participants to date). Course topics highlight risk areas found specifically within microfinance institutions, which allows regulators to establish appropriate parameters for a risk-based system of supervision which promotes a healthy balance between financial returns and prudence. Such a risk-based approach is more sophisticated than supervision based on compliance and allows for the development and growth of more complex transactions and systems.

The following page presents a summary of training activities to date. During the fourth quarter of Fiscal Year I, the Project provided three training events to a total of 159 people, of which 83 (52.2%) were female. One course was provided to 27 staff members of Project partner AMC. This course was organized to train AMC staff in three norms/regulations of the Superintendency of the Financial System in anticipation of AMC's upcoming institutional transformation into a fully regulated financial organization. The other two events involved the "METAS" course, which was offered to 132 people (51.5% female), of which 23 (43.5% female) were representatives from the Superintendency of the Financial System.

In conclusion, training represents an important deliverable for the Project and results from Fiscal Year I show that the Project is on track to meet all targets and has even already surpassed the significantly increased target related to the training of personnel from the Central Reserve Bank and the Superintendency of the Financial System.

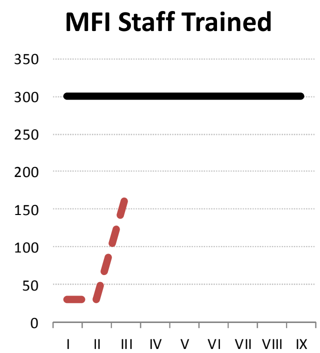
In Fiscal Year II, the Project will work with the Superintendency of the Financial System and the Central Reserve Bank to prepare an on-line tool to promote the transformation of lending institutions into fully-regulated financial intermediaries. The Project's Fiscal Year II Work Plan establishes June 30, 2013 as the delivery date for this tool. During the development of this tool, every norm will be assessed in terms of effective risk management as opposed to the need to ensure that all institutions simply comply with its contents. The true test of the

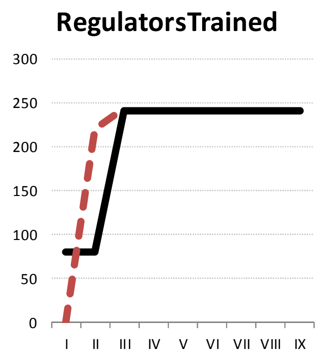
Internal Project Target Fiscal Year II

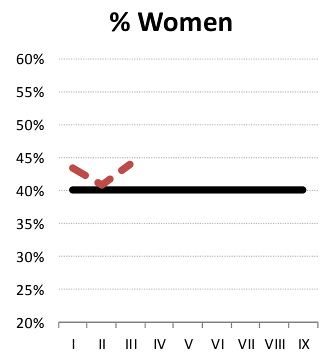
by June 30, 2013,

The Project will have finalized the on-line tool to guide non-bank financial institutions on how to become fully regulated, deposit-taking institutions.

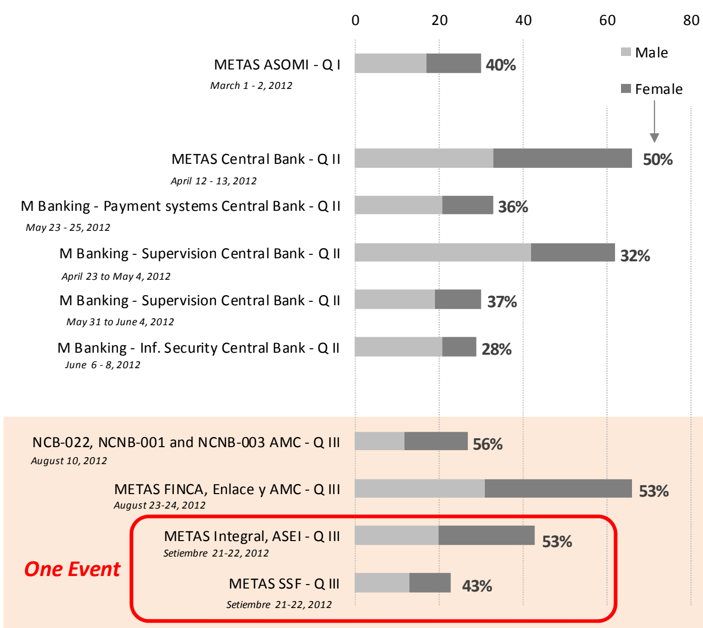
effectiveness of the Project-provided training to the representatives of the regulatory bodies will be their willingness to apply the lessons learned and move towards regulation-of-risk and away from the current regulation-by-compliance.







Cumulative		
Male	Female	Total
229	180	409
	44.0%	



Fiscal Year I Quarter IV		
Male	Female	Total
12	15	27
31	35	66
20	23	43
13	10	23
76	83	159
	52.2%	

The following section describes a second strategic technical element of the Project: the *Performance System.*

The Performance System

> *The USAID Improving Access to Financial Services Project enhances the international competitiveness of Salvadoran firms by strengthening financial organizations which provide services to small and micro enterprises.*

The Purpose of the Performance System

All too often, branch managers are able to access only a limited amount of information pertaining to their operational and financial efficiencies. When head offices attempt to broaden the range of relevant information available to branch managers, the presentation of the information frequently inhibits effective analysis. Also, time required by the head office to prepare and distribute the data to the branch managers often leaves little opportunity for them to implement enhancements before the subsequent report is due to be prepared.

At the other end of the design spectrum are financial organizations with sophisticated interconnected accounting systems which allow branch managers to access daily updates to financial information. Or there are companies which have developed very complex algorithms to distribute, for example, head office overhead to its various branch offices. In the first case, branch managers may struggle to interpret the wealth of information available to them and in the second case, they may be left wondering what decisions they might take in order to increase their branch's performance.

The Project's "*Performance System*" is a tool developed for partner institutions to improve their operation and financial efficiencies by providing timely and relevant strategic information to branch managers so that they may make more informed decisions. The core of the *"Performance System"* is the *Common-Size Income Statement.* Whereas previously branch managers focused primarily on loan portfolio volumes and quality, the *Common-Size Income Statement* brings these and other elements into one coherent whole which makes it easy for branch managers to assess their performance. When combined with a custom-designed graphical interface presenting trend lines for key indicators and the introduction of positive, friendly competition between branches, the *Performance System* can become a powerful tool for institutional growth and strengthening.

> **Definition of "Common Size Income Statement"**
>
> "An income statement in which each account is expressed as a percentage of [income]. This type of financial statement can be used to allow for easy analysis between companies or between time periods of a company."
>
> Source: Investopedia.com

Often, the development of the *Performance System* with specific institutions unveils policy or even systems weaknesses which warrant adjustments or in some cases investments to ensure the accuracy of data and the strategic appropriateness of internal policies and procedures. It is not unusual for institutional strengthening to occur simply by initiating the design process of the *Performance System*.

The Competition

Often, microfinance incentive systems are designed solely for the field agents who work directly with borrowing clients. The *Performance System* includes the branch managers as well and the new incentive – which need not be monetary – is based on the branch´s ranking and this ranking is based on the profit margin generated by the common-size income statement. Often, the monthly results between branches differ by small margins, creating multiple opportunities for branches to increase their rank by making minor improvements in productivity or efficiency. For example, increases in branch income depend on the volume and quality of the loan portfolio. *Performance System* indicators inform branch staff about the branch´s productivity (i.e. number and volume of loans per credit agent, portfolio risk levels, etc.) compared with the averages for all branches. Indeed, the *Performance System* informs all branches about the results from all other branches.

08 2012

	Branch 1	Branch 2	Branch 3	Branch 4	. . . .
Income	100.0%	100.0%	100.0%	100.0%	. . . .
Cost of Funds / Income	25.2%	23.3%	17.9%	27.4%	. . . .
Operating Expenses / Income	35.1%	36.1%	43.1%	32.2%	. . . .
Loan Loss Provisions / Income	1.8%	2.5%	1.5%	2.0%	. . . .
Head Office Expenses / Income	26.7%	26.7%	26.7%	26.7%	. . . .
Taxes / Income	3.1%	3.1%	3.1%	3.1%	. . . .
Profit Margin	8.1%	8.3%	7.7%	8.5%	
Ranking	**7**	**6**	**9**	**5**	. . . .

Another example is the Cost of Funds. Technical Assistance provided by the USAID Improving Access to Financial Services Project evaluates the methods used by organizations to distribute financial expenses to branches and encourages a calculation which considers the total volume of cash required by the branch; that is, in addition to the amount of the outstanding loan portfolio, cash is also included. The Project has observed excessive levels of cash sitting idly in branch bank accounts. This financial inefficiency increases the overall institutional cost of funds. When branch managers realize they can increase their rank by projecting more carefully its cash needs and reducing the volume of cash on hand, the over-all financial efficiency of the organization as a whole improves.

> "The good thing about common-size analysis is that … interpreting the results is [easy]. Even … users who are not proficient in analysis techniques can gain insight of [a] company's financial performance … from common size financial statements …"
>
> Source: PakAccountants.com

Transparency was referred to previously as an important element of the *Performance System*: all branch managers see the results of all other branches. Everyone knows the ranking of everyone else. Another example of transparency *and fairness* is the proposed method for distributing both head office expenses and taxes.

The Project has discovered a wide variety of ways in which partner organizations distribute head office expenses to branches. Each one of these methods has two things in common: (i) when expressed as a percentage of branch revenue, the head office expenses for each branch inevitably vary; and (ii) branch managers have little to no way of knowing how they can reduce this expense. The Project-proposed approach distributes this expense equally among all branches. (See example above: each branch must use 26.7% of its monthly revenue to cover the head office overhead.) Branch managers have no control over this expense yet accept that all branches carry the same burden; this expense will not affect their ranking. Every institutional partner has accepted the Project´s design.

Another benefit of this design is that the monthly percentage cost of the head office can now be monitored by all. Often for the very first time, head office staff feels professionally pressured to generate increased levels of efficiencies given the exposure of their results to the branches. Overall institutional efficiency improves.

As far as the distribution of taxes is concerned, the Project has discovered that every institutional partner uses the same system: each branch absorbs the municipal taxes charged to it. This apparently logical system, however, creates a problem with the competition: branch managers have no control over the municipal taxes assessed and indeed these taxes vary. Why should one branch benefit over others simply because it operates in a municipality with a lower tax rate? The Project-proposed distribution involves consolidating all taxes at the head office and then distributing these equally among all branches as a percentage of their income. In the example above, every branch must allocate 3% of its revenues to cover taxes. Every institutional partner has accepted this design.

With these adjustments in internal policy, an additional element of the *Performance System* is introduced: transparency, fairness and *empowerment*. Branch rankings are determined solely by income, cost of funds, operating expenses and loan loss reserves. That is, rankings are determined solely by the actions of the branches themselves.

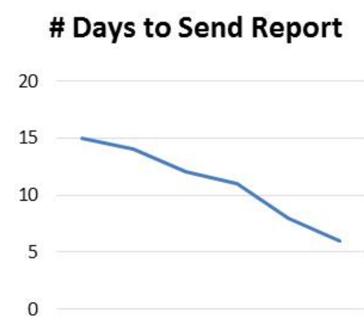
"Expected Results:

- ***No less than eight Microfinance Institutions supported by USG technical assistance, training and improved technology, strengthened. At least two of them must be ready to comply with the SFS requirements for becoming an organization supervised by that body by the end of the project."***

IAFS Project Contract: Page 12 of 50 pages

The Trends

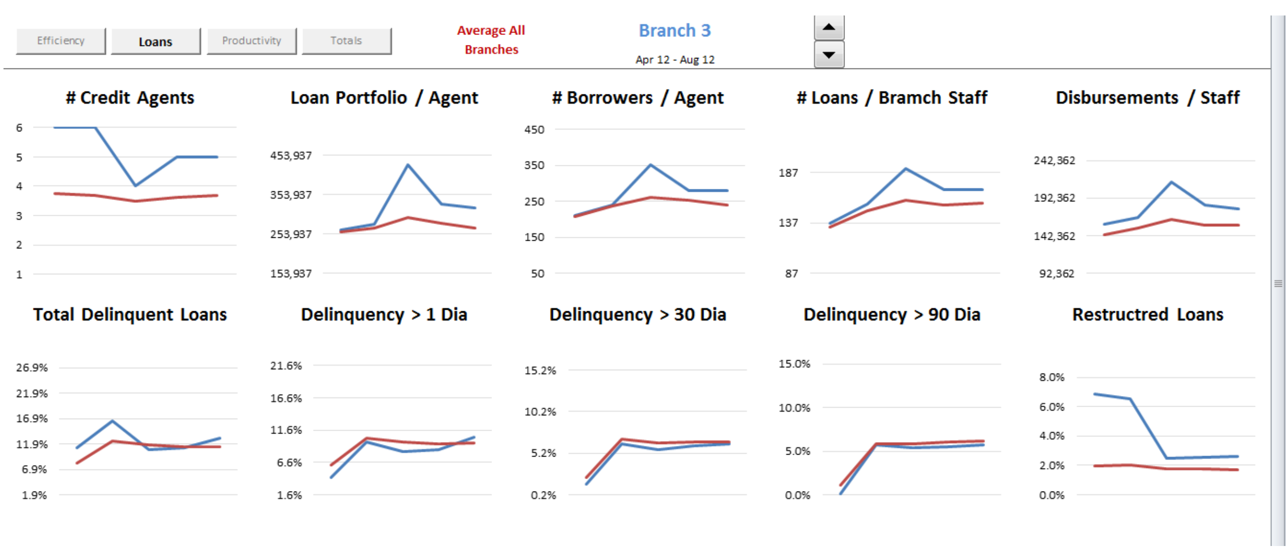
Once the design structure of the *Performance System* has been agreed upon, the Project works with institutional partners to custom-design the trend lines which will provide the information needed by branch staff to improve their ranking. Each institution has its own preferences for monitoring and the Project respects these differences as long as they are consistent with the overall design concepts of the monitoring system itself. For example, one partner institution proposed "Rotation of Loan Portfolio" as an indicator to monitor. This prompted technical discussions to determine how a branch would be able to interpret this indicator and how it might influence branch behavior.



Often, significant technical analysis and strategic discussions are required before the first report can be generated and distributed to the managers. In addition, if an organization already produces monthly reports for branch managers, any changes to these must be clearly explained to, understood and accepted by the branch managers themselves since future incentives may be influenced by the new design. In one instance, the Project was unable to validate information being generated by the Project partner. This technical analysis is consistent with a validation procedure applied monthly to regulated institutions by the Superintendency of the Financial System and the Project´s findings provoked an in-depth assessment of the institution´s aging accounting system and the decision to invest in a brand new accounting system, an investment in excess of $100,000 which the institution is making using its own funds.

The Internal Urgency

With the introduction of a transparent and fair monitoring design which empowers branch managers, a predictable reaction from the branches is to demand updated reports as quickly as



possible to give them a chance to assess their past performance and discuss current-month strategies with their staff to improve their ranking. That is, the branches will pressure the head office to decrease the time required to close the accounting month and prepare the new *Performance System* reports. Increasing the efficiency of the accounting department is fully consistent with the Project´s task of preparing partner institutions for eventual supervision by the Superintendency of the Financial System.

The Partner Institutions

In order for the competition generated by the *Performance System* to work, partner institutions must have multiple branch offices. All partner institutions with signed Letters of Understanding with the Project comply with this selection requirement.

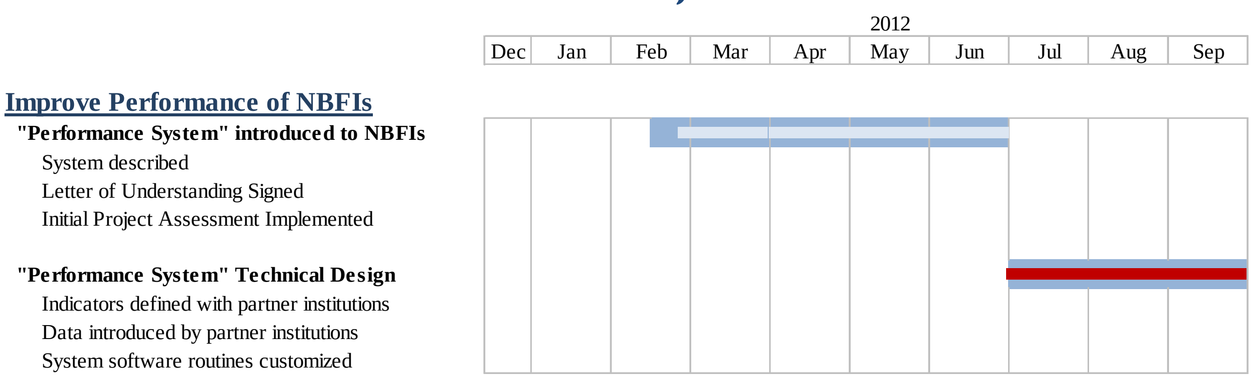
A translation of the section of each Letter of Understanding which refers to the *Performance System* is presented below:

> ***Increase the Decision-Making Capability of Branch Managers***
>
> *The Project will work with the team of [NAME OF INSTITUTION] in order to implement a management information system to facilitate the analysis of operational and financial tendencies on the part of senior executives and branch managers of the organization. In addition to designing the presentation of the monthly information, internal accounting procedures will be reviewed in order to ensure that the new monthly reports can be prepared and distributed quickly. This objective is consistent with the requirements of the Superintendency of the Financial System in terms of the effective monitoring of all financial tendencies and risks of the organizations which aspire to be regulated.*
>
> *During the design process, the [NAME OF INSTITUTION] commits to ensure the availability of its executives and other required personnel so that they may actively participate in the design process. The [NAME OF INSTITUTION] commits to prepare the monthly reports within agreed-upon timeframes and then share them with the Project to allow for a mutual monitoring of institutional advances as well as an analysis of the new design´s effectiveness. In order to establish a reference point for this analysis, the [NAME OF INSTITUTION] will provide its financial statements to the Project for the last six months, if possible by branch. On the basis of this information, [NAME OF INSTITUTION] and the Project together will establish a series of expected targets for specific indicators (e.g. institutional equity, number of new clients, loan portfolio quality, operational efficiency, etc.).*

As of September 30, 2012, Project partners ENLACE, AMC, FINCA and ASEI have progressed the most in terms of the technical design of their *Performance System* and are advancing the significant task of preparing the data required by the trend lines. Discussions are on-going with ACACU and Integral, the Project´s two largest partners. Based on initial conversations and analyses with ACACU, the Project has developed a set of indicators for its review and approval. As part of its technical assessment, the Project identified a policy governing loan loss provisions within ACACU which, if unchanged, would weaken the impact of the competitiveness generated by the *Performance System.* At ACACU´s request, the Project developed a new proposal and will meet with ACACU to discuss this further in early October. In the case of Integral, it has recently contracted with an international consulting firm which proposed important changes in the ways this organization will monitoring results moving forward. The *Performance System* can accommodate these designs although elements may impact the effectiveness of the System for certain areas. In the case of Project partner Fundación Campo, given its desire to change its legal status into a cooperative, discussions continue regarding the indicators this organization will want to monitor.

In all cases, Project partners have accepted the concept of the common-size income statement, including the Project-proposed approach for distributing head office expenses and taxes. All Project activities related to the *Performance System* as initially proposed in the Fiscal Year I Work Plan Calendar of Activities have been accomplished on time:

Year I Work Plan, Calendar of Activities



An interesting development is that both FINCA and ASEI requested a break-down by specific loan portfolio. FINCA manages two products (individual and group loans) and ASEI manages four different loan products (Solidarity Groups, Community Banks, Parallel loans and Individual loans). The *Performance System* can accommodate these design requests but further development of programming routines is required.

Performance System Structure for Four Partner Institutions

<table>
<tr><th>ENLACE</th><th>AMC</th><th>FINCA</th><th>ASEI</th></tr>
<tr><td rowspan="4">Rendimiento de la Cartera</td><td rowspan="4">Rendimiento de la Cartera</td><td rowspan="2">Rendimiento Cartera Individual</td><td>Rendimiento Grupos Solidarios</td></tr>
<tr><td>Rendimiento Bancos Comunales</td></tr>
<tr><td rowspan="2">Rendimiento Cartera Grupal</td><td>Rendimiento Créditos Paralelos</td></tr>
<tr><td>Rendimiento Créditos Individuales</td></tr>
<tr><td>% Costo Financiero</td><td>% Costo Financiero</td><td>% Costo Financiero</td><td>% Costo Financiero</td></tr>
<tr><td>% Costo Operativo</td><td>% Costo Operativo</td><td>% Costo Operativo</td><td>% Costo Operativo</td></tr>
<tr><td>% Costo de Saneamiento</td><td>% Costo de Saneamiento</td><td>% Costo de Saneamiento</td><td>% Costo de Saneamiento</td></tr>
<tr><td>% Impuestos</td><td>% Impuestos</td><td>% Impuestos</td><td></td></tr>
<tr><td>% Oficina Central</td><td>% Oficina Central</td><td>% Oficina Central</td><td>% Oficina Central</td></tr>
<tr><td>Margen de Utilidad</td><td>Margen de Utilidad</td><td>Margen de Utilidad</td><td>Margen de Utilidad</td></tr>
<tr><td>Ranking</td><td>Ranking</td><td>Ranking</td><td>Ranking</td></tr>
</table>

The table below presents yet another example of how the *Performance System* adapts to current institutional monitoring preferences. In this instance, the focus is on measuring the risk of loan loss. Of particular interest in this case is the policy used by each instance to generate the corresponding loan loss reserves. In all cases, the Project ensures that institutional policy is *at least* as prudent as that required by the Superintendency of the Financial System (SFS). Project consultations with the SFS have confirmed that they react positively to policies which are more prudent:

Performance System Customized Analysis of Risk

<table>
<tr><th>ENLACE</th><th>AMC</th><th>FINCA</th><th>ASEI</th></tr>
<tr><td>Riesgo (%) 1-30 días</td><td>Riesgo (%) > 1 día</td><td>Riesgo (%) 1-30 días</td><td rowspan="2">Riesgo (%) 1-30 días</td></tr>
<tr><td>Riesgo (%) 31-60 días</td><td>Riesgo (%) > 30 días</td><td>Riesgo (%) 31-60 días</td></tr>
<tr><td>Riesgo (%) 61-90 días</td><td>Riesgo (%) > 90 días</td><td>Riesgo (%) 61-90 días</td><td rowspan="3">Riesgo (%) > 30 días</td></tr>
<tr><td rowspan="2">Riesgo (%) > 120 días</td><td rowspan="2">Cartera Restructurada</td><td>Riesgo (%) 91-180 días</td></tr>
<tr><td>Riesgo (%) > 180 días</td></tr>
</table>

The Project expects that the *Performance System* will be fully operational in at least these four institutions by the end of calendar year 2012.

Expected Results

Strengthened Institutions:

- Increased efficiency of the accounting department as evidenced by a downward trend in the number of days to present the monthly reports to branches
- Increased financial and operational efficiency of branches, resulting in increased profits and, therefore, institutional equity.

Project Deliverables

- Increased outreach, evidenced by new clients, both borrowers and, in the case of Integral, AMC and possibly ACACU, savers.

Future Potential Opportunities

Other institutions have expressed interest in the *Performance System*, but in several instances they do not meet the minimum qualifications demanded by the Project[8]. However, four *Cajas de Crédito Rural* have approached the Project and have expressed interest in this monitoring system. Separately, each *Caja* does not qualify but there is a possibility of coordinating with Fedecrédito to allow for cross-institutional (as opposed to inter-branch) comparisons. Given that the Fedecrédito system currently manages in excess of one billion dollars in total assets, the Project will actively pursue this potential opportunity during the first quarter of Fiscal Year II.

Other Technical Assistance Activities

The training activities and the *Performance System* described above represent major strategic initiatives to meet or surpass the following Project deliverables:

- At least 6% increase in institution equity of partner organizations
- At least two institutions in compliance with supervisory regulations
- At least 3,200 new borrowers
- At least 800 new savers.

Additional technical assistance activities have been identified according to specific requests of the Partner organizations. The following section summarizes those requests:

[8] Ref. Selection Criteria, page 9

New Products

The Project contract identifies the following “Expected Result”:

> *“No less than two new financial products or instruments introduced, developed or improved.”*
>
> GBSI Contract AID-519-C-12-00001, Page 12 of 50 pages

ENLACE – ENLACE´s success with group lending methodologies has caused a number of its clients to grow to a point where needed loan sizes exceed the risk tolerance or capabilities of their groups. Therefore, to continue to support the growth and competitiveness of their most successful clients, the Project will support ENLACE´s efforts to develop and implement policies and procedures for individual loans. This new financial product for ENLACE´s clients will require Project consultants to train trainers within ENLACE so that staff can properly understand and implement the new techniques required to ensure that the loans generate further benefits for their clients. This technical assistance activity will begin in the first quarter of Fiscal Year II.

APOYO INTEGRAL – INTEGRAL began capturing deposits from large and small savers alike in December 2011. The Project will assist INTEGRAL to further develop this new product through market analysis and staff training to introduce successful product strategies throughout the organization´s branch network. This technical assistance activity will begin in the first quarter of Fiscal Year II.

AMC - The Project is supporting AMC´s efforts to become an externally supervised financial intermediary. Once approval is obtained, the Project will help AMC integrate micro savings into its product mix.

FINCA – Among the various activities programmed for this microfinance organization, the Project first and foremost will assist FINCA to reach profitability in order to support its aggressive growth plans. This effort has already begun with the preparations made for FINCA’s *Performance System.* The Project will continue this effort with an institutional assessment of FINCA. Once progress with institutional sustainability is observed, a trend which will present a clear indication of institutional strengthening, the Project will assist FINCA develop a new line of credit for agricultural loans. FINCA has not previously offered this product to its clients and staff training will be an important element of Project support.

ACACU – The Project will carry out a gap analysis of ACACU’s existing policies and procedures partners versus the requirements of the Superintendency of the Financial System (SFS): with its large and growing asset base, ACACU must start preparing for the day when external supervision by the SFS will become a legal necessity. Furthermore, the Project will work with ACACU to introduce micro-insurance to its membership.

Institutional Strengthening

The Project contract identifies the following "Expected Result" as it relates to improved technology and strengthened institutions:

> *"At least two [Microfinance Institutions supported by USG technical assistance] must be ready to comply with the SFS requirements for becoming an organization supervised by that body by the end of the project."*
>
> GBSI Contract AID-519-C-12-00001, Page 12 of 50 pages

Apoyo Integral is already a regulated institution. The Project is working with the following remaining institutions to meet this deliverable:

1. ***AMC***: work is well underway to ensure that AMC complies with the full set of norms and regulations of the Superintendency of the Financial System (SFS). Once this preparatory work is finalized, AMC will present its request to the SFS to become an organization supervised by that body. This is expected to occur in Fiscal Year II.
2. All financial intermediaries managing in excess of $70 million in assets must be supervised by the SFS. ***ACACU*** is at a point in its institutional growth where it needs to start preparing itself for this eventuality. The Project will support ACACU first in a gap analysis of its current policies vis-à-vis SFS regulatory requirements. This analysis, to be completed early in Fiscal Year II, will identify specific tasks to be completed to come into full compliance.
3. Based on specific technical orientations from the Project as well as its participation in the METAS/GOALS training course, ***ENLACE*** has requested Project assistance to assess what changes and investments it would have to undertake in order to comply with SFS requirements for becoming an organization supervised by that body.
4. Meetings with international, regional and local executives of ***FINCA*** have succeeded in encouraging this Project partner to also assess its internal policies and procedures to determine what changes would be required to comply with SFS requirements.

The following two Project partners will also undergo, with Project assistance, significant institutional changes which will affect their situation vis-à-vis supervisory regulations. ***ASEI***, with Project assistance, will convert its legal status from a non-governmental not-for-profit organization into some form of cooperative organization (to be determined with Project assistance). This represents a first and important step towards eventual external supervision. Following several meetings with executives of ***Fundación Campo***, this not-for-profit non-governmental organization has also decided to change the legal structure of its lending operations. In this case, Fundación Campo prefers a cooperative in which its current community development associations would become part owners.

The above indicates that during Fiscal Year II, *every* Project partner will be involved in activities aimed at strengthening their internal policies and procedures to bring them into closer compliance with regulatory requirements. However, the Project will *also* be working with the Superintendency of the Financial System to identify opportunities to adjust or make optional current norms and/or regulations with only tangential applicability to microfinance organizations. That is, while the Project works to strengthen its institutional partners, the Project will also coordinate closely with the SFS to hopefully simplify the rules to facilitate compliance.

Mobile Financial Services

Most Project partners have expressed interest in exploring how they might be able to take advantage of mobile financial services to extend their outreach, lower operating expenses, offer new products, etc. If the Project-supported draft set of norms governing mobile financial services for El Salvador get approved, the Project will work actively in Fiscal Year II to seek opportunities to implement these new services successfully.

III. ACTIVITIES TO BE CARRIED OUT NEXT QUARTER

A. Improve Enabling Environment

The Project will continue to coordinate with the U.S. Treasury's Office of Technical Assistance (OTA) in support of its efforts to enhance the regulatory environment for the microfinance sector as well as the productivity of micro and small enterprises. This will include conversations covering the content of a new microenterprise law which the OTA representative is working on with the Government of El Salvador.

The Project will coordinate with the BCR, the SFS and USAID to maintain the level of interest in passing the Project-assisted and -supported set of regulations pertaining to the introduction of mobile financial services in El Salvador. Specifically, the Project will encourage a meeting between USAID, the President of the Central Reserve Bank and the Superintendency of the Financial System to express Project support for the current design and to encourage its rapid formalization and implementation. The Project will consider implementing an event to clarify the differences between *"bancarización"* and "*inclusión financiera*" in order to promote the benefits of financial inclusion and the opportunities which telephone operators can provide to bring this about.

The Project will continue to meet with the Superintendency of the Financial System to support its five-year plan to extend prudential supervision to deposit-taking institutions currently outside of its realm of influence. With the encouragement of the IAFS Project Contracting Officer Representative (COR), the Project will work with personnel of the SFS to develop an on-line tool which will assist and orient financial organizations interested in becoming fully regulated financial institutions. The current set of laws and norms stipulating minimum operating and financial requirements is complex, disbursed and occasionally subject to discussion. There are two objectives for creating this on-line tool: (i) to provide a road map which will guide NBFI executives in the challenges, costs and advantages of becoming regulated; and (ii) throughout the process of developing this road map, seek, with representatives of the SFS and members of the *Comité de Normas* which oversees such analyses, opportunities to modify and simplify existing norms so that they are more appropriate for microfinance institutions. Success with this second objective will lower the costs of becoming supervised and, therefore, will heighten interest on the part of the NBFIs to take advantage of this important opportunity to strengthen their credibility within the marketplace. This on-line tool will be one of the three "Special Reports" which the Project must develop.

B. Improve Performance of NBFIs

The demand for additional METAS courses continues. A course will be programmed for the coming quarter, to be held in San Miguel to facilitate participation from ACACU and Fundación Campo.

The Project will continue supporting the *Performance System* with all Project partners for which the system has been installed and will receive monthly updates of the results generated by the use of this tool. All short-term technical assistance will continue with all project partners as per the Letters of Understanding signed with them as well as new opportunities to support Project objectives are identified.

IV. MARKETING AND COMMUNICATIONS

The main objective of the Project´s Marketing and Communications Strategy is to broadcast the positive support of USAID to micro and small entrepreneurs through the USAID Improving Access to Financial Services Project. Appropriate channels of communication emphasizing social networks will disseminate information related to Project activities and achievements.

The Marketing and Communications Strategy applies the following strategies to achieve its goal:

- Consolidate information containing details of achievements and activities developed or implemented by the Project.
- Identify, consolidate and communicate industry-relevant information to partner institutions which can be of practical benefit to them.
- Maintain an open channel of communication about current topics related to micro finance, best practices and experiences in El Salvador and around the world.

The Project´s target audience is the USAID mission in El Salvador and Washington, non-banking financial institutions, the Superintendency of the Financial System, the Central Reserve Bank, Government Ministries, telephone operators, small and micro entrepreneurs as well as the general public within El Salvador interested in the microfinance sector specifically and financial inclusion in general. The combination of articles, publications, updates on Project activities, etc. will orient readers regarding the importance and market advantages of operating and being served by fully regulated financial intermediaries.

The Project will maintain its public Facebook Fan page and will also use Twitter as another channel to reach those who do not have Facebook access.

Content Options

- *Project Activities.* Upload updates of activities with partner institutions
- *International Best Practice*. Identify, summarize and upload relevant microfinance articles from CGAP, the Mix market, the Center for Financial Inclusion, the Social Performance Task Force, SEEP etc.
- *Interviews.* Interviews of local and international consultants will be posted, along with interviews of key staff from participating institutions and important personalities from the Salvadoran microfinance sector.
- *Creation of informational material and documents.* Articles from local and international news media related to the Project´s activities will be uploaded to inform “Fans” and possibly to identify opportunities for collaboration with other institutions or Projects.

Targets

The Project has defined four targets to achieve within the Project´s timeframe:

1. Number of Facebook fans
2. Number of Twitter followers
3. Number of Publications uploaded to the Facebook site
4. Number of videos developed.

During the third calendar quarter of 2012 (Quarter IV of the Project´s Fiscal Year I), the Project´s marketing and communication emphasis was on ramping up its Facebook Fan page. Although the target for September 30th, 2012 was to achieve 50 “fans”, by that date 133 individuals had connected to the Project´s page. (See diagram following page.) To achieve this result, emails were sent to key persons in partner institutions and to most of those who participated in the Project´s training activities. Projections for October – December, 2012 (Quarter I of Fiscal Year II) are to continue to surpass Project targets.

With this firm base of “fans”, attention will turn to developing and marketing the number of Twitter followers during the first quarter of Fiscal Year II. Although only 3 followers were captured by September 30th, the Project expects to be on track with this target by December 31st, 2012.

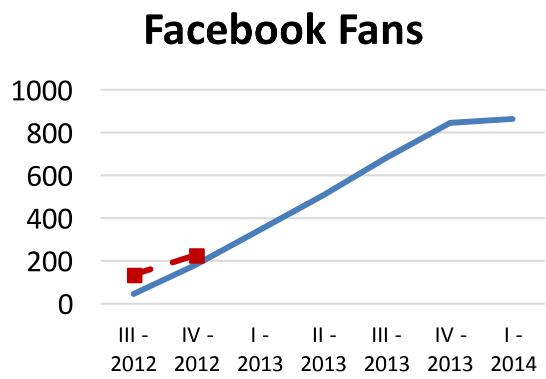
As indicated above, publications represent an important strategy to attract increasing numbers of individuals to the Project Facebook fan page. A variety of publications will be uploaded to the fan page and notifications broadcast to followers and fans about the new offerings. Annex C presents a sample list of documents currently being processed and which will be uploaded during the coming quarter. Finally, the Project intends to create three videos to highlight Project activities and successes.

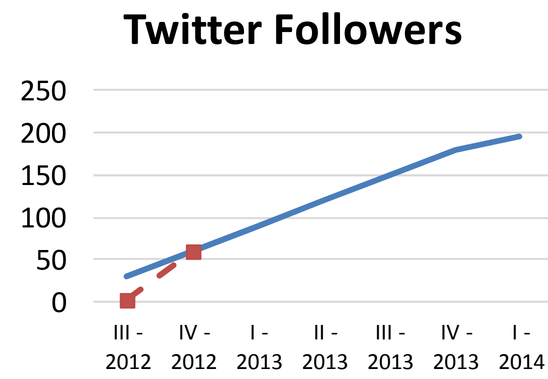
Project Facebook Link

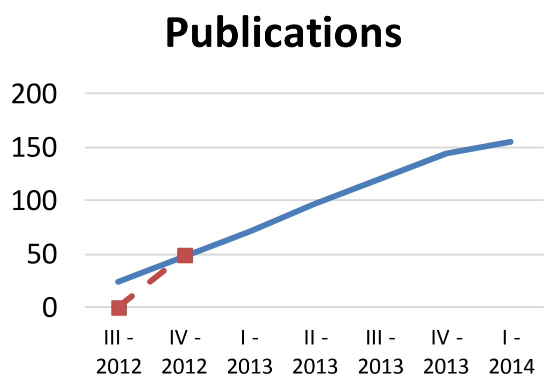
http://www.facebook.com/#!/ProyectoIAFS?fref=ts

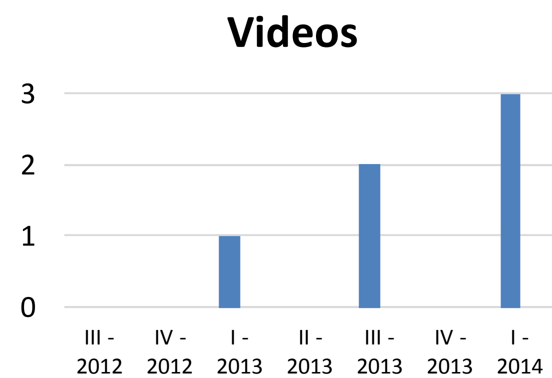
Project Twitter Link

https://twitter.com/USAIDIAFS





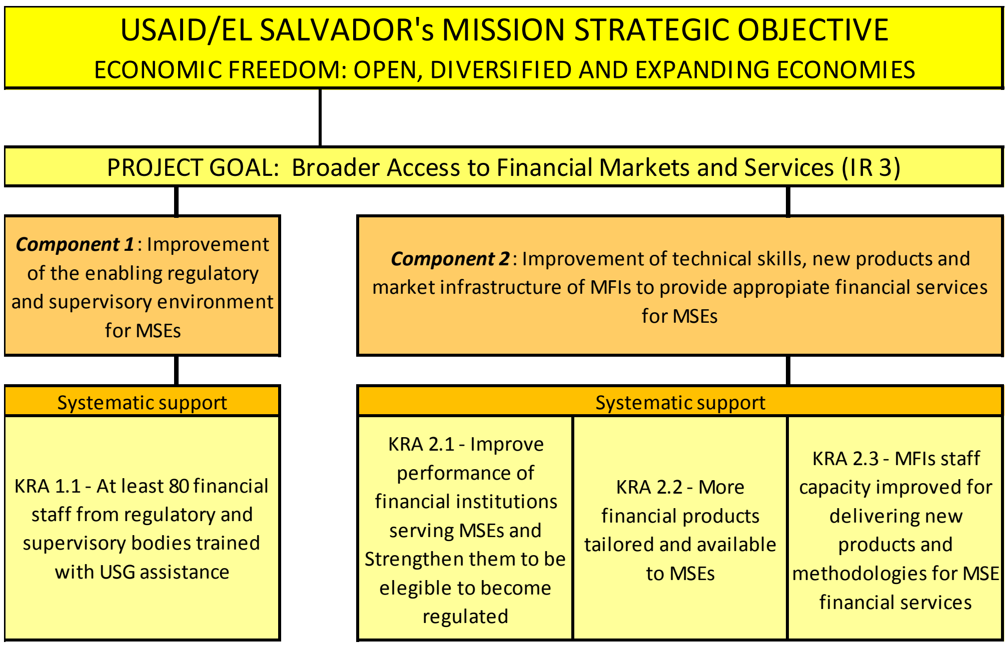




Calendar Quarters	III - 2012	IV - 2012	I - 2013	II - 2013	III - 2013	IV - 2013	I - 2014
FaceBook-Fans Total	50	180	348	515	683	850	870
Resultados	133	230					
Twitter Total	30	60	90	120	150	180	195
Resultados	3	60					
Publicaciones Total	24	48	72	96	120	144	154
Resultados	1	50					
Videos Total			1		2		3
Resultados							

V. PROJECT MONITORING

The Indicators and targets described in this section were tailored based on the project contract between Global Business Solutions, Inc. (GBSI) and USAID/El Salvador and the Mission's results framework, according to the Strategic Objective "Economic Freedom: Open, Diversified, and Expanding Economies" through the intermediate result No. 3 "Broader Access to Financial Markets and Services".



IAFS Project Indicators

The proposed indicators for the IAFS project are divided into four categories, corresponding to the expected results described in section C.5 of the Contract Statement of Work. These indicators have been selected using the indicator selection criteria checklist, which specifically requires that all indicators must be direct, objective, useful for management, attributable to project activities, practical, adequate and that could be disaggregated if required.

Annual targets have been adjusted based on implementation strategies, as will be described below. Definitions for baseline data have been tightened to enhance attribution to Project activities. Specifically, to measure expected increases in institutional equity, number of new borrowers and the number of new savers, the Project has chosen to wait until the *Performance System* described above has been installed in each participating institution. At that point, the Project will begin its measurement of institutional strengthening and growth.

Strengthened legal and regulatory framework for the financial sector.

- Indicator 1.1.1 - Financial staff from regulatory and supervisory bodies trained with USG assistance

  300%

  Initial Contract Deliverable: 80 staff trained

  Project-Proposed Modified Deliverable: 240 staff trained

  Increase

  This indicator counts the number of staff from regulatory and supervisory bodies who have attended and finished a complete training session/activity. By the end of September 2012, the Project had trained 243 persons, exceeding the adjusted Project-proposed target of 240. Sixty-three percent were trained in the Branchless banking/Mobile Money initiative and thirty-seven percent of trainees attended two “METAS” courses.

Improved performance of financial institutions serving MSEs and NBFIs strengthened to become regulated.

- Indicator 2.1.1 - Number of NBFIs strengthened through training activities, STTAs according to NBFIs needs and improved technology

  Contract Deliverable: 8 financial organizations

  By September 2012 the Project had signed Letters of Understanding with seven local institutions. All have and are currently benefiting from technical assistance and training activities. Multiple contacts have been made with other potential Project partners, including ACACSEMERSA, a credit union in Santa Ana, Banco de los Trabajadores Salvadoreños, a cooperative bank in San Salvador and PADECOMSM a cooperative society in Morazán.

- Indicator 2.1.2 - Number of NBFIs ready to comply with requirements necessary for licensing and oversight

  Contract Deliverable: 2 financial organizations

  As of September 2012, Project partner AMC is advancing in this process supported directly by the Project. AMC plans to present its request to become a regulated institution by the first quarter of calendar year 2013. This initiative at AMC has required many changes in their operations and has motivated them to migrate to a more robust accounting software for their institution, a six-figure investment. Two more institutions, ACACU and ENLACE will receive support from the IAFS Project by conducting assessments which will determine the gap between their current status and what is needed to become regulated.

- Indicator 2.1.3 - Increase in Partner NBFIs investments

  Contract Deliverable: 6% increase in Institutional Equity

This indicator will be measured annually. The Project expects this target to be achieved by partner organizations as a direct result of the training and technical assistance activities they receive, including the installation of the *Performance System* to promote larger, more efficient and productive organizations.

New or improved financial products tailored and available to MSEs.

- Indicator 2.2.1 - Number of NBFIs staff trained in improved/new MSE methodologies and products

Contract Deliverable: 300 people trained
At least 40% female

As of September 30th 2012, the Project had trained 166 staff of financial organizations, 55% of the target of 300. Females represent 44% of those trained.

- Indicator 2.2.2 - Number of new or improved financial products or instruments used by MSEs

Contract Deliverable: Two new products

As of September 30th 2012, the Project was working with Apoyo Integral to strengthen its savings line of products. New credit products reaching more people are envisioned for Fiscal Year II (ref. new line of individual loans to successful borrowers of ENLACE; a new line of agricultural loans for FINCA; savings products for regulated AMC).

NBFIs staff capacity improved for delivering new products and methodologies for MSEs financial services.

- Indicator 2.3.1 - Number of new borrowers from USG assisted MFIs

400%

Initial Contract Deliverable: 800 New Borrowers

Project-Proposed Modified Deliverable: 3,200 New Borrowers

Increase

The installation date of the *Performance System* in partner institutions will represent the baseline starting point for this indicator. The *System* should be installed in all requesting institutions by December 31st, 2012. The following table shows estimated projections for the number of new borrowers by institution. For all new borrower projections, a minimum of sixty-five percent should be women.

Indicator 2.3.1 - Number of new borrowers from USG assisted MFIs

	As of June 2012	%	LOP Targets
Cooperativa de Ahorro y Credito ACACU de R.L.	1,187	1.0%	31
Asociación Salvadoreña de Extensionistas del INCAE - ASEI	7,200	5.9%	350
Servicios Financieros ENLACE, S.A. de C.V.	45,706	37.6%	1,202
Asociación de Fomento Integral Comunitaria de El Salvador - FINCA	6,860	5.6%	400
Fundación CAMPO	8,240	6.8%	217
Sociedad de Ahorro y Crédito Apoyo Integral, S.A.	36,686	30.2%	500
Sociedad Cooperativa de Ahorro y Crédito AMC de R.L.	15,782	13.0%	500
TOTAL	121,661	100.0%	3,200

- Indicator 2.3.2 -Number of new Savers from USG assisted MFIs

  NEW Contract Deliverable: 800 savers

  This is a new, Project-proposed target. A minimum of sixty-five percent of these new savers should be women. Similar to indicator 2.3.1, new savers will be counted once the *Performance System* has been installed in the partner institutions. Below is a table showing the projections for this indicator.

Indicator 2.3.2 -Number of new Savers from USG assisted MFIs

	As of June 2012	%	LOP Targets
Cooperativa de Ahorro y Credito ACACU de R.L.	19,394	99.1%	50
Sociedad de Ahorro y Crédito Apoyo Integral, S.A.	100	0.5%	650
Sociedad Cooperativa de Ahorro y Crédito AMC de R.L.	84	0.4%	100
TOTAL	19,578	100.0%	800

Data Quality Assessments (DQAs)

As of September 2012, data quality assessments were finalized for all proposed indicators and a document was submitted to USAID for approval. Since all participating institutions have already participated in past USAID-funded initiatives, they are already familiar with the data requirements regarding Validity, Reliability, Timeliness, Precision and Integrity. As part of implementing the *Performance System*, validations have been conducted to ensure that the information presented to USAID meets quality standards.

Evolution of Project Indicators

		FY I 12/2011 - 3/2012	FY I 4 - 6/2012	FY I 7 - 9/2012	FY I Cumulative	FY II 10/2012 - 9/2013	FY III 10/2012 - 4/2014	Cumulative Totals
Regulators and Supervisors Trained (Target: 40% women)	**Targets**	80	**220**	220	220	**20**	0	**240**
	Results	0	220 (38% Women)	23 (43% Women)	243 (39% Women)			243
MFIs strengthened (cumulative)	**Targets**	8	8	8	8	**8**	8	8
	Results	**0**	**4**	**7**	**7**			7
MFIs in compliance with SSF	**Targets**	0	0	0	0	**2**	0	2
	Results	0	0	0	0			0
Increase in MFI equity as indicator of institutional strengthening	**Targets**	0%	0%	0%	0%		6%	6%
	Results	0%	0%	0%	0%			0%
Number of MFI staff trained in improved MSE methodologies and products (Target: 40% women)	**Targets**	50	50	**50**	50	**200**	50	300
	Results	30 (43% Women)	0	**136** (54% Women)	166 (52% Women)			166
Number of New Products or instruments used by MSEs (Mobile Financial Services; Savings)	**Targets**	0	0	0	0	**2**	0	2
	Results	0	0	0	0			0
Number of New Borrowers (65% women)	**Targets**	800	800	**100**	100	**2,100**	1,000	**3,200**
	Results	0	0	**0**	**0**			0
Number of New Savers (65% women)	**Targets**	New indicator		0	0	**450**	350	**800**
	Results			**0**	**0**			0

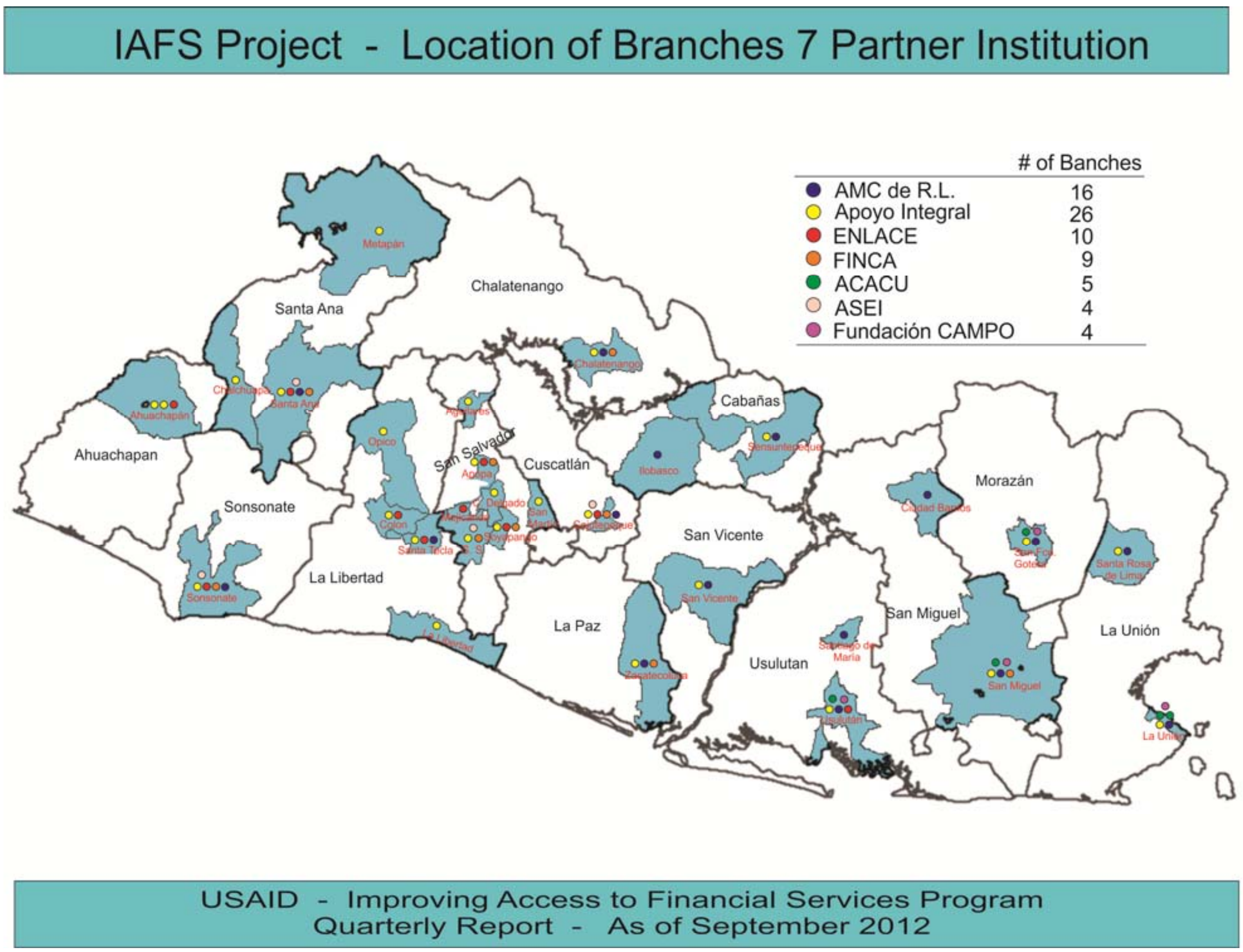
Project targets have shifted due to both the effectiveness of Project offerings, the desire to strengthen attribution of results to Project inputs as well as strategic adjustments to the Project's implementation strategy.

1. Effectiveness of Project Offerings:
    a. Regulators and Supervisors Trained: due to the timeliness and quality of Project-organized training events, demand surged for the Project's courses on the part of representatives of the Central Reserve Bank and the Superintendency of the Financial System. As a result, the Project requested a 300% increase in the length-of-project target for this indicator, from 800 to the new target of 240.

b. Staff of Non-Bank Financial Institutions Trained: as with the regulators, the Project´s course offerings received a cumulative 93% response rating for recommending the courses to others. Furthermore, the Project chose to focus first on training in anticipation of the introduction of the Project-designed *Performance System*, which represents a practical application of the topics discussed during the courses.

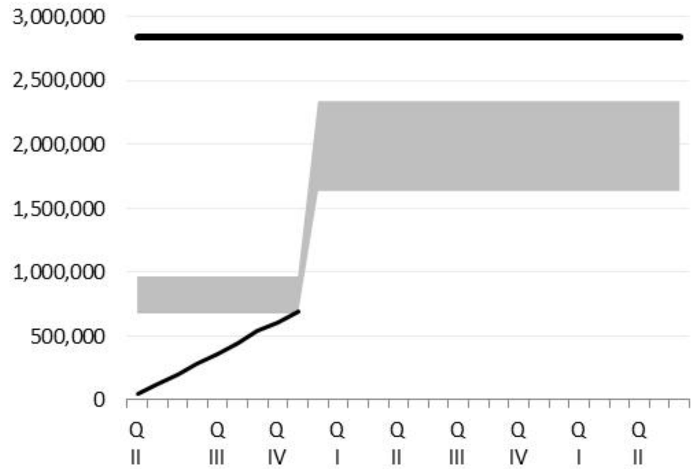
2. Strengthening Attribution:
   a. Increase in Equity; Number of New Borrowers; Number of New Savers: in these three cases, the Project chose to shift the baseline measurement date to the month in which the Project's *Performance System* was installed in each participating institution.

IAFS Project Geographic Coverage



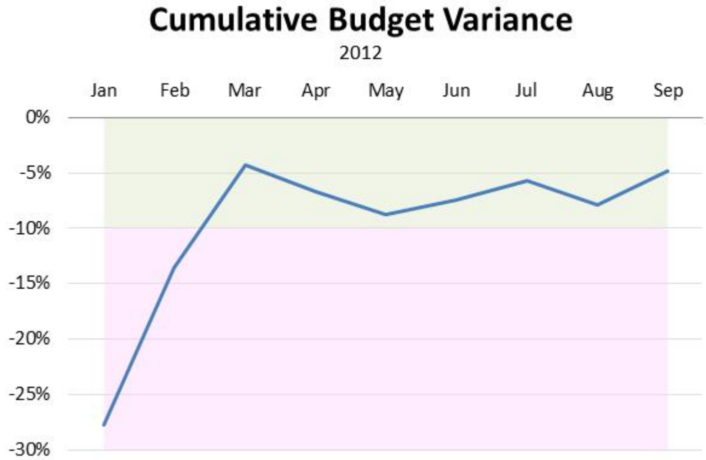
VI. FINANCIAL INFORMATION

The graph at right summarizes the following financial information:

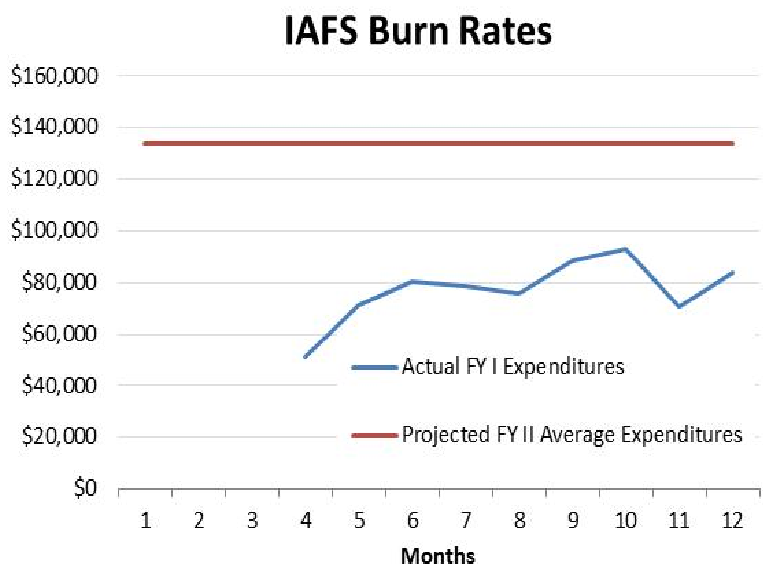


- The thick, horizontal black line in the uppermost portion of the graph indicates the total value of the Contract: $2,837,510;
- The gray rectangle displays the range consisting of 70%-100% of the amount of funds which have been obligated. The first obligation of $966,000 carried the Project through most of Fiscal Year I and a new obligation increased the total obligated amount to $2,337,510. $500,000 remains to be obligated.
- The thin, ascending black line represents the cumulative amount of expenditures as of September 30th, 2012: $692,894.57;
- The x-axis indicates the duration of this Project: 27 months. 30 percent of obligated funds have been expended as of September 30th. When expenditures exceed 70% of the obligated amount – that is, when the expenditure line reaches the gray rectangle – it will signal the need for the Project to submit its request for the final obligation. The Project anticipates that this will occur close to July, 2013.

The Financial Management of the Project has successfully maintained expenditures within the projected budget submitted to USAID. Indeed, by the end of Fiscal Year I cumulative project expenditures were under five percent of projections, as can be seen on the following page:



For Fiscal Year II, the Project projects a significant increase in the average monthly burn rate. Now that Letters of Understanding have been signed and priorities established, technical assistance activities with all partner institutions will accelerate significantly:



Finally, the cumulative Burn Rate through September 30th 2012 is shown below.

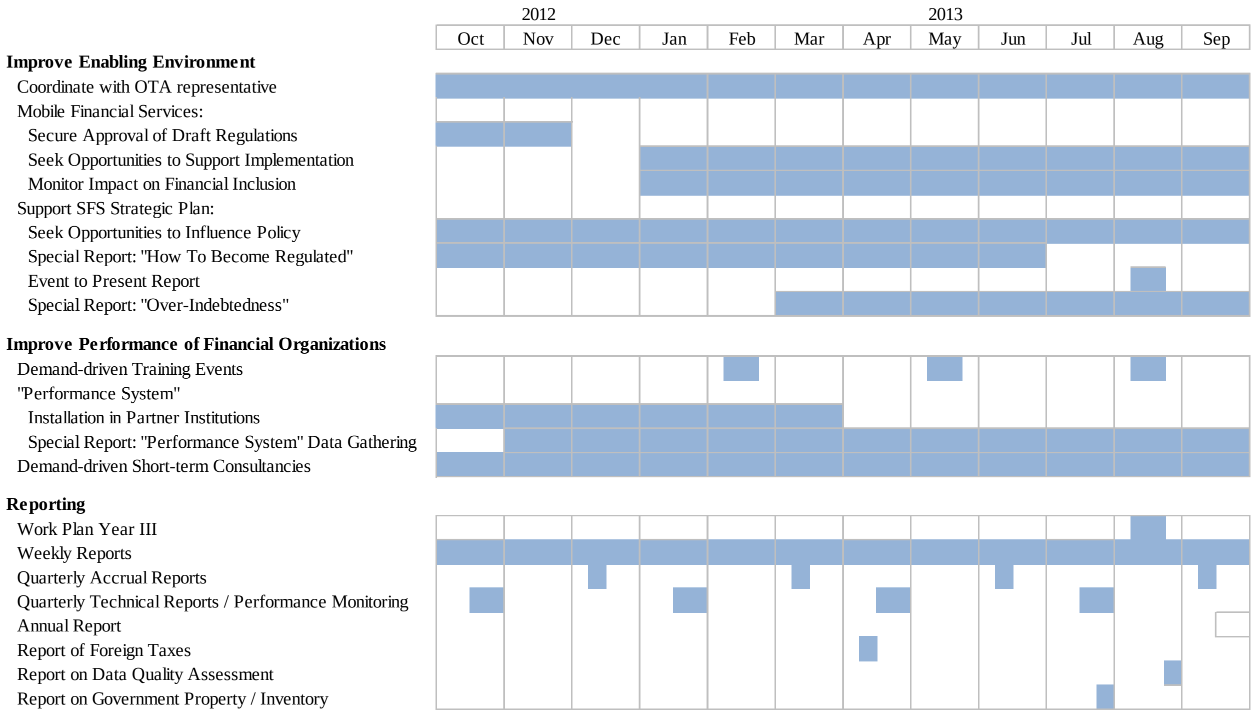
GLOBAL BUSINESS SOLUTIONS, INC

AID-519-C-12-00001

Burn Rate USAID Improving Access to Financial Services Project

LINE ITEMS	Obligated Contract Budget	Expenditures thru September 30, 2012	Mortgage
Labor	$ 497,540.00	$ 146,002.97	$ 351,537.03
Fringe Benefits	$ 373,070.00	$ 86,433.97	$ 286,636.03
Other Direct Costs	$ 193,664.00	$ 53,356.87	$ 140,307.13
Sub-Contracts	$ 1,085,798.00	$ 220,693.88	$ 865,104.12
Indirect Costs	$ 526,236.00	$ 146,552.43	$ 379,683.57
Total Estimated Cost	$ 2,676,308.00	$ 653,040.12	$ 2,023,267.88
Sub-Contract Admin Fee	$ 54,290.00	$ 11,034.69	$ 43,255.31
Fixed Fee	$ 106,912.00	$ 28,819.76	$ 78,092.24
TOTAL Estimated Cost Plus Fixed Fee	$ 2,837,510.00	$ 692,894.57	$ 2,144,615.43

Annex A: Year II Work Plan, Calendar of Activities



Annex B: Estimated Annual Work Plan Budget FY2013

Total Budget	Cumulative Expenditures Billed as of	Annual Work Plan Estimated Budget				Estimated Total Expenditures Through	Remaining Estimated Budget Balance as of
	30-Sep-2012	Q I	Q II	Q III	Q IV	September-2013	September-2013
(1)	(2)	(3)	(4)	(5)	(6)	(7) = sum(2 : 6)	(8) = 1-7
$497,540	$146,003	$53,900	$63,700	$66,150	$61,250	$391,003	$106,537
$373,070	$86,434	$44,000	$52,000	$54,000	$50,000	$286,434	$86,636
$193,664	$53,357	$22,000	$26,000	$27,000	$25,000	$153,357	$40,307
$1,085,798	$220,694	$151,800	$179,400	$186,300	$172,500	$910,694	$175,104
$526,236	$146,552	$62,040	$73,320	$76,140	$70,500	$428,552	$97,684
$54,290	$11,035	$7,590	$8,970	$9,315	$8,625	$45,535	$8,755
$106,912	$28,820	$12,100	$14,300	$14,850	$13,750	$83,820	$23,092
$2,837,510	**$692,895**	**$353,430**	**$417,690**	**$433,755**	**$401,625**	**$2,299,395**	**$538,115**

Annex C

USAID Improving Access to Financial Services Project

Marketing and Communications

Sample Publications from CGAP Website for Project Facebook Fan page

www.cgap.org

1. Guía práctica sobre la puesta en marcha de sistemas de información para las microfinanzas. Enero 2012; Lauren Braniff, Xavier Faz

2. Diagnóstico sobre el marco jurídico y normativo de la banca sin sucursales en El Salvador. Agosto 2009; Ernesto Aguirre; Denise Dias; Yanira Seltzer

3. Estudio de Sostenibilidad de los grupos de autoayuda en la India: modelos de grupos de autoayuda (GAA) forma predominante de las microfinanzas en la India. 2009. Jennifer Isern; L.B Prakash; Anuradha Pillai; Syed Hashemi

4. Estudios especiales, las tasas de interés de los microcrédito. Noviembre 2002. Richard Rosenberg; Robert Peck Christen

5. Los topes máximos para las tasas de interés y las microfinanzas: su evolución hasta el presente. Septiembre 2004. Brigit Helms; Xavier Reille

6. Instituciones Financieras con doble objetivo, repercusiones para el futuro de las microfinanzas. Julio 2004. Robert Peck Christen; Richard Rosenberg; Veena Jayadeva

7. Seguro y accesible: Integración de los ahorristas pobres en el sistema financiero formal. Septiembre 2006. Rani Deshpande

8. Reseña para agencias de cooperación, ayudando a mejorar la eficacia de agencias de cooperación en las microfinanzas, El ahorro es tan importante como el crédito: servicios de depósito para los pobres. Junio 2002. Ruth P. Goodwin-Groen.

9. Reseña para agencias de cooperación, ayudando a mejorar la eficacia de agencias de cooperación en las microfinanzas. El microfinanciamiento de la vivienda. Agosto 2004. Bonnie Brusky

10. Medir los cambios que los clientes experimentan en sus vidas por medio de las microfinanzas: aportaciones de diferentes enfoques. Mayo 2011. Mayada El-Zoghbi; Meritxell Martínez

11. ¿Existe un argumento empresarial a favor de los pequeños ahorradores? Enero 2011. Glenn D. Westley; Xavier Martín Palomas

12. Reglamentación contra el lavado de dinero y el financiamiento del terrorismo: Equilibrio entre seguridad y acceso. Abril 2006. Jennifer Isern

13. Las microfinanzas y los pobres, hacia la integración entre las microfinanzas y el sector financiero formal. Junio 2004. Elizabeth Littlefield; Richard Rosenberg

Articles of Interest from the Local Press:

http://www.contrapunto.com.sv/negocios/entrevista-hay-que-financiar-a-las-mypes

http://www.laprensagrafica.com/preparan-a-mypes-para-el-fomilenio-ii

http://www.laprensagrafica.com/73-de-informalidad-en-el-sector-de-MYPES