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**FINAL REPORT**

**EVALUATION OF PROGRAM FOR  
SMALL AND MICROENTERPRISES  
(PROPEMI)**

(Project No. 519-0304)

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## **EXECUTIVE SUMMARY**

The central task of this interim evaluation was to assess the progress made by the Program for Small and Microenterprises (PROPEMI) toward fulfillment of the following stated goal, purpose, and objectives:

- Goal:** Improve access and availability of credit.
- Purpose:** Increase profitability and promote expansion of target group of small scale and microenterprises;
- Objectives:** Create jobs; "graduate" entrepreneurs to established financial system; achieve self-sufficiency as an institution.

The PROPEMI project (No. 519-0304) was launched in August, 1985. The Project Activity Completion Date (PACD) is June 30, 1992. This evaluation, carried out during the fall of 1991, focuses on how the project activities (training, technical assistance, and credit) have contributed to the project goal and purpose. In addition to the customary steps of reading background documents and interviewing relevant individuals, a survey was conducted of 244 project beneficiaries to determine the impact of training, technical advice, and credit on employment and earnings.

There were three project design elements: program development (operating expenses); a \$4.5 million revolving credit fund intended to supply the initial credit needs of project beneficiaries; and technical assistance (inclusive of training activities). The \$1.3 million made available by A.I.D. to help pay PROPEMI's operating expenses had been fully disbursed as of May 1991. The agreement between A.I.D. and PROPEMI with respect to the revolving fund, which has been amended twice, describes several expected outputs and beneficiary characteristics, including:

- the fund would have colones (¢) 57.5 million by June 1992;
- a total of 5,750 individuals would receive loans;
- an average of one new job would be created per loan recipient;
- beneficiary earnings would increase by an average of 10%;
- at least 10% of beneficiaries would be "graduated" to the established financial system after having their initial credit needs supplied through the fund;
- 40% of the beneficiaries would be women.

Following is a comparison of actual outputs to date with these expected output targets.

**Summary of Main Outputs to Date (Nov. 10, 1991)**

|  | <u>Achieved</u> | <u>Target</u> |
|--|-----------------|---------------|
| 1. Amount of the Fund (in millions of colones)                   | 36.0            | 57.5          |
| 2. No. of individuals that received loans (2,670 total loans)    | 2,021           | 5,750         |
| 3. Percentage increase in earnings of beneficiaries              | 32%             | 10%           |
| 4. No. of new jobs generated                                     | 2,790           | 5,750         |
| 5. No. of people "graduated" to the established financial system | 52              | 575           |
| 6. % of women beneficiaries                                      | 42%             | 40%           |

The expectation that one new job would be created per loan recipient has been surpassed by 35% (2,021 beneficiaries vs. 2,790 new jobs). Earnings have also increased at a rate much higher than anticipated; of the 244 people interviewed in the survey, 82% reported that their earnings had increased and 68% attributed this increase entirely to the loans. New employment generation was cited by 63% of the respondents, who reported an average of 3.5 new workers per establishment. In addition, 46% of those interviewed attributed an average of three new workers exclusively to the loans.

The minimum loan size of most of the established financial system in El Salvador is ¢5,000, while PROPEMI's minimum loan is ¢1,000. This parameter, plus several loan eligibility requirements (such as the former mandatory training requirement) and the operational niche given to PROPEMI that was based on the findings of a 1985 survey, explain why the impact of the lending has not been greater. PROPEMI's current portfolio according to loan size is as follows:

### Size of Loans

| <u>Size Range</u><br>(colones) | <u>Beneficiaries</u> | <u>% of Total</u> |
|--------------------------------|----------------------|-------------------|
| 1 - 5,000                      | 927                  | 46.0%             |
| 5,001 - 10,000                 | 464                  | 23.0%             |
| 10,001 - 15,000                | 197                  | 9.5%              |
| 15,001 - 20,000                | 154                  | 7.5%              |
| 20,001 - 30,000                | 143                  | 7.0%              |
| 30,001 - 40,000                | 45                   | 2.0%              |
| 40,001 - 50,000                | 67                   | 3.0%              |
| 50,001 - 75,000                | 13                   | *                 |
| 75,001 - 100,000               | 10                   | *                 |
| 100,001 - 125,000              | <u>1</u>             | <u>*</u>          |
| Total                          | 2,021                | 100.0%            |

\* less than 1%

As can be seen, 69% of the beneficiaries have received loans of less than ¢10,000. These small loans take as long to formulate as larger ones, especially as PROPEMI's staff often has to take physical inventories of current assets to determine the size of the business. The survey revealed that 39% of those interviewed had received credit from the established financial system (27% from banks) prior to receiving a PROPEMI loan, and that the net percentage of "graduate" beneficiaries who received first loans from banks after initially borrowing through PROPEMI was only 2.6%.

Technical assistance activities as defined by PROPEMI relate basically to training, assistance in preparing credit applications, and to credit follow-up or supervision. Very few of the survey respondents stated that technical advice had contributed to increases in their earnings (4 respondents) or employment (10 respondents). A closer look at this last statistic showed that the increase in employment came about when it was pointed out to the beneficiaries that they should hire people to do administrative tasks so that they could occupy themselves with more important work.

The Carbajal Foundation was a major influence in the early implementation stages of PROPEMI. The principal focus of the Foundation was on training rather than on credit (since they viewed their role as educators, not bankers), and this focus was also adopted by PROPEMI despite its three-part integrated approach to enterprise development. Since June of 1990, however, training has no longer been mandatory in order to receive a loan, and the new director and credit manager of PROPEMI have more than doubled the historical monthly credit placement averages. It is estimated that PROPEMI has a credit market share similar to FIGAPE (a public sector counterpart institution).

**PROPEMI's training program has reached approximately 5,000 individuals. No other private sector program in El Salvador is as extensive as PROPEMI's administrative training program for small and microenterprises, which offers five core courses in accounting, costs, administration, marketing & sales and investment projects. Several questions in the evaluation survey were designed to ascertain whether or not the information given in the training courses had been retained by the participants. The test results, measured on an absolute (pass/fail) basis, ranged from 49/100 in the case of administration to 66/100 in the case of costs.**

**The survey respondents were also asked to cite specific benefits derived from having participated in the training courses. Among the benefits mentioned were improved administration (51%); better control/management (41%); higher level of knowledge (21%); ability to apply accounting concepts (17%); ability to calculate costs (11%); and ability to obtain loans (10%).**

**Training is not critical to assure success of the credit component, and neither is training critical for the loans to have a direct impact on employment or on increased earnings. Currently one course a week is offered with an average enrollment of 10 people. In order for the training component to break even, an average of 4.5 courses per week would have to be given with an average enrollment of 15 individuals.**

**During the past two years, PROPEMI's total income has grown faster than its total costs. About 66% of total costs are related to salaries and fringe benefits. The credit component is the only activity that can lead PROPEMI to true self-sustainability. However, in order to reach self-sustainability, PROPEMI needs to have a loan portfolio of approximately ¢75 million, given the current budgeted level of expenses of ¢3.1 million and taking into consideration inflation and bad debt reserves. This leaves a contribution margin (to cover expenses) of 4 percentage points of the 20% that is currently charged for loans. At present, PROPEMI has ¢36 million available for lending, and about ¢15 million of these represent its current outstanding portfolio. Delinquency is presently 12.4% of the outstanding portfolio.**

**PROPEMI prepares five-year plans in which goals and objectives are cited. Annual plans are derived from the five-year plans and identify goals, objectives, strategies, and a budget for the year. The process is supervised by the three committees: PROPEMI's Commission composed of FUSADES members (including a member of the FUSADES Board of Directors) which meets twice a month; the FUSADES Executive Committee of the Board of Directors that carries out monthly evaluations of outputs; and the Operations Committee comprised of the FUSADES program directors which meets every Monday morning with the executive director of FUSADES.**

**All credit activities are carried out in accordance with the accounting rules followed by the national financial system. The accounting system is cash based and applies established norms for El Salvador. A budget control manual exists that includes A.I.D. rules and norms. There is also an internal rotating auditing system, and external audits are carried out in accordance with the financial system rules.**

**The evaluation team recommends that A.I.D. continue to support PROPEMI; however, it is first necessary for the directors of FUSADES and PROPEMI's Commission to reconsider PROPEMI's priorities taking into account the conceptual and operational changes recommended in this report. It is recommended that future efforts be concentrated on lending activities focusing on small enterprises instead of micro-businesses, and that training and post-credit technical assistance be de-emphasized.**

**There are 22 "action" recommendations presented in various chapters of the report, of which the following are most important:**

- **Small enterprises should be the main target of the credit program;**
- **Enterprises having up to ¢1 million in assets should be eligible to receive loans;**
- **The maximum loan size should be raised to 2% of total available loan funds;**
- **Lending should target certain activities that are linked to other FUSADES programs (e.g. agricultural diversification);**
- **New financial intermediation systems (e.g. factoring) should be introduced in El Salvador;**
- **Passive promotion such as billboards and mobile public address channels should be utilized instead of door-to-door promotion;**
- **Geographic coverage should be expanded through use of commissioned agents;**
- **Most current eligibility rules should be eliminated (jobs are being created and earnings are going up even though most rules have not been followed);**
- **Loans under ¢10,000 should not be processed like larger loans;**
- **An internal cost study should be undertaken to find ways to streamline operations;**
- **A 1% commission for loan processing should be charged;**
- **Training fees should be increased by 50%;**
- **A computer based management information system should be installed;**
- **A new research and development unit should be supported to carry out sectoral studies, introduce new financial intermediation instruments in El Salvador, and establish a permanent process for monitoring the impact of project activities.**

**There are six important "lessons learned" cited in the report, as follows:**

1. **A credit demand survey (not a demographic study) should be carried out at the project design stage.**
2. **The surveyors and/or designers of the credit demand survey should be senior credit specialists.**

- 3. The selected credit institution should "match" the characteristics of the target group.**
- 4. The type of human resources needed to conduct the credit program should be identified during the design stage, along with the external technical assistance required to upgrade their skills.**
- 5. If the project involves a new credit institution, it is best not to impose too many eligibility rules on loan applicants before the institution has developed its portfolio;**
- 6. The permanent monitoring of the impact of the project activities should be instituted at the beginning of the implementation stage.**

## **I. INTRODUCTION**

### **A. EVALUATION PURPOSE AND SCOPE**

There are three important documents that play a major role in an A.I.D. evaluation: the project paper, the project agreement (including amendments), and the evaluation scope of work. In most development projects, all three documents indicate what will be done, where, why, by whom, how, when, for how much, and what are the expected results.

The functional relationship among the three documents can be viewed as follows: (1) the project paper is the master plan for a particular development project; (2) the project agreement is the contract that defines the responsibilities of the donor (to provide funds) and the recipient (to carry out the master plan); and (3) the evaluation scope of work produces a report (contracted by the donor) that measures how well the recipient has been able to carry out the master plan. In order to take measurements, the evaluator needs a conceptual framework that provide the "pillars" or foundation that will serve as the central point against which all of a project's activities and outcomes must be related and measured.

In the case of an A.I.D. project, an evaluation's conceptual framework is commonly built around the following three "pillars": the project goal, purpose, and objective(s). In other words, a project's activities (through its components) are the means or tools used to accomplish the stated objectives. Therefore, to the extent that the objectives are accomplished, the purpose is being achieved, and thus the goal is reached.

The scope of work for this evaluation is contained in Annex 1 of this report. The project goal is described in the following terms: "... to assist PROPEMI to improve access to, and availability of credit for small and micro-entrepreneurs". The project purpose is "...to provide support to FUSADES, for the development of the Program for Small and Microenterprises, which provides credit and technical assistance to small businessmen and micro-entrepreneurs in El Salvador and to increase the profitability of, and promote the expansion of small and microenterprises, thereby generating employment and fostering economic growth".

The objective of the evaluation is "...to assess PROPEMI's progress toward fulfillment of the project purpose and goal at this point in the project, with an emphasis on (1) appropriateness of project activities to attainment of the project goal and purpose; (2) financial self-sustainability of PROPEMI as an institution beyond the Life-of-Project". The assessment of the fulfillment of the project's purpose and goal can be carried out from two different perspectives; one applying to the role played by A.I.D. and the other applying to the FUSADES program.

**The A.I.D.-FUSADES Agreement (Annex 2) does not mention a project goal, nor does FUSADES' original proposal which, due to its thoroughness, is assumed to have served in lieu of a project paper. The original proposal even includes a logical frame matrix (presented in Annex 3) which lists all the verifiable indicators that were subsequently cited in the project agreement.**

**The project purpose stated in the agreement differs from the one found in the evaluation document in the sense that it is reduced to the following: "...to increase the profitability of, and promote the expansion of small and micro-enterprises in EL Salvador, thereby generating employment and fostering economic growth". Therefore, if the evaluation objective of assessing progress toward fulfillment of the project goal and purpose is viewed from the perspective of the role played by A.I.D., it can be stated that the project's goal has been successfully reached because A.I.D. funding has made it possible for PROPEMI to improve credit access of small and micro-enterprises through three credit windows established by PROPEMI in San Salvador, San Miguel, and Santa Ana. In addition, the \$4.5 million provided by A.I.D. for the credit fund has improved the availability of credit to these types of enterprises. The first part of the project purpose mentioned in the evaluation document (...to provide support to FUSADES for the development of the program...) has also been achieved because all available A.I.D. project funds have been disbursed (one year ahead of schedule) to PROPEMI.**

**The perspective used in this evaluation to assess progress toward the fulfillment of the goal and purpose of the project is one that focuses on PROPEMI's activities. This perspective takes into account that PROPEMI is a FUSADES program, and not a semi-autonomous institution beyond the direct influence of the foundation.**

**As noted above, the evaluation objective puts emphasis on (1) assessing appropriateness of project activities, and (2) financial self-sustainability. The scope of the project's activities is summarized in Annex 2 of the project agreement under the headings of Technical Assistance and Revolving Credit Fund, respectively. These activities (referred to as project components in the evaluation document) are linked to the first two objectives stated in the project agreement which are:**

- 1. To create income producing jobs.**
- 2. To bring small and micro-enterprises within the established financial system.**

**The financial self-sustainability issue is linked to the third objective stated in the agreement:**

- 3. To develop a permanent program of technical assistance and credit for small and micro-enterprises.**

## **B. EVALUATION METHODOLOGY**

The customary steps were followed by the evaluation team members (listed in Annex 7) in order to become familiar with the project. These steps included reading the A.I.D. project files and conducting multiple interviews with individuals and groups that have been involved in the project. Annex 4 lists the individuals that were interviewed and the institutions that were visited during the evaluation.

A less customary step taken in this evaluation was to conduct a formal survey of 244 project beneficiaries. The main objective of the survey was to learn about the impact of project activities (training, technical assistance, and credit) on project beneficiaries, particularly with respect to employment generation and earnings. The survey findings are summarized in Annex 5. A copy of the survey questionnaire is presented in Annex 6.

A comparison was also made between the project's expected PACD outputs and the actual outputs realized to date. In analyzing the extent to which some of the project objectives and expected quantitative outputs have not yet been fully met, the evaluation attempts to factor in the external and internal factors that have constrained their realization. External factors include:

1. The technical "soundness" of some of the assumptions that influenced the design of the project. Many of these assumptions appear to have been derived from the 1985 survey used to identify the characteristics and needs of the target group which served as a basis for the design of some of the project elements.
2. Changes in the economic environment that have directly affected the project since its early implementation stage (e.g., the new credit lines, credit programs, and credit institutions that provide funds to the same target group served by PROPEMI).

Internal factors include:

1. The predictable low activity levels that most new institutions and/or programs experience during the "birth-pains" stage.
2. The conflict between the needs to: (a) use obligated funds before their expiration dates on the one hand, and (b) achieve project objectives on the other hand, often resulting in a de-emphasis on project objectives.
3. Internal procedures and policies that act as constraints to the expedient supply of credit.
4. Inconsistent (and sometime contradictory) component activities that impede progress toward fulfillment of the project's goal and purpose.

Taking into consideration these internal and external factors, this report attempts to evaluate net outputs and project activities within the context of their relationship and/or contribution to the three evaluation "pillars" mentioned in Section A, which may be summarized as follows:

- Goal:** Improve access and availability of credit.
- Purpose:** Increase profitability and promote expansion of target group.
- Objectives:** Create jobs; "graduate" entrepreneurs to established financial system; achieve self-sufficiency of PROPEMI as an institution.

### **C. SUMMARY OF PROJECT ACTIVITIES**

According to the project agreement, there are three categories of PROPEMI project activities: program development, technical assistance, and the revolving credit fund. The program development category includes program implementation activities such as meeting initial staffing requirements but, most importantly, it concerns budgetary support to finance equipment and operating expenses. The technical assistance (T.A.) category includes: (1) outside T.A. needed to train PROPEMI's staff and budgetary support from USAID to finance it; and (2) the T.A. that PROPEMI was to provide to project beneficiaries. The revolving credit fund concerns the lending activities of PROPEMI. There are several projected quantitative outputs as well as expected characteristics of beneficiaries cited for this activity.

In conventional A.I.D. (and other donor agency) programming, the term technical assistance (T.A.) does not have the broad scope that it has had in the PROPEMI project. The use of the term T.A. is ordinarily understood to describe an interaction, on a one-to-one basis, between an expert or technician and another individual that benefits from the former's knowledge. In development programs that promote the growth of enterprises, T.A. is typically provided at the beneficiary's place of business. Generally, this type of interaction only reaches or benefits an individual entrepreneur and/or a limited number of employees. Given all these general characteristics, it is often an expensive service.

T.A. is usually categorized under administrative assistance and production assistance (when industry and capital intensive services are target activities). The former has wider applications; it is easier to deliver, and is generally less expensive to provide. Conventional wisdom has shown that production assistance has a more important contribution to make than does administrative assistance; however, it is more specialized and difficult to deliver (technicians are harder to find), and is also more expensive.

**Training differs from T.A. in several important ways. Since it is imparted to groups of people (often in a classroom situation), it does not have the strength of T.A., as far as tailoring the delivery of know-how to the specific needs and/or absorptive capacity of the individuals that receive it. If group homogeneity (e.g., individuals that work in similar activities, and/or that possess compatible aptitudes) is not purposely sought or possible, then training makes more sense when the subject matters taught are either very general, or at their most elementary levels. When homogeneity is not present within a group, general subjects and/or courses at elementary levels may not convey significant knowledge to a few participants (either because they are already familiar with the material, or it is not relevant to them) while the materials may be beyond the grasp of some others. In classroom training, the instructor does not need to have a high level of expertise in the subject matter being taught as long as: (1) the published teaching materials are adequate and complete; and (2) there is not much interaction between the instructor and the trainees. A clear advantage of training over T.A. is its lower cost.**

**The purpose of the past two paragraphs is to highlight the differences between T.A. vs training. Both activities can play important roles in development programs, but they have distinctly different characteristics which the original FUSADES proposal for PROPEMI failed to take into account in the following description of the project's technical assistance component (roughly translated into English):**

**We [FUSADES] have defined technical assistance as the fundamental component of the PROPEMI program, due its educational participation in the formation and preparation of the PEME (small and micro-entrepreneurs). Since it was determined in the survey (conducted in 1985) that 56% of the interviewed entrepreneurs have an educational level of primary education or less; this characteristic justifies that education, conceived as technical assistance, is necessary to achieve successful results in the execution of the PROPEMI program.**

**This definition was reflected in early reports on PROPEMI activities which, during the first two years of project implementation, did not clearly distinguish between outputs related to training and outputs related to true technical assistance. It was not until October 1990 that training and T.A. were listed in project reports as separate outputs.**

## **II. PROJECT DESIGN ELEMENTS**

### **A. DEFINITION OF TARGET GROUP**

In order to assess whether the project as currently designed is appropriate, relevant, and actually producing the desired results, a brief review must be made of the main background features that influenced the specific design elements. A good starting point is to note that the project exists due to the compatible interests of two institutions: (1) FUSADES, which wanted to participate directly in the development of small and microenterprises and, by so doing, to further contribute to the economic and social development of El Salvador; and (2) A.I.D., which wanted to promote the development of the same target group through various channels, including private sector initiatives. Both institutions viewed employment generation, increased earnings, and the resulting general economic growth as the desired outcomes of their efforts.

The findings of the 1985 survey of small and micro-enterprises, and the interpretation by FUSADES staff of such findings, served as the basis for the design of the project activities. The survey appears to have been well thought out and methodologically sound. In selecting the survey sample, an effort was made to include not only businesses with a physical location, but also self-employed ambulatory individuals. Of 938 people interviewed, 61% worked alone (5% ambulatory), and only 6% had 4 or more employees. The sample's average schooling level was such that the original FUSADES proposal listed literacy courses among the training activities to be carried out by PROPEMI.

The project design addresses the main constraints to economic growth faced by the survey sample. Design features such as low average loan size, "graduating" borrowers to institutional credit sources, and high proportion of women beneficiaries were drawn from the survey findings which had a large input from self-employed people. In both the 1985 survey and the FUSADES proposal, these persons are perceived as entrepreneurs.

Some development observers maintain that self-employed individuals should not be categorized as entrepreneurs. They argue that entrepreneurs are special cases of individuals who through their hard work, ambition, and good fortune, have developed skills and initial capital on their own. Once they have saved or acquired this initial capital, they are willing to take risks to make their investments grow. The growth potential of their capital is largely determined by their own abilities and drive, but is also related to the economic environment within which they operate (e.g., one more food store or carpenter shop in a urban setting normally does not have much growth potential). In short, entrepreneurs are a product of their own initiative; they are not created.

**This is not to say that programs to assist self-employed individuals and very small businesses (one or two unskilled employees) are not worthwhile. However, the same school of thinking would contend that what most self-employed individuals need are permanent jobs, not credit or technical assistance, since most people at every socio-economic level do not possess the drive that seems to characterize the classic entrepreneur. They would state that:**

- Most micro-enterprises have very limited potential for growth and for contributing to national income because their activities involve little or no value added and little or no technology. They fit into the description of the "perfect competition" economic model which is characterized by easy entry, no influence on prices, and high turnover of business units.**
- The people involved in these activities are frequently under-employed, and often earn less than minimum wage with few or no fringe benefits.**
- In developing countries, this target group is so large that no single program or institution can make a significant impact.**
- Past experience has shown that programs to provide credit and/or technical assistance to these individuals are expensive since there are no economies of scale (i.e. many small loans cost the same to administer as large ones), and that they would be more effectively carried out by volunteer groups that are neighborhood based and have little or no fixed costs.**

**To be sure, FUSADES' original proposal was clear in pointing out that PROPEMI could not become self-sufficient until it had a loan portfolio that was at least 85% larger than the initial revolving credit fund of \$2.1 million. As discussed in the financial self-sufficiency analysis in Chapter VI, this initial figure of 85% was greatly underestimated.**

## **B. PROGRAM DEVELOPMENT COMPONENT**

**This project component is no longer active since all funds allocated for institutional support and technical assistance have already been spent. The initial allocation included \$1.3 million for operating expenses and \$110,014 for technical assistance to PROPEMI. This latter amount was reduced to \$81,214 in September 1988 and the \$28,800 balance was transferred to operating expenses.**

**Both the Carbajal Foundation and the Panamerican Foundation were contracted to provide PROPEMI with technical assistance. The Carbajal Foundation assisted with the design and development of a training program and instructional materials that are now being used (in booklet form) in PROPEMI courses. The Panamerican Foundation was**

engaged to provide technical assistance in the design and implementation of internal procedures and management information systems for PROPEMI. Both the former coordinator of the PROPEMI Commission and the previous director of PROPEMI stated to the evaluators that the Panamerican consultancy failed to meet PROPEMI's needs and expectations; in particular, it did not equip PROPEMI to produce expedient and up-to-date portfolio statistics.

### **C. REVOLVING CREDIT FUND**

In the original (August 1985) project agreement, \$2,123,948 was allocated to the revolving credit fund. This allocation was increased by \$340,000 in May of 1989 and by an additional \$2,100,000 in July of the same year. By June of 1991, the entire amount of \$4,543,352 had been disbursed to the fund by A.I.D.

The 1985 agreement stated that at the end of three years (July 1988) the fund would total  $\text{¢}9.5$  million, which at the rate of  $\text{¢}4.5$  per dollar would be equivalent to the allocated dollar amount. The agreement also stated that the average loan amount would be  $\text{¢}4,000$ , or approximately \$888. This average loan size was taken from the original FUSADES proposal, as were the following expected outputs that are cited in the agreement:

|  |       |
|--|-------|
| Estimated number of beneficiaries<br>( $\text{¢}9,500,000/\text{¢}4,000$ ):            | 2,375 |
| Number of beneficiaries becoming clients<br>of the established financial system (10%): | 237   |
| New job opportunities to be created<br>(one per beneficiary):                          | 2,375 |

The agreement stated that PROPEMI promoters "are responsible to see that, to the degree it is possible, the beneficiaries open deposit accounts at financial institutions, and that they manage their accounts properly and become acquainted with banking procedures, with the purpose of enabling them to submit their loan applications to commercial banks and other financial institutions after a short period of time." The following guidelines for selection of activities under the program were provided:

- "The assistance provided will lead to generation of income-producing employment. Special justification shall be required in the files of loans that do not generate employment;
- Applicants will have had little or no prior relations with the established financial system; and

- **Loan applications should provide a reasonable degree of certainty that the financing will be effectively used by beneficiaries for a purpose consistent with the project's objectives."**

**A.I.D. project documents state that 40% of the beneficiaries (owners of businesses) will be women. FUSADES' original proposal had estimated this figure at 65% based on the results of the 1985 survey.**

**Other project impact figures pertain to the numbers of direct and indirect beneficiaries. The original proposal multiplies the number of individuals that would receive loans by four to derive the number of direct beneficiaries. This is supposed to represent the average number of individuals employed by businesses that would receive loans. However, according to the 1985 survey, the average number of employees of all businesses surveyed is 2.2 workers and would fall to 1.6 workers or less if self-employed individuals were excluded from the calculation. The number of indirect beneficiaries are estimated in the proposal by multiplying the number of direct beneficiaries by a factor a five, which presumably is based on census data for the average household size in El Salvador.**

**PROPEMI has followed the same system for calculating the number of direct and indirect beneficiaries, but bases its calculation on the number of loans granted rather than on the number of individuals that have received the loans. This results in an overestimate of beneficiary impact since at least 30% of the loans that have been granted are to repeat clients. In addition, it is not clear why the actual number of employees stated in credit applications is not used in calculating the number of direct beneficiaries for each loan.**

**The credit component as described in the agreement has been amended twice:**

- **In December 1987 (Amendment No. 3), the project purpose was changed to expand the coverage of the credit program from the city of San Salvador to the entire country.**
- **In July 1989 (Amendment No. 8), the first paragraph of the revolving credit fund description was changed to read as follows: "The average loan amount under the program is estimated at ¢10,000 (\$2,000). The credit fund with reflows, which will amount to approximately ¢57.5 million (\$11.5 million) by the end of the project, will thus benefit an estimated 24,500 persons during the life of the project. All financial assistance activities will be accompanied by technical assistance."**

**It can be interpreted from Amendment No. 8 that all interest earned would be reinvested in the fund. It is clear that in 1989 the devaluation of the colon was not predicted. The ¢57.5 million colones when divided by ¢10,000 (average loan size) is sufficient for 5,750 loans to individual borrowers, compared with the 2,375 loans**

anticipated in the original project agreement. The estimated number of beneficiaries (24,500) is derived by multiplying this revised number of loans by a factor of 4.2.

Amendment No. 8 did not change any of the other expected outputs for the credit component including the opening statement that the fund " ... will provide the beneficiaries of the program with the initial financial resources they need to expand operations and increase their profitability."

Following is a comparison of actual outputs to date with these expected output targets.

**Summary of Main Outputs to Date (Nov. 10, 1991)**

|  | <u>Achieved</u> | <u>Projected</u> |
|--|-----------------|------------------|
| 1. Amount of the Fund (in millions of colones)                   | 36.0            | 57.5             |
| 2. No. of individuals that received loans (2,670 total loans)    | 2,021           | 5,750            |
| 3. Percentage increase in earnings of beneficiaries              | 32%             | 10%              |
| 4. No. of new jobs generated                                     | 2,790           | 5,750            |
| 5. No. of people "graduated" to the established financial system | 52              | 575              |
| 6. % of women beneficiaries                                      | 42%             | 40%              |

In dollar terms, the size of the revolving credit fund has not grown to the expected level of \$11.5 million due to devaluations of the colon. The current amount of available funds is approximately the same as the original amount allocated for the fund by USAID. The individual 2,021 borrowers have received a total 2,670 loans that, when divided by ¢36 million, gives an average loan size of ¢13,487 (\$1,685). It is clear that Amendment No. 8 overestimated the eventual size of the fund as well as the size of the average loan. However, it must be pointed out that the outstanding loan portfolio has never been larger than its current size of ¢15 million, whereas past estimates had assumed that the total amount of available funds would be loaned out. If this had in fact been the case at all times, then the resulting outputs would have been more significant.

It appears that the revolving credit fund has achieved favorable results with respect to two of the key expected outputs: increased earnings (200% higher than expected), and employment generation (35% higher than expected). In the survey conducted for this

evaluation, beneficiaries were asked if their earnings had increased after the received the loans (see Annex 5, Table 28) and 82% responded affirmatively. The average increase estimated by these respondents was 32.4%, and 27% reported earnings increases of 50% or higher. Admittedly, these estimates reflect the borrowers' perceptions of their increased incomes, since most do not have the formal accounting skills they would need to maintain written records of their earnings over time.

Of the beneficiaries reporting earnings increases, 68% attributed the increase entirely to the loans (Annex 5, Table 28a). For this latter group, the overall average increase is 34.2%, ranging from 32% in the case of microenterprises to 42.6% for small industries. Service industries reported an average increase of 41.4%, manufacturing industries 32%, and commerce 33%.

The employment impact of the credit component has also been significant. Nearly two-thirds (63%) of the survey respondents stated that their employment had increased, compared with 28% who had experienced no change in employment and 9% who had reduced the size of their work force (Annex 5, Tables 35 and 35a). Of those reporting employment increases, the average increase was 3.5 new workers per establishment. Moreover, 46% of all respondents interviewed attributed an average of three new workers exclusively to the loans. The estimated number of new jobs generated by the credit component is extrapolated from these statistics (2,021 individual loans x 46% x 3 workers = 2,790 new jobs).

It is important to note the significant difference shown in the survey findings (Table 35a) in the responses of small enterprises (average increase of 6.5 people attributable to credit) and micro-enterprises (average increase of 2.3 people). In terms of economic activity, manufacturing industries reported an average increase of 4.3 people, services 4.1, and commerce 2.1.

#### **D. TECHNICAL ASSISTANCE**

Technical assistance activities are centered around the training courses, assistance in the preparation of credit applications, and the advice that reportedly is given to loan recipients during follow-up visits. The survey findings (Annex 5, Table 32) show that 55% of borrowers have received post-credit technical assistance from PROPEMI. The post-credit visits consist mainly of credit follow-up activities and attempts to see if clients are applying what they have learned in the training courses.

Very few of the survey respondents stated that technical advice had contributed to increases in their earnings (4 respondents) or employment (10 respondents). A closer look at these last statistics showed that the increase in employment came about when it was pointed out to the beneficiaries that they should hire people to handle administrative tasks so that they could occupy themselves with more important work.

Eleven staff members of PROPEMI's credit department (nine credit advisors and two credit analysts) are instructors in the training program. All credit advisors and analysts are university graduates and, therefore, are capable of understanding the elementary contents of the administrative courses. However, eight advisors that teach the courses stated that they would like to receive training in adult education methods in order to improve their capabilities as instructors. None of the staff members of the credit department have received external training on credit matters, apart from routine on-the-job-training.

#### **E. PROPEMI COMMISSION**

FUSADES manages its various programs very much along the lines of a corporate conglomerate. Each program has a Commission that serves as that program's Board of Directors. The PROPEMI Commission is comprised of six FUSADES members and a member of the FUSADES Board of Directors acts as the Commission coordinator. The PROPEMI Commission oversees the activities of the program and is responsible for ensuring that the yearly action plans are properly executed by the executive body of PROPEMI and that the program is carried out as designed. The Commission meets every two weeks with PROPEMI's director.

The Commission made an important implementation change in the project in June of 1990, when it decided that training would no longer mandatory be in order for prospective borrowers to receive a loan. When the evaluation team met with members of this body, there was general satisfaction expressed with the project activities as designed. The Commission members were also pleased with the new levels of credit placement that have come about since the second semester of last year.

In the evaluation scope of work, reference is made by A.I.D. to an advisory committee of PROPEMI that is composed of representatives of the SSE sub-sector. Such a committee does not exist and is not mentioned in the original FUSADES proposal. While a committee of this type would have been useful during the initial implementation stages of the project, it is no longer necessary after 5.5 years of accumulated experience.

#### **F. CONCLUSIONS AND RECOMMENDATIONS**

**Conclusion No. 1:** After reviewing the activities of each project component and analyzing the evaluation survey findings, it is concluded that self-sufficiency (project objective no. 3) and the technical assistance component are mutually exclusive. The details supporting this conclusion are presented in Chapter VI.

There are two types of pre-credit "technical assistance" interventions that are carried out by PROPEMI that have merit on their own, even though they do not directly contribute

to the project's goal and purpose: (1) training, and (2) assistance with the preparation of credit applications. In conventional terminology, these interventions are better characterized as socially oriented activities, since they are not financially self-sufficient. To what extent these activities should be expanded, eliminated, or reduced are matters that concern USAID and FUSADES. This evaluation recommends ways to make these activities more practical and less costly, but does not address how to make them financially self-sufficient.

**Recommendation No. 1:** If the expansion of these activities is desirable to USAID as a supplemental means of assisting the target group, then it is recommended that funding for training and pre-credit assistance be channeled through the operating expenses component. It would not be difficult for PROPEMI to estimate the amount of funds needed to support these activities for the next two to three years, since there is now a new cost center system that can provide accurate information.

**Conclusion No. 2:** On the basis of the survey findings, it can be concluded that, in contrast to the revolving loan fund, the type of post-credit technical advice that is being provided to current project beneficiaries has had little or no impact on employment generation and earnings. However, in both the technical assistance component and revolving credit fund sections of the project agreement, this activity is cited as a project requirement. PROPEMI clearly is fulfilling this design requirement to the extent that it is listed as a major expected output in the annual action plans and over one hundred such interventions are being reported every month to A.I.D.

**Conclusion No. 2a:** From the evaluator's assessment of the project design elements, it can be concluded that the revolving credit fund is appropriate, relevant, and actually producing the desired results, while the technical assistance is not.

**Recommendation No. 2:** In light of the fact that the technical assistance activities do not appear to be contributing much toward the achievement of the project goal and purpose, it is recommended that the technical assistance requirement be deleted under the current agreement.

**Conclusion No. 3:** Based on the evaluation survey findings, it is concluded that the contributions of the revolving credit fund to employment generation are greater in the case of small enterprises than of microenterprises, particularly in the industry and services sectors.

**Conclusion No. 3a:** Due in part to its reduced number of credit windows, PROPEMI has had real difficulties in accessing the "potential credit demand" that was identified in the 1985 survey. In the past, its orientation has been toward micro-enterprises (67% of loans) as opposed to small-scale firms (33%), which means that the average loans have been smaller than expected. It is concluded that, PROPEMI does not have the capacity to process the number of additional loans that it would need to achieve financial

self-sustainability based on the existing ratio of loans to micro-enterprises and small-scale firms. This conclusion is supported by the financial self-sustainability analysis in Chapter VI.

**Recommendation No. 3:** In light of the developmental and financial considerations mentioned above, and in order to make the credit fund element of the project even more appropriate, relevant, and better able to obtain the desired results, it is recommended that **PROPEMI be permitted to focus its main lending activities on small industrial and service enterprises for the next three years.** The objective would be to reverse the current ratio of micro-enterprise to small-scale borrowers so that the latter receive about two-thirds of the loans which will typically be larger than the loans being made to microenterprises.

**Recommendation No. 3a:** It is recommended that the second paragraph of the description in the project agreement that deals with the revolving credit fund component, where it is stated that "...priority shall be given to enterprises within the micro category...", be eliminated.

**Note:** This recommendation does not mean that PROPEMI should stop lending to micro-enterprises, but it does mean that the parameters of the credit component should be changed so that larger loans can be serviced by the fund. In conjunction with this change, the following parameters are recommended:

**Recommendation No. 4:** A new eligibility limit should be established that would permit enterprises with up to ₱1,000,000 in total assets to borrow from the fund.

**Recommendation No. 5:** The fund should be permitted to lend up to 2% of the total amount of available funds (which include bank deposits (investments) and the current outstanding portfolio currently totally ₱36 million) to a single beneficiary.

### **III. INSTITUTIONAL EFFECTIVENESS AND ROLE OF PROPEMI**

#### **A. DISCUSSION**

A brief review of PROPEMI's origin is necessary to understand its effectiveness as an institution and the role it plays in El Salvador. In 1983, FUSADES made contact with several of its counterpart institutions in various Latin American countries in order to become familiar with their efforts to assist the small business and microenterprise sector. The Panamerican Development Foundation (PADF) was a primary contact made during that period. Additional institutions consulted by FUSADES included Asesoría Dinámica a Microempresas (ADMIC), in Monterrey, Mexico; Fundación Carbajal in Cali, Colombia; and Fundación Dominicana in Santo Domingo. Of the institutions visited, only ADMIC provided both training and credit to the sector. The others, who were not direct lenders, limited their role to training in the area of administrative topics.

It is important to note that the Carbajal Foundation, which was among those entities that viewed themselves as educational institutions not lending institutions, had a strong influence on the development of PROPEMI during the early operational stages. Carbajal's central task was to provide training and identify credit needs. Financing for enterprises with Carbajal's recommendation was arranged through the private banking. It is evident that the Carbajal focus on education was transferred to PROPEMI and that this focus is not necessarily compatible with PROPEMI's credit activities. Perhaps as a consequence of the Carbajal educational focus, the only technical assistance that PROPEMI promoters, now referred to as advisors, ever received was training program related, and was provided by Carbajal. Although PROPEMI's credit fund is its major asset and only real income "center", the advisors never received external training as credit agents. This is peculiar since the stated goal of this A.I.D. funded project is to improve access to, and availability of credit for small businesses and microenterprises.

Since beginning operations, PROPEMI has used an integrated approach in assisting its client community. There are three key elements to the approach: training, advice to enterprises, and credit. So that PROPEMI would not become just another credit program in El Salvador, FUSADES devised the integrated approach; however, it is evident that training soon became the primary focus. The PROPEMI Commission, which is responsible for the direction of the project and proper execution of the stated goal and purpose, was likely influenced by the Carbajal Foundation. The Carbajal method and approach in assisting the target sector works well for that institution because it has a large endowment so that it does not have to worry about self-sufficiency, but this is not the case with PROPEMI. In 1990, the Commission became concerned with the self-sufficiency issue and decided that training would no longer be a mandatory requirement for the receipt of a PROPEMI loan. Some key personnel changes took place in that time period as well. In July of 1990, the departing PROPEMI director was

replaced with an experienced banker that has managed to more than double the historical monthly average placement of credit. In addition, the credit manager was replaced with another banker in 1991 and the PROPEMI promoters were moved from the technical division to the credit division and their title was changed to that of advisor. This brings them one step closer to becoming functioning credit officers, which is a necessary step in the self-sufficiency process.

In December, 1989, the geographic area encompassed by the project was expanded beyond San Salvador reaching out to other cities. PROPEMI now has regional offices in Santa Ana and in San Miguel, but also has clients in Sonsonate, La Libertad, La Paz, and Cuscatlan. With the credit component becoming a focal point, the current regional organizational structure is likely to promote unclear lines of authority. Presently, the Santa Ana and San Miguel offices fall under the immediate control of the of the director. The regional offices are headed by a coordinator supported by an analyst who supervises the advisors. In the San Salvador office, the analysts do not have direct authority over the advisors. The former report to a chief that is under the credit manager.

At first glance, PROPEMI does not appear to have a significant share of the credit market. A Central Bank Junta Monetaria decree has obligated financial institutions under the Bank's supervision to lend 15% of their portfolio to small businesses and 2.5% to microenterprises. Between March and July of 1991, the FEDECREDITO network of seven banks and FIGAPE reported making 40,092 loans for 287 million colones to small and micro-businesses. In the same five month period, PROPEMI made 336 loans for 6.7 million colones. However, these financial institutions have well over a hundred individual credit windows throughout El Salvador, and PROPEMI only has three. If only 100 credit windows per institution are assumed, they place an average of ¢2.8 million per credit window versus PROPEMI's window average of ¢2.2 million.

The commercial banks grant minimum loans in the amount of ¢5,000, while PROPEMI's minimum loan limit is ¢1,000. In addition, 2/3 of PROPEMI's clients have never received credits from the established financial system. Therefore, it is difficult to make a comparison between the established financial system and PROPEMI. PROPEMI can more properly be compared to FIGAPE which reported 702 loans for ¢10.5 million. However, FIGAPE grants several transportation sector loans, and surely this accounts for an important portion of the ¢10.5 million. If this latter type of loan is taken into consideration, it can be estimated that PROPEMI has a credit placement record similar to that of FIGAPE's, which has been operating in El Salvador for about twenty years.

## **B. CONCLUSIONS AND RECOMMENDATIONS**

On July 22, 1991, the Central Bank eliminated The Junta Monetaria and replaced it with the Consejo Directivo. The decrees passed by the Junta will remain valid for a

maximum of two more years. Before that time, however, the Consejo can invalidate such decrees when it so chooses. It has been predicted that, given the new push toward privatizing the commercial banks, the old Junta decree of allocating 15% and 2.5% of loan portfolios to small and microenterprises will not be renewed. This will mean that the commercial banks are likely to diminish the amount of credit provided to their current small and micro clients.

**Conclusion No. 1:** In the near future, the demand for PROPEMI credits may increase suddenly as long as its financial services are properly promoted ahead of the potential demand that would probably be created if the above mentioned changes were to take place in the banking industry.

**Recommendation No. 1: Promotion Via Agents.** A plan for a low cost geographic expansion of the promotion of PROPEMI services via credit agents should be enacted as soon as possible. A simplified procedural manual will be necessary, and the selected agents should be brought to San Salvador for a few days of institutional familiarization and training. The agents could be paid on a commission plus base pay basis and selected jointly with the FORTAS program of FUSADES.

**Recommendation No. 2: Door-to-Door Promotion.** Door-to-Door promotion should be discontinued. Instead, selected visits to potential clients that have been previously identified or referred should be made. These potential clients should have businesses that support more than 10 employees or demonstrate a need for loans of over 50,000 colones.

**Recommendation No. 3: Passive Promotion.** Low cost mass media (passive methods) should be used. These include, radio spots, posters, billboards, and heavy use of mobile public address channels.

**Conclusion No. 2:** PROPEMI's past focus on training has diminished and attention is now centered on the credit component. In order to play a more significant role in El Salvador, it is not enough that PROPEMI become a self-sufficient competitor of institutions like FIGAPE. In addition, PROPEMI could target its credit activities toward supporting other FUSADES programs and attempt to take the lead in introducing innovative financial intermediation methods or systems, such as factoring, leasing, or the Mexican Entrepreneurial Card (a pre-approved line of credit). Specific recommendations concerning these new intermediation methods are presented in Chapter IX of the report.

**Recommendation No. 4: Sub-Contracting.** The Asociacion Salvadorena de Industrias (ASI) should be contacted at the board of directors level and informed of PROPEMI's interest and ability to finance small enterprises willing to act as sub-contractors to the organizations large industrial members.

**Recommendation No. 5: Free Zones.** PROPEMI should work closely with the FUSADES Zonas Francas promotion program and identify potential loan recipients in the small enterprises sector who wish to provide goods and services to the industries located in the zones.

**Recommendation No. 6: DIVAGRO.** The small agriculture diversification projects that will come about as a result of DIVAGRO research should become eligible to receive loans from PROPEMI. It has been concluded by FUSADES that several vegetable products that are being researched by DIVAGRO will have to be produced by small farmers.

**Recommendation No. 7: New Small Industries.** PROPEMI should begin financing the development of new small industrial enterprises, since at present it only provides loans to firms that have already been established for at least one year.

#### **IV. LENDING PROCEDURES**

##### **A. Discussion**

Currently several factors that hinder the effectiveness of PROPEMI's lending operation. PROPEMI's loan portfolio has never exceeded the approximate current level of 15 million colones. In addition, the relatively small number of credit windows reduces PROPEMI's access to a greater client base. The original door-to-door method of obtaining clients, which continues to a lesser extent today, is time consuming and overly expensive. through door-to-door promotional methods, is not as prevalent today as it was in the past, but it is still used. This system takes too much time and is quite expensive.

The banking system has a floor limit for small loans of 5,000 colones, while PROPEMI's floor limit is 1,000 colones. It was stated in a previous Development Alternatives evaluation that PROPEMI concentrates its lending activities among the large micro and the smallest of the small enterprises. Much can be learned about the portfolio from an observation of the distribution of PROPEMI loans by size.

##### **Size of Loans**

| <u>Range</u>      | <u>Beneficiaries</u> | <u>Percentage</u> |
|-------------------|----------------------|-------------------|
| 1 - 5,000         | 927                  | 46%               |
| 5,001 - 10,000    | 464                  | 23%               |
| 10,001 - 15,000   | 197                  | 9.5%              |
| 15,001 - 20,000   | 154                  | 7.5%              |
| 20,001 - 30,000   | 143                  | 7.0%              |
| 30,001 - 40,000   | 45                   | 2.0%              |
| 40,001 - 50,000   | 67                   | 3.0%              |
| 50,001 - 75,000   | 13                   |                   |
| 75,001 - 100,000  | 10                   |                   |
| 100,001 - 125,000 | 1                    |                   |
|                   | -----                |                   |
| <u>Total</u>      | 2,021                |                   |

Of the loans to individual borrowers (first loans), 69% are less than 10,000 colones, and 46% are smaller than 5,000 colones. Since PROPEMI does not have many credit windows, its absorptive capacity is in direct relationship to the number of advisors on staff. This table shows that most of their time is being spent processing very small loans.

Admittedly, the microenterprise was assigned the highest credit priority in the PROPEMI credit fund according to the original project design. It was originally assumed that each advisor would process 8 to 9 loans per month, an average which has never been surpassed. The current average is 4. Current lending procedure require the advisor to visit the client 2 or 3 times before a loan is formulated. Once a loan has been granted, the client is visited another 3 or 4 times.

Post credit visits are considered by PROPEMI to be a necessary part of the original concept of the "supervised credit". Perhaps the only true benefit of the frequent (pre and post-credit) visits is the more or less favorable opinion that the clients form of PROPEMI's credit program. In Table No. 17 of Annex No. 5, an average rating of 3.6 on a scale of 5 was recorded in response to asking for an opinion of PROPEMI's credit program. The training program was given an average rating of 4.2 which is in the good to very good range.

The new director and credit manager have cut the number of loan processing steps, but waiting periods of 3 or 4 weeks is still not uncommon. Since most of the loans (3 out of 4) are for working capital, it can be assumed that extended waiting periods have contributed to the difficulty in attracting clients. Usually, working capital needs are relatively urgent in nature. While only 1 out of 3 current clients thinks that the waiting period was unacceptable (Table No. 15 Annex No. 5), it is not known how many potential clients look for working capital sources elsewhere. In addition, a review of credit procedures reveals both very small loans and larger ones are treated administratively in the same manner. Thus, complicated and costly procedures such as the preparation of pro forma balance sheets, inventories and income statements are often performed with both types of loans.

Certain lending regulations stipulated in the original PROPEMI agreement to provide credit assistance have proven difficult to follow. Because of the small initial client base, some rules, such as the inferred one loan per client rule, were overlooked to facilitate the lending process. The door-to-door method was necessary in the early stages, but it was time consuming and the results were poor. Project documents state that after investing a great deal of time, only 1 out of 8 persons qualified and received a loan. (This was during the period when training was required for all loan recipients). The net effect of all the eligibility requirements imposed in the PROPEMI lending process is that access to potential demand is made more difficult. The existence of several other financial institutions that also provide credit to the same sector surely makes it even more difficult to develop a large client base.

In addition, the common pressure of using allocated funds by a determined date very often contributes to the less than rigorous observance of eligibility rules. In the evaluation survey, the interviewee were questioned about the financial sources used for business purposes before and after receiving the PROPEMI loan. Table No. 20 in

**Annex 5 shows that before the PROPEMI loan, 27% had received bank credits, and 10% received credits from savings and loans cooperatives. Both of these sources are considered part of the established financial sector. On the other hand, when asked what sources they had used after the PROPEMI loan (Table No. 21), only 6% stated that they had received bank loans (a stated project objective). This 6% was later matched to those that had received bank financing before the PROPEMI loan. A low 2.6% was the net "graduate rate" to the banking system.**

## **B. CONCLUSIONS AND RECOMMENDATIONS**

**Conclusion No. 1:** As demonstrated in Chapter II, the PROPEMI's lending activities do support the project purpose of increased earnings of the clients and employment generation. Also mentioned, and revealed by the survey, was that the employment impact appears to be greater in small businesses more than microenterprises. In this chapter, it was determined that it was often difficult to follow established lending eligibility requirements and that these regulations actually impede PROPEMI's growth as in a niche suited for a program with few credit windows and relatively high level of fixed expenses. Lending larger amounts to larger enterprises might be better suited to PROPEMI's situation.

**Recommendation No. 1: Current Eligibility Rules.** During the remainder of the project and possible future extensions, the following rules and expected outputs should be eliminated from the project agreement:

1. PROPEMI staff should ensure that beneficiaries open up deposit accounts in a bank;
2. A minimum of 10% of the beneficiaries should "graduate" to the established banking system;
3. At least 1 new job will be generated per technical and financial assistance (more than that average is already being generated by most of the enterprises that have received loans);
4. The first two selection criteria listed in Chapter VII of the agreement (special justification for loans that do not generate immediate employment, and applicants will have little or no prior relations with banks).

**Recommendation No. 2: Small Loans Analysis.** Loans under 10,000 colones should be processed in the fashion that personal loans are processed in most commercial banking systems (least possible paper work). The entire file should not have more than three to four pages. The main requirement should be two salaried co-signers. Once the co-

**signers have been authenticated, it should not take more than 48 hours to approve and grant a loan. The loan document should state that if it is determined that the proceeds from the loan are spent for other than production or business related purposes, the entire loan amount will be called in and paid on demand. This type of borrower should be visited once before the loan, and once after the loan and the visits should be made by someone other than an advisor. A low level administrative staff member is the ideal type of individual to make the confirmation visits.**

**Recommendation No. 3: Advisory Services.** Multiple post-credit advisory visits must not continue, only one visit to verify investments should be made. Advisory services could be provided but they should take place in the PROPEMI office and only if requested. The credit analysts can help in providing these functions as well. Advisory services and analysis should be carried out when it concerns delinquent loans that are over 90 days past due, and the outstanding loan amounts are larger than 25,000 colones.

**Recommendation No. 4: Training to Advisors.** In a written interview, 13 of the 17 PROPEMI advisors stated that they would like to be trained in project evaluation topics. Given the increased emphasis on credit and the possible granting of larger size loans, the following professional development activities are recommended:

- 1) Contract at least 12 man/months of senior (external) credit specialists to work closely with the advisors.**
- 2) Provide the requested project evaluation training through a local university;**
- 3) Send senior advisors, credit supervisors and managers to other countries to observe the operation of similar lending institutions in those countries.**

## **V. EFFECTIVENESS AND RELEVANCE OF TRAINING**

### **A. GENERAL BACKGROUND**

There are 10 training related issues listed in section D of the scope of work for the evaluation which have played a dual role during the life of the project. The first role has to do with the profound influence that training has exerted, as a project component, over the conceptual, as well as, the operational strategy of PROPEMI. To be sure, its role as a component changed considerably since June, 1990, when it stopped being a mandatory requirement for loan recipients.

The second role that training has played has to do with its function as a development tool as prescribed in the project design. The field survey conducted during phase I of this evaluation provided important insights about this component and answered many questions as to the effectiveness and relevance of the training activities. It is pertinent to review the main background features of the training program in order to have a correct perspective of its magnitude.

The first training session began during the last week of April, 1986. Five and a half years have passed since that date and nearly 5,000 people have taken the PROPEMI courses. Approximately 4,800 individuals have taken at least 3 of the 5 core subjects in Basic Administration: Costs, Administration, Basic records (simplified accounting). At present, the 2 other subjects are referred to as complementary courses: Marketing & Sales, and Investment Projects. It is likely that as many as 4,000 persons have taken all five subjects.

The original policy that made it mandatory to take all 5 courses in order to qualify for a loan, was discontinued in June, 1990. Between that date and December of the same year, the 5 core subjects continued to be offered as a group, and according to the traditional course schedule were taught one subject per week, two hours per day, over a five week period. In January, 1991, the policy officially dividing the courses into two separate groups, the Basic Administration courses and the 2 complementary ones, was established. At that time, PROPEMI also began offering what is called differentiated courses. Three have been offered thus far: Social Market Economic Systems; Quality Control; and Production Management. The three had a combined attendance of approximately 200 persons.

The basic tools used in the courses are five booklets that contain the training material relevant to each subject matter. The original contents were provided by the Carbajal Foundation, but some of the booklets have been modified in past years. The Carbajal advisors modified the accounting booklet three times and the PROPEMI staff has made

changes in two additional instances. The PROPEMI staff has also introduced modifications to the projects, and the marketing booklets.

Of the 4,800 people that have attended the training program, 880 (1 of 5) have received loans. This group of 880 is 44% of the 2021 people that have received credits. It must be noted that not all the 4,800 persons that attended the training courses were entrepreneurs. People with very low education levels often take close relatives to help them understand the course and others send secretaries or some other representative of their business.

## **B. SURVEY FINDINGS**

During phase I of the evaluation a ninety-six question impact survey was taken of 244 PROPEMI loan recipients to determine the effect of training, technical advice, and credit on employment and earnings. Thirty of the ninety-six survey questions concerned training activities and twenty of these were test questions with regard to basic concepts and terms that are taught in the 5 courses. The purpose of these questions was to determine if the trainees remembered some of the most elementary features of each course. Data was also collected to ascertain whether or not they remembered taking a particular course or if they knew the name of the subject.

To the question, "What were the benefits that you derived from having attended the courses?", Table No. 5 in Annex 5 shows the responses (some stated more than one benefit). The three most frequently mentioned benefits were improved administration 51%; more control/management 41%; and higher level of knowledge 21%. The cited benefits are general and do not directly relate to specific outputs of any individual course content. There is an indirect relationship between the first two benefits, and the Costs and Administration courses. The third answer appears to be more of a gesture of goodwill towards PROPEMI, or education in general, than a direct output of the training courses. On the other hand, the benefits that ranked 4th, 5th, application of accounting concepts 17% and learned to calculate costs 11%, are indeed directly related to course outputs. 10% of the respondents cited the possibility of obtaining credit as a benefit. This is not surprising given the past requirement to enroll in order to receive a PROPEMI loan.

Below is a list of factors that could have influenced test results in the evaluation.

1. The period of time that transpired between the date of the course and the date of the test.
2. The intrinsic ability of an individual to retain information.
3. The effectiveness of an instructor as a communicator of information.

4. **The relevance of the information to the common activities of the individual. This includes quality of information, as well as, its applicability.**
5. **The degree of difficulty of the questions.**
6. **Some may think that the level of formal schooling is important, but the Carbajal Foundation purposely designed and packaged the information to serve audiences that are very much like the groups of people that PROPEMI trains.**
7. **The period of instruction (10 hrs. before, 6 hrs. now) may not be enough to cover all the material.**
8. **Individuals took the courses just to qualify for a loan, and may not really have been paying attention to the instruction.**

**The purpose of the test was to learn if the material that was presented in the courses was retained by the students. The extent to which the student still remembered the materials is one valid way to assess the effectiveness of PROPEMI's training program. The object was to assess the training program though, not the student.**

**If the reason for a training program's existence is to transfer information that will assist the individuals in becoming better business persons, then it follows that as a minimum, the training should have the following characteristics:**

1. **The training should have a lasting effect.**
2. **The materials taught should be useful to the participant.**
3. **The recipient should use the information in a beneficial manner.**

**A conventional method of grading a test is the pass/fail method. This method requires a pass or fail borderline where the number 60 is commonly used as a minimum borderline when the maximum is 100. This method is used in grading the answers to the questions found in Tables No. 6 to No. 11 in Annex 5. A correct answer earned a 10, a partially correct one earned 5, and an incorrect answer earned 0.**

The summary table on the next page is a composite of several training related results. The first two lines show the relationship between spontaneous and aided recall by subject. The following line gives the average test scores when graded on a pass/fail basis. Costs and Investment Projects have scores above the borderline (60). It is of particular interest that accounting, whose booklet has been revised at least 5 times, has a score of 50. A close look at Table No. 6 in Annex No. 5 shows that the two lowest scores concern the topics Basic Records or Accounting which are the major focus of the overall course. In addition, this is also the topic on which, according to several project reports, PROPEMI advisors concentrate most of their advisory efforts. The lending arm of PROPEMI should note that half of the individuals (borrowers) that took accounting (94% of the total sample population) either did not know what a liability was, or gave an incorrect answer.

The single question that received the highest grade in the whole test is the last question on Table No. 8, "What is profit?" This question is really very easy and it almost surely moved Costs to the No. 1 spot. On the other hand, 33 individuals (15%) out of 224 did not give a correct answer to this question.

Table No. 7 in Annex 5 shows the relatively high percentage of individuals using simplified accounts that are studied in the courses. However, when asked questions about these accounts in the test, a high percentage of people did not give correct answers. Similarly, the course that had the lowest unaided recall ratio in the summary table was Investment Projects. Only 1 of 5 people who took this course, remembered taking it. However, a review of Table No. 11 shows that 64% of these same people gave a correct definition of the very same term. A partially correct answer was provided by 18%, that when added to the 64%, equals 82%. Thus, 4 out of 5 people either knew or were familiar with what an investment project was, while only 1 out of 5 (of the same individuals) could remember spontaneously having taking a course with that title. In a way, this argues in favor of the theory that some individuals can not reiterate what they learn in the classroom, but that does not mean that they do not understand concepts learned, or do not know how to apply them.

The scoring method used in the tables serves to determine "academic excellence"; whether a student passed or failed, and to measure how well they did compared to one another. A second method or perspective of grading the test results focuses on whether information is being retained or remembered. In some ways, the second method is more appropriate to the case at hand since the purpose of the test was to learn if information was being retained. The test results under the second method are the following:

## SUMMARY TABLE OF TRAINING RESULTS

|                       | ACCOUNTING | COSTS      | ADMIN.     | MKTING./SALES | INVEST. PROJECTS |
|-----------------------|------------|------------|------------|---------------|------------------|
| Enrollment (%)        | 94         | 92         | 88         | 84            | 68               |
| Unaided recall (%)    | 79         | 50         | 55         | 51            | 22               |
| Test score (100 pts.) | 50         | 66         | 49         | 53            | 61               |
| <b>IMPACT (%)</b>     |            |            |            |               |                  |
| Proven benefits       | 33         | 14         | 22         | 11            | 3                |
| Unproven benefits     | 12         | 8          | 9          | 8             | 3                |
| Least benefit         | 2          | 5          | 1          | 6             | 24               |
| <b>BASE</b>           | <b>229</b> | <b>224</b> | <b>215</b> | <b>204</b>    | <b>165</b>       |

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## TEST SCORES BY GEOGRAPHICAL ZONE, SECTOR, AND SIZE OF BUSINESS

|                  | San Salvador | Santa Ana | San Miguel | INDUSTRY | COMMERCE | SERVICES | SMALL | MICRO |
|------------------|--------------|-----------|------------|----------|----------|----------|-------|-------|
| ACCOUNTING       | 54           | 43        | 45         | 53       | 49       | 46       | 56    | 49    |
| COSTS            | 68           | 60        | 68         | 68       | 65       | 60       | 66    | 66    |
| ADMINISTRATION   | 53           | 46        | 38         | 53       | 45       | 54       | 50    | 49    |
| MKTING./SALES    | 54           | 49        | 53         | 56       | 54       | 44       | 59    | 51    |
| INVEST. PROJECTS | 61           | 59        | 63         | 63       | 61       | 56       | 62    | 60    |

| <b><u>Course:</u></b>        | <b><u>Incorrect</u></b> | <b><u>Partially Correct</u></b> | <b><u>Correct</u></b> | <b><u>%That Retain Information</u></b> |
|------------------------------|-------------------------|---------------------------------|-----------------------|--|
| <b>Administration</b>        | <b>39%</b>              | <b>23%</b>                      | <b>38%</b>            | <b>61%</b>                             |
| <b>Marketing &amp; Sales</b> | <b>38%</b>              | <b>19%</b>                      | <b>43%</b>            | <b>62%</b>                             |
| <b>Accounting</b>            | <b>35%</b>              | <b>29%</b>                      | <b>36%</b>            | <b>65%</b>                             |
| <b>Costs</b>                 | <b>30%</b>              | <b>9%</b>                       | <b>61%</b>            | <b>70%</b>                             |
| <b>Investment Projects</b>   | <b>29%</b>              | <b>21%</b>                      | <b>50%</b>            | <b>71%</b>                             |

The above figures demonstrate that various results, for example, those that took the administration course gave answers that by an average of 61% were at least partially correct. The people that took Costs answered correctly 61% on the average. The conclusion is that a significant amount of at least partially correct information was retained by most of those that were interviewed.

The 4th and 5th of the Summary Table of Training Results are related. When people were asked which course was of most benefit to them, of the people that had taken accounting, 45% cited that course as most beneficial; but when asked to specifically cite how or why it was the most beneficial, only 33% of the people were able to substantiate their answer. The two most beneficial courses cited were Accounting and Administration. The least beneficial was Investment Projects.

The persons being interviewed were asked to give their opinion about the courses. The answers could be excellent, good, neither good or bad, bad, and very bad. Table No. 12 in Annex 5 gives the results to the opinion question. The overall score was 4.2 of a maximum of 5. This rating falls between good and excellent. It is higher than the score of 3.6 for the same question about the credit program.

There is no system in place to measure the impact of training in terms of the stated project purpose; however, at the end of a course, a four page questionnaire is filled out by the participants. It asks the students for their opinions about the courses and instructors. This is an internal evaluation tool, but the results are not tabulated in an aggregate form.

In the survey, only 20 individuals had unfavorable opinions about the training program. It can be observed in Table No. 12b that the most prevalent unfavorable response faulted the courses for being too short and incomplete.

The Development Associates 1988 PROPEMI evaluation states that possibly the single largest benefit of training is that it increases the level of self-confidence of the individual that receives the training. It is likely, that this is the case with some individuals. The third largest benefit cited in Table No. 5 (higher level of knowledge) is probably a case of self-confidence. However, as mentioned before, the same table indicates other real benefits from training (Costs and Accounting). Of the five courses, the one that is most directly related to making contributions to the stated project purpose is the Costs course, because it may help in increasing earnings.

The PROPEMI training program is not critically needed to assure success of the credit component, and neither is training critical in order to have a direct impact on employment or earnings. These are outputs more closely related to technical assistance. Training could have a small direct relationship to loan delinquency which is touched upon in the Investments Project course.

The training programs of FEPADE, the Chamber of Commerce, and AMPES were reviewed during the evaluation's field work. Unlike PROPEMI, FEPADE does not have administrative courses that are oriented to small and microenterprises. Their courses are technical in nature, and only in few cases do they include administration topics. AMPES does have a training course in basic accounting, costs, and human relations. The courses, however, are only for their members (1,100 of which 600 are microenterprises), and are free of charge. AMPES receives funds from Germany (850,000 colones) to finance the training. The Chamber of Commerce sponsors some courses but depends on PROPEMI for administrative courses to microenterprises which are subsidized by the Chamber.

There are no demographic statistics available about the individuals that have received training, but is fairly certain that these statistics are very similar to the ones that characterize the loan portfolio. PROPEMI's is the largest private sector training program of administrative subjects to the small and microenterprises in El Salvador. The costs of training in colones can be analyzed by looking at the costs of the Basic Administration course which is made up of three subjects and applying that information to the annual training budget.

#### Basic Administration Course

|                                 |               |
|---------------------------------|---------------|
| 15 students, fee of 120 Colones | 1,800         |
| Instructor's salary             | (450)         |
| Books, supplies, diplomas       | (315)         |
| -----                           | -----         |
| Total contribution to overhead  | 1,035 colones |

The 1991 budgeted training expenses were 237,550 colones and the number of courses needed to cover that expense is  $(237,500/1,035) 229$ . Assuming 50 work weeks per year and 15 students per course, there would be a need for 4.5 courses per week training a total of 3,775 students per year. During the last 5.5 years, approximately 5,000 persons have been trained.

## **C. CONCLUSIONS AND RECOMMENDATIONS**

**Conclusion No. 1:** It is concluded that the training program has at least three positive features:

1. According to the survey findings, a significant percentage (over 60% on the average) of at least partially correct information is retained by those interviewed.
2. The costing principles and the simplified accounting concepts are two training outputs that are applied by many of the people that take the courses.
3. Approximately 5,000 individuals have taken the courses.

**Conclusion No. 2:** In a way, the training program is an intangible asset in the sense that it has the added feature of serving as a "calling card" for PROPEMI as a program, and to FUSADES as an institution. On the other hand, it is concluded that training is not cost self-sufficient, and it does not directly contribute to the project goal or purpose, nor is it critical to employment generation or increased earnings.

Assuming that the training activities will continue at least until the end of the life of the project, the following is recommended:

**Recommendation No. 1: Regional Expansion.** The most important tool of the program is concentrated in the contents of the instruction booklets. The information is very elementary and easy to use as a teaching tool for most people with at least some university training in business administration, accounting or economics. PROPEMI should work closely with the FORTAS program and individuals associated with FORTAS, asking them to teach the training courses in their communities. In other words, PROPEMI can train new trainers, and provide the booklets at cost.

**Recommendation No. 2: Training Sites.** To increase enrollment, which has tended to drop since training became voluntary, PROPEMI should take the courses to neighborhood schools and "casas comunales."

**Recommendation No. 3: Topics.** The core subjects should be packaged as one unit and not as three different courses. The course should concentrate 80% of the time on Accounting and Costs and 20% on Administration.

**Recommendation No. 4: Size of Groups.** Courses being offered in PROPEMI's facilities should have a minimum of 10 individuals enrolled.

**Recommendation No. 5: Training Program Development.** If the training program is continued beyond the life of the project, then the courses should be strengthened and expanded. At least three man/months of external specialized technical assistance will be needed by informal education technicians, in order to develop training manuals and to train PROPEMI's staff. Twelve of the advisors interviewed requested this type of training. In addition, some 12 man/months of national expertise will be required to expand the contents of the training courses, and to develop new topics.

## **VI. FINANCIAL SELF-SUFFICIENCY**

### **A. Discussion**

Results of a financial study of PROPEMI, demonstrated in Tables 1-3 at the end of the chapter, offer some insight into the progress the institution has made toward a primary focus for the project, self-sufficiency. Columns 7 to 10 (Table 2), show the income generated by the various PROPEMI components. Columns 1 to 5 (Table 1), show the costs associated with the program allocated by component and according to the level of effort dedicated to each one. As can be observed, total income has grown at a faster rate than total costs during the life of the project, especially during the last two years. In terms of cash flow, by September 30, 1991, total costs were 51.8% of total income, as seen in column 12 (Table 3).

It is important to note that salaries and fringe benefits constitute 66% of total costs (column 13, Table 3). Technical personnel are the main asset of the institution; therefore, to what they dedicate their time is of great importance.

With regard to the training component, in columns 5 and 7 (Tables 1 and 2), it can be observed that the income generated by the activities does not cover the costs incurred, and the operating ratio for the component in column 14 (Table 3), shows that the situation is not improving. Prior to the previous two years, the technical assistance component has been the most expensive component of the program, from which PROPEMI does not perceive any direct income (column 3, Table 1). Yet, the advisors dedicate 50% of their time to this activity.

The credit component of the program is the only activity that has the potential to give it financial self-sustainability, but to focus mainly on this component would require a major change in the manner in which the project is conducted. As can be observed in Tables 2 and 3, the income generated by the portfolio has increased dramatically during the last two years (column 9, Table 2). The ratio of the total cost/loan portfolio and credit component cost/loan portfolio (columns 15 and 16, Table 3) has improved steadily during the life of the project, and the cost per loan granted has decreased accordingly (columns 19, 20, Table 3).

From the standpoint of the credit component, the costs/income ratios generated by the portfolio (columns 17, 18, Table 3) are more significant because they show the portion of revenue that goes toward capitalizing the institution after expenses are paid. If inflation is not taken into consideration, the income is enough to cover the cost of the credit component (column 18, Table 3) but not the total cost (column 17, Table 3).

Table 3 (columns 19 and 20) shows in thousands of colones the cost to PROPEMI for placing a loan. Another factor, which is perhaps even more important, is that small loans (less than 10,000 colones) take more time to process because the client needs more assistance from the advisors than with larger loans. Hence, these loans are more expensive for PROPEMI and produce less revenue.

According to the survey conducted, the impact of the loans granted was greater in the small enterprise sector than in the microenterprise sector, generating more employment and higher salaries for those employed. Of the 2,021 clients that PROPEMI has had, 927 received loans of less than 5,000 colones and 464 received loans of less than 10,000 colones, constituting 68.8% of its clientele (Table 4). By concentrating on the small business rather than the microenterprise, PROPEMI should be able to increase its portfolio at a faster rate, increase the efficiency of its personnel and achieve a greater degree of financial self-sustainability while fostering increased employment and income. This would require a fundamental change in the project which would have to be analyzed using other criteria as well, not just against the goal of financial self-sustainability.

All indicators show that PROPEMI has been moving steadily toward self-sufficiency, especially during the last two years, but there are two problems that could be a major obstacle: loan losses and inflation. With regard to loan losses, if the operating ratio (column 12) is technically adjusted to include reserve for loan losses which amount to 1,641.9 thousand colones as of September 30, 1991, it becomes  $(2228 + 1641.9) / 4295.2 = 90.1\%$ . This means that 90.1 cents of every colon go toward paying expenses and only 9.9 cents can be reinvested in PROPEMI. As of October 25, 1991, the payments overdue amounted to 1,876.4 thousand colones, equivalent to 12.4% of the outstanding portfolio. Of the total amount, 1,487.8 thousand colones are more than 180 days overdue and are considered difficult to collect (technically in default). Approximately 60% (900,000 colones) of these correspond to loans granted during the first three years of the program, before December 31, 1988.

Given that the revenues from loans are the only possibility for reaching self-sufficiency, it is very important that the rate of delinquency be kept to a minimum. The credit (default) risk or failure to meet the terms of a loan contract which result in delinquent accounts varies among the different economic sectors. The 12.4% figure is too high for PROPEMI given its financial weakness and that its other components do not generate income. On the other hand, it may be average or standard given its clientele (the micro and small entrepreneur) as evidenced by the rate of loan delinquency of other institutions that give credit to these sectors. Aware of this situation, PROPEMI began a delinquent loans collection program in October, 1990, and has collected 1,065 thousand colones at a cost of less than 7%.

## **B. INFLATION**

Given that the equity capital of the institution is held in monetary assets, in order to maintain its value it has to grow at least in proportion to the rate of inflation. This means that PROPEMI's operating income has to be equal to at least the operating costs plus the rate of inflation to achieve the break-even point and be financially self-sufficient. If we assume that the Central Reserve Bank will continue with a policy of keeping positive interest rates (higher than the rate of inflation) by allowing lending rates to remain approximately 5% above inflation rates; and that PROPEMI will be able to keep its loan losses at 1% of the outstanding portfolio, PROPEMI will have 4% to cover its operating expenses. This means that for 1991, given that its expenses have been budgeted at approximately 3 million colones, it would require a loan portfolio of 75 million colones (4% of 75 = 3) to achieve its break-even point. As can be seen in Table 2 (columns 7 to 10), most of PROPEMI's income comes from time deposits and if we do not take inflation into consideration it is profitable. But the rate of interest that those time deposits are earning is lower than the inflation rate (currently slightly above 15% according to the Central Bank) which means that PROPEMI's real capital value is slowly decreasing.

Analysis shows that if PROPEMI wants to reach self-sufficiency, it will have to reduce its training and technical assistance components. It will have to focus most of its efforts on the credit component, because this is the only activity that has enough income generation potential to achieve the objective. This could imply a fundamental change in the design of the project, in the sense that PROPEMI should be allowed to operate as if it were a private sector financial institution.

## **C. CONCLUSIONS AND RECOMMENDATIONS**

**Conclusion No. 1:** If it is determined that the project should continue giving priority to training, technical advice, and microenterprises, it would be contradictory to seek financial self-sufficiency.

**Conclusion No. 2:** The ratios used in this analysis are those that are commonly applied to financial institutions. PROPEMI is not a financial institution, it is a program of a non-profit organization. The recommendations of this report are oriented to view PROPEMI as a financial institution in the near future; however, this matter is something that needs to be reviewed by FUSADES and A.I.D. by taking into consideration other criteria, in addition to the financial self-sufficiency issues.

**Conclusion No. 3:** To reach financial self-sufficiency means to perform as a financial institution. However, even if this takes place, financial solvency is difficult to achieve due to the characteristics of the target group which receives small, high risk loans that are expensive to administer. Other institutions that assist the small and microenterprise sectors are often in financial difficulty despite the governmental and international

support they receive (e.g., BFA, FEDECREDITO, and FIGAPE).

**Recommendation No. 1:** PROPEMI should review its costs, particularly regarding personnel, and streamline them to standards of private financial institutions, thus making itself more efficient from a cost/benefit standpoint.

**Recommendation No. 2:** The credit department's technical staff is PROPEMI's most valuable and expensive asset. Their technical assistance activities take up 50% of their time. This activity should be reduced to a minimum. T.A. should be provided as a tool to reduce risk in the case of larger loans that are delinquent.

**Recommendation No. 3:** Since PROPEMI's capital is concentrated in monetary assets, it is very important that inflation is included in all financial and economic analyses.

**Recommendation No. 4:** PROPEMI should charge a fee of at least 1% for formalizing loans.

**Recommendation No. 5:** The training fees should be raised by 50%, in order to make this component a little less expensive.

TABLE No. 1

## COST OF PROPEMI

| YEAR                     | 1. TOTAL COST | 2. SALARIES AND FRINGE BENEFITS | 3. TECHNICAL ASSISTANCE COST | 4. CREDIT COST | 5. TRAINING COST | 6. NUMBER OF LOANS MADE |
|--------------------------|---------------|---------------------------------|------------------------------|----------------|------------------|-------------------------|
| ( THOUSANDS OF COLONES ) |               |                                 |                              |                |                  |                         |
| 1986                     | 1,161.0       | 721.0                           | 609.7                        | 290.0          | 261.3            | 130                     |
| 1987                     | 1,729.0       | 1,031.0                         | 847.0                        | 519.0          | 363.0            | 308                     |
| 1988                     | 1,316.0       | 1,010.0                         | 553.0                        | 526.0          | 237.0            | 493                     |
| 1989                     | 1,802.0       | 1,205.0                         | 820.0                        | 631.0          | 351.0            | 315                     |
| 1990                     | 2,446.0       | 1,722.0                         | 942.0                        | 1,101.0        | 403.0            | 774                     |
| SEPT 30/1991             | 2,228.0       | 1,468.0                         | 780.0                        | 1,114.0        | 334.0            | 650                     |

TABLE No. 2

## INCOME OF PROPEMI

| YEAR                     | 7. INCOME FROM TRAINING | 8. INCOME FROM FIRM DEPOSITS | 9. INCOME FROM PORTFOLIO | 10. TOTAL INCOME | 11. AVERAGE PORTFOLIO |
|--------------------------|-------------------------|------------------------------|--------------------------|------------------|-----------------------|
| ( THOUSANDS OF COLONES ) |                         |                              |                          |                  |                       |
| 1986                     | 52.8                    |                              | 17.2                     | 70.0             | 636.0                 |
| 1987                     | 104.6                   | 44.4                         | 160.0                    | 309.0            | 1,321.0               |
| 1988                     | 151.8                   | 202.4                        | 629.0                    | 983.2            | 4,828.0               |
| 1989                     | 119.5                   | 792.3                        | 803.0                    | 1,714.8          | 6,042.0               |
| 1990                     | 193.4                   | 2,160.0                      | 1,058.0                  | 3,411.4          | 7,354.0               |
| SEPT 30/1991             | 115.0                   | 2,499.2                      | 1,681.0                  | 4,295.2          | 12,814.0              |

TABLE No. 3

FINANCIAL RATIOS OF PROPEMI

| YEAR         | 12.                          | 13.                                      | 14.   | 15.                                   | 16.                                    | 17.                                    | 18.                                     | 19.                           | 20.                            |
|--------------|------------------------------|--|---|---------------------------------------|--|--|---|-------------------------------|--------------------------------|
|              | OPERATING RATIO (1/100)<br>% | SALARY EXPENSE OPERATING COST (2/1)<br>% | OPERATING RATIO TRAINING PROGRAM (5/7)<br>% | TOTAL COST AVG. PORTFOLIO (1/11)<br>% | CREDIT COST AVG. PORTFOLIO (4/11)<br>% | TOTAL COST PORTFOLIO INCOME (1/9)<br>% | CREDIT COST PORTFOLIO INCOME (4/9)<br>% | TOTAL COST No. OF LOANS (1/5) | CREDIT COST No. OF LOANS (4/5) |
|              |                              |  |   |                                       |  |  |   | (THOUSANDS OF CCOLONES)       |                                |
| 1986         | 1,658.0                      | 62.0                                     | 494.0                                       | 182.0                                 | 46.0                                   | 6750                                   | 1686                                    | 8.90                          | 2.20                           |
| 1987         | 559.0                        | 59.6                                     | 347.0                                       | 130.0                                 | 39.0                                   | 1080                                   | 324                                     | 5.60                          | 1.70                           |
| 1988         | 133.0                        | 76.7                                     | 156.0                                       | 27.0                                  | 11.0                                   | 209                                    | 83.6                                    | 2.67                          | 1.07                           |
| 1989         | 105.0                        | 66.9                                     | 293.0                                       | 30.0                                  | 10.0                                   | 224                                    | 59.6                                    | 5.70                          | 2.00                           |
| 1990         | 71.7                         | 70.4                                     | 208.0                                       | 33.0                                  | 15.0                                   | 231                                    | 104                                     | 3.16                          | 1.42                           |
| SEPT 30/1991 | 51.8                         | 65.9                                     | 290.0                                       | 17.0                                  | 9.0                                    | 132                                    | 66                                      | 3.43                          | 1.71                           |

TABLE No. 4

## GENERAL CHARACTERISTICS OF LOAN PORTFOLIO

| AMOUNTS         |               | ECONOMIC SECTOR | No. OF BENEF. | TERMS       | No. OF BENEF. | TYPE OF BUSINESS | No. OF BENEF. | SEX    | No. OF BENEF. | No. OF LOANS | TOTAL No. OF LOANS |
|-----------------|---------------|-----------------|---------------|-------------|---------------|------------------|---------------|--------|---------------|--------------|--------------------|
| RANGE           | No. OF BENEF. |                 |               |             |               |                  |               |        |               |              |                    |
| 0001-5,000      | 927           | INDUSTRY        | 907           | 1-6 MONTHS  | 45            | MICRO            | 1341          | MALE   | 1134          | 1            | 1886               |
| 5,001-10,000    | 464           | SERVICES        | 281           | 1-12 MONTHS | 557           | SMALL            | 680           | FEMALE | 866           | 2            | 616                |
| 10,001-15,000   | 197           | COMERCE         | 833           | 1-2 YEARS   | 972           | OTHER            |               | GROUPS | 21            | 3            | 133                |
| 15,001-20,000   | 154           |                 |               | 2-3 YEARS   | 292           |                  |               |        |               | 4            | 32                 |
| 20,001-30,000   | 143           |                 |               | 3-4 YEARS   | 140           |                  |               |        |               | 5            | 3                  |
| 30,001-40,000   | 45            |                 |               | 4-5 YEARS   | 15            |                  |               |        |               | 6            |                    |
| 40,001-50,000   | 67            |                 |               | > 5 YEARS   |               |                  |               |        |               | 7            |                    |
| 50,001-75,000   | 13            |                 |               |             |               |                  |               |        |               | 8            |                    |
| 75,001-100,000  | 10            |                 |               |             |               |                  |               |        |               | 9            |                    |
| 100,001-125,000 | 1             |                 |               |             |               |                  |               |        |               | 10           |                    |
| <b>TOTAL</b>    | <b>2021</b>   |                 | <b>2021</b>   |             | <b>2021</b>   |                  | <b>2021</b>   |        | <b>2021</b>   |              | <b>2670</b>        |

## **VII. MANAGERIAL AND ADMINISTRATIVE CAPABILITIES**

### **A. Discussion**

This chapter reviews the managerial systems and procedures in place to implement the project and monitor progress. The planning methodology implemented by PROPEMI is the following:

- **A five year master plan is prepared (currently the 1991-95 plan) in which the general objectives and goals for the period are outlined, as well as the strategy and the proforma budget which will be used as general guidelines during the period.**
- **Based upon the five year master plan, an annual operational plan is prepared for each year (currently the 1991 plan). Given the performance during the previous year, management establishes specific objectives for the coming year, strategies to achieve them, timetables and a proforma budget for each administrative unit or cost center.**

The monitoring of progress made is supervised by three different committees:

- **The PROPEMI Commission, which is appointed for a two year period and is presided over by a member of the board of directors of FUSADES. The committee meets every two weeks and is responsible for setting policy, establishing a work plan and goals. The monitoring of progress is evaluated quarterly by this Commission.**
- **The FUSADES executive committee is comprised of members of its board of directors and is in charge of monitoring the activities of all FUSADES programs including PROPEMI.**
- **The Operations Committee, which is made up of the FUSADES program directors and presided over by the executive director of FUSADES, meets every Monday morning. It reviews the weekly activities, identifying potential problems that may arise in the coming week and planning how to cope with them.**

**(The PROPEMI Commission and the FUSADES executive committee make separate monthly reviews of the progress made by the program.)**

## **B. CONCLUSIONS AND RECOMMENDATIONS**

**Conclusion No. 1:** A primary weakness of PROPEMI is the lack of an adequate management information system. A system, independent of the FUSADES central information system, is needed in order to handle data promptly and efficiently, especially regarding loan portfolios and clientele.

**Conclusion No. 2:** The action plans are used by the institution as a working tool and the higher authorities can evaluate the efficiency of the institution by comparing actual progress against the action plan. According to the survey conducted though, the results achieved differ widely from the target goals established and the reporting of those results appears to be inflated to show fulfillment of goals identified in the action plan.

**Recommendation No. 1:** It is recommended that action plan goals be planned more realistically.

## **VIII. FINANCIAL AND MANAGEMENT PROCEDURES**

### **A. Discussion**

Currently, Price Waterhouse is conducting a comprehensive financial audit of all FUSADES programs. The questions asked under this evaluation's scope of work regarding financial and management procedures of the project will be more thoroughly addressed by the Price Waterhouse audit. However, the information required has been reviewed and according to PROPEMI's management the following procedures have been implemented:

- Lending operations are documented in full compliance with the accounting standards of the national banking system.
- A centralized formal accounting system on a cash basis has been implemented for all FUSADES' programs in compliance with the local accounting standards.
- A budget control manual exists which includes all pertinent A.I.D. regulations.
- A system of internal financial auditing is conducted on a continual basis.
- A yearly external audit is carried out according to the standards of the national banking system.
- A.I.D. has conducted two financial audits, one covers their period from PROPEMI's inception through December 31, 1988, and the one presently being conducted by Price Waterhouse.

### **B. CONCLUSIONS AND RECOMMENDATIONS**

**Conclusion No. 1:** The financial management procedures cited by PROPEMI to the evaluation team seem to be correct and adequate.

**Recommendation No. 1:** It is recommended that the upcoming Price Waterhouse audit be used to confirm whether or not the financial and management procedures listed above are indeed adequate and according to international standards.

## **IX. GENERAL CONCLUSIONS AND RECOMMENDATIONS**

The PROPEMI project is undertaking one of the most difficult and laborious activities of development assistance. It is rare to find a single institution that can provide technical assistance and credit to small and micro-enterprises in a cost efficient manner, while reaching a significant number of individuals in the process.

It became evident to the evaluation team that FUSADES and PROPEMI officials do not really differentiate the FUSADES program from the A.I.D. project. Perhaps this is because the A.I.D. project, in addition to providing operating resources for the credit fund, has also supplied funds for operating expenses to the FUSADES program. These program development funds were intended to serve as an temporary endowment of the program for a five-year period. Unfortunately, PROPEMI has neither the permanent resources nor the freedom to act as a bridge institution (regardless of cost) between the smallest of enterprises and the established financial sector, as the original FUSADES proposal had intended. An important conclusion of this evaluation is that the PROPEMI program can not become financially self-sufficient given its current level of fixed expenses if it must provide the level of education and technical assistance interventions envisioned in the project design.

The original proposal for PROPEMI estimated that the credit fund would have to grow 85% larger than the initial \$2.1 million in order to achieve self-sufficiency. This evaluation concludes that the total amount currently available for lending (€36 million) will need to double in size to reach this self-sufficiency objective. To avoid gradual decapitalization, PROPEMI needs to increase its outstanding loans portfolio as soon as possible. This can only be achieved by granting more and larger loans than has been the case in the past.

Small enterprises typically demand larger loans than micro-enterprises and, according to the survey findings, generate more employment through their borrowing. These findings support the recommendation that PROPEMI should focus its lending activities primarily on small enterprises.

To be sure, grant funds have zero cost, but in order to maintain their value such funds need to be invested in activities that will yield returns higher than inflation rates. Assuming an inflation rate of 15%, idle funds invested in the money market will at best only break even since the average short term passive rate is also around 15%. Funds invested in 20% interest loans accordingly yield a net rate of 4% points taking into account a 1% point set aside for bad debts. This means a €15 million loan portfolio contributes €600,000 to pay for expenses, which is only 20% of the €3 million that it costs to operate PROPEMI for one year. Under this scenario and without any further A.I.D. operating expense subsidies, the FUSADES program would stand to lose "purchasing

power" (decapitalization) at a rate of ¢2.4 million, or about 7% of its capital base, each year unless it can increase the size of its portfolio and/or reduce its operating expenses by granting larger loans.

Another disadvantage of lending primarily to micro-enterprises is that these enterprises commonly require shorter-term loans than do small businesses. PROPEMI's current portfolio is being repaid at an annual rate of 45% to 50% and some 70% of the loans have terms of less than two years. This means that for every net annual increase of ¢1 in the balance of the outstanding loans, ¢2 has to be lent during that same period of time.

Each of PROPEMI's 18 credit advisors are processing an average of 4 loans per month. About 1,300 loans have been granted in the past 20 months, with an average loan size has been ¢13,500. If in the same time period the average loan size had been ¢50,000, and assuming PROPEMI had about ¢75 million available for lending, financial self-sufficiency would have been achievable. If the average loan processing rate were increased to six or seven loans per month per advisor, then an average loan size of ¢35,000 to ¢40,000 would suffice to achieve these same results. In this case, the advisors would have to dedicate most, if not all, of their time to credit processing activities.

In interviews with members of the PROPEMI Commission and with high-level FUSADES officials, satisfaction was expressed with the way the program is now functioning. It is hoped that some of the findings and conclusions of this evaluation will provoke a reassessment of PROPEMI's priorities.

**Conclusion No. 1:** The revolving credit fund is making important contributions to the stated project goal and purpose in terms of employment generation and increased earnings. If these two project outcomes continue to be objectives of A.I.D.'s development assistance strategy for El Salvador, then the following is recommended:

**Recommendation No. 1:** Additional support should be provided to PROPEMI by A.I.D. Assuming that FUSADES' top officials and the PROPEMI Commission concur that lending should be the main focus of the program's activities, the continued A.I.D. support makes sense for several reasons:

1. PROPEMI is already an established program with over five years of institutional experience in dealing with the target group. During this period, it has paid its "dues" and has attained recognition in the communities where it operates.
2. In the past 18 months, PROPEMI has demonstrated the ability to increase its credit placement record.
3. The "critical mass" of human resources needed to make PROPEMI an important lender to small and micro-enterprises in El Salvador is available (the director and the credit manager).

4. **PROPEMI has been an A.I.D. project for most of its existence and it is presently at a critical crossroad of its development. Additional funding would allow it to expand in new directions that can produce a higher level of development impact that had been possible in the past. If no additional funding is made available, PROPEMI will have to begin scaling down its operations within the next two years.**
5. **Additional funding is particularly important at this time to put PROPEMI on the road to financial self-sufficiency.**

**This last point needs to be expanded. It was stated that a credit fund of about \$9.5 million (€75 million) was needed for PROPEMI to reach self-sufficiency, although \$10 million might be a more realistic figure because fixed costs are likely to increase over the next two to three years due to inflation, pay raises, etc. It is not being suggested here that A.I.D. should provide the entire \$5.5 million that will be needed to bring the size of the fund up to this amount. However, an A.I.D. grant of \$2 million to \$2.5 million would raise PROPEMI's equity base to a level that would make it highly "bankable" or eligible for concessionary loans from the I.D.B., the World Bank, or similar institutions.**

**PROPEMI is not part of the public sector, and therefore can not leverage itself at the same levels possible for a public sector entity with a central government behind it acting as guarantor. Any potential source of concessionary funds will look closely at the balance sheet. Normally, a private sector development finance institution should not initially leverage itself by more than 30% to 35% of its total asset base, because of the higher risks associated with development lending. With an equity base of \$6.5 to \$7 million, PROPEMI could comfortably leverage itself by \$3.5 to \$4 million, which will put it within the funding level of \$10 to \$11 million needed to reach self-sufficiency. Concessionary loans have the added advantage of being offered at below market rates, which would increase the interest rate spread or margin that is available to cover fixed expenses.**

**Conclusion No. 2: PROPEMI's lack of an adequate management information system (MIS) is a serious managerial and operational handicap. At present, important financial and portfolio information is either not available, or is very difficult to obtain. Information concerning activity levels and characteristics of credit, T.A., and training functions also needs to be more accessible.**

**Recommendation No. 2: A suitable management information system should be designed and established on an urgent basis. At least six person-months of services from information systems specialists will be required over a two year period to design the system, to write the needed software, and provide associated training.**

**Conclusion No. 3:** PROPEMI has been authorized by its Commission to establish a new operating unit for Research and Development. This evaluation concludes that there are at least three important functions for this new unit:

**Recommendation No. 3a - Sector Studies:** A feature that makes lending to micro and small enterprises a very difficult and risky task is that there is no published information available about the financial characteristics of these enterprises that can serve as lending guidelines. The beneficiaries provide the financial data, but it is difficult to ascertain its authenticity or whether it is representative of the sector and size of the enterprise. Often the advisors have to develop the information themselves and this takes valuable time that should be spent processing additional loans. The new Research and Development unit should be charged with contracting for sectoral studies to produce the relevant financial information. These studies should cover about 20 different sub-sectors or activities most commonly engaged in by small or micro-enterprises. The information should be kept current by the new unit and would be a valuable resource for other financial institutions in El Salvador. In addition to a research budget, this unit will need three person-months of external T.A. to assist with the design of the conceptual framework and the supervision of the initial studies.

**Recommendation No. 3b: Impact Monitoring.** Another recommended function of the Research and Development unit is to monitor, on a permanent basis, the impact on employment and earnings that will come about as a result of PROPEMI's activities. These statistics will provide a valuable tool for orienting lending activities to those sectors that are found to have the highest levels of impact.

**Recommendation No. 3c: New Intermediation Instruments.** The third important function of the Research and Development unit should be to carry out the studies needed to determine the viability of introducing new financial intermediation instruments in El Salvador, such as factoring, leasing, and the Mexican entrepreneurial card. To the extent that PROPEMI can be successful in introducing new types of financial intermediation, other credit institutions can be expected to follow PROPEMI's lead. If this happens, then the impact on small and micro-enterprises will be much more significant.

These recommended studies call for the development of primary, micro-economic data that does not really fall within the scope of the economic studies department (DEES) of FUSADES, which characteristically rely on secondary macro-economic data. The Research and Development unit will need at least 18 person-months of man/months of technical assistance over a two-year period, to help establish the impact monitoring system and investigate proposed intermediation activities.

## **X. LESSONS LEARNED**

### **1. Credit Demand Surveys**

If the project being designed has a substantial credit component, a detailed credit demand analysis must be carried out, and not a demographic study. The potential target group must be surveyed to identify its particular credit needs so that the design of the new credit program addresses those needs through adequate loan parameters. The survey must be carried out by experienced credit specialists that understand credit processing procedures and are knowledgeable of how various types of credit institutions function.

### **2. Matching the Credit Institution to the Target Group**

Once the target group has been properly defined and their credit needs have been identified (e.g., loan amounts, use of credit funds, possible collateral constraints, economic activities, etc.), the type of financial institution that can best supply the credits must be found or created. As a general rule, with smaller target enterprises it is better to identify lower fixed cost institutions that have a large number of credit windows. The large number of credit windows is even more important than the lower fixed costs feature.

### **3. Assessment of Human Resources to Carry Out Program**

It is also important to define with some precision the type of background experience that the operators of the credit program should have. If experienced individuals are not readily available, then the training needed to develop them must be determined. Usually, T.A. by external experts is preferable to formal classroom training, because it will be difficult to identify local sources of training for credit related activities.

### **4. Access to Credit**

If the project involves a new institution, it is best not to impose too many eligibility rules on loan applicants before the institution has developed a sound portfolio and is in a position to focus on developmental objectives.

### **5. Program Monitoring**

A permanent monitoring and evaluation unit should be established very early in the implementation stage to assess the impact of the various lending activities and the adequacy of the project design.

**ANNEX NO. 1**

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**EVALUATION SCOPE OF WORK**

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**EVALUATION**

**PROGRAM FOR SMALL AND MICROENTERPRISES**

**(519-0304)**

**BACKGROUND**

The goal of this Project is to assist PROPEMI to improve access to, and availability of credit for small and microenterprises. The purpose is to provide support to FUSADES, for the development of the Program for Small and Microenterprise, which provides credit and technical assistance to Small Businessmen and Microentrepreneurs in El Salvador and to increase the profitability of, and promote the expansion of Small and Microenterprises, thereby generating employment and fostering economic growth.

Through the program, PROPEMI has increased the profitability of selected SSE's (Small Scale Enterprises), enabling them to attain and maintain a stable income which meets the individual and family/dependent needs and, has stimulated the growth of these SSE enterprises to the point where they can and will generate new employment for persons beyond their immediate family grouping.

This \$6.0 million dollar Agreement provided equipment and facilities to the PROPEMI program nationwide. The Project consisted of three components, as follows :

- 1- Revolving Credit Fund
- 2- Technical Assistance
- 3- Operating Expenses

- The three areas of development assistance in which the project focused were:
  - I) FUSADES - Institutional development.
  - II) CLIENT COMMUNITY - small and microentrepreneurs.
  - II) THE LARGER PRIVATE SECTOR - information dissemination and support.

### III The Private Sector at Large

- Increase in FUSADES membership (members specifically supportive of the PROPEMI Project)
- Increase in private sector donations for PROPEMI.
- Publication, of information, data and essays underscoring key problems of the SSE Subsector and proposing solutions.

This Project started on August 29, 1985, and it will reach its PACD on June 30, 1992.

#### ARTICLE I. TITLE

Project: PROGRAM FOR SMALL AND MICROENTERPRISES Number: 519-0304

#### ARTICLE II OBJECTIVE

The objective of this task is to assess PROPEMI's progress toward fulfillment of the Project purpose and goal at this point in the Project, with an emphasis on (1) appropriateness of Project activities to attainment of the Project goal and purpose; (2) financial self-sustainability of PROPEMI as an institution beyond the Life-of-Project. The evaluation report will be used as a tool by USAID/El Salvador and PROPEMI to review progress to date and make any modification, if necessary to enhance Project implementation. Therefore, the report will include both an assessment of impact and recommendations for future activities.

#### ARTICLE III - STATEMENT OF WORK

In carrying out the interim evaluation, the contractor will, at a minimum, complete the following tasks:

a. Review Basic Project Design Elements: Review the basic Project design, i.e. three components: (Revolving Credit Fund, Technical Assistance, and Operating Expenses) and key factors ( PROPEMI staff, private sector advisors that are part of the Credit Commission, trainers, etc.) and assess whether the Project, as currently designed is appropriate, relevant, and actually producing the desired results. For example, is PROPEMI's lending program meeting the stated Project purpose?

The contractor will make recommendations for improvement, if deemed necessary, in the basic Project design to meet the Project purpose.

**b. Financial Self-Sufficiency:** Of great interest and importance to AID and El Salvador in general is the degree to which PROPEMI is financially viable and able to continue lending/training activities beyond the Life-of-Project, since it is only in this fashion that the Project will have the maximum impact. The contractor will assess PROPEMI's cost structure, cost sharing mechanisms, and the costs of implementing the Project as designed to determine progress made toward self-sufficiency.

**c. Institutional Effectiveness and Role of PROPEMI:** The contractor will assess PROPEMI's institutional capability to serve as a lender to small and microentrepreneurs and its needs for trained personnel, and the other requirements described under Component One and Two of the 0304 Project Agreement. Specific examples will be discussed, and recommendations will be made on how this role can be enhanced, if appropriate.

In addition, the contractor will review PROPEMI's organizational philosophy according to the design of the project, which proposes a role to PROPEMI as a lending institution. What PROPEMI should and should not be doing and what should be the direction of the Project in this regard? Included in this section should be an analysis of the role of "Fundación Salvadoreña para el Desarrollo Económico (FUSADES)" in meeting the PROPEMI's Project purpose.

How does training component affect credit delivery ?

Would credit delivery be enhanced if Training Component was reduced to minimized level or eliminated ?

Is the Program operating in all the cities specified in the Cooperative Agreement?

What percentage of the credit market does PROPEMI possess?

What duplication of effort exists within the market place?

Is the Program having a positive effect on employment generation, increased family incomes, increased profitability, etc.?

**d. Effectiveness and Relevance of Training.** With respect to the Project purpose of Component Two, the contractor will assess whether PROPEMI's activities are providing the resources needed by Salvadoran small and microentrepreneurs to increase their knowledge in accounting, marketing, projects, bookkeeping and administration in their business, e.g. has individual and overall business administration actually improved, and to what degree? Other questions to be considered include:

- 1) Is there a system in place to measure the impact of PROPEMI training/technical assistance in terms of the stated Project purpose? If yes, is it adequate? If a formal system does not exist, formal recommendations will be made for determining the effectiveness of PROPEMI's training/technical assistance on an ongoing basis.
- 2) Is the training upgrading human resources, as planned in the Project? If the above upgrading is not happening, what must be done to ensure it does happen? If it is happening, are there methods for improving and expanding it? If upgrading is taking place, in what manner is it benefiting employers and employees?
- 3) Is training critically needed to assure success of credit component?
- 4) What type of training is critical to increase impact of credit program income, and productive jobs ?
- 5) Does the training lead to greater impact? i.e. jobs? increased profits?
- 6) Could training be delivered more effectively through another institution? FEPADE CAMARA DE COMERCIO, etc.?
- 7) Who are the primary recipients of PROPEMI's support (individuals and organizations)? For individuals include details such as gender, rural or urban, economic level, etc. Are there organizations needing PROPEMI support which are not receiving it? Who are they?
- 8) Has PROPEMI established an effective lending/training/technical assistance systems for resolving the management, administrative training needs of the private sector and other requirements under Component One and Two of their grant from USAID?

- 9) Has PROPEMI effectively responded to the lending/training needs of the sector involved?
- 10) How does PROPEMI lending/training compare with similar services provided by other organizations in-country and in other countries in terms of cost effectiveness?

e) Analysis of Managerial and Administrative Capabilities and Systems. The contractor will review the managerial and administrative systems and procedures which PROPEMI has put in place to implement the 0304 Project to determine the effectiveness thereof. This will include a review of PROPEMI's planning capabilities to assess, for example, whether annual action plans are realistic and relevant, and what monitoring systems are in place to enable PROPEMI to measure progress throughout the year and over the Life-of-Project.

f) Lending Program. Has PROPEMI established an effective system for providing loans to small and microentrepreneurs that support the Project purpose and other requirements listed under Component One of their grant from USAID?

g) Educational Credit/Technical Assistance Programs. The contractor will review the procedures used by PROPEMI to implement these activities and will assess current PROPEMI policies for educational credit/technical assistance. He will also evaluate whether the programs are appropriate and competitive with alternative educational loan sources to motivate small and microentrepreneurs and the use of this means to enroll in technical studies.

In addition, the contractor will evaluate the pilot phase to determine the feasibility of making this training available to small and microentrepreneurs, i.e., do they want this type of training?. Is there other training they feel they need?. The following questions should be considered:

- 1) Is there a need to expand these types of courses, previous to receive the loans, do they really help the program beneficiaries?
- 2) Is there a demand for the type of training in place?

h) Review/Financial and Management Procedures. The contractor will review financial and management procedures to ensure that they are being carried out in accordance with Project agreements and in accordance with prudent management and financial accountability procedures. The contractor will assess whether appropriate and accurate accountability and management procedures are being utilized to support Project implementation in compliance with AID requirements. The contractor will describe the procedures and evaluate how they compare with international accounting standards.

METHODOLOGY The evaluation methodology should include, but not be limited to :

PHASE I - Impact Survey to provide data to support recommendations

- A. The Contractor will review the original proposal from PROPEMI for AID funding the 519-0304 project Agreement and Amendments thereto, PROPEMI's annual action plans, the most recent Semi-Annual Reports on the Project, and the Development Associates report evaluation on FUSADES - PROPEMI.
- B. Interviews with PROPEMI and AID personnel involved in the Project in order to develop data to make the questionnaire used for the survey.
- C. Team leader designs survey and organizes survey teams.
- D. Survey team will interview PROPEMI's beneficiaries in San Salvador, Santa Ana, and San Miguel.
  1. A random sampling of not less than 5% of all PROPEMI graduates will be conducted to obtain comments on their training courses.
  2. A random sampling of not less than 5% of all PROPEMI loans users will be interviewed on a random basis to obtain their comments on the credit system of PROPEMI.
- E. Consultant must present the survey final results to AID when the Phase II starts.

PHASE II Project Evaluation

- A. Guided interviews with PROPEMI personnel involved in the Project and clients of the Program for Small and Microenterprise. Based on survey results consultant should visit selected clients of PROPEMI and ascertain their views on the services provided by PROPEMI.

Consultant should interview (group interview, focus groups, short case studies on beneficiary experiences, employee experience, management experience) PROPEMI's designated representatives and obtain their input for the subject evaluation. This will include representatives from the FUSADES's Board of Directors, the PROPEMI Credit Commission, the Executive Director, individual program directors.

- B. The contractor will meet with representatives of the following Mission offices to gain their perspectives and insights on the Project: Associate Mission Director for Program and Project Development, the Associate Mission Director for Operations, the Program Office, the Projects Office, the Private Sector Office, and the Controller's Office.

PROCEDURES The contractor's time will be divided into two phases:

PHASE I. - SURVEY (up to 20 working days): During Phase I, the contractor will develop/organize the appropriate support necessary to carry out a survey among the PROPEMI's beneficiaries. This will include developing data gathering instruments and hiring local (salvadoran) administrative and research personnel to formulate a questionnaire that will be used for the survey, and provide it to the Mission for review/approval before initiating the process. This local firm will have no more than 20 working days for complete this job. They also will have to present a methodology to the Mission will include a work plan which includes detail on steps, the private and public sector individuals to be contacted during the survey process, etc. USAID, based on the contractors comments, may revise or add questions to the scope of work. However, such changes may not result in an increased level of effort from that stated in the IQC work order.

PHASE II. - EVALUATION PROCESS. Phase II will begin not more than 5 working days after the completion of Phase I. During Phase II the actual evaluation will be accomplished and an acceptable draft report submitted to USAID prior to any team member departing El Salvador. Phase II activities will be accomplished within 25 working days. The entire evaluation process, from Phase I to submission of the draft report, will not take more than 100 calendar days.

#### ARTICLE IV - REPORTS

The contractor shall:

1. Within 3 days of arrival for Phase I the contractor will deliver a complete workplan for completing the entire scope of work.
2. Within 3 days of arrival for Phase II, the team will submit for USAID approval a working outline of the evaluation, including results of interview questionnaire used for the Phase I.
3. Participate in entrance and exit briefing for Mission Management and the Mission Evaluation Committee.
4. The contractor will meet weekly to brief Mission and PROPEMI on the progress of the evaluation. The briefing will include discussion of unusual findings and any problem areas.
5. The Team will provide USAID and clear with security a list of proposed site visits at least 48 hours in advance of making a trip.
6. At least 7 working days before leaving El Salvador, the Chief of Party will provide the USAID with eight copies of the draft report in English and eight copies in Spanish which shall contain the same sections outlined at the beginning of the consultancy. This draft will be reviewed by the USAID and PROPEMI and returned to the chief of party with corresponding comments/recommendations.
7. The contractor shall incorporate the comments and recommendations suggested by the USAID into the text of the final report. Sixteen (16) final copies of the report will be delivered in English and Spanish (eight of each), to the USAID immediately before departure. This final draft report shall contain the same sections to be included in the final evaluation report as outlined below.
8. Within three weeks after leaving the country, the contractor shall send to the USAID 25 copies of the final report: 15 in English and 10 in Spanish. The evaluation report will include the following sections:
  - (a) A paginated Table of Contents.
  - (b) An Executive Summary, including purpose of the evaluation, methodology used, findings, conclusions and recommendations. It will also include comments on impact and lessons learned. It should be complete enough so that the reader can understand the evaluation without having to read the entire document. This will be a "stand alone" piece, i.e., enabling readers to understand it without having to read the entire document.

(c) A copy of the scope of work under which the evaluation was carried out. The methodology used will be explicitly outlined and each scope will contain the requirement to assess how (and how successful) the project or program being evaluated fits into the Mission's overall strategy. Any deviation from the scope will be explained.

(d) A listing of the evaluation team (including the local team involved in Phase I), their field of expertise and the role they played on the team.

(e) Evaluation Findings, Cite specific examples.

(f) A clear presentation of the evaluation recommendations, in a separate section of the report if convenient, so that the reader can easily locate them. As an annex a prioritized listing of recommendations.

(g) Previous Evaluations should be discussed. This will include a brief description of conclusions and recommendations made in the earlier report. The evaluator will discuss briefly what use was made of the previous evaluation in their review of the project.

(h) The project's lessons learned should be clearly presented. These should describe the causal relationship factors that proved critical to project success or failure, including necessary political, policy, economic, social and bureaucratic preconditions within the host country and AID. These should also include a discussion of the techniques or approaches which proved most effective or had to be changed and why. Lessons relating to replicability and sustainability will be discussed.

(i) Annotated bibliography of all project related documents.

A.I.D. Evaluation Summary The evaluation team will complete the evaluation abstract (box H) and detailed summary portion of the A.I.D. Evaluation Summary Part II. The Mission will provide forms and instructions. This draft will be submitted with the final evaluation.

#### ARTICLE V - RELATIONSHIPS AND RESPONSIBILITIES

The team will work under the technical directions of the Private Sector Officer or his designee at the USAID Mission in El Salvador. All coordination with the PROPEMI of El Salvador, will be coordinated through the AID Office of Private Enterprise. The Consultants will be expected to abide by Regional Security Office regulations for their personal safety.

**ARTICLE VI - PERFORMANCE PERIOD**

It is envisioned that the scope of work herein contained may be accomplished as follows: Phase I in a Four (4) weeks period by a seven (7) person team. Phase II in a Five (5) week period by a Two (2) person team. While the work of the team has been broken down into suggested specific scopes of work for the individual members, the general intent is to bring together a team of technical specialists which, in the aggregate, has the balance of academic background, specific work experience and technical expertise needed to understand the work and to produce a quality document. In this connection, it is paramount that the individual consultants work as a team so that the end product is a natural, well coordinated evaluation.

**ARTICLE VII - WORK DAYS ORDERED**

| <u>POSITION</u>                              | <u>WORK DAYS</u> |
|--|------------------|
| <u>Phase I</u>                               |                  |
| Business Administrator /Team Leader          | 10               |
| Assistant                                    | 20               |
| Salv. Res. Research Assistants (5) x 10 days | 50               |
| <u>Phase II</u>                              |                  |
| Business Administrator/Team Leader.          | 30               |
| Credit/Financial Analyst                     | 25               |

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**ARTICLE IX SPECIAL PROVISIONS**

**A. DUTY POST**

USAID El Salvador.

**B. LANGUAGE REQUIREMENTS AND OTHER REQUIRED QUALIFICATIONS**

The contractor shall provide a two persons team with qualifications described below or those acceptable to USAID/El Salvador:

**1. Team Leader** - Master's Degree in Business Administration or equivalent with at least 5 yrs. experience in Latin America, also experience in evaluating, designing, or implementing education/private sector projects. Experience in the design and implementation of surveys is mandatory. Fluent in English and Spanish (S-3, R-3). The Team Leader will be responsible for designing and implementing the survey and coordinating the evaluation. Specifically, for evaluating Project achievements in training, education, research, policy and program planning, and management and preparation of the draft/final evaluation report. He/She is also responsible for coordinating/editing the written inputs of the other team members.

**2. Credit/Financial Analyst**: Master's Degree in Finances or equivalent with extensive experience in Latin America, in designing, evaluating, and implementing education projects.

Fluent in English and Spanish (FS-3). This consultant will be responsible for evaluating progress in the PROPENI Program and installations.

**C. ACCESS TO CLASSIFIED INFORMATION**

"Contractor shall not have access to any A.I.D. classified material"

**D. LOGISTIC SUPPORT**

A.I.D. is not going to provide any logistic support. Contractor will provide/arrange: Office space, Office equipment, Survey team, Interpreter/Secretarial support, Travel arrangements/Tickets.

**ANNEX NO. 2**

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**PROJECT GRANT AGREEMENT**

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## Adjunto II

## DESCRIPCION DEL PROGRAMA

I. Título del Convenio: Programa Para Pequeñas y Microempresas.

II. Propósito:

El propósito de este Proyecto es el de aumentar la rentabilidad de, y promover la expansión de pequeñas y microempresas en el área de San Salvador, generando así empleo y promoviendo el crecimiento económico.

III. Objetivos

Los objetivos del Proyecto son los siguientes:

1. Crear empleos remunerados.
2. Llevar pequeñas y microempresas al sistema financiero establecido; and
3. Desarrollar un programa permanente de asistencia técnica y crédito para las pequeñas y microempresas.

IV. Definición del Grupo Objeto

El grupo objeto está compuesto de pequeñas y microempresas en el área de San Salvador, a las cuales les ha sido denegado, o no han tenido, acceso al sistema financiero establecido, determinadas por las siguientes categorías de activos:

| <u>Categoría</u> | <u>Activos (¢)</u> |
|------------------|--------------------|
| Micro            | 0-74,999           |
| Pequeña          | 75,000-150,000     |

## Attachment II

## PROGRAM DESCRIPTION

I. Title of Agreement: Program for Small and Micro-enterprises.

II. Purpose

The purpose of this Project is to increase the profitability of, and promote the expansion of small and micro-enterprises in the area of San Salvador, thereby generating employment and fostering economic growth.

III. Objectives

The following are the Project's objectives:

1. To create income producing jobs;
2. To bring small and micro-enterprises within the established financial system; and
3. To develop a permanent program of technical assistance and credit for Small and Micro-enterprises.

IV. Definition of the Target Group

The target group is composed of small and micro-enterprises in the area of San Salvador, which have been denied or have not had access to the established financial system, as determined by the following asset categories:

| <u>Category</u> | <u>Assets (¢)</u> |
|-----------------|-------------------|
| Micro           | 0-74,999          |
| Small           | 75,000-150,000    |

## V. Actividades del Convenio:

Los subsectores de la pequeña y microempresa de la economía salvadoreña están siendo reconocidos cada vez más, como críticos para la recuperación económica del país. Estos negocios pequeños, a menudo no registrados, son responsables por una gran parte de la generación de empleos, principalmente dentro de los estratos de la población de menores ingresos.

Estas empresas a un alto grado no han cerrado, han atravesado las condiciones económicas adversas que los enfrentan, y han continuado empleando gente y manteniendo la economía en marcha. Este programa proveerá a los pequeños y microempresarios con asistencia técnica y los recursos financieros necesarios para aumentar su rentabilidad y expandir sus operaciones, fomentando así el crecimiento económico y la generación de empleos.

### A. Desarrollo del Programa

A fin de llevar a cabo e implementar el Proyecto, FUSADES expandirá su Oficina de Pequeñas y Microempresas, que fué establecida con apoyo del Convenio Cooperativo de A.I.D. No./519-0177-A-00-5215-00, de fecha 20 de marzo de 1985. Durante el primer año de operaciones el personal incluirá, por lo menos: un Director Ejecutivo, un Gerente Técnico, un Gerente Financiero, el Contralor, un Asistente al Contralor, un Analista de Créditos, dos Supervisores y 6 Promotores, Apoyo Secretarial y de Oficina. Espacio de oficina para la central del Proyecto será rentado, preferiblemente en un lugar céntrico, o un lugar de fácil acceso para el Grupo Objeto. Los costos de instalación, de equipo de procesamiento de datos y de equipo de oficina y de comunicación serán financiados con fondos del Proyecto.

## V. Agreement Activities

The small and micro-business subsectors of the Salvadoran economy are increasingly being recognized as critical to the country's economic recovery. These small, often unregistered businesses, account for a great deal of the employment generated, primarily among the lower income strata.

These businesses to a large degree have not shut down, they have weathered the adverse economic conditions facing them and have continued to employ people and keep the economy going. This Program will provide small and micro enterprises with the technical assistance and financial resources needed to increase their profitability and expand their operations, thereby fostering economic growth and employment generation.

### A. Program Development

In order to carry out and implement the Project, FUSADES will expand its Small and Microenterprise Office, which was established with support from A.I.D. Cooperative Agreement No. 519-0177-A-00-5215-00, dated March 20, 1985. During the first year of operations the staff shall at least include: an Executive Director, a Technical Manager, a Financial Manager, the Controller, one Assistant to the Controller, one Credit Analyst, two Supervisors and six Field Extension Officers, secretarial and clerical support. Office space for the headquarters of the Project will be contracted, preferably in a downtown location or a place to which the target group will have easy access. Installation costs and equipment which shall include data processing and office and communication equipment will be financed with Project funds.

## B. Asistencia Técnica

La asistencia técnica es un ingrediente fundamental para el éxito del Programa. Una encuesta del Grupo Objeto ha sido llevada a cabo, identificando la necesidad de las pequeñas y microempresas de un entrenamiento adecuado en contabilidad, administración general, producción, etc. A fin de poder proveer esta asistencia a los beneficiarios del programa, asistencia técnica externa será contratada para entrenar al personal de FUSADES, especialmente a los promotores, estas personas a su vez, proveerán a los pequeños y microempresarios con asistencia técnica. El Proyecto, sin embargo, no incluirá alfabetización.

FUSADES presentará a la A.I.D. un Plan de Trabajo de las actividades de asistencia técnica y entrenamiento de acuerdo con la Estipulación Especial G.2.A de este Convenio.

## C. Fondo de Crédito Rotativo

El Fondo de Crédito Rotativo del Proyecto proveerá a los beneficiarios del Programa con los recursos financieros iniciales que necesitan para expandir operaciones y aumentar su rentabilidad, según se determine por ellos y en colaboración con los promotores. El monto promedio de los préstamos bajo el programa, se estima en \$4,000.00. El Fondo de Crédito que tendrá un monto de aproximadamente \$9,500,000 al final del tercer año, se estima que beneficiará entonces a 2,375 personas durante el término del Proyecto. Toda actividad de asistencia financiera será acompañada de asistencia técnica.

Será la responsabilidad de los promotores que en la medida en que sea posible los beneficiarios abran cuentas de depósitos en instituciones financieras, y que estos

## B. Technical Assistance

Technical assistance is a fundamental ingredient to the Program's success. A survey of the target population has been carried out, identifying the need of small and microenterprises for adequate training in accounting, general administration, marketing, production, etc. In order to be able to provide this assistance to the Program's beneficiaries, outside technical assistance will be contracted, to train FUSADES personnel, particularly the Field Extension Officers (FEO's). These people, in turn, will provide the small and micro entrepreneurs with technical advice. The Project, however, shall not include literacy training.

FUSADES shall present to A.I.D. a detailed workplan of technical assistance and training activities, pursuant to Special Provision G.2.A. of this Agreement.

## C. Revolving Credit Fund

The Revolving-Credit Fund of the Project will provide the beneficiaries of the program with the initial financial resources they need to expand operations and increase their profitability, as determined by the applicant in collaboration with the FEO's. The average loan amount under the program is estimated at \$4,000. The Credit Fund, which will amount to approximately \$9,500,000 by the end of the third year, will thus benefit an estimated 2,375 persons during the life of the Project. All financial assistance activities will be accompanied by technical assistance.

The FEOs are responsible to see that, to the degree is possible, the beneficiaries open deposit accounts at financial institutions, and that they manage their

las manejen apropiadamente y se familiaricen con los procedimientos bancarios, con el propósito de capacitarlos para presentar sus solicitudes de crédito a los bancos comerciales y otras instituciones financieras después de un corto período de tiempo. Un mínimo de un 10% de los beneficiarios se proyecta que se conviertan en clientes del sistema financiero establecido, o sea 237 para el final del tercer año. Se dará prioridad a las empresas dentro de la categoría "micro".

Un manual detallado de criterios crediticios y procedimientos para uso del Fondo de Crédito Rotativo será presentado a la A.I.D., de acuerdo con la Condición Especial G.2.b. del Adjunto No. 1, "Calendario". Cambios a este manual referentes a las tasas de interés, montos de créditos, categorías de activos de los beneficiarios, destino de los créditos, y criterios para la selección de actividades, deberán ser aprobados previamente por A.I.D. mediante cartas de implementación del Proyecto.

De acuerdo con el objetivo del Proyecto de generar empleos, se establece una meta de crear un empleo remunerado por actividad de asistencia técnica y financiamiento, lo cual suma 2,375 oportunidades de trabajo creadas durante el Proyecto.

#### VI. Evaluación

El Proyecto será evaluado 18 meses después de la fecha de este Convenio por un consultor externo experimentado en sistemas de asistencia técnica y otorgamiento de créditos a la pequeña empresa.

accounts properly and become acquainted with banking procedures, with the purpose of enabling them to submit their loan applications to commercial banks and other financial institutions after a short period of time. A minimum of 10% of the Program's beneficiaries are projected to become clients of the established financial system, i.e. 237 by the end of the third year. Priority shall be given to enterprises within the "micro" category.

A manual of detailed lending criteria and procedures for use of the Revolving Credit Fund shall be submitted to A.I.D. pursuant to Special Condition G.2.b. of Attachment No. 1, "Schedule." Changes to this manual, referent to interest rates, loan amounts, asset category of beneficiaries, use of funds, and selection criteria for activities, must be previously approved by A.I.D. by means of Project implementation letters.

In accordance with the Project objective of employment generation, a goal of creating at least one income generating job per technical and financial activity is established, which amounts to 2,375 job opportunities created by the end of Project.

#### VI. Evaluation

The Project will be evaluated 18 months after the date of this Agreement by an outside consultant experienced in small business credit and technical assistance systems.

La evaluación analizará e informará sobre los siguientes temas relacionados con el Proyecto: progresos comparados con resultados planificados, la capacidad de FUSADES de supervisar y asistir a los beneficiarios a través de los promotores, la forma en que los préstamos están siendo pagados, y la necesidad para futuras actividades suministradas por el donatario de fortalecimiento institucional y de infusiones adicionales de capital.

VII. Criterios para la Selección de Actividades bajo el Programa.

Los siguientes criterios generales serán utilizados, entre otros, por FUSADES como normas para seleccionar y aprobar solicitudes de asistencia presentadas por pequeñas y microempresas:

- La asistencia provista llevará a la generación de empleos remunerados. Será requerida una justificación especial en los expedientes de los créditos que no generen empleos remunerados;
- Los solicitantes habrán tenido poca o ninguna experiencia con el sistema financiero establecido; and
- Las solicitudes de crédito deberán proveer un grado razonable de certeza de que el financiamiento será utilizado efectivamente por los beneficiarios para un propósito consistente con los objetivos del Programa.

The evaluation will analyze and report on the following Project related issues: progress against planned outputs, the capability of FUSADES to supervise and assist loan beneficiaries through the FEO's, the rate at which loans are being repaid, the financial viability of the program, and the need for future donor provided institutional strengthening activities as well as infusions of capital.

VII. Criteria for Selection of Activities under the Program

The following general criteria will be utilized, inter alia, by FUSADES as guidelines for screening and approving assistance requests from small and microenterprises.

- The assistance provided will lead to the generation of income producing employment. Special justification shall be required in the files of loans that do not generate employment;
- Applicants will have had little or no prior relations with the established financial system; and
- Loan applications should provide a reasonable degree of certainty that the financing will be effectively utilized by the beneficiaries for a purpose consistent with the Project's objectives.

**ANNEX NO. 3**

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**PROJECT LOGICAL FRAMEWORK**

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DESCRIPCION LOGICA DEL PROGRAMA "PROPEMI"

| SUMARIO NARRATIVO   | INDICACIONES VERIFICABLES  | MEDIOS DE VERIFICACION   | SUPOSICIONES IMPORTANTES   |
|---|--|--|--|
| <p><u>A-1 META</u><br/> <u>Meta para el Desarrollo Nacional</u><br/>                     Incrementar presentes niveles de empleo, producción e ingreso.</p> <p><u>Meta Institucional de FUSADES</u><br/>                     Fomentar y estimular el bienestar económico, social, intelectual y la seguridad física de los salvadoreños, bajo un sistema de libertades económicas e individuales.</p> | <p><u>A-2 MEDIDAS PARA ALCANZAR METAS</u><br/>                     Pruebas estadísticas, % o aumento en el número de empleos, producción e ingreso.</p> <p>Datos estadísticos derivados de los indicadores de propósito y rendimiento, y datos principales actualizados, los cuales indican el mejoramiento real en Ingreso, empleo y producción del grupo objeto inmediato-beneficiarios directos e indirectos.</p>   | <p><u>A-3</u><br/>                     GOES (MICE-MIPLAN-BCR, etc.), IBR, IMF, IDB, datos estadísticos y resúmenes anuales de la AID.</p> <p>Reporte Anual de FUSADES</p>  | <p><u>A-4- SUPOSICIONES PARA ALCANZAR METAS</u></p> <p>-La situación política y económica se estabiliza y empieza la recuperación económica.</p> <p>-AID y otras agencias donantes continúan dando su apoyo al sector privado.</p> <p>-FUSADES ha fortalecido la ejecución de sus diferentes programas, especialmente PROPEMI.</p>   |
| <p><u>B-1 PROPOSITO</u><br/>                     Del proyecto: Incrementar la rentabilidad de las pequeñas y microempresas seleccionadas para un ingreso estable que satisfaga las necesidades individuales y de sus dependientes; estimular el crecimiento de éstas al punto donde generen nuevos empleos y fortalecer los empleos existentes.</p>   | <p><u>B-2 CONDICIONES QUE INDICAN QUE EL PROPOSITO HA SIDO ALCANZADO EN LOS 3 AÑOS</u></p> <p>Incremento ingreso de los beneficiarios en un 10%<br/>                     Generación de nuevos empleos en los 3 años 2704<br/>                     Personal PROPEMI entrenado:</p> <ul style="list-style-type: none"> <li>-Comisión Coordinadora 6</li> <li>-Ejecutivo 3</li> <li>-De Operaciones 23</li> <li>-Contralor y Asistentes 6</li> <li>-Analistas de Créditos 3</li> <li>-De apoyo 12</li> <li>-Número de préstamos p/mes (proyecto)(32 m) 84.5</li> <li>-Cartera de Préstamos \$10,817,776.00</li> </ul> | <p><u>B-3</u><br/>                     Reportes anuales y trimestrales de PROPEMI<br/>                     Datos originales de las computadoras actualizados<br/>                     Revisión del Programa y visitas realizadas<br/>                     Número de pequeños y microempresarios atendidos<br/>                     Número de nuevos empleos generados y valor de los préstamos concedidos.</p> | <p><u>B-4 SUPOSICIONES PARA ALCANZAR LOS PROPOSITOS</u></p> <p>-AID y otras fuentes continúan financiando PROPEMI<br/>                     -Ingresos son suministrados a tiempo eficientemente<br/>                     -Clientes del subsector de la pequeña y microempresa aceptan la capacitación y adiestramiento e implementan recomendaciones hechas.<br/>                     -Clientes del Programa hacen pagos al día en los préstamos y su financiamiento de préstamos se mantiene al mínimo.<br/>                     -Clientes utilizan aumento en ingresos para satisfacer necesidades personales y familiares y expansión de negocios incluyendo nuevos empleos.<br/>                     -PROPEMI ha logrado fortalecer las empresas o negocios existentes, así como los empleos.</p> |

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DESCRIPCION LOGICA DEL PROGRAMA "PROPEMI"

| SUMARIO NARRATIVO  | INDICADORES VERIFICABLES   |               |                | MEDIOS DE VERIFICACION   | SUPOSICIONES IMPORTANTES   |
|--|--|---------------|----------------|--|--|
| <b>C-1 RENDIMIENTO DEL PROGRAMA</b>  | <b>C-2 MAGNITUD DE RENDIMIENTOS</b>                                    |               |                | <b>C-3</b>   | <b>C-4 SUPOSICIONES PARA ALCANZAR LOS RENDIMIENTOS</b>   |
| <u>Institucionales:</u>  | <u>(totales Acumulativos)</u>  |               |                |  |  |
| Personal entrenado por PROPEMI:  | <u>AÑO I</u>   | <u>AÑO II</u> | <u>AÑO III</u> | Reportes anuales y trimestrales de PROPEMI.                      | FUSADES con la asistencia y guía de FUPAD es capaz de completar la investigación inicial de datos, analizarlos y realizar las funciones organizativas necesarias (incluyendo el reclutamiento y entrenamiento del personal). |
| -Comisión Coordinadora   | 6  | 6             | 6              | Datos originales de la computadora actualizados.                 | i.e. La primera fase del proyecto en seis meses o menos.   |
| -Ejecutivo   | 3  | 3             | 3              | Reportes y resultados de evaluaciones.                           | La Junta de FUSADES y otros individuos y firmas del sector privado continúan apoyando a PROPEMI.   |
| -Contralor Financiero y Asistentes   | 4  | 6             | 6              | Revisión del Programa y visitas de campo realizadas por FUSADES. | Individuos claves pueden ser reclutados.   |
| -Operaciones   | 9  | 16            | 23             |  | FUSADES proveerá a tiempo la asistencia técnica y entrenamiento necesario al personal de PROPEMI.  |
| -De apoyo  | 12   | 12            | 12             |  | FUSADES diseñará el sistema de capacitación y adiestramiento, para los pequeños y microempresarios beneficiarios del Programa.   |
|  | 34   | 43            | 50             |  | La generación de nuevos empleos se ha hecho en base a que por cada \$4,000.00 se genere un nuevo empleo.   |
| Establecimiento de sistemas gerenciales, contabilidad y finanzas, política de préstamos y procedimientos de operación. |  |               |                |  | PROPEMI se ha consolidado en FUSADES mediante la participación activa de sus Miembros.   |
| Datos principales, iniciales y actualizados.   |  |               |                |  |  |
| fondo de Préstamo Rotativo (Desembolsos+intereses y comisiones)  | Q1,444,567   | Q5,184,688    | Q10,817,776    |  |  |
| <u>Clientes-Beneficiarios Programa</u>   |  |               |                |  |  |
| PEMI Censados en los 3 años  | 661  | 2,371         | 4,954          |  |  |
| Número de préstamos hechos (acumulados)  | 361  | 1,296         | 2,704          |  |  |
| Número de préstamos mensuales por Promotor   | 8  | 9             | 12.9           |  |  |
| Beneficiarios Directos   | 1,444  | 5,184         | 10,816         |  |  |
| Beneficiarios Indirectos   | 7,220  | 25,920        | 54,080         |  |  |
| Mujeres beneficiarias directo  | 939  | 3,370         | 7,030          |  |  |
| Aumento en ingreso por beneficiado   | 10%  | 10%           | 10%            |  |  |
| Clientes Promovidos a la Banca comercial   | 10%  | 10%           | 10%            |  |  |
| Generación de nuevos empleos (acum.)   | 361  | 1,296         | 2,704          |  |  |
| Reserva capital irrecuperable  | 5%   | 5%            | 5%             |  |  |
| Reserva para intereses ganados n/percibidos  | 3%   | 3%            | 3%             |  |  |
| Número de cursos impartidos (acumulado)  | 46   | 518           | 1,082          |  |  |
| <u>Apoyo del Sector Privado</u>  | Aumentar la membresía de FUSADES de acuerdo a políticas de crecimiento |               |                | Socios de FUSADES incorporados a la organización de PROPEMI.     |  |

DESCRIPCION LOGICA DEL PROGRAMA " PROPEMI "

| <u>D-1 ENTRADAS PARA EL PROYECTO</u>   | <u>D-2 ENTRADAS PARA LOS OBJETIVOS</u>  | <u>D-3</u>   | <u>D-4 SUPOSICIONES DE ENTRADA</u>  |                |            |            |             |                              |   |
|--|---|--|---|----------------|------------|------------|-------------|------------------------------|---|
| -AID Programa de Donaciones para operaciones (OPG)   | Q13,500,000.00 para tres años de operaciones.   | Convenio entre AID y FUSADES, Auditoría Externa.   | USAID acepta la propuesta de FUSADES, el Convenio es negociado y firmado sin pérdida de tiempo.   |                |            |            |             |                              |   |
| -Asistencia Técnica Externa y Entrenamiento  | Asistencia Técnica Externa para la Junta Directiva y personal ejecutivo de PROPEMI.<br><br>Capacitación del personal operacional de PROPEMI.<br><br>Seminarios Regionales   | Instituciones o empresa contratada.<br><br>Reportes trimestrales.  | FUSADES negocia y firma los Convenios de Asistencia Técnica Externa, sin pérdida de tiempo.   |                |            |            |             |                              |   |
| -Personal Ejecutivo y Operacional de<br>-Contribuciones de la Junta Directiva y el Sector Privado. | Capacitación y Entrenamiento de los beneficiarios del Programa.<br>Tiempo voluntario de Miembros de FUSADES.  | Visita de capacitación diseñado por FUSADES.<br>Miembros de FUSADES se han incorporado a PROPEMI para colaborar en su ejecución. | El personal que labora en PROPEMI ha sido capacitado, entrenado y adiestrado.   |                |            |            |             |                              |   |
| -Otras fuentes financieras externas.   | US\$500,000.00  | Convenio entre otra fuente externa de financiamiento.  | FUSADES celebrará con el BID un Convenio de préstamo para extender PROPEMI a otras áreas geográficas.   |                |            |            |             |                              |   |
| -Programa de Desembolsos de la Donación de AID (OPG), para Fondo Rotativo.                         | <table border="1"> <thead> <tr> <th><u>AÑO I</u></th> <th><u>AÑO II</u></th> <th><u>AÑO III</u></th> </tr> </thead> <tbody> <tr> <td>Q1,400,000</td> <td>Q3,400,000</td> <td>Q 4,757,775</td> </tr> </tbody> </table> | <u>AÑO I</u>   | <u>AÑO II</u>   | <u>AÑO III</u> | Q1,400,000 | Q3,400,000 | Q 4,757,775 | Convenio de donación con AID | FUSADES puede acceder a las condiciones precedentes (CPs) que USAID pueda requerir. |
| <u>AÑO I</u>   | <u>AÑO II</u>   | <u>AÑO III</u>   |   |                |            |            |             |                              |   |
| Q1,400,000   | Q3,400,000  | Q 4,757,775  |   |                |            |            |             |                              |   |
|  |   |  | Todas las organizaciones participantes proveen sus entradas a tiempo.<br><br>Personal ejecutivo y operacional de PROPEMI están capacitados para atender al subsector beneficiado. |                |            |            |             |                              |   |

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**ANNEX NO. 4**

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**LIST OF INDIVIDUALS AND INSTITUTIONS CONTACTED**

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## **Annex No. 4 - List of Individuals and Institutions Contacted**

### **USAID/EL Salvador**

Evaluation Committee (Individuals from the Program and Projects Office, Private Sector Office, and Controller's Office).

### **FUSADES**

#### **Board of Directors**

Eduardo Nunez - Executive Director

Guillermo de la Guardia - Administrative Director

Raul Montenegro - Planning Manager

### **PROPEMI**

#### **PROPEMI Commission**

Roberto Ortiz Avalos - PROPEMI Commission Coordinator

Heriberto Reyes - Commission Member

Alvaro Guatemala - PROPEMI Director

Janina Tovar - Credit Manager

Martha C. de Peralta - Operations Manager

Jose Luis Avalos - Past PROPEMI Coordinator

### **Banco Central de Reserva**

German Navas - Manager, Financial Division

Antonio Leyva - Manager, Small and Microenterprise Program

Maritza de Castro - Manager, Information Division

### **FEPADE**

Adalberto Diaz - Director, Training Program, FEPADE

### **Camera de Comercio**

Vilma de Echeverria - Manager, Training Program

### **AMPES**

Rufo Bondanza - Executive Director

### **Empresarios Juveniles**

Enrique Suarez - President

**ANNEX NO. 5**

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**SURVEY TABLES OF RESULTS**

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| Table No. 24  | Benefits Obtained from PROPEMI Loans   |
| Table No. 25  | Tendency of Present Day Earnings Versus Earnings Before Receiving PROPEMI Credit |
| Table No. 26  | Level in Decrease in Profits Registered After Receiving Credit                   |
| Table No. 27  | Factors That Contributed to the Increase in Profits                              |
| Table No. 28  | Level of Increase in Profits Registered After Receiving Credit                   |
| Table No. 29  | Impact of Credit on Working Capital  |
| Table No. 30  | Benefits Obtained from the Investment in Machinery and Equipment                 |
| Table No. 31  | Visits Received from PROPEMI Promoters   |
| Table No. 32  | Benefits Obtained From the Technical Assistance Provided by PROPEMI              |
| Table No. 33  | (Not Included)   |
| Table No. 34  | Areas of Technical Assistance Required to Improve Business                       |
| Table No. 35  | Impact of the Credit Program on Employment                                       |
| Table No. 36  | Factors that Affected Decrease in Employment                                     |
| Table No. 37  | Factors that Contributed to the Increase in Employment                           |
| Table No. 38  | Employment Characteristics   |

|                     |   |
|---------------------|---|
| <b>Table No. 39</b> | <b>Forms of Salary Payment</b>  |
| <b>Table No. 40</b> | <b>Income and Benefits by Type of Employee</b>                              |
| <b>Table No. 41</b> | <b>Conditions Needed to Increase Employment</b>                             |
| <b>Table No. 42</b> | <b>Employment Hiring Practices</b>  |
| <b>Table No. 43</b> | <b>Problems Related with Employees</b>                                      |
| <b>Table No. 44</b> | <b>General Aspects Related to the Economic Situation of Business Owners</b> |
| <b>Table No. 45</b> | <b>Reasons for Unwillingness to Give Up Business</b>                        |
| <b>Table No. 46</b> | <b>Estimated Value of Total Business Assets</b>                             |

## Introduction to Annex no. 5 - Collateral Survey Findings

The tables contained in this annex summarize the answers to the 96 questions of the survey's questionnaire (Annex No.6). The survey interviews lasted between 45 minutes to 1½ hours. The average interview lasted 1 hour. The graphs in the next two pages give the details of the sampling frame, and the sample distribution. The main objective of the survey was to measure the impact on employment generation and increased earnings of the three project activities: training, technical advice, and credit.

The impact of the above mentioned activities was presented in the appropriate chapters of the report. However, the survey also collected additional information that concerns the project and the target group. The first 3 tables show the answers to questions that were designed to learn about the level of institutional awareness on the part of the beneficiaries. For example, 91% of those interviewed correctly identified FUSADES in terms of its contribution to the development of small and microenterprises (Table No.1). In addition, 81% cited economic sectors that benefit by FUSADES's programs, and 77% have correct perceptions of PROPEMI as a development program.

Table No. 17 shows general characteristics of the credits received by those interviewed (e.g., 43% have received more than one loan; and 31% considered the amount of time they waited to receive their loans to be unacceptable). Table No. 19 shows that 1 out of every 5 people interviewed had a poor or very poor opinion of PROPEMI's credit program. Of the 66% that had a good opinion, 57% cited PROPEMI's specialized development lending nature (Table No. 20) as the reason for having a favorable opinion: "... PROPEMI identifies, and supplies the economic needs of the sector." The people that had neither good nor bad, and poor opinions (33%) cited three main reasons for not having a favorable opinion (Table No. 21): credit terms too strict; process time too slow; amounts granted did not satisfy needs. Only 43% of the beneficiaries interviewed that received equipment loans still had the equipment (Table No. 30).

Table No.32 shows that 55% of the people interviewed stated that they had received technical advice from PROPEMI. On the average, the beneficiaries cited 7.2 visits, of which, 3.4 were for technical assistance purposes (Table No.31). The average duration cited of technical assistance visits was 21.1 minutes.

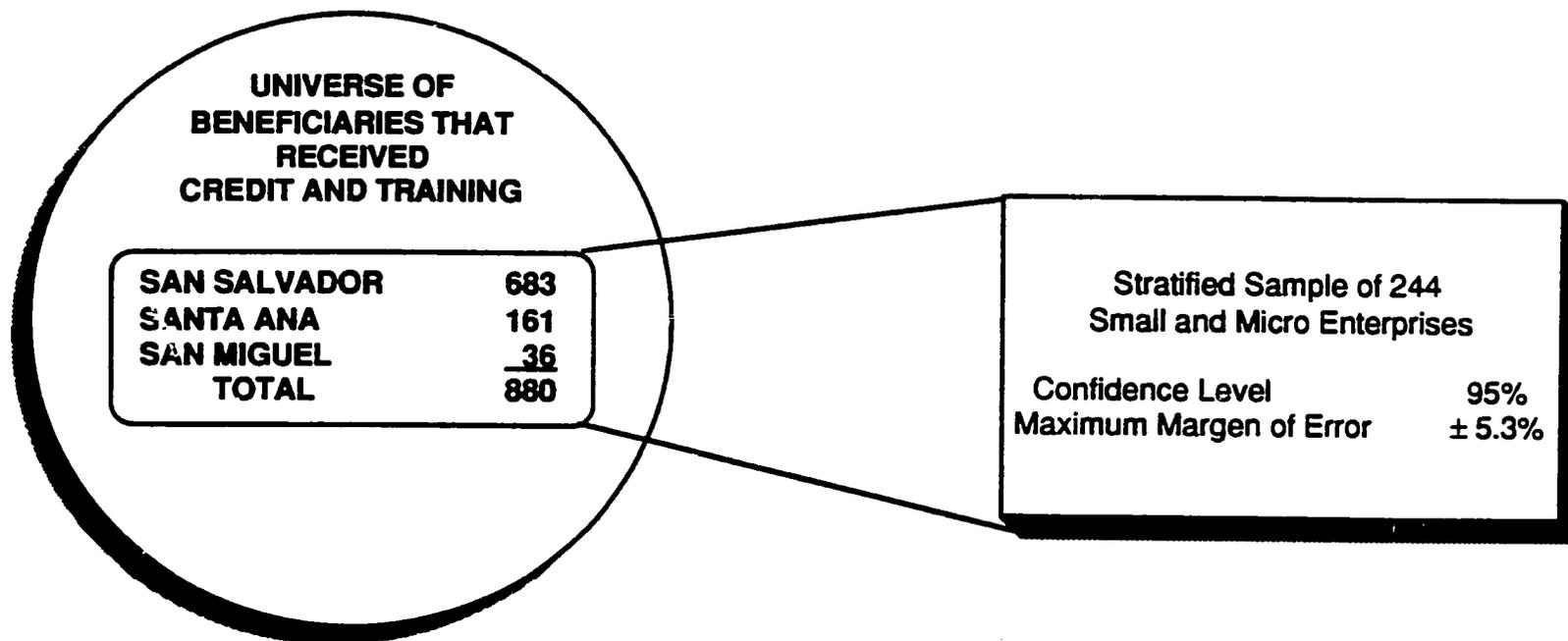
The average number of employees was 5.0; small enterprises have an average of 11.5 workers, and microenterprises 3.4 (Table No. 38). Industry has an average of 7.2 workers, services 5.4, and commerce only 2.8 employees. Weekly wages is the most common form of payment (38%), followed by monthly payments (23%), and bi-weekly (14%). Tables No. 39 and No. 40 include 8 different pages that cite wages and other benefits segregated into: full and part-time non-family workers; and full and part-time family employees. Small enterprises cited a higher level of wages and fringe benefits (88% vs. 68%) than microenterprises. Table No. 40 shows that family employees are paid 10% to 20% more than none-family workers. On the average only 40% provide social security benefits (small firms 51% vs 26% micro firms).

When asked, "What would have to happen in order to hire more people?", 41% said "increase in demand", and 24% cited more working capital, and 24% stated "expand locale" (Table No. 41).

Table No. 42 shows that friends, employees, and relatives are the most common sources used to find or hire workers. In addition, 55% hire people that are acquainted with the owners. About 70% of the workers that were hired were unskilled. Table No. 43 shows that the most common problems associated with employing unskilled workers are: time waste, increased costs, decrease in output, and poor service.

Nearly 43% of those interviewed have additional sources of income (Table No. 44), and 55% have family members that contribute to family income. The average number of dependents is 3, and 21% of the owners of microenterprises stated that were willing to leave the business for a permanent job. This latter group cited a salary of approximately ₱3,000 as a requirement to leave the business, which is about 3 times what an average worker earns.

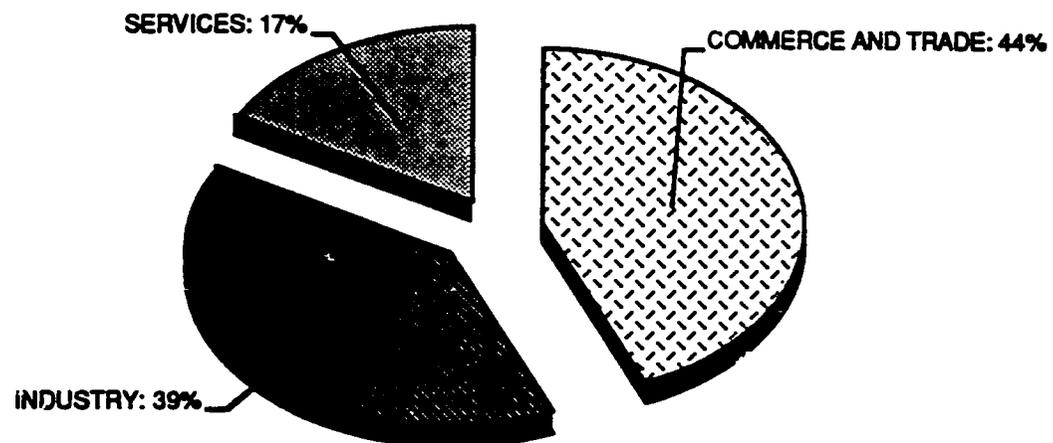
## SURVEY SAMPLING FRAME



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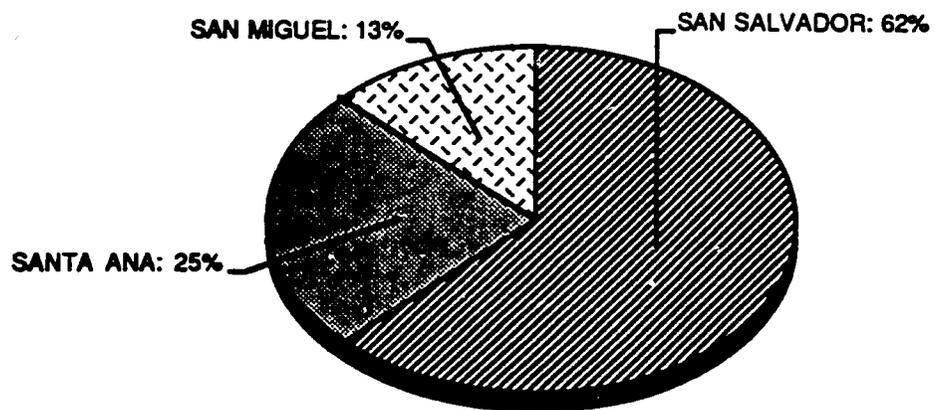
# SAMPLE DISTRIBUTION

## SECTORS



| SAMPLE             | No. of Interviews |
|--------------------|-------------------|
| COMMERCE AND TRADE | 107               |
| INDUSTRY           | 96                |
| SERVICES           | 41                |
|                    |                   |
| SAN SALVADOR       | 152               |
| SANTA ANA          | 61                |
| SAN MIGUEL         | 31                |
|                    |                   |
| MICROENTERPRISE    | 196               |
| SMALL BUSINESS     | 48                |
|                    |                   |
| <b>TOTAL</b>       | <b>244</b>        |

## GEOGRAPHICAL ZONES



## SIZE

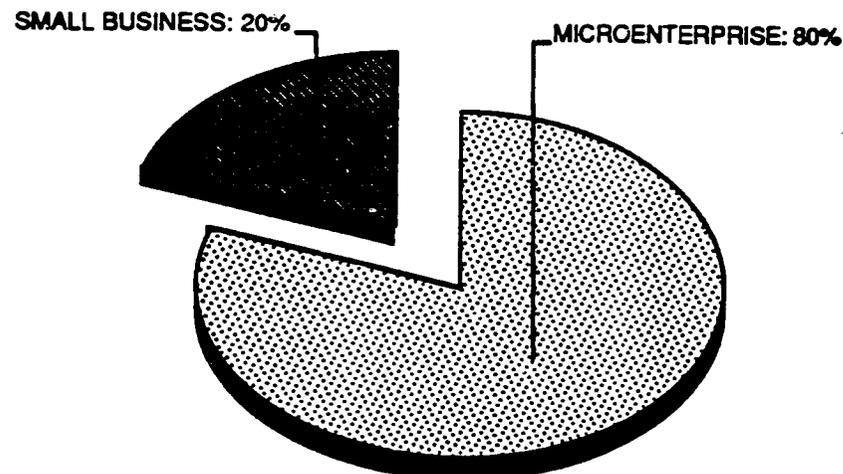


Table 111

77.

|   | TOTAL<br>SAMPLE | A W A R E N E S S O F W H A T P E R S U A D E S I S |           |           |           |            |           |            |           |
|---|-----------------|---|-----------|-----------|-----------|------------|-----------|------------|-----------|
|   |                 | U.S.  | STA.      | AMA.      | BALANCE   | INDUSTRY   | COMMERCE  | SERVICES   | MICRO     |
| Entity that supports the development of small and microenterprises      | 44              | 38  | 51        | 58        | 43        | 43         | 49        | 44         | 42        |
| Entity that provides credit support to the small and microenterprises   | 13              | 14  | 3         | 26        | 11        | 18         | 5         | 12         | 17        |
| Entity that supports the development of the private sector in general   | 21              | 24  | 20        | 10        | 22        | 22         | 17        | 22         | 19        |
| Entity that provides credit, training, and technical assistance support | 12              | 14  | 10        | 6         | 18        | 7          | 12        | 11         | 15        |
| Entity that provides technical training and advice                      | 2               | 4   | 0         | 0         | 3         | 3          | 0         | 3          | 2         |
| Not aware   | 8               | 6   | 16        | 3         | 5         | 8          | 15        | 9          | 6         |
| Unanswered  | 1               | 1   | 2         | 0         | 1         | 1          | 2         | 2          | 0         |
| <b>BASE</b>   | <b>244</b>      | <b>152</b>  | <b>61</b> | <b>31</b> | <b>96</b> | <b>107</b> | <b>41</b> | <b>196</b> | <b>48</b> |

AP

TABLE NO. 2  
AWARENESS OF SECTORS BENEFITED BY PLEADED PROGRAMS

|                           | TOTAL<br>SAMPLE | A G R I C U L T U R E |           |            |           | S E C T O R |           |            | S I Z E   |  |
|---------------------------|-----------------|-----------------------|-----------|------------|-----------|-------------|-----------|------------|-----------|--|
|                           |                 | U.S.                  | STA. PMA  | BAN/INDEP. | INDUSTRY  | COMMERCE    | SERVICES  | MICRO      | SMALL     |  |
| Industry                  | 44              | 45                    | 44        | 35         | 48        | 42          | 39        | 41         | 54        |  |
| Commerce                  | 43              | 41                    | 49        | 45         | 38        | 53          | 32        | 41         | 52        |  |
| Agriculture and Livestock | 29              | 32                    | 25        | 23         | 29        | 30          | 27        | 28         | 33        |  |
| Microenterprise           | 28              | 31                    | 13        | 45         | 28        | 27          | 32        | 29         | 25        |  |
| Small                     | 20              | 20                    | 11        | 39         | 16        | 23          | 22        | 19         | 23        |  |
| Services                  | 10              | 10                    | 11        | 10         | 8         | 10          | 15        | 9          | 15        |  |
| Exports                   | 7               | 8                     | 8         | 3          | 9         | 6           | 7         | 7          | 10        |  |
| Agroindustry              | 2               | 3                     | 0         | 0          | 4         | 1           | 0         | 2          | 4         |  |
| Education                 | 2               | 3                     | 0         | 0          | 1         | 2           | 2         | 2          | 2         |  |
| Others                    | •               | 1                     | 0         | 0          | 1         | 0           | 0         | 1          | 0         |  |
| Unanswered                | 17              | 16                    | 26        | 3          | 22        | 11          | 22        | 18         | 15        |  |
| <b>BASE</b>               | <b>244</b>      | <b>152</b>            | <b>61</b> | <b>31</b>  | <b>96</b> | <b>107</b>  | <b>41</b> | <b>196</b> | <b>48</b> |  |

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TABLE NO. 5  
PERCEPTION OF WHAT PROBLEM IS

|  | TOTAL<br>SAMPLE | S E C T O R           |           |           |           |            |           |            |           |
|--|-----------------|-----------------------|-----------|-----------|-----------|------------|-----------|------------|-----------|
|  |                 | FINANCIAL INSTITUTION | STATE     | ANA       | BANQUES   | INDUSTRY   | COMMERCE  | SERVICES   | SMALL     |
| Private sector program that provides assistance to the small and microenterprise       | 77              | 76                    | 82        | 68        | 75        | 77         | 80        | 74         | 88        |
| Public financial institution that provides assistance to the small and microenterprise | 14              | 14                    | 11        | 16        | 18        | 10         | 15        | 15         | 8         |
| International organization that provides financial assistance                          | 5               | 5                     | 3         | 6         | 4         | 7          | 0         | 5          | 2         |
| Public sector social program   | 4               | 3                     | 2         | 10        | 2         | 6          | 2         | 4          | 2         |
| Did not know   | 1               | 1                     | 2         | 0         | 1         | 1          | 2         | 2          | 0         |
| <b>BASE</b>  | <b>244</b>      | <b>152</b>            | <b>81</b> | <b>31</b> | <b>96</b> | <b>107</b> | <b>41</b> | <b>196</b> | <b>48</b> |

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AIDED AND UNAIDED RECALL OF COURSES TAKEN

|  | TOTAL SAMPLE | A R E A    |           |           |           | S E C T O R |           |            | S I Z E   |  |
|--|--------------|------------|-----------|-----------|-----------|-------------|-----------|------------|-----------|--|
|  |              | U.S.       | STA. ARA  | BAHAGUOL  | INDOITTY  | COMMERCE    | SERVICES  | MICRO      | SMALL     |  |
|  | %            | %          | %         | %         | %         | %           | %         | %          | %         |  |
| <b>- UNAIDED RECALL (SPONTANEOUS)</b>    |              |            |           |           |           |             |           |            |           |  |
| Accounting                               | 74           | 76         | 70        | 71        | 77        | 69          | 78        | 72         | 79        |  |
| Costs                                    | 46           | 47         | 49        | 35        | 44        | 45          | 54        | 44         | 54        |  |
| Administration                           | 48           | 47         | 48        | 58        | 52        | 45          | 49        | 46         | 58        |  |
| Marketing and Sales                      | 43           | 49         | 39        | 19        | 44        | 41          | 46        | 42         | 46        |  |
| Investment Projects                      | 15           | 19         | 11        | 0         | 17        | 9           | 24        | 15         | 15        |  |
| Others                                   | 3            | 5          | 0         | 0         | 6         | 2           | 0         | 3          | 4         |  |
| <b>-TOTAL RECALL (AIDED AND UNAIDED)</b> |              |            |           |           |           |             |           |            |           |  |
| Accounting                               | 94           | 93         | 93        | 100       | 96        | 91          | 98        | 94         | 94        |  |
| Costs                                    | 92           | 91         | 92        | 97        | 94        | 88          | 98        | 91         | 94        |  |
| Administration                           | 88           | 88         | 87        | 90        | 92        | 83          | 93        | 88         | 88        |  |
| Marketing and Sales                      | 84           | 87         | 82        | 71        | 84        | 81          | 88        | 84         | 81        |  |
| Investment Projects                      | 68           | 76         | 61        | 42        | 74        | 60          | 73        | 68         | 67        |  |
| Others                                   | 3            | 5          | 0         | 0         | 6         | 2           | 0         | 3          | 4         |  |
| Paid, but did not receive courses        | 3            | 4          | 2         | 0         | 2         | 5           | 0         | 3          | 4         |  |
| Paid, but other person received courses  | 2            | 2          | 2         | 0         | 2         | 1           | 2         | 2          | 0         |  |
| Did not pay, nor receive any course      | 1            | 1          | 2         | 0         | 1         | 2           | 0         | 1          | 2         |  |
| <b>BASE</b>                              | <b>244</b>   | <b>152</b> | <b>81</b> | <b>31</b> | <b>96</b> | <b>107</b>  | <b>41</b> | <b>196</b> | <b>48</b> |  |

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TABLE NO. 6  
 BENEFITS OBTAINED FROM COURSES TAKEN

|  | TOTAL<br>SAMPLE | S.E.       | S E C T O R |            |           |            |           | S I Z E    |           |
|--|-----------------|------------|-------------|------------|-----------|------------|-----------|------------|-----------|
|  |                 |            | STA ANA     | BAN MIGUEL | INDUSTRY  | COMMERCE   | SERVICES  | MICRO      | SMALL     |
|  |                 | %          | %           | %          | %         | %          | %         | %          |           |
| Better organization/administration           | 51              | 56         | 36          | 55         | 50        | 53         | 45        | 50         | 54        |
| Better control/management                    | 41              | 37         | 41          | 58         | 38        | 45         | 38        | 41         | 39        |
| Increase/strengthening of level of knowledge | 21              | 17         | 24          | 32         | 15        | 25         | 25        | 20         | 26        |
| Application of accounting principles         | 17              | 17         | 14          | 19         | 18        | 14         | 20        | 19         | 9         |
| Learned to calculate costs                   | 11              | 12         | 7           | 13         | 11        | 13         | 5         | 11         | 9         |
| Was able to obtain credit from PROPEMI       | 10              | 13         | 3           | 10         | 13        | 9          | 5         | 9          | 13        |
| Unable to specify benefits                   | 3               | 3          | 2           | 0          | 4         | 1          | 3         | 2          | 4         |
| No benefit                                   | 2               | 2          | 3           | 0          | 2         | 1          | 5         | 2          | 2         |
| Others                                       | 1               | 2          | 0           | 0          | 1         | 2          | 0         | 2          | 0         |
| <b>BASE ( People who took courses)</b>       | <b>233</b>      | <b>143</b> | <b>59</b>   | <b>31</b>  | <b>92</b> | <b>101</b> | <b>40</b> | <b>187</b> | <b>46</b> |

RECALL OF BASIC CONCEPTS COVERED IN ACCOUNTING

|  | TOTAL<br>SAMPLE<br>% | A R E A   |            |          |          | S E C T O R |       |       | S I Z E |  |
|--|----------------------|-----------|------------|----------|----------|-------------|-------|-------|---------|--|
|  |                      | STA. ANA. | SAN MIGUEL | INDUSTRY | COMMERCE | SERVICES    | MICRO | SMALL |         |  |
| <b>• GENERAL BALANCE STATEMENT</b>               |                      |           |            |          |          |             |       |       |         |  |
| CORRECT  | 19                   | 28        | 7          | 3        | 26       | 13          | 18    | 18    | 22      |  |
| PARTIALLY CORRECT                                | 70                   | 63        | 82         | 77       | 65       | 70          | 80    | 70    | 69      |  |
| INCORRECT  | 11                   | 9         | 11         | 19       | 9        | 16          | 3     | 11    | 9       |  |
| WEIGHTED AVERAGE                                 | 5.4                  | 5.9       | 4.8        | 4.2      | 5.9      | 4.8         | 5.8   | 5.4   | 5.7     |  |
| <b>• ASSET</b>                                   |                      |           |            |          |          |             |       |       |         |  |
| CORRECT  | 64                   | 70        | 53         | 55       | 68       | 61          | 60    | 64    | 64      |  |
| PARTIALLY CORRECT                                | 23                   | 19        | 30         | 29       | 18       | 24          | 33    | 23    | 24      |  |
| INCORRECT  | 13                   | 11        | 18         | 16       | 13       | 15          | 8     | 14    | 11      |  |
| WEIGHTED AVERAGE                                 | 7.5                  | 8.0       | 6.8        | 6.9      | 7.8      | 7.3         | 7.6   | 7.5   | 7.7     |  |
| <b>• LIABILITY</b>                               |                      |           |            |          |          |             |       |       |         |  |
| CORRECT  | 46                   | 48        | 47         | 39       | 53       | 40          | 45    | 47    | 44      |  |
| PARTIALLY CORRECT                                | 3                    | 3         | 2          | 3        | 2        | 3           | 3     | 3     | 2       |  |
| INCORRECT  | 51                   | 50        | 51         | 58       | 45       | 57          | 53    | 51    | 53      |  |
| WEIGHTED AVERAGE                                 | 4.8                  | 4.9       | 4.8        | 4.0      | 5.4      | 4.2         | 4.6   | 4.8   | 4.6     |  |
| <b>SIMPLIFIED ACCOUNT SYSTEM</b>                 |                      |           |            |          |          |             |       |       |         |  |
| CORRECT  | 24                   | 31        | 12         | 10       | 23       | 26          | 20    | 23    | 24      |  |
| PARTIALLY CORRECT                                | 23                   | 21        | 28         | 26       | 24       | 23          | 23    | 22    | 29      |  |
| INCORRECT  | 53                   | 48        | 60         | 65       | 53       | 52          | 58    | 55    | 47      |  |
| WEIGHTED AVERAGE                                 | 3.5                  | 4.1       | 2.6        | 2.3      | 3.5      | 3.7         | 3.1   | 3.4   | 3.9     |  |
| <b>COMPONENTS OF A SIMPLIFIED ACCOUNT SYSTEM</b> |                      |           |            |          |          |             |       |       |         |  |
| CORRECT  | 31                   | 34        | 23         | 32       | 32       | 37          | 15    | 28    | 42      |  |
| PARTIALLY CORRECT                                | 14                   | 16        | 5          | 26       | 13       | 12          | 23    | 14    | 16      |  |
| INCORRECT  | 55                   | 50        | 72         | 42       | 55       | 51          | 63    | 58    | 42      |  |
| WEIGHTED AVERAGE                                 | 3.8                  | 4.2       | 2.5        | 4.5      | 3.8      | 4.3         | 2.6   | 3.5   | 5.0     |  |
| <b>• PROFIT AND LOSS STATEMENT</b>               |                      |           |            |          |          |             |       |       |         |  |
| CORRECT  | 29                   | 34        | 16         | 29       | 35       | 29          | 15    | 24    | 47      |  |
| PARTIALLY CORRECT                                | 43                   | 40        | 51         | 42       | 34       | 47          | 53    | 43    | 40      |  |
| INCORRECT  | 28                   | 26        | 33         | 29       | 32       | 24          | 33    | 32    | 13      |  |
| WEIGHTED AVERAGE                                 | 5.0                  | 5.4       | 4.1        | 5.0      | 5.2      | 5.3         | 4.1   | 4.6   | 6.7     |  |
| BASE (ACCOUNTING)                                | 229                  | 141       | 57         | 31       | 92       | 97          | 40    | 184   | 45      |  |
| OVERALL AVERAGE                                  | 5.0                  | 5.4       | 4.3        | 4.5      | 5.3      | 4.9         | 4.6   | 4.9   | 5.6     |  |

(Scale : 10 Points, where 10 = correct, 5 = partially correct, and 0 = incorrect)

TABLE NO. 1  
 TYPES OF RECORDS/ACCOUNTS ACTUALLY FOUND IN THE BUSINESS

|   | TOTAL<br>SAMPLE | R E G I O N |           |           | S E C T O R |           |           | S I Z E    |           |
|---|-----------------|-------------|-----------|-----------|-------------|-----------|-----------|------------|-----------|
|   |                 | FLA         | GA        | AL        | INDUSTRY    | COMMERCE  | SERVICES  | MICRO      | SMALL     |
| Cash record                             | 82              | 78          | 84        | 97        | 77          | 84        | 90        | 80         | 89        |
| Record of expenditures                  | 81              | 80          | 75        | 94        | 80          | 82        | 78        | 79         | 87        |
| Sales Record (Cash/Accounts Receivable) | 79              | 75          | 79        | 94        | 78          | 82        | 70        | 76         | 89        |
| Material purchase Accounts              | 78              | 77          | 79        | 77        | 79          | 74        | 83        | 76         | 84        |
| Accounts Payable                        | 76              | 74          | 72        | 94        | 68          | 80        | 85        | 72         | 93        |
| Record of Customer Payment Advances     | 34              | 35          | 30        | 39        | 41          | 28        | 33        | 33         | 40        |
| None                                    | 5               | 6           | 5         | 0         | 5           | 5         | 3         | 5          | 2         |
| <b>BASE (Accounting)</b>                | <b>229</b>      | <b>141</b>  | <b>57</b> | <b>31</b> | <b>92</b>   | <b>97</b> | <b>40</b> | <b>184</b> | <b>45</b> |

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TABLE NO. 2  
 RECALL OF BASIC CONCEPTS COVERED IN : COSTS

|                       | TOTAL<br>SAMPLE<br>% | A R E A |          |            |          | S E C T O R |          |       | S I Z E |  |
|-----------------------|----------------------|---------|----------|------------|----------|-------------|----------|-------|---------|--|
|                       |                      | U.S.    | STA. ANA | SAN MIGUEL | INDUSTRY | COMMERCE    | SERVICES | MICRO | SMALL   |  |
|                       | %                    | %       | %        | %          | %        | %           | %        | %     | %       |  |
| <b>-FIXED COST</b>    |                      |         |          |            |          |             |          |       |         |  |
| CORRECT               | 51                   | 54      | 43       | 53         | 53       | 53          | 43       | 53    | 47      |  |
| PARTIALLY CORRECT     | 9                    | 8       | 13       | 10         | 11       | 4           | 18       | 8     | 16      |  |
| INCORRECT             | 39                   | 38      | 45       | 37         | 36       | 43          | 40       | 40    | 38      |  |
| WEIGHTED AVERAGE      | 5.6                  | 5.8     | 4.9      | 5.8        | 5.9      | 5.5         | 5.1      | 5.6   | 5.4     |  |
| <b>-VARIABLE COST</b> |                      |         |          |            |          |             |          |       |         |  |
| CORRECT               | 35                   | 41      | 16       | 40         | 38       | 35          | 28       | 35    | 36      |  |
| PARTIALLY CORRECT     | 21                   | 19      | 27       | 23         | 23       | 22          | 15       | 21    | 22      |  |
| INCORRECT             | 44                   | 40      | 57       | 37         | 39       | 43          | 58       | 44    | 42      |  |
| WEIGHTED AVERAGE      | 4.6                  | 5.1     | 2.9      | 5.2        | 4.9      | 4.6         | 3.5      | 4.5   | 4.7     |  |
| <b>-UNIT COST</b>     |                      |         |          |            |          |             |          |       |         |  |
| CORRECT               | 76                   | 76      | 77       | 73         | 81       | 77          | 63       | 77    | 71      |  |
| PARTIALLY CORRECT     | 3                    | 2       | 5        | 0          | 2        | 3           | 3        | 3     | 0       |  |
| INCORRECT             | 21                   | 22      | 18       | 27         | 17       | 20          | 35       | 20    | 29      |  |
| WEIGHTED AVERAGE      | 7.7                  | 7.7     | 7.9      | 7.3        | 8.2      | 7.8         | 6.4      | 7.9   | 7.1     |  |
| <b>-PROFIT</b>        |                      |         |          |            |          |             |          |       |         |  |
| CORRECT               | 83                   | 83      | 80       | 90         | 83       | 81          | 90       | 81    | 93      |  |
| PARTIALLY CORRECT     | 1                    | 2       | 0        | 0          | 0        | 2           | 3        | 2     | 0       |  |
| INCORRECT             | 15                   | 14      | 20       | 10         | 17       | 17          | 8        | 17    | 7       |  |
| WEIGHTED AVERAGE      | 8.4                  | 8.4     | 8.0      | 9.0        | 8.3      | 8.2         | 9.1      | 8.2   | 9.3     |  |
| <b>BASE (COSTS)</b>   |                      |         |          |            |          |             |          |       |         |  |
| OVERALL AVERAGE       | 224                  | 138     | 56       | 30         | 90       | 94          | 40       | 179   | 45      |  |
|                       | 6.6                  | 6.8     | 6.0      | 6.8        | 6.8      | 6.5         | 6.0      | 6.6   | 6.6     |  |

(Scale : 10 Points, where 10 = correct, 5 = partially correct, and 0 = incorrect)

TABLE NO. 9  
 RECALL OF BASIC CONCEPTS COVERED IN ADMINISTRATION

|                                      | TOTAL<br>SAMPLE<br>% | A R E A S |              |                 |               |               |               |            |            |
|--------------------------------------|----------------------|-----------|--------------|-----------------|---------------|---------------|---------------|------------|------------|
|                                      |                      | S.S.<br>% | ST. ANA<br>% | SAN MIGUEL<br>% | INDUSTRY<br>% | COMMERCE<br>% | SERVICES<br>% | SMALL<br>% | SMALL<br>% |
| <b>IMPORTANCE OF ADMINISTRATION</b>  |                      |           |              |                 |               |               |               |            |            |
| CORRECT                              | 11                   | 14        | 6            | 7               | 14            | 7             | 16            | 11         | 12         |
| PARTIALLY CORRECT                    | 68                   | 72        | 66           | 57              | 69            | 67            | 68            | 69         | 67         |
| INCORRECT                            | 20                   | 14        | 28           | 36              | 17            | 26            | 16            | 20         | 21         |
| WEIGHTED AVERAGE                     | 4.5                  | 5.0       | 3.9          | 3.6             | 4.8           | 4.0           | 5.0           | 4.5        | 4.5        |
| <b>BASIC AREAS OF ADMINISTRATION</b> |                      |           |              |                 |               |               |               |            |            |
| CORRECT                              | 18                   | 21        | 15           | 11              | 23            | 11            | 24            | 17         | 24         |
| PARTIALLY CORRECT                    | 23                   | 25        | 17           | 21              | 20            | 25            | 24            | 24         | 19         |
| INCORRECT                            | 59                   | 54        | 68           | 68              | 57            | 64            | 53            | 60         | 57         |
| WEIGHTED AVERAGE                     | 3.0                  | 3.4       | 2.4          | 2.1             | 3.3           | 2.4           | 3.6           | 2.9        | 3.3        |
| <b>ORGANIZATIONAL CHART</b>          |                      |           |              |                 |               |               |               |            |            |
| CORRECT                              | 51                   | 53        | 45           | 54              | 52            | 52            | 47            | 50         | 55         |
| PARTIALLY CORRECT                    | 9                    | 11        | 8            | 4               | 9             | 8             | 13            | 9          | 10         |
| INCORRECT                            | 40                   | 36        | 47           | 43              | 39            | 40            | 39            | 40         | 36         |
| WEIGHTED AVERAGE                     | 5.6                  | 5.9       | 4.9          | 5.5             | 5.7           | 5.6           | 5.4           | 5.5        | 6.0        |
| <b>LEADERSHIP</b>                    |                      |           |              |                 |               |               |               |            |            |
| CORRECT                              | 55                   | 58        | 57           | 36              | 59            | 48            | 61            | 55         | 55         |
| PARTIALLY CORRECT                    | 7                    | 7         | 8            | 7               | 7             | 7             | 8             | 8          | 5          |
| INCORRECT                            | 38                   | 35        | 36           | 57              | 34            | 45            | 32            | 38         | 40         |
| WEIGHTED AVERAGE                     | 5.8                  | 6.2       | 6.0          | 3.9             | 6.3           | 5.2           | 6.4           | 5.9        | 5.7        |
| <b>ADMINISTRATIVE TOOLS</b>          |                      |           |              |                 |               |               |               |            |            |
| CORRECT                              | 55                   | 58        | 57           | 36              | 59            | 48            | 61            | 55         | 55         |
| PARTIALLY CORRECT                    | 7                    | 7         | 8            | 7               | 7             | 7             | 8             | 8          | 5          |
| INCORRECT                            | 38                   | 35        | 36           | 57              | 34            | 45            | 32            | 38         | 40         |
| WEIGHTED AVERAGE                     | 5.8                  | 6.2       | 6.0          | 3.9             | 6.3           | 5.2           | 6.4           | 5.9        | 5.7        |
| BASE (ADMINISTRATION)                | 215                  | 134       | 53           | 28              | 88            | 89            | 38            | 173        | 42         |
| OVERALL AVERAGE                      | 4.9                  | 5.3       | 4.6          | 3.8             | 5.3           | 4.5           | 5.4           | 4.9        | 5.0        |

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TABLE NO. 10  
 RECALL OF BASIC CONCEPTS COVERED IN - MARKETING AND SALES

|  | TOTAL<br>SAMPLE<br>% | A R E A    |            |            |            |            | S E C T O R |            |            | S I Z E |  |
|--|----------------------|------------|------------|------------|------------|------------|-------------|------------|------------|---------|--|
|  |                      | C.S.       | STA. ANA   | SAN MIGUEL | INDUSTRY   | COMMERCE   | SERVICES    | MICRO      | SMALL      |         |  |
|  | %                    | %          | %          | %          | %          | %          | %           | %          | %          | %       |  |
| <b>-MARKET SEGMENTATION</b>                  |                      |            |            |            |            |            |             |            |            |         |  |
| CORRECT                                      | 20                   | 23         | 10         | 23         | 22         | 20         | 17          | 19         | 23         |         |  |
| PARTIALLY CORRECT                            | 11                   | 11         | 16         | 5          | 12         | 10         | 11          | 10         | 15         |         |  |
| INCORRECT                                    | 69                   | 66         | 74         | 73         | 65         | 70         | 72          | 70         | 62         |         |  |
| WEIGHTED AVERAGE                             | 2.6                  | 2.9        | 1.8        | 2.5        | 2.8        | 2.5        | 2.2         | 2.5        | 3.1        |         |  |
| <b>-ASPECTS TO CONSIDER IN PRICE SETTING</b> |                      |            |            |            |            |            |             |            |            |         |  |
| CORRECT                                      | 56                   | 55         | 60         | 50         | 56         | 59         | 50          | 54         | 64         |         |  |
| PARTIALLY CORRECT                            | 39                   | 41         | 32         | 45         | 43         | 34         | 42          | 41         | 33         |         |  |
| INCORRECT                                    | 5                    | 4          | 8          | 5          | 1          | 7          | 8           | 5          | 3          |         |  |
| WEIGHTED AVERAGE                             | 7.5                  | 7.6        | 7.6        | 7.3        | 7.7        | 7.6        | 7.1         | 7.4        | 8.1        |         |  |
| <b>-DISTRIBUTION CHANNELS</b>                |                      |            |            |            |            |            |             |            |            |         |  |
| CORRECT                                      | 54                   | 55         | 50         | 55         | 59         | 56         | 36          | 53         | 59         |         |  |
| PARTIALLY CORRECT                            | 6                    | 4          | 8          | 14         | 5          | 8          | 3           | 5          | 10         |         |  |
| INCORRECT                                    | 40                   | 41         | 42         | 32         | 36         | 36         | 61          | 42         | 31         |         |  |
| WEIGHTED AVERAGE                             | 5.7                  | 5.7        | 5.4        | 6.1        | 6.2        | 6.0        | 3.8         | 5.5        | 6.4        |         |  |
| <b>BASE (MARKETING AND SALES)</b>            | <b>204</b>           | <b>132</b> | <b>50</b>  | <b>22</b>  | <b>81</b>  | <b>87</b>  | <b>36</b>   | <b>165</b> | <b>39</b>  |         |  |
| <b>OVERALL AVERAGE</b>                       | <b>5.3</b>           | <b>5.4</b> | <b>4.9</b> | <b>5.3</b> | <b>5.8</b> | <b>5.4</b> | <b>4.4</b>  | <b>5.1</b> | <b>5.9</b> |         |  |

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TABLE NO. 11  
RECALL OF BASIC CONCEPTS COVERED IN INVESTMENT PROJECTS

|   | TOTAL<br>SAMPLE<br>N | COL-<br>L<br>% | R E A        |           |          | S E C T O R   |               |               | S I Z E    |            |
|---|----------------------|----------------|--------------|-----------|----------|---------------|---------------|---------------|------------|------------|
|   |                      |                | ETA AND<br>% | SANM<br>% | REL<br>% | INDUSTRY<br>% | COMMERCE<br>% | SERVICES<br>% | MICRO<br>% | SMALL<br>% |
| <b>INVESTMENT PROJECT DEFINITION</b>                  |                      |                |              |           |          |               |               |               |            |            |
| CORRECT   | 64                   | 62             | 68           | 77        | 63       | 72            | 50            | 65            | 59         |            |
| PARTIALLY CORRECT                                     | 18                   | 19             | 19           | 8         | 21       | 11            | 27            | 18            | 19         |            |
| INCORRECT   | 18                   | 19             | 14           | 15        | 15       | 17            | 23            | 17            | 22         |            |
| WEIGHTED AVERAGE                                      | 7.3                  | 7.1            | 7.7          | 8.1       | 7.4      | 7.7           | 6.3           | 7.4           | 6.9        |            |
| <b>FEASIBILITY</b>                                    |                      |                |              |           |          |               |               |               |            |            |
| CORRECT   | 65                   | 65             | 57           | 85        | 66       | 63            | 67            | 64            | 69         |            |
| PARTIALLY CORRECT                                     | 9                    | 11             | 5            | 0         | 6        | 16            | 3             | 9             | 9          |            |
| INCORRECT   | 26                   | 23             | 38           | 15        | 28       | 22            | 30            | 27            | 22         |            |
| WEIGHTED AVERAGE                                      | 6.9                  | 7.1            | 5.9          | 8.5       | 6.9      | 7.0           | 6.8           | 6.8           | 7.3        |            |
| <b>TYPES OF INVESTMENTS</b>                           |                      |                |              |           |          |               |               |               |            |            |
| CORRECT   | 21                   | 21             | 27           | 0         | 30       | 13            | 17            | 18            | 31         |            |
| PARTIALLY CORRECT                                     | 14                   | 15             | 5            | 31        | 11       | 20            | 7             | 15            | 9          |            |
| INCORRECT   | 65                   | 64             | 68           | 69        | 59       | 67            | 77            | 67            | 59         |            |
| WEIGHTED AVERAGE                                      | 2.8                  | 2.8            | 3.0          | 1.5       | 3.5      | 2.3           | 2.0           | 2.6           | 3.6        |            |
| <b>RESULTS OF INADEQUATE HANDLING OF CREDIT</b>       |                      |                |              |           |          |               |               |               |            |            |
| CORRECT   | 52                   | 52             | 46           | 62        | 49       | 55            | 50            | 52            | 50         |            |
| PARTIALLY CORRECT                                     | 42                   | 43             | 46           | 23        | 45       | 39            | 43            | 43            | 41         |            |
| INCORRECT   | 6                    | 4              | 8            | 15        | 6        | 6             | 7             | 5             | 9          |            |
| WEIGHTED AVERAGE                                      | 7.3                  | 7.4            | 6.9          | 7.3       | 7.2      | 7.4           | 7.2           | 7.3           | 7.0        |            |
| <b>BASE (INVESTMENT PROJECTS)<br/>OVERALL AVERAGE</b> |                      |                |              |           |          |               |               |               |            |            |
|   | 165                  | 115            | 37           | 13        | 71       | 64            | 30            | 133           | 32         |            |
|   | 8.1                  | 6.1            | 5.9          | 6.3       | 6.3      | 6.1           | 5.6           | 6.0           | 6.2        |            |

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TABLE NO. 12

OPINION OF COURSES RECEIVED

|                         | TOTAL<br>SAMPLE<br>N | S E C T O R |            |            |            |            |            |            | S I Z E    |   |
|-------------------------|----------------------|-------------|------------|------------|------------|------------|------------|------------|------------|---|
|                         |                      | ES          | STA. AKA   | SAN MIGUEL | INDUSTRY   | COMMERCE   | SERVICES   | MICRO      | SMALL      |   |
|                         | N                    | %           | N          | %          | N          | %          | N          | %          | N          | % |
| Excellent               | 30                   | 28          | 32         | 32         | 34         | 29         | 23         | 32         | 20         |   |
| Good                    | 62                   | 63          | 58         | 65         | 59         | 62         | 67         | 59         | 73         |   |
| Neither good, nor poor  | 7                    | 8           | 9          | 3          | 8          | 7          | 8          | 7          | 7          |   |
| Poor                    | 1                    | 1           | 2          | 0          | 0          | 2          | 3          | 2          | 0          |   |
| Very poor               | 0                    | 0           | 0          | 0          | 0          | 0          | 0          | 0          | 0          |   |
| <b>WEIGHTED AVERAGE</b> | <b>4.2</b>           | <b>4.2</b>  | <b>4.2</b> | <b>4.3</b> | <b>4.3</b> | <b>4.2</b> | <b>4.1</b> | <b>4.2</b> | <b>4.1</b> |   |
| <b>BASE</b>             | <b>232</b>           | <b>144</b>  | <b>57</b>  | <b>31</b>  | <b>92</b>  | <b>101</b> | <b>39</b>  | <b>187</b> | <b>45</b>  |   |

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MEASURES FOR HAVING / OBTAINING CONTROL OF THE PROGRAM COURSE

|  | FINANCIAL  | MANUFACTURING | INDUSTRIAL | CLASSICAL | SERVICES  | MICRO     | SMALL     |
|--|------------|---------------|------------|-----------|-----------|-----------|-----------|
| Helped to have control /Management of the business   | 30         | 31            | 22         | 40        | 29        | 29        | 50        |
| A higher level of general understanding was obtained | 25         | 22            | 31         | 30        | 26        | 27        | 21        |
| They are basic, simple, and easy to understand       | 11         | 8             | 20         | 10        | 11        | 13        | 10        |
| Helped to manage the cash of the business            | 11         | 13            | 14         | 0         | 12        | 11        | 5         |
| They are focused on the reality of a business        | 4          | 3             | 6          | 7         | 4         | 4         | 2         |
| Helped to tecnify the business                       | 0          | 1             | 0          | 0         | 1         | 0         | 0         |
| Others   | 2          | 1             | 6          | 0         | 4         | 1         | 2         |
| Could not answer                                     | 18         | 24            | 6          | 17        | 21        | 18        | 17        |
| <b>BASE</b>  | <b>212</b> | <b>131</b>    | <b>51</b>  | <b>30</b> | <b>85</b> | <b>92</b> | <b>42</b> |

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|  | 1         | 2         | 3        | 4        | 5        | 6        | 7        | 8         | 9        |
|--|-----------|-----------|----------|----------|----------|----------|----------|-----------|----------|
| Too short/incomplete                   | 55        | 62        | 50       | 0        | 57       | 44       | 75       | 53        | 67       |
| Inconvenient schedule (Hours)          | 5         | 8         | 0        | 0        | 0        | 11       | 0        | 6         | 0        |
| Need better instructors                | 5         | 0         | 17       | 0        | 0        | 0        | 25       | 6         | 0        |
| Only good to obtain loans from PROPEMI | 5         | 8         | 0        | 0        | 14       | 0        | 0        | 6         | 0        |
| Did not cite a specific reason         | 30        | 23        | 33       | 100      | 29       | 44       | 0        | 29        | 33       |
| <b>BASE</b>                            | <b>20</b> | <b>13</b> | <b>6</b> | <b>1</b> | <b>7</b> | <b>9</b> | <b>4</b> | <b>17</b> | <b>3</b> |

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|  | TOTAL      | S E C T O R |               |           |           |            |           |            |           |
|--|------------|-------------|---------------|-----------|-----------|------------|-----------|------------|-----------|
|  | SAMPLE     | BASE        | MANUFACTURING | MINING    | INDUSTRY  | COMMERCE   | SERVICES  | MICRO      | SMALL     |
|  | N          | N           | N             | N         | N         | N          | N         | N          | N         |
| <b>- ACCOUNTING</b>                    |            |             |               |           |           |            |           |            |           |
| Demonstrated benefit                   | 31         | 32          | 30            | 32        | 33        | 29         | 32        | 31         | 33        |
| Undemonstrated benefit                 | 11         | 14          | 7             | 10        | 7         | 16         | 10        | 12         | 10        |
| Course of least benefit                | 2          | 3           | 2             | 0         | 3         | 0          | 5         | 2          | 4         |
| Not mentioned as most/least beneficial | 49         | 45          | 55            | 58        | 52        | 46         | 51        | 50         | 46        |
| Did not take course                    | 6          | 7           | 7             | 0         | 4         | 9          | 2         | 6          | 6         |
| <b>- COSTS</b>                         |            |             |               |           |           |            |           |            |           |
| Demonstrated benefit                   | 13         | 13          | 15            | 13        | 17        | 8          | 17        | 14         | 8         |
| Undemonstrated benefit                 | 7          | 8           | 5             | 6         | 7         | 7          | 7         | 6          | 10        |
| Course of least benefit                | 5          | 5           | 8             | 0         | 2         | 8          | 2         | 6          | 2         |
| Not mentioned as most/least beneficial | 87         | 66          | 64            | 77        | 68        | 64         | 71        | 65         | 73        |
| Did not take course                    | 8          | 9           | 8             | 3         | 6         | 12         | 2         | 9          | 6         |
| <b>- ADMINISTRATION</b>                |            |             |               |           |           |            |           |            |           |
| Demonstrated benefit                   | 19         | 14          | 23            | 35        | 19        | 21         | 15        | 18         | 23        |
| Undemonstrated benefit                 | 8          | 11          | 2             | 6         | 6         | 8          | 10        | 7          | 10        |
| Course of least benefit                | 1          | 1           | 0             | 3         | 1         | 1          | 2         | 1          | 2         |
| Not mentioned as most/least beneficial | 60         | 63          | 62            | 45        | 66        | 53         | 66        | 62         | 52        |
| Did not take course                    | 12         | 12          | 13            | 10        | 8         | 17         | 7         | 12         | 13        |
| <b>- MARKETING AND SALES</b>           |            |             |               |           |           |            |           |            |           |
| Demonstrated benefit                   | 9          | 11          | 3             | 10        | 9         | 8          | 7         | 8          | 13        |
| Undemonstrated benefit                 | 7          | 8           | 7             | 6         | 5         | 9          | 7         | 8          | 6         |
| Course of least benefit                | 5          | 5           | 5             | 0         | 8         | 0          | 7         | 5          | 4         |
| Not mentioned as most/least beneficial | 63         | 63          | 67            | 55        | 61        | 64         | 66        | 64         | 58        |
| Did not take course                    | 16         | 13          | 18            | 29        | 16        | 19         | 12        | 16         | 19        |
| <b>- INVESTMENT PROJECTS</b>           |            |             |               |           |           |            |           |            |           |
| Demonstrated benefit                   | 2          | 3           | 3             | 0         | 3         | 2          | 2         | 3          | 0         |
| Undemonstrated benefit                 | 2          | 3           | 0             | 0         | 2         | 2          | 0         | 2          | 2         |
| Course of least benefit                | 16         | 18          | 20            | 0         | 17        | 14         | 20        | 17         | 10        |
| Not mentioned as most/least beneficial | 47         | 52          | 38            | 39        | 51        | 41         | 51        | 45         | 52        |
| Did not take course                    | 33         | 25          | 39            | 61        | 27        | 41         | 27        | 33         | 35        |
| <b>BASE</b>                            | <b>244</b> | <b>152</b>  | <b>81</b>     | <b>31</b> | <b>98</b> | <b>107</b> | <b>41</b> | <b>198</b> | <b>48</b> |

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TABLE 10  
 RECOMMENDATIONS TO IMPROVE EMPLOYERS' TRAINING PROGRAMS

|  | INDUSTRY      |                |                 |              |              |             |           |            |           |
|--|---------------|----------------|-----------------|--------------|--------------|-------------|-----------|------------|-----------|
|  | MANUFACTURING | TRANSPORTATION | WHOLESALE TRADE | RETAIL TRADE | CONSTRUCTION | AGRICULTURE | MINING    | FINANCIAL  | OTHER     |
| More adequate time periods/(length)                          | 24            | 22             | 30              | 23           | 19           | 26          | 29        | 23         | 25        |
| Follow-up courses are desired                                | 18            | 18             | 15              | 19           | 16           | 20          | 17        | 19         | 13        |
| No suggestion/courses are fine as they are                   | 13            | 13             | 18              | 6            | 13           | 11          | 20        | 15         | 4         |
| Make the courses more understandable                         | 11            | 14             | 5               | 3            | 14           | 9           | 7         | 11         | 10        |
| Better scheduling of hours                                   | 7             | 8              | 5               | 6            | 7            | 6           | 10        | 8          | 4         |
| Increase number of subjects                                  | 6             | 7              | 2               | 10           | 7            | 5           | 5         | 5          | 8         |
| Make courses more specialized to specific nature of business | 5             | 5              | 7               | 3            | 7            | 3           | 7         | 6          | 4         |
| Improve instructors' levels of skills                        | 5             | 6              | 3               | 0            | 2            | 6           | 7         | 5          | 2         |
| Make courses mandatory                                       | 2             | 3              | 2               | 0            | 4            | 1           | 0         | 2          | 4         |
| Provide better classrooms                                    | 1             | 1              | 0               | 3            | 1            | 1           | 2         | 2          | 0         |
| Evaluation of courses is needed                              | 1             | 1              | 2               | 3            | 1            | 2           | 0         | 2          | 0         |
| Did not offer any suggestion                                 | 1             | 2              | 0               | 0            | 0            | 2           | 2         | 1          | 2         |
| Others   | 9             | 10             | 5               | 16           | 14           | 8           | 2         | 8          | 15        |
| Unanswered   | 10            | 7              | 18              | 13           | 9            | 11          | 10        | 9          | 15        |
| <b>BASE</b>  | <b>244</b>    | <b>152</b>     | <b>61</b>       | <b>31</b>    | <b>96</b>    | <b>107</b>  | <b>41</b> | <b>196</b> | <b>48</b> |

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GENERAL CHARACTERISTICS OF THE LOANS RECEIVED BY THOSE SERVED

|                               | ALL       | AGRICULTURE | MANUFACTURING | INDUSTRY  | COMMERCE  | SERVICES  | MICRO     | SMALL     |
|-------------------------------|-----------|-------------|---------------|-----------|-----------|-----------|-----------|-----------|
| <b>-NUMBER OF LOANS</b>       |           |             |               |           |           |           |           |           |
| One                           | 57        | 42          | 82            | 81        | 55        | 53        | 71        | 58        |
| Two                           | 26        | 33          | 13            | 19        | 22        | 34        | 17        | 19        |
| Three or More                 | 17        | 25          | 5             | 0         | 23        | 13        | 12        | 23        |
| AVERAGE NO. OF LOANS          | 1.6       | 1.9         | 1.2           | 1.2       | 1.8       | 1.6       | 1.5       | 1.7       |
| BASE (No. OF BENEFICIARIES)   | 244       | 152         | 81            | 31        | 98        | 107       | 41        | 198       |
| <b>-YEAR LOAN WAS GRANTED</b> |           |             |               |           |           |           |           |           |
| 1986                          | 4         | 5           | 0             | 0         | 6         | 1         | 5         | 4         |
| 1987                          | 8         | 11          | 0             | 0         | 13        | 3         | 12        | 10        |
| 1988                          | 13        | 17          | 0             | 3         | 16        | 9         | 15        | 16        |
| 1989                          | 21        | 26          | 8             | 11        | 22        | 20        | 22        | 22        |
| 1990                          | 31        | 24          | 53            | 37        | 24        | 38        | 30        | 28        |
| 1991                          | 23        | 15          | 39            | 50        | 19        | 29        | 13        | 22        |
| Did not know                  | 1         | 1           | 0             | 0         | 1         | 0         | 3         | 0         |
| BASE (TOTAL No. OF LOANS)     | 400       | 267         | 75            | 38        | 167       | 173       | 80        | 83        |
| <b>- AMOUNT</b>               |           |             |               |           |           |           |           |           |
| Less than € 5,000             | 20        | 22          | 23            | 0         | 22        | 14        | 30        | 2         |
| Between € 5,000 and € 9,999   | 26        | 29          | 29            | 0         | 34        | 20        | 22        | 4         |
| Between € 10,000 and € 14,999 | 13        | 13          | 12            | 11        | 12        | 13        | 13        | 11        |
| Between € 15,000 and € 19,999 | 10        | 9           | 12            | 13        | 10        | 10        | 10        | 8         |
| € 20,000 or more              | 32        | 28          | 24            | 76        | 23        | 43        | 25        | 75        |
| AVERAGE (€)                   | 15,437.59 | 14,237.06   | 11,860.13     | 31,565.53 | 12,299.40 | 19,674.57 | 11,955.58 | 11,836.03 |
| BASE (TOTAL No. OF LOANS)     | 400       | 267         | 75            | 38        | 167       | 173       | 80        | 83        |

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TABLE FOUR (continued)  
 SUMMARY OF THE STATUS OF THE LOANS RECEIVED BY THE BANKS LISTED

**SECTION 4 - SIZE**

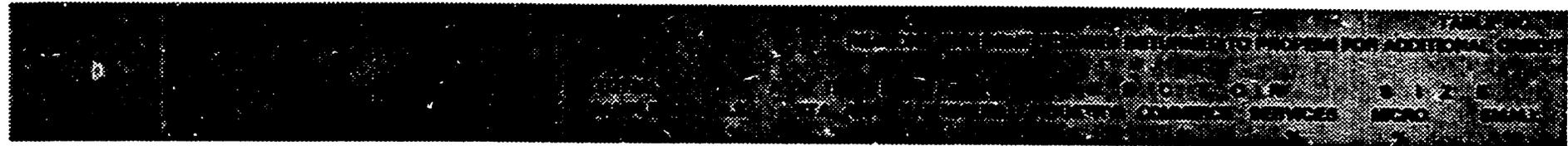
MEDIUM      LARGE      COMMERCIAL SERVICES      MICRO      SMALL

**- TOTAL TIME OF LOAN PROCESS**

|                                  |      |      |      |      |      |      |      |      |      |
|----------------------------------|------|------|------|------|------|------|------|------|------|
| <b>7 Days or less</b>            | 4    | 3    | 3    | 8    | 2    | 3    | 8    | 3    | 6    |
| Considered Acceptable            | 3    | 2    | 3    | 8    | 2    | 3    | 5    | 3    | 4    |
| Considered Unacceptable          | 1    | 1    | 0    | 0    | 0    | 0    | 3    | 0    | 2    |
| <b>Between 8 and 14 Days</b>     | 5    | 3    | 9    | 8    | 4    | 6    | 5    | 5    | 4    |
| Considered Acceptable            | 5    | 3    | 9    | 8    | 4    | 6    | 5    | 5    | 4    |
| Considered Unacceptable          | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    |
| <b>Between 15 and 21 Days</b>    | 23   | 24   | 25   | 11   | 23   | 24   | 18   | 19   | 40   |
| Considered Acceptable            | 21   | 21   | 24   | 11   | 20   | 24   | 13   | 16   | 37   |
| Considered Unacceptable          | 2    | 3    | 1    | 0    | 3    | 1    | 5    | 2    | 2    |
| <b>More than 21 Days</b>         | 68   | 68   | 61   | 74   | 69   | 66   | 65   | 72   | 51   |
| Considered Acceptable            | 39   | 38   | 39   | 47   | 40   | 45   | 22   | 43   | 25   |
| Considered Unacceptable          | 28   | 30   | 23   | 26   | 29   | 22   | 43   | 29   | 25   |
| <b>Did not answer</b>            | 1    | 1    | 1    | 0    | 1    | 1    | 3    | 2    | 0    |
| <b>AVERAGE (DAYS)</b>            | 38.6 | 39.8 | 34.8 | 37.6 | 40.0 | 36.9 | 39.8 | 40.0 | 33.4 |
| Considered Acceptable            | 68   | 65   | 75   | 74   | 66   | 77   | 45   | 67   | 70   |
| Considered Unacceptable          | 31   | 33   | 24   | 26   | 32   | 23   | 52   | 31   | 30   |
| <b>BASE (TOTAL No. OF LOANS)</b> | 400  | 287  | 75   | 38   | 167  | 173  | 60   | 317  | 83   |

**- USE OF LOAN FUNDS**

|                                  |     |     |    |    |     |     |    |     |    |
|----------------------------------|-----|-----|----|----|-----|-----|----|-----|----|
| <b>Working capital</b>           | 77  | 76  | 76 | 89 | 71  | 92  | 52 | 79  | 70 |
| <b>Fixed assets</b>              | 31  | 32  | 35 | 11 | 44  | 13  | 45 | 30  | 34 |
| <b>Refinancing</b>               | 4   | 4   | 1  | 3  | 5   | 2   | 2  | 4   | 0  |
| <b>Personal credit</b>           | 5   | 6   | 1  | 5  | 4   | 2   | 15 | 4   | 10 |
| <b>BASE (TOTAL No. OF LOANS)</b> | 400 | 287 | 75 | 38 | 167 | 173 | 60 | 317 | 83 |



|   |            |           |           |          |           |           |           |           |           |
|---|------------|-----------|-----------|----------|-----------|-----------|-----------|-----------|-----------|
| Need of additional working capital                      | 33         | 31        | 30        | 56       | 33        | 32        | 36        | 29        | 48        |
| Not many requirements are needed (asked)                | 9          | 8         | 10        | 11       | 5         | 10        | 18        | 10        | 5         |
| "Soft" loans (low interest/longer terms)                | 7          | 7         | 0         | 11       | 2         | 12        | 0         | 6         | 10        |
| Need to refinance existing loan(s)                      | 7          | 7         | 10        | 0        | 10        | 6         | 0         | 9         | 0         |
| To purchase machinery and equipment                     | 7          | 7         | 0         | 11       | 14        | 0         | 9         | 5         | 14        |
| Because of the service and advice provided by promoters | 6          | 5         | 20        | 0        | 2         | 10        | 0         | 6         | 5         |
| Credits are fast and timely                             | 5          | 6         | 0         | 0        | 0         | 10        | 0         | 4         | 10        |
| Desire to increase operations                           | 4          | 5         | 0         | 0        | 2         | 4         | 9         | 5         | 0         |
| To expand locale  | 3          | 2         | 10        | 0        | 2         | 2         | 9         | 2         | 5         |
| Others  | 11         | 8         | 30        | 11       | 12        | 10        | 9         | 11        | 10        |
| Did not answer  | 9          | 11        | 0         | 0        | 12        | 6         | 9         | 9         | 10        |
| Could not specify                                       | 11         | 11        | 10        | 11       | 12        | 10        | 9         | 12        | 5         |
| <b>BASE (BENEFICIARIES w/MORE THAN 1 LOAN)</b>          | <b>103</b> | <b>84</b> | <b>10</b> | <b>9</b> | <b>42</b> | <b>50</b> | <b>11</b> | <b>82</b> | <b>21</b> |

GENERAL OPINION OF PROGRAM'S CREDIT PROGRAM

|                         | TOTAL<br>SAMPLE | AGRICULTURE | INDUSTRIAL /<br>COMMERCIAL | RESIDENTIAL |
|-------------------------|-----------------|-------------|----------------------------|-------------|----------------------------|-------------|----------------------------|-------------|----------------------------|-------------|
| Very good               | 19              | 24          | 11                         | 10          | 20                         | 20          | 17                         | 19          | 19                         |             |
| Good                    | 47              | 45          | 43                         | 68          | 44                         | 51          | 44                         | 47          | 48                         |             |
| Neither good nor poor   | 13              | 13          | 18                         | 6           | 16                         | 12          | 10                         | 13          | 13                         |             |
| Poor                    | 18              | 17          | 25                         | 13          | 19                         | 16          | 24                         | 18          | 19                         |             |
| Very poor               | 2               | 1           | 3                          | 3           | 2                          | 1           | 5                          | 2           | 2                          |             |
| <b>BASE</b>             | <b>244</b>      | <b>152</b>  | <b>61</b>                  | <b>31</b>   | <b>96</b>                  | <b>107</b>  | <b>41</b>                  | <b>196</b>  | <b>48</b>                  |             |
| <b>WEIGHTED AVERAGE</b> | <b>3.6</b>      | <b>3.7</b>  | <b>3.3</b>                 | <b>3.7</b>  | <b>3.6</b>                 | <b>3.7</b>  | <b>3.4</b>                 | <b>3.6</b>  | <b>3.6</b>                 |             |

(Scale: 5 points, where 5 = Very Good and 1 = Very Poor)

TABLE 20

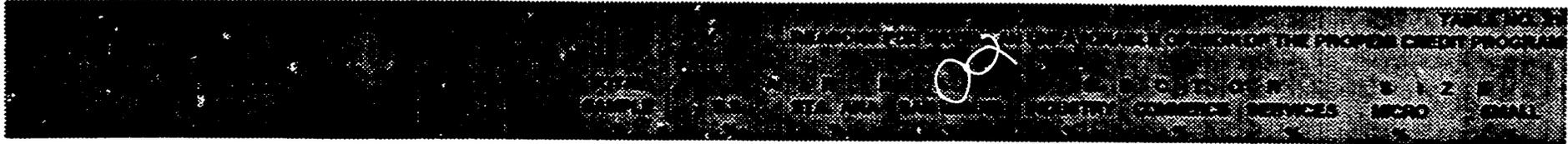
PERCEPTIONS OF THE PROMISE CREDIT PROGRAM

BY TYPE OF BUSINESS

|  | STATE WIDE | INDUSTRY | COMMERCIAL SERVICES | MICRO | SMALL |
|--|------------|----------|---------------------|-------|-------|
|--|------------|----------|---------------------|-------|-------|

|  |            |            |           |           |           |           |           |            |           |
|--|------------|------------|-----------|-----------|-----------|-----------|-----------|------------|-----------|
| They are identified with the sector            | 39         | 26         | 73        | 50        | 41        | 39        | 32        | 35         | 56        |
| They provide good advice                       | 18         | 19         | 9         | 25        | 18        | 17        | 20        | 18         | 16        |
| They supply the economical needs of the sector | 18         | 22         | 15        | 4         | 25        | 12        | 20        | 18         | 16        |
| Fast and timely (Credits)                      | 14         | 9          | 21        | 29        | 7         | 17        | 24        | 13         | 19        |
| Not many requirements are needed (asked)       | 11         | 11         | 6         | 17        | 10        | 13        | 8         | 12         | 6         |
| "Soft" loans (low interest/longer terms)       | 8          | 9          | 6         | 8         | 7         | 8         | 12        | 8          | 9         |
| Personnel is friendly and efficient            | 6          | 7          | 3         | 4         | 2         | 9         | 4         | 6          | 3         |
| Others   | 2          | 1          | 9         | 0         | 2         | 4         | 0         | 3          | 0         |
| Did not cite specific reason                   | 23         | 24         | 30        | 8         | 26        | 20        | 24        | 22         | 25        |
| <b>BASE</b>                                    | <b>162</b> | <b>105</b> | <b>33</b> | <b>24</b> | <b>61</b> | <b>76</b> | <b>25</b> | <b>130</b> | <b>32</b> |

RP



|                              | 1         | 2         | 3         | 4        | 5         | 6         | 7         | 8         | 9         |
|------------------------------|-----------|-----------|-----------|----------|-----------|-----------|-----------|-----------|-----------|
| Credit terms too strict      | 38        | 42        | 29        | 33       | 33        | 53        | 23        | 35        | 40        |
| Process time too slow        | 30        | 28        | 24        | 100      | 33        | 16        | 46        | 27        | 40        |
| Amounts do not satisfy needs | 30        | 22        | 47        | 33       | 33        | 32        | 23        | 31        | 20        |
| Too many requirements        | 13        | 14        | 12        | 0        | 8         | 11        | 23        | 10        | 20        |
| <b>BASE</b>                  | <b>82</b> | <b>47</b> | <b>28</b> | <b>7</b> | <b>35</b> | <b>31</b> | <b>16</b> | <b>66</b> | <b>16</b> |

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SOURCES OF CREDIT FUNDS BY TYPE ENTERING PROPERTY CREDIT PROGRAM

|                                | TOTAL      |            |           |           |           |            |           |            |           |
|--------------------------------|------------|------------|-----------|-----------|-----------|------------|-----------|------------|-----------|
|                                |            |            | ITALYANA  | BANKING   | INDUSTRY  | COMMERCE   | SERVICES  | MICRO      | SMALL     |
| Suppliers                      | 59         | 58         | 52        | 77        | 49        | 72         | 49        | 55         | 75        |
| Banks                          | 27         | 22         | 30        | 45        | 24        | 33         | 17        | 28         | 23        |
| Relatives/Friends              | 21         | 24         | 16        | 16        | 15        | 23         | 32        | 20         | 27        |
| Moneylenders                   | 17         | 15         | 21        | 16        | 15        | 22         | 7         | 16         | 19        |
| Savings and Credit Unions      | 10         | 7          | 13        | 19        | 10        | 13         | 2         | 9          | 15        |
| Savings and Loans Associations | 2          | 3          | 2         | 3         | 3         | 2          | 2         | 2          | 4         |
| None                           | 20         | 24         | 18        | 3         | 27        | 13         | 22        | 22         | 13        |
| <b>BASE</b>                    | <b>244</b> | <b>152</b> | <b>61</b> | <b>31</b> | <b>96</b> | <b>107</b> | <b>41</b> | <b>196</b> | <b>48</b> |

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PAGE NO. 30

NO. OF CONTACTS BY SOURCE OF CREDIT AFTER EXCLUDING PROGRAMS CREDIT PROGRAM

|  | TOTAL | INDUSTRY | COMMERCE | SERVICES | SMALL |
|--|-------|----------|----------|----------|-------|
|--|-------|----------|----------|----------|-------|

|                                |            |            |           |           |           |            |           |            |           |
|--------------------------------|------------|------------|-----------|-----------|-----------|------------|-----------|------------|-----------|
| Suppliers                      | 42         | 40         | 38        | 61        | 35        | 50         | 39        | 37         | 65        |
| Banks                          | 6          | 5          | 8         | 10        | 5         | 7          | 5         | 5          | 13        |
| Relatives/Friends              | 6          | 7          | 3         | 6         | 3         | 7          | 10        | 4          | 13        |
| Savings and Credit Unions      | 5          | 4          | 7         | 10        | 4         | 7          | 2         | 5          | 6         |
| Moneylenders                   | 2          | 3          | 3         | 0         | 1         | 5          | 0         | 3          | 0         |
| Savings and Loans Associations | •          | 1          | 0         | 0         | 1         | 0          | 0         | 1          | 0         |
| None                           | 49         | 51         | 56        | 26        | 56        | 41         | 54        | 56         | 23        |
| <b>BASE</b>                    | <b>244</b> | <b>152</b> | <b>61</b> | <b>31</b> | <b>96</b> | <b>107</b> | <b>41</b> | <b>196</b> | <b>48</b> |

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TABLE NO. 10  
 BENEFITS OBTAINED FROM PROFEM LOANS

|  | TOTAL<br>SAMPLE | A R E A    |           |            |           | S E C T O R |           |            | S I Z E   |  |
|--|-----------------|------------|-----------|------------|-----------|-------------|-----------|------------|-----------|--|
|  |                 | STA        | ARA       | SAN MIGUEL | INDUSTRY  | COMMERCE    | SERVICES  | MICRO      | SMALL     |  |
|  | %               | %          | %         | %          | %         | %           | %         | %          | %         |  |
| Increase in inventories                            | 31              | 30         | 28        | 39         | 22        | 43          | 20        | 32         | 25        |  |
| Increase in productive capacity                    | 23              | 22         | 34        | 6          | 28        | 9           | 49        | 23         | 23        |  |
| Increase in sales                                  | 15              | 9          | 15        | 42         | 6         | 22          | 15        | 14         | 19        |  |
| Decrease in costs                                  | 11              | 9          | 7         | 26         | 11        | 14          | 0         | 10         | 15        |  |
| Increase in profits/earnings                       | 10              | 11         | 5         | 13         | 6         | 13          | 10        | 9          | 13        |  |
| Increase in output/production                      | 8               | 11         | 3         | 6          | 17        | 3           | 2         | 7          | 13        |  |
| Created working capital                            | 8               | 7          | 11        | 3          | 8         | 8           | 5         | 9          | 4         |  |
| Prevented business from closing                    | 5               | 5          | 7         | 3          | 7         | 3           | 7         | 6          | 4         |  |
| Created job employment                             | 5               | 5          | 3         | 6          | 6         | 5           | 0         | 3          | 10        |  |
| Improved service/image                             | 4               | 3          | 7         | 6          | 2         | 1           | 17        | 4          | 6         |  |
| Provided liquidity                                 | 3               | 4          | 0         | 3          | 5         | 2           | 0         | 2          | 6         |  |
| Enabled payment of personal expenses               | 1               | 1          | 3         | 0          | 0         | 2           | 2         | 2          | 0         |  |
| Provided a source for credit/commercial references | 1               | 1          | 0         | 0          | 0         | 2           | 0         | 1          | 0         |  |
| Provided training                                  | 1               | 1          | 0         | 0          | 0         | 2           | 0         | 1          | 0         |  |
| Others   | 3               | 4          | 0         | 3          | 5         | 2           | 0         | 3          | 4         |  |
| Could not cite specific benefit                    | 9               | 10         | 7         | 10         | 9         | 10          | 5         | 10         | 6         |  |
| Did not obtain any benefit                         | 3               | 3          | 5         | 0          | 3         | 2           | 7         | 4          | 0         |  |
| <b>BASE</b>  | <b>244</b>      | <b>152</b> | <b>61</b> | <b>31</b>  | <b>96</b> | <b>107</b>  | <b>41</b> | <b>196</b> | <b>48</b> |  |

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TABLE 20.10

REVENUE FROM PROPERTY TAX (AMOUNTS IN \$) - SALES TAXES BEFORE RECEIVING PROGRAM CREDIT

|  | TOTAL<br>SAMPLE | TYPE OF BUSINESS |               |            |          |          |        |       | M I Z<br>M I C R O | S M A L L |
|--|-----------------|------------------|---------------|------------|----------|----------|--------|-------|--------------------|-----------|
|  |                 | TOTAL            | MANUFACTURING | INDUSTRIAL | COMMERCE | SERVICES | RETAIL | OTHER |                    |           |

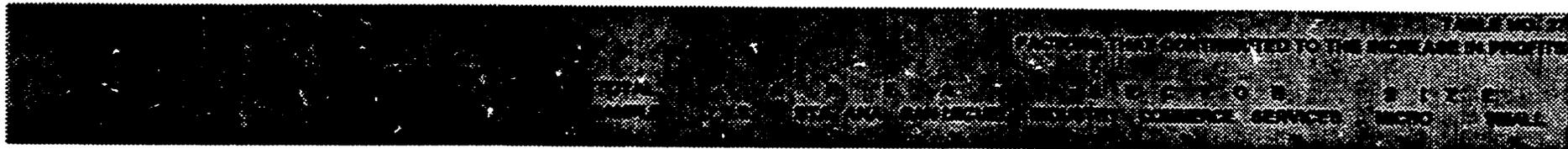
|                   |            |            |           |           |           |            |           |            |           |
|-------------------|------------|------------|-----------|-----------|-----------|------------|-----------|------------|-----------|
| Increased         | 84         | 84         | 77        | 100       | 85        | 84         | 80        | 82         | 94        |
| Decreased         | 5          | 8          | 2         | 0         | 7         | 5          | 2         | 7          | 0         |
| Remained the same | 11         | 9          | 21        | 0         | 7         | 11         | 17        | 12         | 6         |
| <b>BASE</b>       | <b>244</b> | <b>152</b> | <b>61</b> | <b>31</b> | <b>96</b> | <b>107</b> | <b>41</b> | <b>196</b> | <b>48</b> |

TABLE 100-20  
 PERCENTAGE OF CONTRACTORS WHOSE CONTRACTS WERE MODIFIED AFTER RECORDS WERE OPENED

| CONTRACT VALUE | CONTRACTS MODIFIED |         |        |         | CONTRACTS NOT MODIFIED |         |         | TOTAL | PERCENT |
|----------------|--------------------|---------|--------|---------|------------------------|---------|---------|-------|---------|
|                | NUMBER             | PERCENT | NUMBER | PERCENT | NUMBER                 | PERCENT | PERCENT |       |         |

|                    |             |             |             |            |             |             |             |             |            |
|--------------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|------------|
| Less than 25%      | 38          | 42          | 0           | 0          | 29          | 60          | 0           | 38          | 0          |
| Between 25 and 50% | 31          | 33          | 0           | 0          | 29          | 20          | 100         | 31          | 0          |
| Between 51 and 75% | 15          | 8           | 100         | 0          | 29          | 0           | 0           | 15          | 0          |
| Did not specify    | 15          | 17          | 0           | 0          | 14          | 20          | 0           | 15          | 0          |
| <b>BASE</b>        | <b>13</b>   | <b>12</b>   | <b>1</b>    | <b>0</b>   | <b>7</b>    | <b>5</b>    | <b>1</b>    | <b>13</b>   | <b>0</b>   |
| <b>AVERAGE (%)</b> | <b>35.4</b> | <b>31.1</b> | <b>75.0</b> | <b>0.0</b> | <b>42.5</b> | <b>22.8</b> | <b>40.0</b> | <b>35.1</b> | <b>0.0</b> |

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|  | 84         | 80         | 87        | 94        | 80        | 91        | 73        | 86         | 78        |
|--|------------|------------|-----------|-----------|-----------|-----------|-----------|------------|-----------|
| <b>Principally due to the PROPEMI credit</b>   |            |            |           |           |           |           |           |            |           |
| <b>• OTHERS REASONS :</b>                      |            |            |           |           |           |           |           |            |           |
| Personal efforts/motivation                    | 3          | 5          | 0         | 3         | 4         | 3         | 3         | 4          | 2         |
| Good cash management                           | 2          | 4          | 0         | 0         | 1         | 1         | 9         | 3          | 2         |
| Better customer service                        | 2          | 2          | 2         | 3         | 4         | 0         | 6         | 2          | 4         |
| Practical use of training/courses received     | 2          | 2          | 2         | 0         | 5         | 0         | 0         | 1          | 4         |
| New markets/clients                            | 2          | 3          | 0         | 0         | 2         | 1         | 3         | 2          | 2         |
| Increase in demand for products/services       | 1          | 2          | 2         | 0         | 1         | 2         | 0         | 1          | 2         |
| Improvement in product quality                 | 1          | 2          | 2         | 0         | 4         | 0         | 0         | 0          | 7         |
| Diversification                                | •          | 0          | 2         | 0         | 0         | 0         | 3         | 1          | 0         |
| Others   | 1          | 1          | 2         | 0         | 1         | 0         | 3         | 1          | 0         |
| Could not cite specific factor                 | •          | 1          | 0         | 0         | 0         | 1         | 0         | 1          | 0         |
| <b>BASE (Businesses w/increase in profits)</b> | <b>205</b> | <b>127</b> | <b>47</b> | <b>31</b> | <b>82</b> | <b>90</b> | <b>33</b> | <b>160</b> | <b>45</b> |

105-

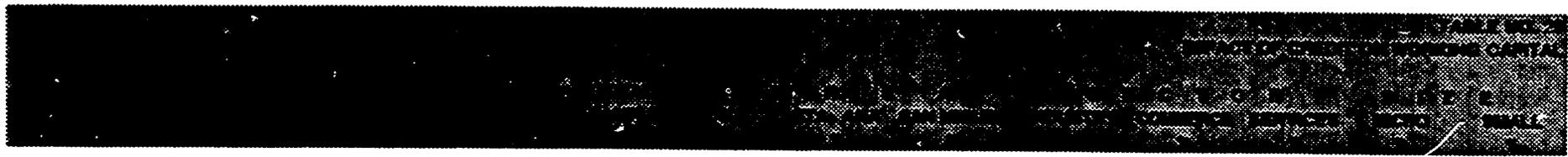


|  |             |             |             |             |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Less than 10%                                  | 5           | 3           | 13          | 3           | 7           | 4           | 3           | 6           | 2           |
| Between 10 and 19%                             | 23          | 24          | 23          | 19          | 27          | 23          | 15          | 25          | 18          |
| Between 20 and 29%                             | 21          | 24          | 17          | 13          | 18          | 21          | 27          | 23          | 13          |
| Between 30 and 39%                             | 11          | 10          | 6           | 19          | 10          | 12          | 9           | 9           | 18          |
| Between 40 and 49%                             | 7           | 6           | 9           | 13          | 7           | 6           | 12          | 6           | 11          |
| 50% or more                                    | 27          | 25          | 30          | 32          | 26          | 28          | 30          | 28          | 33          |
| Did not specify                                | 5           | 7           | 2           | 0           | 5           | 6           | 3           | 5           | 4           |
| <b>BASE (Businesses w/increase in profits)</b> | <b>205</b>  | <b>127</b>  | <b>47</b>   | <b>31</b>   | <b>82</b>   | <b>90</b>   | <b>33</b>   | <b>160</b>  | <b>45</b>   |
| <b>AVERAGE (%)</b>                             | <b>32.4</b> | <b>32.2</b> | <b>31.6</b> | <b>33.5</b> | <b>30.9</b> | <b>32.4</b> | <b>35.4</b> | <b>30.2</b> | <b>39.4</b> |

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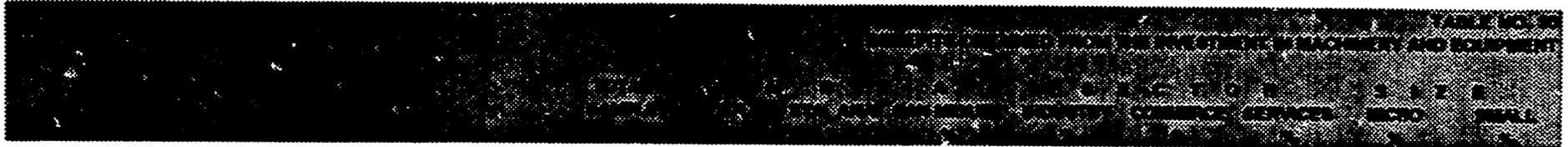
|   | TOTAL SAMPLE | S E C T O R     |                 |               |             |             |             |             | MICRO       | SMALL |
|---|--------------|-----------------|-----------------|---------------|-------------|-------------|-------------|-------------|-------------|-------|
|   |              | U.S. GOVERNMENT | STATE AND LOCAL | MANUFACTURING | INDUSTRY    | COMMERCE    | SERVICES    |             |             |       |
| <b>- ATTRIBUTABLE PRINCIPALLY TO CREDIT</b>               |              |                 |                 |               |             |             |             |             |             |       |
| Less than 10%   | 5            | 5               | 9               | 0             | 8           | 4           | 0           | 5           | 3           |       |
| Between 10 and 19%  | 17           | 19              | 18              | 12            | 18          | 21          | 0           | 21          | 3           |       |
| Between 20 and 29%  | 23           | 28              | 18              | 12            | 25          | 20          | 28          | 23          | 21          |       |
| Between 30 and 39%  | 16           | 14              | 9               | 32            | 18          | 15          | 11          | 12          | 31          |       |
| Between 40 and 49%  | 7            | 5               | 12              | 8             | 6           | 6           | 17          | 8           | 3           |       |
| 50% or more   | 30           | 27              | 32              | 36            | 25          | 30          | 44          | 28          | 38          |       |
| Did not specify   | 2            | 2               | 3               | 0             | 0           | 4           | 0           | 3           | 0           |       |
| <b>BASE</b>   | <b>140</b>   | <b>81</b>       | <b>34</b>       | <b>25</b>     | <b>51</b>   | <b>71</b>   | <b>18</b>   | <b>111</b>  | <b>29</b>   |       |
| <b>AVERAGE (%)</b>  | <b>34.2</b>  | <b>33.7</b>     | <b>34.0</b>     | <b>35.9</b>   | <b>32.6</b> | <b>33.5</b> | <b>41.4</b> | <b>32.0</b> | <b>42.6</b> |       |
| <b>- ATTRIBUTABLE PRINCIPALLY TO TECHNICAL ASSISTANCE</b> |              |                 |                 |               |             |             |             |             |             |       |
| Less than 10%   | 0            | 0               | 0               | 0             | 0           | 0           | 0           | 0           | 0           |       |
| Between 10 and 19%  | 75           | 75              | 0               | 0             | 75          | 0           | 0           | 100         | 50          |       |
| Between 20 and 29%  | 0            | 0               | 0               | 0             | 0           | 0           | 0           | 0           | 0           |       |
| Between 30 and 39%  | 0            | 0               | 0               | 0             | 0           | 0           | 0           | 0           | 0           |       |
| Between 40 and 49%  | 0            | 0               | 0               | 0             | 0           | 0           | 0           | 0           | 0           |       |
| 50% or more   | 0            | 0               | 0               | 0             | 0           | 0           | 0           | 0           | 0           |       |
| Did not specify   | 25           | 25              | 0               | 0             | 25          | 0           | 0           | 0           | 50          |       |
| <b>BASE</b>   | <b>4</b>     | <b>4</b>        | <b>0</b>        | <b>0</b>      | <b>4</b>    | <b>0</b>    | <b>0</b>    | <b>2</b>    | <b>2</b>    |       |
| <b>AVERAGE (%)</b>  | <b>11.7</b>  | <b>11.7</b>     | <b>0.0</b>      | <b>0.0</b>    | <b>11.7</b> | <b>0.0</b>  | <b>0.0</b>  | <b>10.0</b> | <b>15.0</b> |       |
| <b>- ATTRIBUTABLE TO CREDIT AND TECHNICAL ASSISTANCE</b>  |              |                 |                 |               |             |             |             |             |             |       |
| Less than 10%   | 9            | 0               | 29              | 25            | 13          | 9           | 0           | 12          | 0           |       |
| Between 10 and 19%  | 34           | 33              | 29              | 50            | 40          | 36          | 17          | 38          | 17          |       |
| Between 20 and 29%  | 19           | 29              | 0               | 0             | 13          | 27          | 17          | 19          | 17          |       |
| Between 30 and 39%  | 3            | 5               | 0               | 0             | 0           | 0           | 17          | 0           | 17          |       |
| Between 40 and 49%  | 3            | 5               | 0               | 0             | 7           | 0           | 0           | 0           | 17          |       |
| 50% or more   | 31           | 29              | 43              | 25            | 27          | 27          | 50          | 31          | 33          |       |
| <b>BASE</b>   | <b>32</b>    | <b>21</b>       | <b>7</b>        | <b>4</b>      | <b>15</b>   | <b>11</b>   | <b>6</b>    | <b>26</b>   | <b>6</b>    |       |
| <b>AVERAGE (%)</b>  | <b>32.6</b>  | <b>33.3</b>     | <b>35.1</b>     | <b>24.5</b>   | <b>31.4</b> | <b>31.6</b> | <b>37.5</b> | <b>30.5</b> | <b>41.7</b> |       |
| <b>- ATTRIBUTABLE PRINCIPALLY TO OTHER FACTORS</b>        |              |                 |                 |               |             |             |             |             |             |       |
| Less than 10%   | 3            | 0               | 14              | 0             | 0           | 0           | 17          | 4           | 0           |       |
| Between 10 and 19%  | 34           | 38              | 43              | 0             | 33          | 36          | 33          | 27          | 67          |       |
| Between 20 and 29%  | 22           | 24              | 29              | 0             | 7           | 18          | 67          | 27          | 0           |       |
| Between 30 and 39%  | 9            | 14              | 0               | 0             | 13          | 9           | 0           | 12          | 0           |       |
| Between 40 and 49%  | 13           | 10              | 0               | 50            | 13          | 9           | 17          | 4           | 50          |       |
| 50% or more   | 9            | 14              | 0               | 0             | 13          | 0           | 17          | 8           | 17          |       |
| <b>BASE</b>   | <b>29</b>    | <b>21</b>       | <b>6</b>        | <b>2</b>      | <b>12</b>   | <b>8</b>    | <b>9</b>    | <b>21</b>   | <b>8</b>    |       |
| <b>AVERAGE (%)</b>  | <b>23.4</b>  | <b>27.2</b>     | <b>14.2</b>     | <b>28.8</b>   | <b>27.3</b> | <b>21.7</b> | <b>22.8</b> | <b>22.2</b> | <b>28.8</b> |       |

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|                          |            |            |           |           |           |            |           |            |           |
|--------------------------|------------|------------|-----------|-----------|-----------|------------|-----------|------------|-----------|
| <b>Increased</b>         | <b>86</b>  | <b>84</b>  | <b>84</b> | <b>96</b> | <b>79</b> | <b>91</b>  | <b>87</b> | <b>86</b>  | <b>86</b> |
| <b>Decreased</b>         | <b>7</b>   | <b>11</b>  | <b>0</b>  | <b>4</b>  | <b>13</b> | <b>5</b>   | <b>0</b>  | <b>8</b>   | <b>6</b>  |
| <b>Remained the same</b> | <b>7</b>   | <b>5</b>   | <b>16</b> | <b>0</b>  | <b>9</b>  | <b>4</b>   | <b>13</b> | <b>7</b>   | <b>8</b>  |
| <b>BASE</b>              | <b>204</b> | <b>128</b> | <b>49</b> | <b>27</b> | <b>80</b> | <b>101</b> | <b>23</b> | <b>168</b> | <b>36</b> |

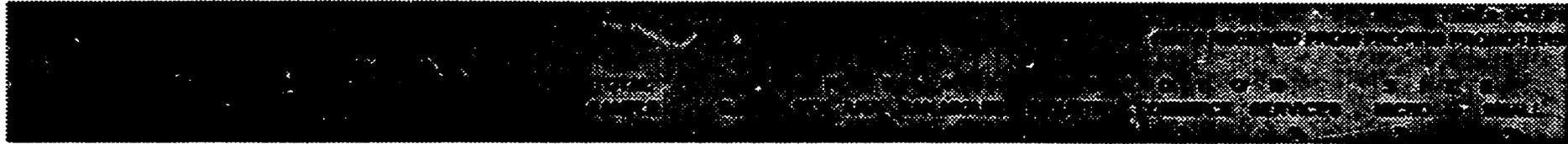
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|   |            |            |            |            |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>PERCENTAGE OF ACTUAL POSSESSION</b>                      | 43         | 47         | 46         | 16         | 61         | 20         | 61         | 43         | 44         |
| <b>- LEVEL OF SATISFACTION WITH MACHINERY AND EQUIPMENT</b> |            |            |            |            |            |            |            |            |            |
| Very good   | 29         | 33         | 18         | 20         | 31         | 33         | 20         | 26         | 38         |
| Good  | 63         | 63         | 64         | 60         | 66         | 62         | 56         | 62         | 67         |
| Neither good nor poor                                       | 9          | 6          | 14         | 20         | 5          | 10         | 16         | 10         | 5          |
| Poor  | 3          | 3          | 4          | 0          | 3          | 0          | 4          | 4          | 0          |
| Very poor   | 1          | 1          | 0          | 0          | 0          | 0          | 4          | 1          | 0          |
| Did not specify   | 1          | 1          | 0          | 0          | 2          | 0          | 0          | 1          | 0          |
| <b>BASE</b>   | <b>105</b> | <b>72</b>  | <b>28</b>  | <b>5</b>   | <b>59</b>  | <b>21</b>  | <b>25</b>  | <b>84</b>  | <b>21</b>  |
| <b>WEIGHTED AVERAGE*</b>                                    | <b>4.3</b> | <b>4.4</b> | <b>4.0</b> | <b>4.0</b> | <b>4.4</b> | <b>4.4</b> | <b>3.8</b> | <b>4.2</b> | <b>4.7</b> |
| <b>- RESULTS OBTAINED</b>                                   |            |            |            |            |            |            |            |            |            |
| Increase in production                                      | 32         | 39         | 18         | 20         | 46         | 19         | 12         | 29         | 48         |
| Improved customer service                                   | 17         | 14         | 21         | 40         | 5          | 33         | 32         | 17         | 19         |
| Improvement in production                                   | 14         | 17         | 7          | 20         | 15         | 14         | 12         | 13         | 19         |
| Expected performance was not obtained                       | 4          | 1          | 11         | 0          | 0          | 5          | 12         | 5          | 0          |
| Product diversification                                     | 1          | 1          | 0          | 0          | 2          | 0          | 0          | 1          | 0          |
| Others  | 3          | 3          | 0          | 20         | 2          | 5          | 4          | 2          | 5          |
| Did not respond   | 2          | 3          | 0          | 0          | 3          | 0          | 0          | 1          | 5          |
| Could not specify   | 36         | 35         | 43         | 20         | 37         | 38         | 32         | 40         | 19         |
| <b>BASE</b>   | <b>105</b> | <b>72</b>  | <b>28</b>  | <b>5</b>   | <b>59</b>  | <b>21</b>  | <b>25</b>  | <b>84</b>  | <b>21</b>  |

\*Weighted Average (Scale : 5 points, where 5 = Very Good and 1 = Very Poor)

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**- NUMBER OF VISITS IN GENERAL**

|                                  |           |            |            |            |           |           |           |            |           |
|----------------------------------|-----------|------------|------------|------------|-----------|-----------|-----------|------------|-----------|
| <b>AVERAGE (TOTAL SAMPLE)</b>    | 7.2       | 8.0        | 5.3        | 6.8        | 7.2       | 7.4       | 6.4       | 7.0        | 7.8       |
| <b>RANGE (MINIMUM - MAXIMUM)</b> | ( 1 - 45) | ( 1 - 45 ) | ( 1 - 20 ) | ( 1 - 20 ) | ( 1 - 25) | ( 1 - 45) | ( 1 - 35) | ( 1 - 45 ) | ( 1 - 30) |

**- NUMBER OF TECHNICAL ASSISTANCE VISITS**

|   |           |           |           |           |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>AVERAGE (AMONG BUSINESSES VISITED)</b> | 3.6       | 3.7       | 3.0       | 3.9       | 3.7       | 3.8       | 2.6       | 3.5       | 3.9       |
| <b>AVERAGE (TOTAL SAMPLE)</b>             | 3.4       | 3.6       | 2.7       | 3.9       | 3.6       | 3.6       | 2.4       | 3.3       | 3.6       |
| <b>RANGE (MINIMUM - MAXIMUM)</b>          | ( 0 - 20) | ( 0 - 20) | ( 0 - 20) | ( 0 - 20) | ( 0 - 20) | ( 0 - 20) | ( 0 - 15) | ( 0 - 20) | ( 0 - 20) |

**-DURATION OF TECHNICAL ASSISTANCE VISITS (MINUTES)**

|   |            |           |           |            |           |            |           |            |           |
|---|------------|-----------|-----------|------------|-----------|------------|-----------|------------|-----------|
| <b>AVERAGE (AMONG BUSINESSES VISITED)</b> | 22.1       | 21.4      | 17.9      | 32.7       | 23.9      | 23.1       | 14.6      | 21.4       | 24.9      |
| <b>AVERAGE (TOTAL SAMPLE)</b>             | 21.1       | 20.6      | 16.5      | 32.7       | 23.4      | 22.1       | 13.2      | 20.5       | 23.3      |
| <b>RANGE (MINIMUM - MAXIMUM)</b>          | ( 0 - 120) | ( 0 - 90) | ( 0 - 90) | ( 0 - 120) | ( 0 - 60) | ( 0 - 120) | ( 0 - 60) | ( 0 - 120) | ( 0 - 60) |

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TABLE NO. 12

PERCENTAGE OF BUSINESSES RECEIVING TECHNICAL ASSISTANCE PROVIDED BY PROGRAM

|   | BASE       | INDUSTRY   | COMMERCE  | SERVICES  | MICRO     | SMALL      |           |            |           |
|---|------------|------------|-----------|-----------|-----------|------------|-----------|------------|-----------|
| Percentage of Businesses Visited in General               | 95         | 96         | 92        | 100       | 98        | 95         | 90        | 96         | 94        |
| Percentage of Businesses with Technical Assistance Visits | 55         | 53         | 51        | 77        | 60        | 59         | 34        | 55         | 58        |
| <b>BASE</b>   | <b>244</b> | <b>152</b> | <b>61</b> | <b>31</b> | <b>96</b> | <b>107</b> | <b>41</b> | <b>196</b> | <b>48</b> |
| <b>Specific Benefits Obtained</b>                         |            |            |           |           |           |            |           |            |           |
| Better administration/organization/control                | 42         | 31         | 45        | 75        | 36        | 46         | 50        | 37         | 61        |
| Improvement in accounting aspects                         | 12         | 18         | 3         | 4         | 21        | 6          | 0         | 10         | 18        |
| Improvement in sales force coverage/agressiveness         | 11         | 14         | 3         | 13        | 14        | 11         | 0         | 13         | 4         |
| Good use of financial/credit resources                    | 6          | 6          | 3         | 8         | 5         | 6          | 7         | 7          | 4         |
| Self-projection/awareness of capabilities                 | 4          | 6          | 0         | 4         | 7         | 2          | 7         | 3          | 11        |
| Personal efforts/motivation                               | 4          | 4          | 10        | 0         | 5         | 5          | 0         | 6          | 0         |
| Improvement in production                                 | 4          | 6          | 0         | 0         | 7         | 0          | 7         | 4          | 4         |
| Better image  | 3          | 4          | 0         | 4         | 2         | 5          | 0         | 3          | 4         |
| Advertising/Publicity                                     | 1          | 1          | 0         | 4         | 2         | 2          | 0         | 2          | 0         |
| Others  | 1          | 3          | 0         | 0         | 2         | 0          | 7         | 2          | 0         |
| Did not answer  | 1          | 1          | 0         | 0         | 0         | 2          | 0         | 1          | 0         |
| Could not specify   | 20         | 19         | 39        | 0         | 16        | 24         | 21        | 24         | 4         |
| <b>BASE (BUSINESSES WITH T/A VISITS)</b>                  | <b>135</b> | <b>60</b>  | <b>31</b> | <b>24</b> | <b>58</b> | <b>63</b>  | <b>14</b> | <b>107</b> | <b>28</b> |
| <b>General Results Obtained</b>                           |            |            |           |           |           |            |           |            |           |
| Improvement in Work in General                            | 47         | 47         | 43        | 55        | 55        | 47         | 27        | 46         | 48        |
| Increase in Profits                                       | 18         | 16         | 21        | 23        | 19        | 20         | 15        | 19         | 15        |
| Decrease in costs   | 18         | 16         | 23        | 19        | 22        | 19         | 10        | 19         | 17        |
| No benefit  | 0          | 1          | 0         | 0         | 1         | 0          | 0         | 1          | 0         |
| Did not receive technical assistance                      | 45         | 47         | 49        | 23        | 40        | 41         | 66        | 45         | 42        |
| <b>BASE (TOTAL SAMPLE)</b>                                | <b>244</b> | <b>152</b> | <b>61</b> | <b>31</b> | <b>96</b> | <b>107</b> | <b>41</b> | <b>196</b> | <b>48</b> |

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ASSISTANCE REQUIRED TO IMPROVE BUSINESS

TYPE OF BUSINESS SIZE  
 COMMERCIAL SERVICES MICRO SMALL

|                                     |            |            |           |           |           |            |           |            |           |
|-------------------------------------|------------|------------|-----------|-----------|-----------|------------|-----------|------------|-----------|
| Marketing and sales                 | 21         | 24         | 10        | 29        | 24        | 20         | 17        | 20         | 25        |
| Accounting                          | 13         | 16         | 11        | 3         | 15        | 10         | 17        | 14         | 8         |
| Administration                      | 12         | 10         | 15        | 16        | 10        | 13         | 12        | 10         | 21        |
| On site training                    | 7          | 7          | 8         | 6         | 7         | 7          | 7         | 7          | 10        |
| More frequent visits                | 5          | 2          | 7         | 16        | 2         | 7          | 7         | 5          | 4         |
| Investment projects                 | 3          | 2          | 5         | 3         | 3         | 3          | 2         | 3          | 2         |
| Legalization advice                 | 2          | 3          | 2         | 0         | 1         | 5          | 0         | 3          | 2         |
| Costs                               | 2          | 2          | 0         | 6         | 2         | 3          | 0         | 2          | 2         |
| Production                          | 2          | 3          | 0         | 0         | 4         | 1          | 0         | 1          | 6         |
| Others                              | 15         | 14         | 16        | 13        | 16        | 13         | 17        | 15         | 15        |
| No technical assistance is required | 18         | 14         | 30        | 16        | 17        | 21         | 15        | 17         | 21        |
| Could not specify                   | 9          | 11         | 7         | 3         | 8         | 7          | 15        | 10         | 4         |
| <b>BASE ( TOTAL SAMPLE)</b>         | <b>244</b> | <b>152</b> | <b>81</b> | <b>31</b> | <b>96</b> | <b>107</b> | <b>41</b> | <b>196</b> | <b>48</b> |

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**• ACTUAL NUMBER OF EMPLOYEES**

|                                  |          |          |          |          |          |          |          |          |          |
|----------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>PRESENT AVERAGE</b>           | 5.0      | 5.6      | 3.5      | 4.8      | 7.2      | 2.9      | 5.4      | 3.4      | 11.5     |
| <b>RANGE (MINIMUM - MAXIMUM)</b> | (0 - 32) | (0 - 32) | (0 - 16) | (0 - 19) | (0 - 32) | (0 - 16) | (1 - 26) | (0 - 14) | (2 - 32) |
| <b>AVERAGE BEFORE CREDIT</b>     | 3.1      | 3.2      | 2.8      | 2.8      | 4.7      | 1.7      | 2.9      | 2.4      | 5.8      |
| <b>RANGE (MINIMUM - MAXIMUM)</b> | (0 - 18) | (0 - 17) | (0 - 18) | (0 - 15) | (0 - 18) | (0 - 16) | (1 - 11) | (0 - 15) | (1 - 18) |

**• IMPACT ON EMPLOYMENT**

|   |         |         |        |        |        |         |        |         |        |
|---|---------|---------|--------|--------|--------|---------|--------|---------|--------|
| <b>Increase attributable to credit</b>        | 46      | 48      | 38     | 55     | 50     | 42      | 49     | 42      | 65     |
| <b>Increase attributable to other factors</b> | 16      | 18      | 16     | 10     | 22     | 12      | 15     | 14      | 25     |
| <b>Decrease</b>                               | 9       | 11      | 8      | 3      | 18     | 4       | 5      | 11      | 4      |
| <b>Remained the same</b>                      | 28      | 23      | 38     | 32     | 10     | 42      | 32     | 33      | 6      |
| <br><b>BASE (TOTAL SAMPLE)</b>                | <br>244 | <br>152 | <br>61 | <br>31 | <br>96 | <br>107 | <br>41 | <br>196 | <br>48 |

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**• BUSINESSES WITH INCREASE IN EMPLOYMENT**

|                           |            |            |            |            |            |            |            |            |            |
|---------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| PRESENT AVERAGE           | 6.5        | 7.3        | 4.2        | 6.2        | 8.5        | 3.9        | 6.7        | 4.4        | 11.8       |
| RANGE (MINIMUM - MAXIMUM) | ( 1 - 32 ) | ( 1 - 32 ) | ( 1 - 14 ) | ( 2 - 19 ) | ( 2 - 32 ) | ( 1 - 16 ) | ( 1 - 26 ) | ( 1 - 14 ) | ( 2 - 32 ) |
| AVERAGE BEFORE CREDIT     | 3.0        | 3.3        | 2.1        | 3.1        | 4.3        | 1.7        | 2.5        | 2.2        | 5.1        |
| RANGE (MINIMUM - MAXIMUM) | ( 0 - 17 ) | ( 0 - 17 ) | ( 0 - 10 ) | ( 1 - 15 ) | ( 0 - 17 ) | ( 0 - 7 )  | ( 0 - 9 )  | ( 0 - 9 )  | ( 1 - 17 ) |
| BASE                      | 153        | 100        | 33         | 20         | 69         | 58         | 26         | 110        | 43         |

**• INCREASE ATTRIBUTABLE TO CREDIT**

|                           |            |            |            |            |            |            |            |            |            |
|---------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| PRESENT AVERAGE           | 5.4        | 6.8        | 3.5        | 5.8        | 7.9        | 3.8        | 6.3        | 4.4        | 10.2       |
| RANGE (MINIMUM - MAXIMUM) | ( 1 - 27 ) | ( 1 - 27 ) | ( 1 - 10 ) | ( 2 - 14 ) | ( 2 - 27 ) | ( 1 - 16 ) | ( 1 - 12 ) | ( 1 - 11 ) | ( 2 - 27 ) |
| AVERAGE BEFORE CREDIT     | 2.4        | 2.9        | 1.7        | 2.5        | 3.6        | 1.7        | 2.2        | 2.1        | 3.7        |
| RANGE (MINIMUM - MAXIMUM) | ( 0 - 17 ) | ( 0 - 17 ) | ( 0 - 8 )  | ( 1 - 7 )  | ( 1 - 17 ) | ( 0 - 6 )  | ( 0 - 6 )  | ( 0 - 8 )  | ( 1 - 17 ) |
| BASE                      | 113        | 73         | 23         | 17         | 48         | 45         | 20         | 82         | 31         |

**INCREASE ATTRIBUTABLE TO OTHER FACTORS**

|                           |            |            |            |            |            |            |            |            |            |
|---------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| PRESENT AVERAGE           | 7.9        | 8.7        | 5.6        | 8.7        | 10.0       | 4.3        | 8.2        | 4.4        | 16.0       |
| RANGE (MINIMUM - MAXIMUM) | ( 1 - 32 ) | ( 1 - 32 ) | ( 1 - 14 ) | ( 3 - 19 ) | ( 2 - 32 ) | ( 1 - 15 ) | ( 2 - 26 ) | ( 1 - 14 ) | ( 3 - 32 ) |
| AVERAGE BEFORE CREDIT     | 4.4        | 4.6        | 3.1        | 6.0        | 6.0        | 2.0        | 3.5        | 2.5        | 8.8        |
| RANGE (MINIMUM - MAXIMUM) | ( 0 - 17 ) | ( 0 - 17 ) | ( 0 - 10 ) | ( 1 - 15 ) | ( 1 - 17 ) | ( 0 - 7 )  | ( 0 - 9 )  | ( 0 - 9 )  | ( 1 - 17 ) |
| BASE                      | 40         | 27         | 10         | 3          | 21         | 13         | 6          | 28         | 12         |

**• INCREASE ATTRIBUTABLE TO TECHNICAL ASSISTANCE**

|                           |            |            |           |           |            |           |             |           |             |
|---------------------------|------------|------------|-----------|-----------|------------|-----------|-------------|-----------|-------------|
| PRESENT AVERAGE           | 5.0        | 12.9       | 2.0       | 0.0       | 13.0       | 4.0       | 26.0        | 3.5       | 24.3        |
| RANGE (MINIMUM - MAXIMUM) | ( 0 - 32 ) | ( 2 - 32 ) | ( 1 - 3 ) | ( 0 - 0 ) | ( 2 - 32 ) | ( 1 - 7 ) | ( 26 - 26 ) | ( 1 - 7 ) | ( 15 - 32 ) |
| AVERAGE BEFORE CREDIT     | 1.6        | 4.4        | 0.5       | 0.0       | 4.3        | 1.5       | 9.0         | 1.3       | 8.0         |
| RANGE (MINIMUM - MAXIMUM) | ( 0 - 9 )  | ( 1 - 9 )  | ( 0 - 1 ) | ( 0 - 0 ) | ( 1 - 9 )  | ( 0 - 3 ) | ( 9 - 9 )   | ( 0 - 3 ) | ( 6 - 9 )   |
| BASE                      | 10         | 7          | 3         | 0         | 4          | 4         | 2           | 7         | 3           |

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REASON FOR DECREASE IN SALES

| TOTAL | REASON FOR DECREASE IN SALES |          |          |            |            |             |                |       |
|-------|------------------------------|----------|----------|------------|------------|-------------|----------------|-------|
|       | PROPERTY                     | COMMERCE | SERVICES | RECREATION | INDUSTRIAL | AGRICULTURE | TRANSPORTATION | OTHER |

|  |           |           |          |          |           |          |          |           |          |
|--|-----------|-----------|----------|----------|-----------|----------|----------|-----------|----------|
| Decrease in demand/sales                 | 39        | 41        | 40       | 0        | 29        | 50       | 100      | 38        | 50       |
| Decrease in earnings/profit              | 22        | 24        | 20       | 0        | 24        | 25       | 0        | 19        | 50       |
| Lack of skills/turnover                  | 13        | 18        | 0        | 0        | 18        | 0        | 0        | 14        | 0        |
| Increase in competition (affected sales) | 9         | 12        | 0        | 0        | 12        | 0        | 0        | 10        | 0        |
| Improper conduct/theft/irresponsibility  | 9         | 8         | 0        | 100      | 6         | 25       | 0        | 10        | 0        |
| Other reasons                            | 17        | 12        | 40       | 0        | 24        | 0        | 0        | 19        | 0        |
| <b>BASE (Businesses w/decrease )</b>     | <b>23</b> | <b>17</b> | <b>5</b> | <b>1</b> | <b>17</b> | <b>4</b> | <b>2</b> | <b>21</b> | <b>2</b> |

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CONTRIBUTORS TO THE INCREASE IN EMPLOYMENT

|   | 1997       | 1998       | 1999      | 2000      | 2001      | 2002      | 2003      | 2004       | 2005      |
|---|------------|------------|-----------|-----------|-----------|-----------|-----------|------------|-----------|
| Exclusively due to the loan                         | 77         | 77         | 73        | 85        | 72        | 79        | 85        | 79         | 72        |
| Increase in demand for business' products/services  | 8          | 8          | 12        | 0         | 10        | 7         | 4         | 8          | 7         |
| Optimism and personal efforts                       | 4          | 5          | 3         | 0         | 6         | 3         | 0         | 3          | 7         |
| Greater coverage/new markets/clients                | 3          | 2          | 3         | 5         | 3         | 2         | 4         | 2          | 5         |
| Better organization and management                  | 3          | 4          | 0         | 0         | 1         | 3         | 4         | 4          | 0         |
| Due to seasonal demand (increase in temporary help) | 3          | 0          | 6         | 10        | 4         | 2         | 0         | 3          | 2         |
| Improvement in products/service quality             | 2          | 3          | 0         | 0         | 3         | 0         | 4         | 2          | 2         |
| Additional sources of financing                     | 1          | 2          | 0         | 0         | 0         | 2         | 4         | 0          | 5         |
| Other factors                                       | 2          | 1          | 6         | 0         | 1         | 3         | 0         | 2          | 2         |
| Could not specify                                   | 1          | 1          | 0         | 0         | 1         | 0         | 0         | 1          | 0         |
| <b>BASE</b>   | <b>153</b> | <b>100</b> | <b>33</b> | <b>20</b> | <b>69</b> | <b>58</b> | <b>26</b> | <b>110</b> | <b>43</b> |

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## CHARACTERISTICS RELATED TO EMPLOYMENT PRACTICES

### TOTAL EMPLOYMENT

|            | TOTAL | AVERAGE | %    |
|------------|-------|---------|------|
| EMPLOYMENT | 1,214 | 5.0     | 100  |
| FULL-TIME  | 1,079 | 4.4     | 89   |
| RELATED    | 198   | 0.8     | [18] |
| UNRELATED  | 881   | 3.6     | [82] |
| PART-TIME  | 135   | 0.6     | 11   |
| RELATED    | 14    | 0.1     | [10] |
| UNRELATED  | 121   | 0.5     | [90] |
| RELATED    | 212   | 0.9     | 17   |
| UNRELATED  | 1,002 | 4.1     | 83   |

### AVERAGE EMPLOYMENT BY GEOGRAPHICAL ZONE

|            | San Salvador | Santa Ana | San Miguel |
|------------|--------------|-----------|------------|
| EMPLOYMENT | 5.6          | 3.5       | 4.7        |
| FULL-TIME  | 5.1          | 2.8       | 4.5        |
| RELATED    | 1.0          | 0.3       | 0.9        |
| UNRELATED  | 4.1          | 2.5       | 3.6        |
| PART-TIME  | 0.5          | 0.7       | 0.2        |
| RELATED    | 0.1          | 0.1       | 0.0        |
| UNRELATED  | 0.4          | 0.6       | 0.2        |
| RELATED    | 1.1          | 0.4       | 0.9        |
| UNRELATED  | 4.5          | 3.1       | 3.8        |

### AVERAGE EMPLOYMENT BY SECTOR

|            | INDUSTRY | COMMERCE | SERVICES |
|------------|----------|----------|----------|
| EMPLOYMENT | 7.2      | 2.8      | 5.4      |
| FULL-TIME  | 6.5      | 2.5      | 4.6      |
| RELATED    | 1.0      | 0.5      | 1.1      |
| UNRELATED  | 5.5      | 2.0      | 3.5      |
| PART-TIME  | 0.7      | 0.3      | 0.8      |
| RELATED    | •        | 0.1      | •        |
| UNRELATED  | 0.7      | 0.2      | 0.8      |
| RELATED    | 1.0      | 0.6      | 1.1      |
| UNRELATED  | 6.2      | 2.2      | 4.3      |

### AVERAGE EMPLOYMENT BY SIZE OF BUSINESS

|            | SMALL BUSINESS | MICROENTERPRISE |
|------------|----------------|-----------------|
| EMPLOYMENT | 11.5           | 3.4             |
| FULL-TIME  | 10.8           | 2.9             |
| RELATED    | 1.5            | 0.6             |
| UNRELATED  | 9.3            | 2.3             |
| PART-TIME  | 0.7            | 0.5             |
| RELATED    | •              | 0.1             |
| UNRELATED  | 0.7            | 0.4             |
| RELATED    | 1.5            | 0.7             |
| UNRELATED  | 10.0           | 2.7             |

TABLE 10  
EMPLOYMENT CHARACTERISTICS

|                                       | TOTAL        | MANUFACTURING | MINING     | CONSTRUCTION | RETAIL     | TRADE      | TRANSPORTATION | COMMUNICATIONS | OTHER       | SMALL |
|---------------------------------------|--------------|---------------|------------|--------------|------------|------------|----------------|----------------|-------------|-------|
| <b>TOTAL EMPLOYMENT</b>               | <b>1,214</b> | <b>851</b>    | <b>216</b> | <b>147</b>   | <b>690</b> | <b>302</b> | <b>222</b>     | <b>664</b>     | <b>550</b>  |       |
| <b>AVERAGE</b>                        | <b>5.0</b>   | <b>5.6</b>    | <b>3.5</b> | <b>4.7</b>   | <b>7.2</b> | <b>2.8</b> | <b>5.4</b>     | <b>3.4</b>     | <b>11.5</b> |       |
| <b>FULL-TIME</b>                      | <b>1,079</b> | <b>766</b>    | <b>170</b> | <b>141</b>   | <b>621</b> | <b>269</b> | <b>189</b>     | <b>563</b>     | <b>516</b>  |       |
| <b>AVERAGE</b>                        | <b>4.4</b>   | <b>5.1</b>    | <b>2.8</b> | <b>4.5</b>   | <b>6.5</b> | <b>2.5</b> | <b>4.6</b>     | <b>2.9</b>     | <b>10.8</b> |       |
| <b>FAMILY EMPLOYEES</b>               | <b>198</b>   | <b>149</b>    | <b>20</b>  | <b>29</b>    | <b>94</b>  | <b>60</b>  | <b>44</b>      | <b>126</b>     | <b>72</b>   |       |
| <b>AVERAGE</b>                        | <b>0.8</b>   | <b>1.0</b>    | <b>0.3</b> | <b>0.9</b>   | <b>1.0</b> | <b>0.6</b> | <b>1.1</b>     | <b>0.6</b>     | <b>1.5</b>  |       |
| <b>NON FAMILY EMPLOYEES</b>           | <b>881</b>   | <b>619</b>    | <b>150</b> | <b>112</b>   | <b>527</b> | <b>209</b> | <b>145</b>     | <b>437</b>     | <b>444</b>  |       |
| <b>AVERAGE</b>                        | <b>3.6</b>   | <b>4.1</b>    | <b>2.5</b> | <b>3.6</b>   | <b>5.5</b> | <b>2.0</b> | <b>3.5</b>     | <b>2.2</b>     | <b>9.3</b>  |       |
| <b>PART-TIME</b>                      | <b>135</b>   | <b>83</b>     | <b>46</b>  | <b>6</b>     | <b>69</b>  | <b>33</b>  | <b>33</b>      | <b>101</b>     | <b>34</b>   |       |
| <b>AVERAGE</b>                        | <b>0.6</b>   | <b>0.5</b>    | <b>0.8</b> | <b>0.2</b>   | <b>0.7</b> | <b>0.3</b> | <b>0.8</b>     | <b>0.5</b>     | <b>0.7</b>  |       |
| <b>FAMILY EMPLOYEES</b>               | <b>14</b>    | <b>10</b>     | <b>4</b>   | <b>0</b>     | <b>4</b>   | <b>9</b>   | <b>1</b>       | <b>14</b>      | <b>0</b>    |       |
| <b>AVERAGE</b>                        | <b>0.1</b>   | <b>0.1</b>    | <b>0.1</b> | <b>0.0</b>   | <b>0.0</b> | <b>0.1</b> | <b>0.0</b>     | <b>0.1</b>     | <b>0.0</b>  |       |
| <b>NON FAMILY EMPLOYEES</b>           | <b>121</b>   | <b>73</b>     | <b>42</b>  | <b>6</b>     | <b>65</b>  | <b>24</b>  | <b>32</b>      | <b>87</b>      | <b>34</b>   |       |
| <b>AVERAGE</b>                        | <b>0.5</b>   | <b>0.5</b>    | <b>0.7</b> | <b>0.2</b>   | <b>0.7</b> | <b>0.2</b> | <b>0.8</b>     | <b>0.4</b>     | <b>0.7</b>  |       |
| <b>SUB-TOTAL FAMILY EMPLOYEES</b>     | <b>212</b>   | <b>159</b>    | <b>24</b>  | <b>29</b>    | <b>98</b>  | <b>69</b>  | <b>45</b>      | <b>140</b>     | <b>72</b>   |       |
| <b>AVERAGE</b>                        | <b>0.9</b>   | <b>1.0</b>    | <b>0.4</b> | <b>0.9</b>   | <b>1.0</b> | <b>0.6</b> | <b>1.1</b>     | <b>0.7</b>     | <b>1.5</b>  |       |
| <b>SUB-TOTAL NON FAMILY EMPLOYEES</b> | <b>1,002</b> | <b>692</b>    | <b>192</b> | <b>118</b>   | <b>592</b> | <b>233</b> | <b>177</b>     | <b>524</b>     | <b>478</b>  |       |
| <b>AVERAGE</b>                        | <b>4.1</b>   | <b>4.6</b>    | <b>3.1</b> | <b>3.8</b>   | <b>6.2</b> | <b>2.2</b> | <b>4.3</b>     | <b>2.7</b>     | <b>10.0</b> |       |
| <b>BASE</b>                           | <b>244</b>   | <b>152</b>    | <b>61</b>  | <b>31</b>    | <b>96</b>  | <b>107</b> | <b>41</b>      | <b>196</b>     | <b>48</b>   |       |

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**S E C T O R**  
Agriculture Forestry Commerce Services Misc. Retail

**- FAMILY EMPLOYEES/FULL-TIME**

|  |            |            |           |           |           |           |           |            |           |
|--|------------|------------|-----------|-----------|-----------|-----------|-----------|------------|-----------|
| Daily                                    | 5          | 6          | 0         | 0         | 10        | 0         | 0         | 5          | 4         |
| Weekly                                   | 38         | 40         | 55        | 17        | 49        | 18        | 43        | 38         | 39        |
| Bi-weekly                                | 14         | 14         | 20        | 10        | 10        | 20        | 16        | 12         | 18        |
| Monthly                                  | 23         | 19         | 25        | 41        | 6         | 42        | 32        | 20         | 28        |
| Commision                                | 1          | 1          | 0         | 0         | 1         | 0         | 0         | 1          | 0         |
| Piecework                                | 8          | 11         | 0         | 0         | 17        | 0         | 0         | 8          | 8         |
| Non-salaried                             | 12         | 9          | 0         | 31        | 7         | 20        | 9         | 17         | 3         |
| <b>BASE (FULL-TIME FAMILY EMPLOYEES)</b> | <b>198</b> | <b>149</b> | <b>20</b> | <b>29</b> | <b>94</b> | <b>60</b> | <b>44</b> | <b>126</b> | <b>72</b> |

**- FAMILY EMPLOYEES/PART-TIME**

|  |           |           |          |          |          |          |          |           |          |
|--|-----------|-----------|----------|----------|----------|----------|----------|-----------|----------|
| Daily                                    | 7         | 0         | 25       | 0        | 0        | 11       | 0        | 7         | 0        |
| Weekly                                   | 14        | 10        | 25       | 0        | 0        | 22       | 0        | 14        | 0        |
| Bi-weekly                                | 7         | 10        | 0        | 0        | 0        | 11       | 0        | 7         | 0        |
| Monthly                                  | 7         | 0         | 25       | 0        | 0        | 11       | 0        | 7         | 0        |
| Commision                                | 0         | 0         | 0        | 0        | 0        | 0        | 0        | 0         | 0        |
| Piecework                                | 36        | 40        | 25       | 0        | 100      | 0        | 100      | 36        | 0        |
| Non-salaried                             | 29        | 40        | 0        | 0        | 0        | 44       | 0        | 29        | 0        |
| <b>BASE (PART-TIME FAMILY EMPLOYEES)</b> | <b>14</b> | <b>10</b> | <b>4</b> | <b>0</b> | <b>4</b> | <b>9</b> | <b>1</b> | <b>14</b> | <b>0</b> |

**- NON FAMILY EMPLOYEES/FULL-TIME**

|  |            |            |            |            |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Daily  | 3          | 3          | 3          | 4          | 4          | 2          | 1          | 5          | 1          |
| Weekly                                       | 36         | 32         | 41         | 47         | 42         | 16         | 41         | 33         | 39         |
| Bi-weekly                                    | 31         | 33         | 25         | 23         | 24         | 55         | 22         | 28         | 33         |
| Monthly                                      | 13         | 9          | 20         | 24         | 2          | 26         | 32         | 16         | 9          |
| Commision                                    | 0          | 0          | 0          | 0          | 1          | 0          | 0          | 1          | 0          |
| Piecework                                    | 18         | 22         | 11         | 2          | 28         | 1          | 5          | 17         | 18         |
| Non-salaried                                 | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| <b>BASE (FULL-TIME NON FAMILY EMPLOYEES)</b> | <b>881</b> | <b>619</b> | <b>150</b> | <b>112</b> | <b>527</b> | <b>209</b> | <b>145</b> | <b>437</b> | <b>444</b> |

**- NON FAMILY EMPLOYEES/PART-TIME**

|  |            |           |           |          |           |           |           |           |           |
|--|------------|-----------|-----------|----------|-----------|-----------|-----------|-----------|-----------|
| Daily  | 10         | 12        | 2         | 33       | 8         | 25        | 3         | 10        | 9         |
| Weekly                                       | 28         | 18        | 45        | 33       | 40        | 25        | 6         | 37        | 6         |
| Bi-weekly                                    | 30         | 29        | 36        | 0        | 26        | 21        | 44        | 24        | 44        |
| Monthly                                      | 12         | 16        | 2         | 33       | 3         | 25        | 22        | 7         | 26        |
| Commision                                    | 0          | 0         | 0         | 0        | 0         | 0         | 0         | 0         | 0         |
| Piecework                                    | 20         | 25        | 14        | 0        | 23        | 4         | 25        | 22        | 15        |
| Non-salaried                                 | 0          | 0         | 0         | 0        | 0         | 0         | 0         | 0         | 0         |
| <b>BASE (PART-TIME NON FAMILY EMPLOYEES)</b> | <b>121</b> | <b>73</b> | <b>42</b> | <b>6</b> | <b>65</b> | <b>24</b> | <b>32</b> | <b>87</b> | <b>34</b> |

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GENERAL SUMMARY

|                                    | 1            | 2          | 3          | 4          | 5          | 6          | 7          | 8          | 9          |
|------------------------------------|--------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>• FAMILY EMPLOYEES</b>          |              |            |            |            |            |            |            |            |            |
| Daily                              | 5            | 6          | 4          | 0          | 9          | 1          | 0          | 5          | 4          |
| Weekly                             | 37           | 38         | 50         | 17         | 47         | 19         | 42         | 36         | 39         |
| Bi-weekly                          | 14           | 14         | 17         | 10         | 9          | 19         | 16         | 11         | 18         |
| Monthly                            | 22           | 18         | 25         | 41         | 6          | 38         | 31         | 19         | 28         |
| Commission                         | 0            | 1          | 0          | 0          | 1          | 0          | 0          | 1          | 0          |
| Piecework                          | 10           | 13         | 4          | 0          | 20         | 0          | 2          | 11         | 8          |
| Non-salaried                       | 13           | 11         | 0          | 31         | 7          | 23         | 9          | 18         | 3          |
| <b>BASE (FAMILY EMPLOYEES)</b>     | <b>212</b>   | <b>159</b> | <b>24</b>  | <b>29</b>  | <b>98</b>  | <b>69</b>  | <b>45</b>  | <b>140</b> | <b>72</b>  |
| <b>• NON FAMILY EMPLOYEES</b>      |              |            |            |            |            |            |            |            |            |
| Daily                              | 4            | 4          | 3          | 5          | 4          | 4          | 1          | 6          | 2          |
| Weekly                             | 35           | 31         | 42         | 47         | 42         | 17         | 34         | 33         | 36         |
| Bi-weekly                          | 31           | 33         | 27         | 22         | 24         | 51         | 26         | 27         | 34         |
| Monthly                            | 13           | 10         | 16         | 25         | 2          | 26         | 30         | 15         | 10         |
| Commission                         | 0            | 0          | 0          | 0          | 1          | 0          | 0          | 1          | 0          |
| Piecework                          | 18           | 22         | 11         | 2          | 27         | 1          | 8          | 18         | 18         |
| Non-salaried                       | 0            | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| <b>BASE (NON FAMILY EMPLOYEES)</b> | <b>1,002</b> | <b>692</b> | <b>192</b> | <b>118</b> | <b>592</b> | <b>233</b> | <b>177</b> | <b>524</b> | <b>478</b> |
| <b>• FULL-TIME EMPLOYEES</b>       |              |            |            |            |            |            |            |            |            |
| Daily                              | 3            | 3          | 3          | 3          | 5          | 1          | 1          | 5          | 2          |
| Weekly                             | 36           | 34         | 43         | 41         | 43         | 17         | 41         | 34         | 39         |
| Bi-weekly                          | 28           | 30         | 24         | 21         | 21         | 47         | 21         | 25         | 31         |
| Monthly                            | 15           | 11         | 21         | 28         | 3          | 30         | 32         | 17         | 12         |
| Commission                         | 0            | 1          | 0          | 0          | 1          | 0          | 0          | 1          | 0          |
| Piecework                          | 16           | 20         | 9          | 1          | 26         | 1          | 4          | 15         | 16         |
| Non-salaried                       | 2            | 2          | 0          | 6          | 1          | 4          | 2          | 4          | 0          |
| <b>BASE (FULL-TIME EMPLOYEES)</b>  | <b>1,079</b> | <b>768</b> | <b>170</b> | <b>141</b> | <b>621</b> | <b>269</b> | <b>189</b> | <b>563</b> | <b>516</b> |
| <b>• PART-TIME EMPLOYEES</b>       |              |            |            |            |            |            |            |            |            |
| Daily                              | 10           | 11         | 4          | 33         | 7          | 21         | 3          | 10         | 9          |
| Weekly                             | 27           | 17         | 43         | 33         | 38         | 24         | 6          | 34         | 6          |
| Bi-weekly                          | 27           | 27         | 33         | 0          | 25         | 18         | 42         | 22         | 44         |
| Monthly                            | 12           | 14         | 4          | 33         | 3          | 21         | 21         | 7          | 26         |
| Commission                         | 0            | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| Piecework                          | 21           | 27         | 15         | 0          | 28         | 3          | 27         | 24         | 15         |
| Non-salaried                       | 3            | 5          | 0          | 0          | 0          | 12         | 0          | 4          | 0          |
| <b>BASE (PART-TIME EMPLOYEES)</b>  | <b>135</b>   | <b>83</b>  | <b>46</b>  | <b>6</b>   | <b>69</b>  | <b>33</b>  | <b>33</b>  | <b>101</b> | <b>34</b>  |
| <b>TOTAL EMPLOYEES</b>             |              |            |            |            |            |            |            |            |            |
| Daily                              | 4            | 4          | 3          | 4          | 5          | 4          | 1          | 6          | 2          |
| Weekly                             | 35           | 32         | 43         | 41         | 43         | 18         | 36         | 34         | 37         |
| Bi-weekly                          | 28           | 29         | 26         | 20         | 22         | 44         | 24         | 24         | 32         |
| Monthly                            | 14           | 11         | 17         | 28         | 3          | 29         | 30         | 16         | 13         |
| Commission                         | 0            | 0          | 0          | 0          | 1          | 0          | 0          | 1          | 0          |
| Piecework                          | 16           | 21         | 11         | 1          | 26         | 1          | 7          | 17         | 16         |
| Non-salaried                       | 2            | 2          | 0          | 6          | 1          | 5          | 2          | 4          | 0          |
| <b>BASE (TOTAL EMPLOYEES)</b>      | <b>1,214</b> | <b>851</b> | <b>216</b> | <b>147</b> | <b>690</b> | <b>302</b> | <b>222</b> | <b>664</b> | <b>550</b> |

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**AVERAGE INCOME BY TYPE OF EMPLOYEE  
(FULL-TIME VS. PART-TIME EMPLOYEES)**

|                  | TOTAL  | SAN SAL. | STA. ANA | S. MIGUEL | INDUSTRY | COMMERCE | SERVICES | SMALL    | MICRO  |
|------------------|--------|----------|----------|-----------|----------|----------|----------|----------|--------|
| <b>TOTAL</b>     |        |          |          |           |          |          |          |          |        |
| Daily e          | 28.67  | 33.46    | 23.72    | 16.02     | 35.35    | 23.78    | 26.40    | 34.65    | 25.70  |
| Monthly e        | 703.48 | 730.16   | 735.65   | 484.87    | 901.03   | 559.94   | 720.76   | 793.68   | 582.91 |
| Fringe benefits  | 77%    | 78%      | 70%      | 81%       | 76%      | 73%      | 84%      | 88%      | 68%    |
| Daily work hrs.  | 6.8    | 6.8      | 8.0      | 5.6       | 7.6      | 7.0      | 6.3      | 5.7      | 7.0    |
| Work days/wk.    | 5.1    | 5.0      | 5.9      | 4.5       | 5.6      | 5.2      | 4.9      | 4.4      | 5.3    |
| <b>FULL-TIME</b> |        |          |          |           |          |          |          |          |        |
| Daily e          | 25.96  | 29.81    | 25.80    | 22.28     | 32.63    | 24.23    | 22.19    | 35.22    | 23.02  |
| Monthly e        | 810.03 | 860.41   | 793.12   | 660.82    | 926.15   | 732.57   | 676.01   | 1,044.59 | 656.12 |
| Fringe benefits  | 80%    | 81%      | 78%      | 81%       | 79%      | 75%      | 85%      | 87%      | 72%    |
| Daily work hrs.  | 7.6    | 7.5      | 7.8      | 7.5       | 7.6      | 7.7      | 7.1      | 7.6      | 7.5    |
| Work days/wk.    | 5.8    | 5.7      | 5.9      | 6.0       | 5.7      | 5.8      | 5.8      | 5.8      | 5.8    |
| <b>PART-TIME</b> |        |          |          |           |          |          |          |          |        |
| Daily e          | 31.37  | 37.11    | 21.65    | 9.77      | 38.07    | 23.32    | 30.62    | 34.07    | 28.38  |
| Monthly e        | 528.99 | 599.90   | 678.17   | 308.92    | 875.91   | 387.31   | 765.51   | 542.78   | 509.71 |
| Fringe benefits  | 50%    | 53%      | 41%      | 83%       | 49%      | 58%      | 76%      | 94%      | 46%    |
| Daily work hrs.  | 6.0    | 6.0      | 8.2      | 3.7       | 7.7      | 6.4      | 5.5      | 3.7      | 6.6    |
| Work days/wk.    | 4.4    | 4.4      | 5.9      | 3.0       | 5.5      | 4.6      | 3.9      | 4.8      | 2.9    |

**AVERAGE INCOME BY TYPE OF EMPLOYEE  
(RELATED VS. UNRELATED EMPLOYEES)**

|                    | TOTAL  | SAN SAL. | STA. ANA | S. MIGUEL | INDUSTRY | COMMERCE | SERVICES | SMALL    | MICRO  |
|--------------------|--------|----------|----------|-----------|----------|----------|----------|----------|--------|
| <b>TOTAL</b>       |        |          |          |           |          |          |          |          |        |
| Daily \$           | 28.67  | 33.46    | 23.72    | 16.02     | 35.35    | 23.78    | 26.40    | 34.65    | 25.70  |
| Monthly \$         | 703.48 | 730.16   | 735.65   | 484.87    | 901.03   | 559.94   | 720.76   | 793.68   | 582.91 |
| Fringe benefits    | 77%    | 78%      | 70%      | 81%       | 76%      | 73%      | 84%      | 88%      | 68%    |
| Daily work hrs.    | 6.8    | 6.8      | 8.0      | 5.6       | 7.6      | 7.0      | 6.3      | 5.7      | 7.0    |
| Work days/wk.      | 5.1    | 5.0      | 5.9      | 4.5       | 5.6      | 5.2      | 4.9      | 4.4      | 5.3    |
| <b>RELATED</b>     |        |          |          |           |          |          |          |          |        |
| Daily \$           | 31.37  | 37.11    | 21.65    | 9.77      | 38.07    | 23.32    | 27.65    | 38.38    | 29.07  |
| Monthly \$         | 635.51 | 599.90   | 678.17   | 308.92    | 875.91   | 387.31   | 765.51   | 763.56   | 509.71 |
| Fringe benefits    | 59%    | 58%      | 67%      | 62%       | 64%      | 68%      | 73%      | 81%      | 56%    |
| Daily work hrs.    | 6.0    | 6.0      | 8.2      | 3.7       | 7.7      | 6.4      | 5.5      | 3.7      | 6.6    |
| Work days/wk.      | 4.4    | 4.4      | 5.9      | 3.0       | 5.5      | 4.6      | 3.9      | 2.9      | 4.8    |
| <b>NON-RELATED</b> |        |          |          |           |          |          |          |          |        |
| Daily \$           | 25.96  | 29.81    | 25.80    | 22.28     | 32.83    | 24.23    | 22.19    | 35.22    | 23.02  |
| Monthly \$         | 771.45 | 860.41   | 793.12   | 660.82    | 926.15   | 732.57   | 676.01   | 1,044.59 | 656.12 |
| Fringe benefits    | 81%    | 83%      | 70%      | 86%       | 75%      | 78%      | 86%      | 89%      | 71%    |
| Daily work hrs.    | 7.6    | 7.5      | 7.8      | 7.5       | 7.6      | 7.7      | 7.1      | 7.6      | 7.5    |
| Work days/wk.      | 5.8    | 5.7      | 5.9      | 6.0       | 5.7      | 5.8      | 5.8      | 5.8      | 5.8    |

|                                   | 1980   | 1981   | 1982   | 1983   | 1984   | 1985   | 1986   | 1987   | 1988     |  |
|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|----------|--|
| <b>FULL-TIME FAMILY EMPLOYEES</b> |        |        |        |        |        |        |        |        |          |  |
| Average Daily Wage (€)            | 25.38  | 27.65  | 28.89  | 19.53  | 34.06  | 18.30  | 21.91  | 20.77  | 36.76    |  |
| Vacation Pay                      | 31     | 30     | 30     | 34     | 32     | 33     | 32     | 23     | 49       |  |
| Christmas Bonus                   | 46     | 49     | 40     | 38     | 50     | 32     | 68     | 37     | 68       |  |
| Social Security                   | 20     | 19     | 10     | 31     | 21     | 22     | 20     | 9      | 43       |  |
| Other Benefits                    | 36     | 36     | 40     | 34     | 37     | 43     | 32     | 40     | 35       |  |
| No Benefits                       | 38     | 40     | 25     | 38     | 35     | 38     | 25     | 42     | 19       |  |
| Average Daily Work Hours          | 7.5    | 7.3    | 7.8    | 7.4    | 7.3    | 7.6    | 7.0    | 7.2    | 7.5      |  |
| Average Days Worked/Week          | 5.8    | 5.7    | 5.9    | 6.1    | 5.7    | 5.8    | 5.9    | 5.7    | 5.8      |  |
| Average Monthly Earnings          | 849.27 | 787.41 | 911.12 | 617.84 | 959.43 | 566.95 | 665.01 | 597.65 | 1,085.56 |  |
| % of Employees w/more than 1 Job  | 9      | 11     | 0      | 0      | 8      | 8      | 14     | 9      | 8        |  |
| Average No. of Dependents         | 1.2    | 1.1    | 1.5    | 0.9    | 1.4    | 1.1    | 0.7    | 1.1    | 1.2      |  |
| BASE (FULL-TIME FAMILY EMPLOYEES) | 198    | 149    | 20     | 29     | 94     | 60     | 44     | 126    | 72       |  |

|                                   | 1980   | 1981   | 1982   | 1983 | 1984   | 1985   | 1986   | 1987   | 1988 |  |
|-----------------------------------|--------|--------|--------|------|--------|--------|--------|--------|------|--|
| <b>PART-TIME FAMILY EMPLOYEES</b> |        |        |        |      |        |        |        |        |      |  |
| Average Daily Wage (€)            | 37.38  | 46.57  | 14.41  | 0.00 | 42.08  | 28.33  | 39.33  | 37.38  | 0.00 |  |
| Vacation Pay                      | 14     | 0      | 0      | 0    | 25     | 11     | 0      | 14     | 0    |  |
| Christmas Bonus                   | 29     | 10     | 0      | 0    | 50     | 22     | 0      | 29     | 0    |  |
| Social Security                   | 7      | 0      | 0      | 0    | 0      | 11     | 0      | 7      | 0    |  |
| Other Benefits                    | 14     | 10     | 25     | 0    | 25     | 11     | 0      | 14     | 0    |  |
| No Benefits                       | 64     | 80     | 75     | 0    | 50     | 67     | 100    | 64     | 0    |  |
| Average Daily Work Hours          | 5.9    | 4.8    | 8.6    | 0.0  | 8.0    | 5.2    | 4.0    | 5.9    | 0.0  |  |
| Average Days Worked/Week          | 3.9    | 3.1    | 5.9    | 0.0  | 5.3    | 3.4    | 2.0    | 3.9    | 0.0  |  |
| Average Monthly Earnings          | 421.76 | 412.38 | 445.22 | 0.00 | 792.39 | 207.68 | 866.00 | 421.76 | 0.00 |  |
| % of Employees w/more than 1 Job  | 43     | 40     | 50     | 0    | 100    | 11     | 100    | 43     | 0    |  |
| Average No. of Dependents         | 1.8    | 1.8    | 1.8    | 0.0  | 3.0    | 0.9    | 4.0    | 1.8    | 0.0  |  |
| BASE (PART-TIME FAMILY EMPLOYEES) | 14     | 10     | 4      | 0    | 4      | 9      | 1      | 14     | 0    |  |

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TABLE F-100-40 (Cont.)  
**INCOME AND BENEFITS BY TYPE OF EMPLOYER**

F U L L - T I M E    P A R T - T I M E

M A N U F A C T U R I N G    M I N E S    C O N S T R U C T I O N    R E T A I L    S E R V I C E S

A G R I C U L T U R E    I N D U S T R Y    C O M M E R C E    S E R V I C E S    M I C R O    S M A L L

|                                       | FULL-TIME MANUFACTURING | FULL-TIME INDUSTRY | FULL-TIME CONSTRUCTION | FULL-TIME RETAIL | FULL-TIME SERVICES | FULL-TIME MICRO | FULL-TIME SMALL | PART-TIME MANUFACTURING | PART-TIME INDUSTRY | PART-TIME CONSTRUCTION | PART-TIME RETAIL | PART-TIME SERVICES | PART-TIME MICRO | PART-TIME SMALL |
|---------------------------------------|-------------------------|--------------------|------------------------|------------------|--------------------|-----------------|-----------------|-------------------------|--------------------|------------------------|------------------|--------------------|-----------------|-----------------|
| <b>FULL-TIME NON-FAMILY EMPLOYEES</b> |                         |                    |                        |                  |                    |                 |                 |                         |                    |                        |                  |                    |                 |                 |
| Average Daily Wage (\$)               | 26.57                   | 31.98              | 22.71                  | 25.03            | 31.20              | 30.17           | 22.46           | 25.28                   | 33.69              |                        |                  |                    |                 |                 |
| Vacation Pay                          | 57                      | 58                 | 51                     | 62               | 55                 | 65              | 46              | 52                      | 60                 |                        |                  |                    |                 |                 |
| Christmas Bonus                       | 71                      | 75                 | 59                     | 63               | 68                 | 67              | 76              | 60                      | 78                 |                        |                  |                    |                 |                 |
| Social Security                       | 40                      | 43                 | 27                     | 43               | 37                 | 54              | 26              | 26                      | 51                 |                        |                  |                    |                 |                 |
| Other Benefits                        | 40                      | 42                 | 33                     | 35               | 41                 | 32              | 40              | 36                      | 41                 |                        |                  |                    |                 |                 |
| No Benefits                           | 16                      | 15                 | 22                     | 14               | 18                 | 21              | 12              | 24                      | 11                 |                        |                  |                    |                 |                 |
| Average Daily Work Hours              | 7.7                     | 7.8                | 7.7                    | 7.5              | 7.9                | 7.8             | 7.1             | 7.7                     | 7.8                |                        |                  |                    |                 |                 |
| Average Days Worked/Week              | 5.8                     | 5.7                | 5.8                    | 5.9              | 5.8                | 5.9             | 5.7             | 5.8                     | 5.8                |                        |                  |                    |                 |                 |
| Average Monthly Earnings              | 770.79                  | 933.42             | 675.13                 | 703.81           | 892.87             | 898.20          | 687.02          | 714.58                  | 1,003.62           |                        |                  |                    |                 |                 |
| % of Employees w/more than 1 Job      | 9                       | 8                  | 15                     | 8                | 9                  | 8               | 11              | 12                      | 7                  |                        |                  |                    |                 |                 |
| Average No. of Dependents             | 1.2                     | 1.3                | 1.2                    | 1.2              | 1.3                | 1.4             | 1.0             | 1.1                     | 1.4                |                        |                  |                    |                 |                 |
| BASE (FULL-TIME NON FAMILY EMPLOYEES) | 881                     | 619                | 150                    | 112              | 527                | 209             | 145             | 437                     | 444                |                        |                  |                    |                 |                 |

|                                       |        |        |        |        |        |        |        |        |          |  |  |  |  |  |
|---------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|----------|--|--|--|--|--|
| <b>PART-TIME NON-FAMILY EMPLOYEES</b> |        |        |        |        |        |        |        |        |          |  |  |  |  |  |
| Average Daily Wage (\$)               | 25.36  | 27.65  | 28.89  | 19.53  | 34.06  | 18.30  | 21.91  | 20.77  | 36.76    |  |  |  |  |  |
| Vacation Pay                          | 16     | 14     | 17     | 33     | 17     | 38     | 28     | 24     | 24       |  |  |  |  |  |
| Christmas Bonus                       | 39     | 45     | 29     | 33     | 34     | 38     | 75     | 31     | 82       |  |  |  |  |  |
| Social Security                       | 12     | 15     | 7      | 0      | 9      | 17     | 44     | 9      | 47       |  |  |  |  |  |
| Other Benefits                        | 22     | 26     | 17     | 17     | 28     | 29     | 25     | 23     | 38       |  |  |  |  |  |
| No Benefits                           | 46     | 42     | 57     | 17     | 51     | 33     | 22     | 53     | 6        |  |  |  |  |  |
| Average Daily Work Hours              | 7.5    | 7.3    | 7.8    | 7.4    | 7.3    | 7.6    | 7.0    | 7.2    | 7.5      |  |  |  |  |  |
| Average Days Worked/Week              | 5.9    | 5.7    | 5.9    | 6.1    | 5.7    | 5.8    | 5.9    | 5.7    | 5.8      |  |  |  |  |  |
| Average Monthly Earnings              | 772.12 | 787.41 | 911.12 | 617.84 | 959.43 | 566.95 | 665.01 | 597.65 | 1,085.56 |  |  |  |  |  |
| % of Employees w/more than 1 Job      | 31     | 38     | 19     | 17     | 22     | 42     | 41     | 29     | 35       |  |  |  |  |  |
| Average No. of Dependents             | 1.0    | 1.6    | 0.7    | 0.3    | 1.2    | 0.9    | 1.2    | 1.1    | 1.2      |  |  |  |  |  |
| BASE (PART-TIME NON FAMILY EMPLOYEES) | 121    | 73     | 42     | 6      | 65     | 24     | 32     | 87     | 34       |  |  |  |  |  |

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**INDUSTRY SECTORS**  
 ALL MANUFACTURING INDUSTRIES COMMERCE SERVICES MICRO SMALL

**GENERAL SUMMARY**

| <b>FAMILY EMPLOYEES</b>              |            |            |           |           |           |           |           |            |           |
|--------------------------------------|------------|------------|-----------|-----------|-----------|-----------|-----------|------------|-----------|
| Average Daily Wage (€)               | 31.37      | 37.11      | 21.65     | 9.77      | 38.07     | 23.32     | 27.65     | 29.07      | 38.38     |
| Vacation Pay                         | 29         | 28         | 25        | 34        | 32        | 30        | 31        | 22         | 49        |
| Christmas Bonus                      | 44         | 47         | 33        | 38        | 50        | 30        | 67        | 36         | 68        |
| Social Security                      | 19         | 18         | 8         | 31        | 20        | 20        | 20        | 9          | 43        |
| Other Benefits                       | 34         | 34         | 38        | 34        | 37        | 39        | 31        | 37         | 35        |
| No Benefits                          | 41         | 42         | 33        | 38        | 36        | 42        | 27        | 44         | 19        |
| Average Daily Work Hours             | 6.7        | 6.0        | 8.2       | 3.7       | 7.7       | 6.4       | 5.5       | 6.6        | 3.7       |
| Average Days Worked/Week             | 4.8        | 4.4        | 5.9       | 3.0       | 5.5       | 4.6       | 3.9       | 4.8        | 2.9       |
| Average Monthly Earnings             | 635.51     | 599.90     | 678.17    | 308.92    | 875.91    | 387.31    | 765.51    | 509.71     | 763.56    |
| % of Employees w/more than 1 Job     | 11         | 13         | 8         | 0         | 10        | 9         | 16        | 12         | 8         |
| Average No. of Dependents            | 1.47       | 1.45       | 1.60      | 0.47      | 2.18      | 0.99      | 2.33      | 1.42       | 0.61      |
| <b>BASE (TOTAL FAMILY EMPLOYEES)</b> | <b>212</b> | <b>159</b> | <b>24</b> | <b>29</b> | <b>98</b> | <b>69</b> | <b>45</b> | <b>140</b> | <b>72</b> |

| <b>NON FAMILY EMPLOYEES</b>              |              |            |            |            |            |            |            |            |            |
|--|--------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Average Daily Wage (€)                   | 25.96        | 29.81      | 25.80      | 22.28      | 32.63      | 24.23      | 22.19      | 23.02      | 35.22      |
| Vacation Pay                             | 52           | 53         | 44         | 60         | 51         | 62         | 42         | 47         | 57         |
| Christmas Bonus                          | 67           | 72         | 53         | 62         | 65         | 64         | 76         | 56         | 78         |
| Social Security                          | 37           | 40         | 23         | 41         | 34         | 50         | 29         | 23         | 51         |
| Other Benefits                           | 38           | 40         | 30         | 34         | 39         | 32         | 37         | 34         | 41         |
| No Benefits                              | 19           | 17         | 30         | 14         | 22         | 22         | 14         | 29         | 11         |
| Average Daily Work Hours                 | 7.6          | 7.5        | 7.8        | 7.5        | 7.6        | 7.7        | 7.1        | 7.5        | 7.6        |
| Average Days Worked/Week                 | 5.8          | 5.7        | 5.9        | 6.0        | 5.7        | 5.3        | 5.8        | 5.8        | 5.8        |
| Average Monthly Earnings                 | 771.45       | 860.41     | 793.12     | 660.82     | 926.15     | 732.57     | 676.01     | 656.12     | 1,044.59   |
| % of Employees w/more than 1 Job         | 12           | 11         | 16         | 8          | 11         | 12         | 16         | 15         | 9          |
| Average No. of Dependents                | 1.1          | 1.4        | 0.9        | 0.8        | 1.2        | 1.1        | 1.1        | 1.1        | 1.3        |
| <b>BASE (TOTAL NON FAMILY EMPLOYEES)</b> | <b>1,002</b> | <b>692</b> | <b>192</b> | <b>118</b> | <b>592</b> | <b>233</b> | <b>177</b> | <b>524</b> | <b>478</b> |

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INCOME AND BENEFITS BY TYPE OF EMPLOYEE

|                                  | TOTAL SAMPLE | S E C T O R |          |          |          | S I Z E |        |        |          |
|----------------------------------|--------------|-------------|----------|----------|----------|---------|--------|--------|----------|
|                                  |              | U.S.        | INDUSTRY | COMMERCE | SERVICES | MICRO   | SMALL  |        |          |
| <b>FULL-TIME EMPLOYEES</b>       |              |             |          |          |          |         |        |        |          |
| Average Daily Wage (€)           | 25.96        | 29.81       | 25.80    | 22.28    | 32.63    | 24.23   | 22.19  | 23.02  | 35.22    |
| Vacation Pay                     | 53           | 53          | 49       | 56       | 52       | 58      | 42     | 45     | 58       |
| Christmas Bonus                  | 67           | 70          | 57       | 58       | 66       | 59      | 74     | 55     | 77       |
| Social Security                  | 37           | 39          | 25       | 40       | 34       | 46      | 24     | 22     | 50       |
| Other Benefits                   | 39           | 41          | 34       | 35       | 40       | 35      | 38     | 37     | 40       |
| No Benefits                      | 20           | 19          | 22       | 19       | 21       | 25      | 15     | 28     | 13       |
| Average Daily Work Hours         | 7.6          | 7.5         | 7.8      | 7.5      | 7.6      | 7.7     | 7.1    | 7.5    | 7.6      |
| Average Days Worked/Week         | 5.8          | 5.7         | 5.9      | 6.0      | 5.7      | 5.8     | 5.8    | 5.8    | 5.8      |
| Average Monthly Earnings         | 810.03       | 860.41      | 793.12   | 660.82   | 926.15   | 732.57  | 676.01 | 656.12 | 1,044.59 |
| % of Employees w/more than 1 Job | 9            | 9           | 14       | 6        | 9        | 8       | 12     | 11     | 7        |
| Average No. of Dependents        | 1.2          | 1.2         | 1.3      | 1.1      | 1.3      | 1.2     | 0.8    | 1.1    | 1.3      |
| BASE (TOTAL FULL-TIME EMPLOYEES) | 1,079        | 768         | 170      | 141      | 621      | 269     | 189    | 563    | 516      |
| <b>PART-TIME EMPLOYEES</b>       |              |             |          |          |          |         |        |        |          |
| Average Daily Wage (€)           | 31.37        | 37.11       | 21.65    | 9.77     | 38.07    | 23.32   | 30.62  | 28.38  | 34.07    |
| Vacation Pay                     | 14           | 12          | 15       | 33       | 17       | 30      | 27     | 23     | 24       |
| Christmas Bonus                  | 36           | 41          | 26       | 33       | 35       | 33      | 73     | 31     | 82       |
| Social Security                  | 10           | 13          | 7        | 0        | 9        | 15      | 42     | 9      | 47       |
| Other Benefits                   | 21           | 24          | 17       | 17       | 28       | 24      | 24     | 22     | 38       |
| No Benefits                      | 50           | 47          | 59       | 17       | 51       | 42      | 24     | 54     | 6        |
| Average Daily Work Hours         | 6.7          | 6.0         | 8.2      | 3.7      | 7.7      | 6.4     | 5.5    | 6.6    | 3.7      |
| Average Days Worked/Week         | 4.9          | 4.4         | 5.9      | 3.0      | 5.5      | 4.6     | 3.9    | 4.8    | 2.9      |
| Average Monthly Earnings         | 528.99       | 599.90      | 678.17   | 308.92   | 875.91   | 387.31  | 765.51 | 509.71 | 542.78   |
| % of Employees w/more than 1 Job | 32           | 39          | 22       | 17       | 26       | 33      | 42     | 31     | 35       |
| Average No. of Dependents        | 1.4          | 1.7         | 1.2      | 0.2      | 2.1      | 0.9     | 2.6    | 1.4    | 0.6      |
| BASE (TOTAL PART-TIME EMPLOYEES) | 135          | 83          | 46       | 6        | 69       | 33      | 33     | 101    | 34       |
| <b>TOTAL EMPLOYEES</b>           |              |             |          |          |          |         |        |        |          |
| Average Daily Wage (€)           | 28.67        | 33.46       | 23.72    | 16.02    | 35.35    | 23.78   | 26.40  | 25.70  | 34.65    |
| Vacation Pay                     | 48           | 49          | 42       | 55       | 48       | 55      | 40     | 42     | 56       |
| Christmas Bonus                  | 63           | 67          | 50       | 57       | 62       | 57      | 74     | 52     | 77       |
| Social Security                  | 34           | 36          | 21       | 39       | 32       | 43      | 27     | 20     | 50       |
| Other Benefits                   | 37           | 39          | 31       | 34       | 39       | 33      | 36     | 35     | 40       |
| No Benefits                      | 23           | 22          | 30       | 19       | 24       | 27      | 16     | 32     | 12       |
| Average Daily Work Hours         | 7.1          | 6.8         | 8.0      | 5.6      | 7.6      | 7.0     | 6.3    | 7.0    | 5.7      |
| Average Days Worked/Week         | 5.3          | 5.0         | 5.9      | 4.5      | 5.6      | 5.2     | 4.9    | 5.3    | 4.4      |
| Average Monthly Earnings         | 650.22       | 730.16      | 735.65   | 484.87   | 901.03   | 559.94  | 720.76 | 582.91 | 793.68   |
| % of Employees w/more than 1 Job | 12           | 12          | 15       | 7        | 11       | 11      | 16     | 14     | 9        |
| Average No. of Dependents        | 1.3          | 1.4         | 1.3      | 0.6      | 1.7      | 1.1     | 1.7    | 1.3    | 1.0      |
| BASE (TOTAL EMPLOYEES)           | 1,214        | 851         | 216      | 147      | 690      | 302     | 222    | 664    | 550      |

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CONDITIONS NEEDED TO SECURE ADDITIONAL CAPITAL

| CONDITION | BASE |   |   |   |   |   |   |   |   |    |
|-----------|------|---|---|---|---|---|---|---|---|----|
|           | 1    | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

|  |            |            |           |           |           |            |           |            |           |  |
|--|------------|------------|-----------|-----------|-----------|------------|-----------|------------|-----------|--|
| Increase in demand for products/services | 41         | 47         | 26        | 45        | 36        | 36         | 20        | 40         | 46        |  |
| Credit/working capital                   | 24         | 26         | 18        | 29        | 26        | 22         | 24        | 21         | 35        |  |
| Expand/remodel locale                    | 24         | 20         | 33        | 23        | 10        | 37         | 20        | 24         | 21        |  |
| More machinery/equipment                 | 7          | 7          | 7         | 3         | 11        | 2          | 7         | 7          | 4         |  |
| New markets/clients                      | 7          | 5          | 11        | 3         | 7         | 3          | 15        | 7          | 6         |  |
| Diversification/new product lines        | 4          | 6          | 0         | 3         | 3         | 7          | 0         | 4          | 4         |  |
| Access to skilled labor                  | 3          | 3          | 5         | 0         | 4         | 3          | 2         | 4          | 0         |  |
| Increase inventories                     | 3          | 2          | 5         | 3         | 3         | 3          | 2         | 4          | 0         |  |
| Business planning/projection skills      | 1          | 1          | 2         | 0         | 0         | 1          | 2         | 1          | 0         |  |
| Additional labor not required            | 2          | 1          | 2         | 3         | 2         | 1          | 2         | 2          | 0         |  |
| Other factors                            | 3          | 4          | 2         | 0         | 1         | 3          | 7         | 3          | 2         |  |
| Could not specify                        | 1          | 1          | 2         | 0         | 1         | 1          | 0         | 1          | 2         |  |
| <b>BASE</b>                              | <b>244</b> | <b>152</b> | <b>61</b> | <b>31</b> | <b>96</b> | <b>107</b> | <b>41</b> | <b>196</b> | <b>48</b> |  |

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| MEDIA UTILIZED  | S I Z E       |            |              |           |           |            | S I Z E   |            |           |
|---|---------------|------------|--------------|-----------|-----------|------------|-----------|------------|-----------|
|   | MANUFACTURING | MINING     | CONSTRUCTION | COMMERCE  | SERVICES  | MICRO      | SMALL     |            |           |
| Friends   | 59            | 55         | 59           | 74        | 52        | 67         | 51        | 61         | 50        |
| Employees   | 56            | 53         | 52           | 77        | 60        | 53         | 54        | 54         | 67        |
| Relatives   | 48            | 46         | 41           | 68        | 43        | 53         | 44        | 49         | 40        |
| Newspaper   | 17            | 27         | 0            | 3         | 23        | 10         | 22        | 16         | 21        |
| Personal contact  | 6             | 6          | 3            | 10        | 4         | 8          | 10        | 6          | 6         |
| Help wanted signs   | 5             | 4          | 5            | 13        | 6         | 5          | 5         | 5          | 6         |
| Personal requests   | 2             | 2          | 3            | 3         | 3         | 1          | 5         | 3          | 2         |
| Others  | 5             | 3          | 10           | 0         | 7         | 1          | 7         | 5          | 2         |
| Could not answer  | 5             | 3          | 10           | 0         | 2         | 8          | 0         | 5          | 2         |
| Are not accustomed to hiring employees                          | 9             | 7          | 16           | 3         | 1         | 20         | 0         | 11         | 0         |
| <b>% OF BUSINESSES THAT HIRE ACQUAINTANCES</b>                  | <b>55</b>     | <b>49</b>  | <b>59</b>    | <b>74</b> | <b>48</b> | <b>57</b>  | <b>63</b> | <b>56</b>  | <b>48</b> |
| <b>% OF BUSINESSES THAT RECEIVE INQUIRIES FOR JOB VACANCIES</b> | <b>68</b>     | <b>68</b>  | <b>57</b>    | <b>90</b> | <b>71</b> | <b>65</b>  | <b>71</b> | <b>66</b>  | <b>79</b> |
| • Acquaintances   | 32            | 37         | 20           | 29        | 31        | 39         | 17        | 33         | 29        |
| • Business/residence neighborhood                               | 27            | 28         | 23           | 29        | 29        | 29         | 17        | 26         | 32        |
| <b>BASE</b>   | <b>244</b>    | <b>152</b> | <b>61</b>    | <b>31</b> | <b>96</b> | <b>107</b> | <b>41</b> | <b>196</b> | <b>48</b> |

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PROBLEMS RELATED WITH EMPLOYEES

|  | TOTAL<br>(N=100) | STATE      | MIDWEST   | SOUTH     | WEST      | S E C T O R |           |            | S I Z E   |       |
|--|------------------|------------|-----------|-----------|-----------|-------------|-----------|------------|-----------|-------|
|  |                  |            |           |           |           | INDUSTRY    | COMMERCE  | SERVICES   | MICRO     | SMALL |
| <b>- PERCENTAGE OF BUSINESSES WITH SKILLED LABOR</b> | 30               | 33         | 23        | 29        | 35        | 23          | 34        | 30         | 29        |       |
| <b>-PROBLEMS WITH UNSKILLED LABOR</b>                |                  |            |           |           |           |             |           |            |           |       |
| Wasted Time  | 45               | 46         | 31        | 62        | 37        | 56          | 37        | 42         | 55        |       |
| Increase in Costs                                    | 18               | 18         | 22        | 10        | 23        | 7           | 30        | 17         | 21        |       |
| Decrease in output/performance                       | 16               | 19         | 17        | 5         | 30        | 3           | 15        | 18         | 12        |       |
| Poor service   | 16               | 13         | 19        | 24        | 8         | 24          | 19        | 19         | 9         |       |
| No effect  | 12               | 10         | 19        | 5         | 13        | 12          | 7         | 11         | 15        |       |
| Lower quality  | 7                | 7          | 11        | 0         | 12        | 2           | 7         | 7          | 6         |       |
| Other problems                                       | 1                | 1          | 0         | 0         | 0         | 2           | 0         | 1          | 0         |       |
| Did not respond                                      | 1                | 2          | 0         | 0         | 2         | 2           | 0         | 2          | 0         |       |
| Could not specify                                    | 1                | 1          | 0         | 0         | 2         | 0           | 0         | 1          | 0         |       |
| <b>BASE (BUSINESSES THAT HIRE UNSKILLED LABOR)</b>   | <b>146</b>       | <b>89</b>  | <b>36</b> | <b>21</b> | <b>60</b> | <b>59</b>   | <b>27</b> | <b>113</b> | <b>33</b> |       |
| <b>- OTHER PROBLEMS RELATED TO PERSONNEL</b>         |                  |            |           |           |           |             |           |            |           |       |
| None   | 58               | 57         | 54        | 71        | 57        | 56          | 66        | 60         | 50        |       |
| Motivation   | 11               | 13         | 5         | 13        | 10        | 11          | 10        | 10         | 13        |       |
| Theft  | 9                | 8          | 13        | 3         | 7         | 11          | 5         | 9          | 6         |       |
| Others   | 8                | 10         | 5         | 6         | 13        | 6           | 5         | 6          | 19        |       |
| Do not hire  | 7                | 7          | 10        | 0         | 1         | 13          | 2         | 8          | 0         |       |
| Bad habits   | 5                | 5          | 5         | 3         | 5         | 4           | 7         | 5          | 6         |       |
| Absenteeism  | 5                | 3          | 10        | 3         | 7         | 2           | 5         | 4          | 6         |       |
| Punctuality  | 1                | 1          | 2         | 0         | 1         | 1           | 2         | 1          | 2         |       |
| <b>BASE</b>  | <b>244</b>       | <b>152</b> | <b>61</b> | <b>31</b> | <b>96</b> | <b>107</b>  | <b>41</b> | <b>196</b> | <b>48</b> |       |

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## GENERAL ASPECTS RELATED TO THE ECONOMIC SITUATION OF BUSINESS OWNERS

|  | TOTAL SAMPLE | S E C T O R |               |            |            |            |            |            |            |
|--|--------------|-------------|---------------|------------|------------|------------|------------|------------|------------|
|  |              | AGRICULTURE | MANUFACTURING | INDUSTRY   | COMMERCE   | SERVICES   | MICRO      | SMALL      |            |
| Assign fixed salary                              | 69           | 70          | 57            | 87         | 70         | 72         | 61         | 66         | 83         |
| <b>PERCENTAGE WITH ADDITIONAL INCOME</b>         | <b>43</b>    | <b>45</b>   | <b>38</b>     | <b>42</b>  | <b>41</b>  | <b>43</b>  | <b>46</b>  | <b>44</b>  | <b>38</b>  |
| Other business                                   | 14           | 14          | 13            | 19         | 16         | 11         | 20         | 13         | 19         |
| Personal services                                | 7            | 7           | 7             | 3          | 8          | 6          | 5          | 5          | 13         |
| Employee   | 4            | 3           | 7             | 3          | 2          | 5          | 7          | 5          | 2          |
| Others   | 18           | 20          | 11            | 16         | 15         | 21         | 15         | 21         | 4          |
| Did not respond                                  | -            | 1           | 0             | 0          | 1          | 0          | 0          | 0          | 2          |
| <b>AVERAGE NUMBER OF DEPENDANTS</b>              | <b>3.0</b>   | <b>3.1</b>  | <b>2.6</b>    | <b>3.0</b> | <b>3.3</b> | <b>2.7</b> | <b>3.1</b> | <b>2.9</b> | <b>3.5</b> |
| With other family income                         | 55           | 52          | 67            | 45         | 45         | 58         | 71         | 56         | 50         |
| Willing to give up business for fixed employment | 18           | 20          | 20            | 6          | 22         | 13         | 22         | 21         | 4          |
| Desired Monthly Salary (\$)                      | 3,252.27     | 3,403.33    | 2,750.00      | 4,000.00   | 3,266.67   | 3,557.14   | 2,744.44   | 3,073.81   | 7,000.00   |
| <b>- DESIRED BENEFITS</b>                        |              |             |               |            |            |            |            |            |            |
| Legally Required Benefits                        | 70           | 73          | 75            | 0          | 62         | 71         | 89         | 71         | 50         |
| Social Security                                  | 11           | 13          | 0             | 50         | 14         | 7          | 11         | 12         | 0          |
| Life Insurance                                   | 11           | 13          | 0             | 50         | 10         | 7          | 22         | 12         | 0          |
| Transportation/Per Diem Expenses                 | 9            | 10          | 0             | 50         | 10         | 14         | 0          | 5          | 100        |
| Medical/Hospital Insurance                       | 7            | 7           | 8             | 0          | 5          | 7          | 11         | 7          | 0          |
| Could Not Specify                                | 7            | 7           | 8             | 0          | 10         | 7          | 0          | 7          | 0          |
| Paid Vacations                                   | 5            | 3           | 0             | 50         | 5          | 7          | 0          | 2          | 50         |
| Incentives/Commissions                           | 2            | 0           | 8             | 0          | 0          | 7          | 0          | 2          | 0          |
| Others   | 2            | 0           | 8             | 0          | 5          | 0          | 0          | 2          | 0          |
| <b>BASE (OWNERS WILLING TO GIVE UP BUSINESS)</b> | <b>44</b>    | <b>30</b>   | <b>12</b>     | <b>2</b>   | <b>21</b>  | <b>14</b>  | <b>9</b>   | <b>42</b>  | <b>2</b>   |

REASONS FOR UNWILLINGNESS TO GIVE UP BUSINESS

| REASON  | INDUSTRY   |               |           |                     |           |           |           | SITE       |           |
|---|------------|---------------|-----------|---------------------|-----------|-----------|-----------|------------|-----------|
|   | STATE      | MANUFACTURING | INDUSTRY  | COMMERCIAL SERVICES | OTHER     | SMALL     | TOTAL     | BASE       |           |
| Achievement of independence/personal ambition | 59         | 58            | 63        | 55                  | 64        | 53        | 66        | 60         | 57        |
| Higher economic rewards                       | 24         | 25            | 6         | 52                  | 12        | 34        | 22        | 23         | 28        |
| Stability/economic security                   | 15         | 11            | 22        | 21                  | 17        | 12        | 19        | 13         | 22        |
| Personal reasons                              | 10         | 11            | 10        | 3                   | 8         | 13        | 6         | 10         | 9         |
| Prefer present activity                       | 8          | 8             | 8         | 3                   | 11        | 6         | 3         | 6          | 11        |
| Moral obligation/employees/institution        | 5          | 7             | 2         | 3                   | 8         | 2         | 6         | 5          | 7         |
| Other reasons                                 | 3          | 2             | 6         | 0                   | 3         | 2         | 3         | 3          | 0         |
| Did not specify                               | 1          | 1             | 2         | 0                   | 0         | 2         | 0         | 1          | 2         |
| <b>BASE</b>                                   | <b>200</b> | <b>122</b>    | <b>49</b> | <b>29</b>           | <b>75</b> | <b>93</b> | <b>32</b> | <b>154</b> | <b>46</b> |

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(in \$'000)

**ESTIMATED VALUE OF TOTAL BUSINESS ASSETS**

|                               | STEWART | LANCASTER | PROSPECT | COMMERCIAL SERVICES | MICRO | SMALL |    |    |    |
|-------------------------------|---------|-----------|----------|---------------------|-------|-------|----|----|----|
| € 50,000 or less              | 41      | 42        | 52       | 10                  | 48    | 34    | 41 | 50 | 2  |
| Between €50,001 and €100,000  | 21      | 22        | 23       | 13                  | 16    | 25    | 22 | 26 | 2  |
| Between €100,001 and €150,000 | 13      | 13        | 13       | 13                  | 11    | 15    | 12 | 14 | 10 |
| Between €150,001 and €250,000 | 14      | 14        | 8        | 26                  | 15    | 14    | 15 | 8  | 42 |
| Between €250,001 and €500,000 | 9       | 7         | 2        | 35                  | 8     | 10    | 7  | 2  | 40 |
| Between €500,001 and €750,000 | 1       | 1         | 2        | 3                   | 0     | 2     | 2  | 1  | 4  |
| More than €750,000            | 1       | 1         | 0        | 0                   | 2     | 0     | 0  | 1  | 0  |

**BASE  
AVERAGE (€)**

|            |            |           |            |            |            |            |           |            |
|------------|------------|-----------|------------|------------|------------|------------|-----------|------------|
| 244        | 152        | 61        | 31         | 96         | 107        | 41         | 196       | 48         |
| 117,187.77 | 100,379.83 | 89,294.75 | 226,667.86 | 102,133.43 | 124,851.84 | 128,583.33 | 76,975.74 | 282,503.89 |

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**ANNEX NO. 6**

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**FIELD SURVEY QUESTIONNAIRE**

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PRO-1091  
USO DE OFICINA

CUESTIONARIO No. \_\_\_\_\_

| ZONA :     | TAMAÑO :     | SECTOR :         | SEXO :     |
|------------|--------------|------------------|------------|
| AMSS... 1  | MICRO..... 1 | INDUSTRIA..... 1 | MASC.... 1 |
| S.A..... 2 | PEQUEÑO.. 2  | COMERCIO..... 2  | FEM..... 2 |
| S.M..... 3 |              | SERVICIO..... 3  |            |

ENCUESTADOR \_\_\_\_\_

FECHA \_\_\_\_ / \_\_\_\_ / \_\_\_\_

SUPERVISOR \_\_\_\_\_

CODIFICADOR \_\_\_\_\_

DIGITADOR \_\_\_\_\_

### DATOS GENERALES

NOMBRE DE LA EMPRESA \_\_\_\_\_

DIRECCION \_\_\_\_\_ TEL. \_\_\_\_\_

NOMBRE ENTREVISTADO \_\_\_\_\_

### BUENOS DIAS/BUENAS TARDES

Mi nombre es \_\_\_\_\_ y trabajo para una empresa que se dedica al desarrollo de estudios económicos y evaluación de programas y proyectos enfocados a la capacitación de los micro y pequeños empresarios. Actualmente estamos desarrollando una encuesta, para conocer su sincera opinión acerca de los cursos tomados en PROPEMI, con el objeto de mejorar la atención y servicio de este programa.

### ASPECTOS GENERALES

1. Para comenzar, me puede decir, ¿qué es FUSADES? (SI NO SABE O NO RESPONDIO PASE A P.3)

\_\_\_\_\_  
\_\_\_\_\_

2. ¿Conoce usted a que sectores ayuda FUSADES?

\_\_\_\_\_  
\_\_\_\_\_

3. De las siguientes respuestas que aparecen en esta tarjeta, ¿cuál es la que describe mejor lo que es PROPEMI? (ENTREGUE TARJETA)

ORGANISMO INTERNACIONAL DE AYUDA FINANCIERA..... 1

PROGRAMA SOCIAL DEL SECTOR PUBLICO..... 2

PROGRAMA DEL SECTOR PRIVADO DE AYUDA A LA MICRO Y PEQUEÑA EMPRESA..... 3

INSTITUCION PUBLICA DE CREDITOS DE AYUDA A LA PEQUEÑA Y MICRO EMPRESA..... 4

4. ¿Recuerda usted la fecha cuando participó en los cursos de entrenamiento de PROPEMI?

Mes \_\_\_\_\_ Año \_\_\_\_\_  NO RECUERDA

5. ¿Cuáles fueron las materias que se impartieron en el curso en que usted participó?  
Y además de las que mencionó ¿Tomó el curso de.....?

| MATERIAS               | ESPONTANEA                            | CON AYUDA |
|------------------------|---------------------------------------|-----------|
| Contabilidad           | 1                                     | 1         |
| Costos                 | 2                                     | 2         |
| Administración         | 3                                     | 3         |
| Mercadeo y Ventas      | 4                                     | 4         |
| Proyectos de Inversión | 5                                     | 5         |
| Otros (Especificar)    |                                       |           |
| NINGUNO                | <input type="checkbox"/> PASE A P. 35 |           |

**ENCUESTADOR :**  
Para cada materia señalada marque en las siguientes hojas las secciones correspondientes, y luego continúe en P. 6

6. En general, ¿cuáles fueron los beneficios que obtuvo por haber asistido a los cursos?

\_\_\_\_\_

\_\_\_\_\_

**A. CONTABILIDAD**

7. Usted mencionó que tomó el curso de contabilidad. En sus propias palabras, me puede decir, ¿qué es un balance general?

\_\_\_\_\_

C..... 2                      PC..... 1                      I..... 0

8. ¿Qué es un activo? \_\_\_\_\_

C..... 2                      PC..... 1                      I..... 0

9. ¿Qué es un pasivo? \_\_\_\_\_

C..... 2                      PC..... 1                      I..... 0

10. ¿Qué es un sistema simple de cuentas? \_\_\_\_\_

C..... 2                      PC..... 2                      I..... 0

11. ¿Me podría dar el nombre de algunas cuentas que forman parte de un sistema simple de cuentas? **NO LEER**

12. Y de las cuentas que aparecen en esta tarjeta, ¿cuáles lleva usted en su negocio? (ENTREGUE TARJETA)

| TIPOS DE CUENTAS                    | P.11 | P.12 |
|-------------------------------------|------|------|
| Cuenta de caja o efectivo           | 1    | 1    |
| Cuenta de anticipo de clientes      | 2    | 2    |
| Cuenta de gastos                    | 3    | 3    |
| Cuenta de ventas (Contado/Crédito)  | 4    | 4    |
| Cuenta de compra de materias primas | 5    | 5    |
| Cuentas por pagar                   | 6    | 6    |
| NO RESPONDIÓ NINGUNO                | 7    | 7    |

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13. ¿Podría decirme qué es un estado de pérdidas y ganancias?

C..... 2

PC..... 1

I..... 0

**ENCUESTADOR : SI TIENE MARCADA OTRA MATERIA, CONTINUE. CASO CONTRARIO PASE A P.30**

**B. COSTOS**

14. Hablando ahora del tema de costos, me podría decir, ¿qué es costo fijo?

C..... 2

PC..... 1

I..... 0

15. ¿Qué es costo variable?

C..... 2

PC..... 1

I..... 0

16. ¿Qué es costo unitario?

C..... 2

PC..... 1

I..... 0

17. ¿Qué es utilidad?

C..... 2

PC..... 1

I..... 0

**ENCUESTADOR : SI TIENE MARCADA OTRA MATERIA, CONTINUE. CASO CONTRARIO PASE A P.30**

**C. ADMINISTRACION**

18. Pasando al tema de administración, para usted, ¿por qué es importante la administración?

C..... 2

PC..... 1

I..... 0

19. Producción forma parte de las áreas básicas de administración, ¿podría mencionarme las otras áreas?

Financiera..... 1

Personal..... 3

No respondió..... 5

Mercadeo..... 2

Otros (Especificar)..... 4

C..... 2

PC..... 1

I..... 0

20. ¿Qué es un organigrama?

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C..... 2                      PC..... 1                      I..... 0

21. ¿Con cuál de las siguientes actividades tiene que ver el liderazgo? (ENTREGUE TARJETA)

Contabilidad..... 1                      Dirección..... 3                      No respondió..... 5  
 Producción..... 2                      Ventas..... 4

C..... 2                      PC..... 1                      I..... 0

22. ¿ La planificación, organización, ejecución y control, son herramientas que sirven para cuál de las tres respuestas que aparecen en esta tarjeta? (ENTREGUE TARJETA)

- A. Sirven para conseguir un crédito..... 1  
 B. Sirven para administrar bien una empresa, o..... 2  
 C. Sirven para satisfacer las necesidades de los clientes..... 3  
 D. Ninguno..... 4

C..... 2                      PC..... 1                      I..... 0

**ENCUESTADOR : SI TIENE MARCADA OTRA MATERIA, CONTINUE. CASO CONTRARIO PASE A P.30**

**D. MERCADEO Y VENTAS**

23. Ahora vamos a hablar del curso de mercadeo y ventas, me podría decir, ¿qué es la segmentación de mercado?

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C..... 2                      PC..... 1                      I..... 0

24. ¿Qué aspectos se deben considerar para fijar el precio? **NO LEER**

- A. Costos de producción y ventas..... 1  
 B. La oferta y la demanda..... 2  
 C. El precio que la competencia cobra..... 3  
 D. El tipo de clientela y las necesidades que van a satisfacer..... 4  
 E. Otros (Especificar) \_\_\_\_\_ 5  
 F. No respondió..... 6

C..... 2                      PC..... 1                      I..... 0

25. ¿Qué es un canal de distribución?

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C..... 2                      PC..... 1                      I..... 0

**ENCUESTADOR : SI TIENE MARCADA OTRA MATERIA, CONTINUE. CASO CONTRARIO PASE A P.30**

**E. PROYECTOS DE INVERSION**

26. Pensando ahora en el curso de inversiones, podría decirme, ¿qué es un proyecto de inversión?

C..... 2                      PC..... 1                      I..... 0

27. ¿Qué es la rentabilidad de un proyecto?

C..... 2                      PC..... 1                      I..... 0

28. ¿Cuáles son los tres tipos de inversión que se mencionan en el curso? **NO LEER**

- A. Inversión en capital de trabajo..... 1  
 B. Inversión en activo fijo..... 2  
 C. Inversión en combinados..... 3  
 D. No respondió..... 4

C..... 2                      PC..... 1                      I..... 0

29. ¿Cuáles son algunas de las causas de un manejo inadecuado de un crédito? **NO LEER**

- A. Falta de datos contables confiables..... 1  
 B. El optimismo exagerado en las proyecciones..... 2  
 C. No invertir los fondos prestados de acuerdo al proyecto presentado..... 3  
 D. Mal manejo de la empresa..... 4  
 E. Las ventas futuras no cubren los costos nuevos de interés y amortizaciones..... 5  
 F. No existe control sobre la cartera..... 6  
 G. Otros (especificar) \_\_\_\_\_ 7  
 H. No respondió..... 8

C..... 2                      PC..... 1                      I..... 0

30. Ahora que hemos hablado acerca de lo que usted recuerda de los cursos de capacitación que tomó en PROPEMI, ¿podría darnos su opinión sobre estos cursos?

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31. De los cursos que usted tomó, ¿cuál le sirvió más en su negocio? \_\_\_\_\_

32. ¿Específicamente, qué cosas de las que usted aprendió, ha podido usar en su negocio?

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33. ¿Cuáles de los cursos que tomó en PROPEMI fueron de menor beneficio para su negocio? \_\_\_\_\_

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34. ¿Qué recomendación usted para mejorar los cursos de PROPEMI?

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**APOYO CREDITICIO**

35. Ahora, cambiando de tema ¿cuántos créditos ha recibido usted de PROPEMI? (NINGUNO PASE A P.58)

ENCUESTADOR : SI OBTUVO MAS DE UN CREDITO HAGA PREGUNTE 36, CASO CONTRARIO PASE A P.37

36. ¿Cuál fue la razón principal por la que usted regresó a PROPEMI a solicitar créditos adicionales?

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37. ¿Y cuánto fue la cantidad del crédito?

38. ¿Y en qué año recibió cada crédito?

39. En general, ¿cuánto tiempo pasó desde que usted solicitó el crédito (s), hasta que recibió el dinero?

40. ¿Considera este período de tiempo adecuado?

41. ¿Qué uso específico le dio al dinero del crédito?

| P. 35<br>NO. | P.37<br>MONTO | P.38<br>AÑO | P.39<br>TIEMPO | P.40 |    | P.41<br>DESTINO |
|--------------|---------------|-------------|----------------|------|----|-----------------|
|              |               |             |                | SI   | NO |                 |
| 1            |               |             |                | 1    | 2  |                 |
| 2            |               |             |                | 1    | 2  |                 |
| 3            |               |             |                | 1    | 2  |                 |
| 4            |               |             |                | 1    | 2  |                 |
| 5            |               |             |                | 1    | 2  |                 |
| 6            |               |             |                | 1    | 2  |                 |

42. ¿Cuál es su opinión acerca del programa de créditos de PROPEMI?

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43. Antes de recibir el crédito de PROPEMI, ¿de cuáles de las siguientes fuentes que aparecen en esta tarjeta recibió usted un crédito para su negocio? (ENTREGUE TARJETA)
44. Y después del crédito de PROPEMI, ¿de cuáles de las siguientes fuentes que aparecen en esa tarjeta recibió usted un crédito para su negocio?

| FUENTE                    | P.43 | P.44 |
|---------------------------|------|------|
| PROVEEDORES               | 1    | 1    |
| PARIENTES O AMIGOS        | 2    | 2    |
| PRESTAMISTAS              | 3    | 3    |
| BANCCOS                   | 4    | 4    |
| ASOC. DE AHORRO Y CREDITO | 5    | 5    |
| COOP. DE AHORRO Y CREDITO | 6    | 6    |
| NINGUNO                   | 7    | 7    |

45. ¿Considera usted que se benefició o no con el crédito(s) recibido(s) de PROPEMI?

SI..... 1 (PASE A P.46)

NO..... 2 (PASE A P.47)

46. ¿Qué beneficios obtuvo? \_\_\_\_\_

(PASE A P.48)

47. ¿Por qué no se benefició? \_\_\_\_\_

48. ¿Considera usted que las ganancias actuales de su negocio son mayores o menores comparadas con sus ganancias antes de recibir el crédito(s) de PROPEMI?

MENOS..... 1 (PASE A P.49)

MAS..... 2 (PASE A P.51)

IGUAL..... 3 (Lea Instrucción inmediata P.52)

49. ¿Por qué bajaron sus ganancias? \_\_\_\_\_

50. ¿Y en qué porcentaje estima usted que bajaron sus ganancias después del crédito? \_\_\_\_\_

**ENCUESTADOR: LEA INSTRUCCION INMEDIATA A P.52**

51. Se puede decir que el aumento en ganancias netas se debe principalmente al hecho de haber recibido el crédito de PROPEMI, o principalmente a otras razones?

PRINCIPALMENTE AL PRESTAMO..... 1 (PASE A P.52)

OTRAS RAZONES..... 2 (ESPECIFICAR)

52. ¿Y en qué porcentaje estima usted que subieron sus ganancias después del crédito? \_\_\_\_\_

**INSTRUCCION : VERIFIQUE EN CUADRO DESTINO DE CREDITOS**

CAPITAL DE TRABAJO  (PASE a P.53 y P.54)

MAQUINARIA Y EQUIPO  (PASE a P.55 a P.57)

NINGUNO  (PASE a P.58)

**Si recibió crédito para capital de trabajo, MUESTRE EJERCICIO.**

\_\_\_ 53. ¿Estima usted que la cantidad de capital de trabajo que usted tiene hoy es mayor o menor que cuando recibió el crédito?

MAYOR..... 1

MENOR..... 2 (PASE A P.54)

IGUAL..... 3

\_\_\_ 54. ¿Por qué se ha reducido?

\_\_\_\_\_

\_\_\_\_\_

**Si recibió crédito para adquirir máquinas y/o equipos**

\_\_\_ 55. Las máquinas y/o equipos que compró con los fondos del crédito, ¿todavía cuenta con ellos?

SI..... 1

NO..... 2

\_\_\_ 56. ¿Cómo le han resultado?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_ 57. ¿Le ha sacado el provecho que esperaba?

\_\_\_\_\_

\_\_\_\_\_

**ASESORIA TECNICA**

58. Ahora vamos a hablar acerca de las visitas que usted recibe por parte de los representantes de PROPEMI.

Aproximadamente, ¿cuántas visitas ha recibido por parte del representante de PROPEMI? \_\_\_\_\_

( NINGUNA, PASE A P.65)

59. Y del total de estas visitas, ¿en cuántas de ellas ha recibido consejos o asesoría para mejorar su negocio ?

\_\_\_\_\_ (NINGUNA, PASE A P.65)

60. Normalmente, ¿cuánto duran las visitas de consejos o asesoría? \_\_\_\_\_

61. Concretamente, ¿de qué manera considera usted que su negocio se ha beneficiado debido a los consejos o asesorías recibidas?

\_\_\_\_\_

\_\_\_\_\_

62. ¿Considera usted que los consejos le han ayudado a ganar más dinero, o a reducir costos, o tal vez simplemente a trabajar mejor? \_\_\_\_\_

63. La asesoría que ha recibido, ¿ha contribuido o no a que usted haya contratado más empleados?

HA CONTRIBUIDO..... 1 (PASE A P.64)

NO HA CONTRIBUIDO.....2 (PASE A P.65)

64. ¿Cómo ha contribuido? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

65. ¿Qué tipos de asesoría necesita para mejorar su negocio? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

### IMPACTO EN EL EMPLEO

66. Cambiando de tema, me gustaría que habláramos acerca del personal de su empresa. Además de usted, ¿cuántas personas trabajan actualmente en su negocio? \_\_\_\_\_

67. Y antes de recibir el primer crédito de PROPEMI, ¿cuántas personas trabajaban con usted? \_\_\_\_\_

DISMINUYO  PASE A P.68

IGUAL  PASE A P.70

AUMENTO  PASE A P.69

SOLO PROPIETARIO  PASE A P.79

68. ¿A qué se debe que haya reducido el número de las personas ( o persona ) que antes trabajaban con usted?

(PASE A P.70)

69. ¿Se puede decir que el aumento de la(s) persona (s) que ahora trabajan con usted se debe únicamente al hecho de haber recibido el crédito(s) de PROPEMI, o principalmente a otras razones?

UNICAMENTE AL PRESTAMO.....1 (PASE A P.70)

OTRAS RAZONES..... 2 (ESPECIFICAR)

70. De las personas que trabajan con usted, ¿cuántas son temporales (1) y cuántas son permanentes (2)?

71. De las personas que trabajan con Ud., ¿quiénes de ellas son familiares (1), y quiénes no son familiares (2)?

72. ¿Cómo ganan las personas a las que les paga?

Diario..... 1 Semanal..... 2 Quincenal..... 3 Mensual..... 4 Por comisión.. 5 Por obra... 6

73. ¿Y cuánto les paga?

(POR COMISION O POR OBRA PIDALE AL ENTREVISTADO QUE CALCULE EL PROMEDIO QUE GANA POR DIA)

74. ¿Cuántas horas al día trabajan en promedio sus empleados?

75. ¿Cuántos días a la semana trabajan?

76. ¿Qué tipo de prestaciones les da a las personas que trabajan con usted?

Vacaciones.. 1 Aguinaldo... 2 ISSS... 3 Otros.... 4 (Especificar) \_\_\_\_\_ Ninguno... 6

77. ¿Sabe usted si además de este empleo su empleado, tiene otro trabajo adicional? SI.....1 NO.....2

78. ¿Cuántas personas dependen económicamente de lo que ganan sus empleados, es decir, a cuántas personas mantienen ellos o ayudan a mantener?

| NOMBRE | P.70 |   | P.71 |    | P.72  | P.73 | P.74 | P.75 | P.76   | P.77 |    | P.78    |
|--------|------|---|------|----|-------|------|------|------|--------|------|----|---------|
|        | T    | P | F    | NF | FORMA | €    | HRS. | DIAS | PREST. | SI   | NO | # PERS. |
|        | 1    | 2 | 1    | 2  |       |      |      |      |        | 1    | 2  |         |
|        | 1    | 2 | 1    | 2  |       |      |      |      |        | 1    | 2  |         |
|        | 1    | 2 | 1    | 2  |       |      |      |      |        | 1    | 2  |         |
|        | 1    | 2 | 1    | 2  |       |      |      |      |        | 1    | 2  |         |
|        | 1    | 2 | 1    | 2  |       |      |      |      |        | 1    | 2  |         |
|        | 1    | 2 | 1    | 2  |       |      |      |      |        | 1    | 2  |         |
|        | 1    | 2 | 1    | 2  |       |      |      |      |        | 1    | 2  |         |
|        | 1    | 2 | 1    | 2  |       |      |      |      |        | 1    | 2  |         |
|        | 1    | 2 | 1    | 2  |       |      |      |      |        | 1    | 2  |         |
|        | 1    | 2 | 1    | 2  |       |      |      |      |        | 1    | 2  |         |
|        | 1    | 2 | 1    | 2  |       |      |      |      |        | 1    | 2  |         |

79. ¿Qué tiene que suceder para que sea necesario que usted pueda emplear una o más personas?

\_\_\_\_\_  
\_\_\_\_\_

80. Cuando usted necesita emplear una persona, ¿cómo la consigue?

\_\_\_\_\_  
\_\_\_\_\_

81. Y por lo general, estas personas, ¿son conocidas de usted? SI..... 1 NO..... 2

82. ¿Y es común que le vengán a pedir trabajo? SI..... 1 (PASE A P.83) NO..... 2 (PASE A P.85)

83. ¿Principalmente son conocidos o extraños? CONOCIDOS..... 1 EXTRAÑOS..... 2

84. ¿Sabe usted si viven cerca de su negocio o de su casa? SI..... 1 NO..... 2

85. En general, ¿la mayoría de las personas que usted ha empleado estaban suficientemente capacitadas o no cuando usted las contrató? SI..... 1 (PASE A P.87) NO..... 2 (PASE A P.86)

86. ¿Cómo le afecta el hecho de que no vienen capacitados?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

87. Independientemente que su personal esté o no capacitado, ¿existe algún tipo de problemas con la gente que usted emplea o ha empleado?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

88. ¿Se asigna usted un salario fijo, como si fuera un empleado normal de su propio negocio?

SI..... 1 NO..... 2

89. Además de su negocio ¿Tiene usted otros ingresos adicionales?

SI..... 1 (PASE A P.90) NO..... 2 (PASE A P.91)

90. ¿De donde provienen esos ingresos? NO LEER

Otro Negocio....1 Trabajos o servicios personales....2 Empleado en otro negocio....3

Otros....4 (Especificar) \_\_\_\_\_

91. ¿Cuántas personas en su casa dependen de sus ingresos? \_\_\_\_\_

92. ¿Hay otras personas en su casa que ayuden con dinero en el mantenimiento y/o con los gastos del hogar?

SI..... 1 NO..... 2

93. ¿Estaría usted dispuesto a dejar su negocio, y trabajar para alguien más, si le ofrecieran trabajo permanente y bien pagado?

SI..... 1 (PASE A P.94)

NO..... 2 (PASE A P.95)

94. Cuánto le tendrían que pagar para dejar su negocio, y qué beneficios o prestaciones adicionales le gustaría recibir y que ahora no tiene? Salario Mensual € \_\_\_\_\_

Prestaciones \_\_\_\_\_ (PASE A P.96)

95. ¿Por qué no?

\_\_\_\_\_  
\_\_\_\_\_

96. Antes de terminar podría decirme, ¿cuál es la actividad principal de su negocio? \_\_\_\_\_

97. Finalmente me gustaría que estimáramos el valor total de los activos de su negocio. Esta información la utilizaremos en forma confidencial y servirá únicamente para una clasificación estadística. Recordemos que el activo incluye :

- lo que su negocio tiene en cajas y bancos..... € \_\_\_\_\_
- cuentas por cobrar..... € \_\_\_\_\_
- inventarios (materias primas, producto terminado, mercadería)..... € \_\_\_\_\_
- activo fijo (terrenos y construcciones del negocio si son propios)..... € \_\_\_\_\_
- maquinaria y equipos..... € \_\_\_\_\_
- vehículos de la empresa..... € \_\_\_\_\_

¿En cuánto estima usted el valor total del activo de su negocio?

VALOR DEL ACTIVO € \_\_\_\_\_

ENCUESTADOR : SI NO QUISO RESPONDER O NO PUDO ESTIMAR.

Entonces, ¿en cuál de los siguientes rangos diría usted que se estima el valor total del activo de su empresa?

- €50,000 o Menos..... 1
- €50,001 - €100,000..... 2
- €100,001 - €150,000..... 3
- €150,001 - €250,000..... 4
- €250,001 - €500,000..... 5
- €500,001 - €750,000..... 6
- Mas de €750,000..... 7
- No respondió..... 8

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**ANNEX NO. 7**

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**LIST OF EVALUATION TEAM MEMBERS**

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## **Annex No. 7 - List of Evaluation Team Members**

### **Evaluation Team**

**Jorge A. Morelos - Chief of Party**  
**Luis Amado Sanchez - Financial Analyst**

### **Local Survey Team**

**Daniel Carr - Survey Team Leader**  
**Rolando Verde - Field Supervisor**  
**Aida Daura - Surveyor**  
**Adela Gomez - Surveyor**  
**Maria Carranza - Surveyor**  
**Martha Orellano - Surveyor**  
**Jose Guerrero - Surveyor**

**ANNEX NO. 8**

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**ANNOTATED BIBLIOGRAPHY**

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## **Annex No. 8 - Annotated Bibliography**

1. **Propuesta de Apoyo Financiero, Programa de Promocion a la Pequena y Microempresa, PROPEMI, July 2, 1985, FUSADES.**

**Original FUSADES proposal to A.I.D. requesting support to implement PROPEMI. It includes the survey (1985) findings that provided the basis for the design of PROPEMI. It also includes objectives, strategy, budgets, and procedures to follow, as well as, expected outputs. It served as the project paper for the grant. The projected number of human resources needed, and the operating budget (in dollars) of this original proposal was strictly followed by PROPEMI. It was very useful in understanding today's PROPEMI because it outlines very clearly the roots of the original conceptualization and relevant development issues that were to be addressed by the project.**

2. **Cooperative Agreement (and seven ammendments) - A.I.D. Grant No. 519-0304 A-00-5506-00, August 29, 1985.**

**Key documents for conducting the evaluation. They contain all the details pertinent to the design of the project, and the expected outputs. The amendments modified project elements such as: budget amounts, expanded geographic coverage, and the increase of expected outputs as the grant amounts became larger.**

3. **Evaluation of FUSADES, June, 1988, Development Associates, Inc., Arlington, Virginia.**

**The report recommends that PROPEMI should concentrate its activities in support of microenterprises as opposed to small enterprises. It is also stated that one of the main benefits of training is the feeling of self-confidence that the beneficiaries develop as a result of having taken the PROPEMI courses. In addition it recommends that the number of promoters (now called advisors) should be reduced. Another important recommendation was that PROPEMI should open credit windows in the barrios. However, there is no evidence that PROPEMI implemented any of the recommendations cited on this important document.**

4. **Survey of Microenterprises in El Salvador, June, 1990, International Science and Technology Institute, Inc.**

**Very comprehensive survey that revealed several important characteristics of microenterprises in El Salvador. It is based on 520 interviews, and includes information about the financial features of the target sector. Many of the quantitative figures that were derived in the report match the figures that were produced during the survey of this evaluation (e.g. average number of employees).**

**5. Sondeo Basico Sobre la Situacion del Sector Informal de El Salvador, September, 1987, INCAE.**

**This publication contains a complete list of international and national institutions that give support to the informal sector. In addition, it provides several different definitions of the informal sector, which include quantitative parameters of small and microenterprises. It was used in this evaluation to select institutions that were visited by the evaluation team members.**