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INCREASING THE IMPACT OF MICRO-ENTERPRISE
PROGRAMS IN LATIN AMERICA

MATCHING GRANT

SECOND YEAR REPORT

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Submitted by:

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SUMMARY

The goal of this Matching Grant Program is to increase income and employment opportunities among the poor in Latin America. The Program has two purposes: to strengthen the capacity of local affiliate organizations in Bolivia, Ecuador, Costa Rica and Guatemala to expand and consolidate their credit and training programs for microenterprises; and to innovate and experiment with new approaches to microenterprise assistance and to share these experiences with the broader development community.

As the chart of critical indicators shows, second year achievements surpassed projections: new cities (+55%), number of participants (+127%), amount loaned (+29%) and jobs created (+61%).

Although the AVANCE/Costa Rica Program lagged behind the other programs as well as its own projections, this lack of progress was due mainly to a chronic and constant shortage of loan funds and a delay of relief from the shortfall in the extended wait for the IDB disbursement.

ACCION continued to move forward in implementing the five separate but closely linked outputs as planned: expansion of affiliate programs from the capital cities to outlying areas in four countries; the training of the staff of local affiliate organizations and the representatives from the international development community; the strengthening of the network of affiliate organizations; the research and applications of at least three innovations; and the documentation and dissemination of the results of ACCION's experience.

Management and administrative coordination of the Program also proceeded without any problems. Spending, both in the Matching Grant and the Match itself was slightly under what was projected but second year plans will bring the level up to the forecasted amounts. ACCION was able to raise sufficient private money to meet the matching requirement of the AID Matching Grant.

I. BACKGROUND

The purpose of ACCION International is the creation of employment and income among the urban and rural poor of the Americas. This purpose is achieved by providing credit and management training to microenterprises of the informal sector.

Now in its 30th year, ACCION has developed an affiliated network of private, non-profit organizations in Latin America which specialize in assisting this sector.

While the informal sector was traditionally viewed as a hindrance to the growth of national economies, in more recent years it has been recognized as the engine of growth, with tremendous potential for generating jobs and income among the poor of the hemisphere. During the decade of the 1980s, the international debt crisis, low prices for traditional exports, regional conflict, state-driven economies and other factors led to a declining standard of living for much of the population in Latin America. Merely to survive, the majority of the population in most countries turned to self-employment in the informal economy.

In spite of its growth and the heightened awareness on the part of the governments as to its importance, the informal sector faces many obstacles. Paramount among the difficulties faced by the micro-entrepreneur is a lack of access to credit and training from the formal sector.

Based on several years of successful experience, ACCION and its affiliate programs developed a Matching Grant proposal in partnership with USAID to expand and consolidate efforts to provide credit and training to microenterprises in selected countries. This report covers the second year of a five year grant from AID and summarizes the principal activities and accomplishments to date.

II. PROGRAM METHODOLOGY

The goal of this Matching Grant is to increase income and employment opportunities among the poor in targeted countries of Latin America. To accomplish this goal, ACCION proposed two closely linked purposes: first, to strengthen the capacity of local affiliate organizations in four countries to expand and consolidate their credit and training programs for microenterprises. These countries include Bolivia, Guatemala, Costa Rica and Ecuador. Second, to innovate and experiment with new approaches to microenterprise development and share the knowledge and experience

gained with all ACCION-affiliated organizations, other PVOs and the private and public donor community.

To achieve these dual purposes, ACCION envisaged five outputs which are interlinked and build from and strengthen each other:

First, expand the microenterprise programs of the affiliated organizations in four countries to secondary cities, towns and rural areas. The bulk of affiliate activity has been concentrated in the capital city and ACCION wished to test its urban methodology to a more rural setting.

Second, provide training to at least 150 representatives of affiliated organizations from ten countries and to 150 representatives from the international development community. Training activities are to occur at various levels: on-site training of each affiliate program staff, regional workshops involving the staff of several organizations, and sessions with the representatives of the international development community in Washington, New York and Boston.

Third, strengthen and increase the frequency and level of communication among the affiliated organizations. This output is to be achieved through reciprocal site visits for affiliate staff, annual evaluation and planning conferences for ACCION field directors and the executive directors of all affiliated programs, and through an enhanced communication system among the affiliates through FAX or computer modem.

Fourth, research, develop and apply in the field at least three innovations in the microenterprise field. ACCION hopes to contribute to the general field of knowledge and experience in this area by aggressively pursuing new approaches to working with microenterprise. ACCION identified the greatest need for innovation in scaling up programs, in financial mechanisms which more effectively incorporate the banking sector in microenterprise lending, and in the mobilization of savings among participants.

Fifth, document and disseminate the results of ongoing experience from the above efforts. Various types of publications are to be produced, including "how-to" manuals, discussion papers and monographs. This new initiative was to be the primary responsibility of a new ACCION office in Washington DC, which was scheduled to opened in late 1988.

Four inputs were described in the proposal as critical to the successful implementation of this Matching Grant. Financial resources in the form of grants and concessionary loans are required from both public (government) and private sources, particularly to finance the expansion in the four countries out of the capital cities to the rural areas.

In addition, the direct revenue generated by the programs

themselves through interest earned on the loans to microenterprises would help cover a significant portion of the local administrative and operational costs.

A third critical input to the success of this Matching Grant is the technical assistance provided by ACCION to the affiliates in the four countries where expansion is to occur. Assistance is provided by on-site, long term advisors in Guatemala, Costa Rica, Bolivia and Ecuador.

Finally, appropriate and qualified staffing will ensure implementation of this Grant. In addition to the four long-term advisors in the field, ACCION staff based in Chile and the Dominican Republic were envisaged to play an important role in the training and innovations components.

Robert Christen (Chile) and Pedro Jimenez (Dominican Republic) have indeed played important roles in the training and innovations components both within the four target countries and outside. Given the achievements, outreach and influence of ADEMI, Mr. Jimenez' assistance was requested from afar away as Cairo and Alexandria in Egypt. From within ADEMI, innovations were experimented with and shared (personnel incentive systems, use of investment bonds, loan insurance, etc.) Also, ADEMI itself, continues to be a training ground for personnel from new and old programs.

Mr. Christen continues to perform the key function of financial and administrative analyst. Weaknesses in these areas generally manifest themselves in deteriorating recuperation rates. In addition to giving regional courses on Finance and Administration, Mr. Christen headed teams to give technical assistance to programs in Paraguay and Guatemala.

Given, however, the increasing needs of the network in the areas of technical assistance and training, ACCION has decided to increase the size of the team which will spearhead these efforts. Under the umbrella of the Latin American Operations office, Mirtha Olivares will work full time within the new department with assistance from Valdi de Araujo (Brazil), Carlos Castello (Colombia), Robert Christen (Chile), Diego Guzmán (Colombia) and Steve Gross (Cambridge). The Matching Grant will continue to be a key source of support in this area.

The Director of the Washington office and the Director for Latin American Operations, based in the headquarters office in Cambridge, also continued to play key roles in documentation and dissemination and general oversight of the Grant.

As was mentioned above, the overall goals of the grant's second year were amply met. Moreover, in addition to achieving expansion and consolidation within the primary countries, personnel of two of

the four countries (Guatemala and Costa Rica) were instrumental in affording key assistance to new personnel of an incipient program, the Foundation for Microenterprise Development in Nicaragua, FUDEMI.

At the output level, the Matching Grant program continues on schedule. Solid progress was made for each of the outputs. The expansion process to secondary cities, towns and rural areas especially in Ecuador and Guatemala is gathering momentum. In addition to the traditional workshops (Management and Communication and Financial Administration), several new courses were developed and given. In addition, increased communication and contact among the staff of the affiliates led to a stronger network of microenterprise programs. In the area of innovation, personnel of Guatemala and Costa Rica transferred ACCION technology to a commercial bank in Panamá building on the Bolivian Bank innovation reported on in last year's report. New publications were produced and the system for marketing them improved. Additional detail of the activities and accomplishments related to the outputs are presented below. For ease in comparing the results to the projections in the original proposal, the same format used in the proposal is followed.

III. MONITORING AND EVALUATION

As mentioned in the first year report, ACCION's growth to over fifty affiliates in some 14 countries has required a simplification and streamlining for its monitoring systems.

The new system agreed upon during the 1990 Staff Conference in Puerto Rico is easier to produce at the program level, more difficult to make mistakes on because each month's statistics are juxtaposed with prior months' results and thirdly, the new system lends itself more to analysis and comparison with other programs because of its succinctness.

ACCION's monitoring and evaluation plan employs a two-tiered system which collects essential data on program performance on a monthly basis. This information is collected and combined by the Department of Operations in Cambridge and distributed on a monthly, quarterly and year end basis. Country by country summaries are presently monthly and program by program statistics are presented on a quarterly basis.

A copy of the 1990 statistics for the entire ACCION network is enclosed with this report.

Without placing additional administrative burdens on the local programs, at the suggestion of ACCION country representatives,

efficiency indicators have been added for use within the network. (See appropriate section of Annual Conference Report.)

Also, given the demands put on AID by Congress regarding the need to limit loan size so as to assure that microenterprise funding indeed go to the lowest level of the economically active, ACCION has begun measuring, not only the average loan size but also the number and amount of loans in each size category.

A comparison of projected and actual critical indicators of the Matching Grant program (as presented in the original proposal) are displayed below. As can be seen, the Program has reached all the projections for the second year.

CRITICAL INDICATORS
TOTALS FOR PROGRAMS

Indicator	Targets		
	Year Two (Proj.)	Actual	Variance
A. Primary Countries (Bolivia, Ecuador, Costa Rica, Guatemala)			
1. New Cities	9	14	+55%
2. Participants	4,400	10,001	+127%
3. % women	52%	49%	-6%
4. Amt. loaned (\$000's)	\$5,445	7,004	+29%
5. % late payments	15%	5.8%	-39%
6. Loss rates	3.2%	0	*
7. % self-sufficiency	44%	84% **	+90%
8. Jobs created/ strengthened \$950 in credit per job	4585	7,373	+61%

*AVANCE/Costa Rica registered a loss of 3%

** Excluding FADEMI for which the data was not available, this figure is a simple average of the other programs in Ecuador as well as those in Bolivia, Costa Rica and Guatemala.

B. Other Activities

1. # of staff trained	30	870	+840
2. # of others trained	30	350	+320
3. # of workshops held	2	29	+27
4. # of breakthroughs	1	1	0
5. # of publications	3	3	0

IV. PROGRAM RESULTS BY COUNTRY AND OUTPUT

A. Output One: Expansion in Four Countries to Secondary Cities, Towns and Rural Areas.

1. Bolivia

ACCION's affiliate in Bolivia is PRODEM (Foundation for the Promotion and Development of Microenterprise). Although PRODEM initiated operations in December, 1988 it is already ACCION's largest and fastest growing affiliate. In October, 1990, PRODEM became the first Program in the network to disburse over a million dollars in one month and, with but a few exceptions, has maintained the same levels since then.

PRODEM's expansion efforts can be highlighted under the following categories. First, in addition to the main office in La Paz and the offices in El Alto and Santa Cruz, opened last year, another office in La Paz in the La Garita de Lima section of the city was inaugurated. Besides attracting new clients, the new office is helping to decongest the main office.

Secondly, to increase efficiency and enhance expansion efforts, a three-story building was completed to headquarter the growing El Alto operations which constitute over 20% of PRODEM's output.

Though programmed to open much sooner, the Cochabamba office opened finally in May of this year disbursing its first loan of \$423 to a group of five women vendors. It is estimated that the market for PRODEM's services in this city will equal, if not exceed, the demand in Santa Cruz and La Paz. The private sector is solidly behind the Cochabamba operations having contributed over \$50,000 to date.

By far the lion's share of expansion efforts have been expended in the creation of Banco Sol, which will be the first commercial bank in Latin America to serve exclusively the informal sector of the economy. According to the feasibility study, the estimated cost of the project during the initial five years will be \$41.11 million with \$17.45 (loan portfolio), \$5.44 (fixed assets), \$3.81 (financial costs) and \$14.41 (operational costs) making up the total. According to the capitalization plan, private Bolivian Investors will provide \$3,150,000, Foreign Private Investors, \$850,000, and the IIC and other International Agencies, \$1,500,000.

The Banco Sol projections take "micro enterprise program expansion" to new levels of meaning with 20 year projections including \$5.4 billion dollars lent and some 580,000 clients served.

Regarding Year Two expansion indicators, as the following table

indicates, PRODEM, with the exception of the "new cities" indicator, has met the projections. The Program also reached a greater percentage of women and achieved a higher rate of operational self-sufficiency than anticipated.

The volume of PRODEM's lending operations is further enhanced by their quality. Late payments still constitute less than one percent of the portfolio and losses, on over \$17 million loaned to date, are under two hundred dollars.

<u>Indicator</u>	<u>Year two (proj.)</u>	<u>(actual)</u>	<u>Total/PRODEM</u>
-New cities	3	1	4
-Amount/credit extended ('000s)	\$1,350	1,656	9,877
-Loss rates	2%	0	0
-New partic.	2,000	3,431	9,360
-% women	60%	70%	76%
-Operational self sufficiency	50%	70%	86%

2. Ecuador

During the second year of the grant, progress has been characterized by the consolidation and expansion of the participating programs with the decided support of the Asociacion de Corporaciones de Desarrollo Microempresarial (ASOMICRO).

ACCION's Director for Ecuador, Rodrigo Lopez was named as Executive Director of ASOMICRO and spearheaded efforts aimed at training of the staff of the member organizations as well as at the acquisition and intermediation of funds.

CRS as well as ACCION (with matching grant funds) have supported the training and technical assistance efforts. The AID/ACCION guarantee fund, through the letter of credit mechanism, is leveraging some \$415,000 worth of local currency through Banks in Quito, Guayaquil and Cuenca for members of ASOMICRO.

In addition to the CRS and Bridge Funds, ASOMICRO's Executive Director has prepared proposals to the Inter-American Development Bank for several of its members (the Corporación Femenina Ecuatoriana, the FED) as well as for ASOMICRO itself. As a second tier, technical assistance organization, ASOMICRO has positioned itself to serve as a conduit for IDB "global" funds which will be channeled by the government through the banking system. With a guarantee mechanism it is hoped that ASOMICRO itself will be able to serve as intermediary between the central bank and the microentrepreneur.

Instead of the projected three cities into which the affiliates

were to expand, during this grant year, programs were initiated and supported in seven (Cuenca, Loja, Machala, Sangolqui, Santa Helena, Milagro and Santo Domingo de los Colorados).

The Ecuadorian Development Foundation's spartan expansion model calls for one person offices in new towns and cities. Once the staff person covers his own costs with office-generated revenue, another person is added to meet the increasing client demand.

Year Two credit projections called for the disbursement of \$675,000 but well over three times that amount was loaned out while maintaining the loan loss rate at 0%. The number of new participants more than tripled the projected 1,000.

ASOMICRO sponsored several courses and meetings during the period including one on Management and Communication given in Machala for organization members and another on Finance and Administration in Quito.

While progress indicators are impressive, the central constraint to real growth continued to be lack of funding. A more aggressive campaign with the IDB and the Government of Ecuador as well as increased utilization of the ACCION/AID guarantee fund should bear impressive results for the year in progress.

<u>Indicator</u>	<u>Year Two Proj.</u>	<u>Actual</u>	<u>Total/All Affiliates</u>
-New cities	3	7	11
-Amount credit extended (\$ 000's)	\$675	2,327	4,143
-Loss rates	3%	0	0
-New partic.	1,000	3,324	4,974
-% women	50%	40%	51%
-Operational self sufficiency	40%	82% *	NA

* Does not include the FADEMI offices in Cuenca, Machala and Loja.

3. Costa Rica

ACCION's affiliate in Costa Rica is AVANCE Microempresarial. AVANCE was established with ACCION assistance in late 1985 and began credit operations in San Jose in March, 1986.

In the beginning, unlike in other countries where ACCION affiliates operate, AVANCE had difficulty attracting clients, the reason being a far lesser density of the informal sector in the Costa Rican economy than in other Latin Countries.

Now, however, although the process took longer, AVANCE has established its name and a growing clientele is placing greater and

greater demands on its limited resources.

Inter-American Development Bank funding was requested and approved but the delay between proposal submission and funding disbursement was extraordinary even for the IDB.

Contrary to the start-up experience, this period was characterized by many clients and few available funds.

The funding shortfall and the delay of the IDB disbursement had two positive repercussions. First, there was time for an institutional consolidation to take place on both the operational and administrative levels.

Secondly, renewed efforts were made to access funding locally. ACCION's Guarantee Fund was instrumental in making \$150,000 available from COFISA, a local development bank. Also during the period, much time and effort was dedicated to convince the Government that it channel its microenterprise resources through the private sector, i.e. AVANCE itself. The efforts have been successful and AVANCE will be the first Microbusiness Program to access some \$4 million that the Government is making available to the sector.

Even at the funding levels prior to the IDB disbursement, AVANCE was able to open new offices in Heredia and Cartago so that, as the funding is made available, significant expansion can take place.

As has happened in programs throughout the ACCION network, in AVANCE the challenge is no longer to acquire the funding for loans but rather to place the loans.

Although the following table indicates limited success toward expansion, the prospects for dramatic change during the next year are good.

<u>Indicator</u>	<u>Year Two (Proj.)</u>	<u>(Actual)</u>	<u>AVANCE/TOTAL</u>
-New Cities	1	2	3
-Amount credit extended (US\$ 000s)	\$1,080	\$119	\$739
-Loss rates	3%	0	3%
-New partic.	600	122	180
-% women	40%	42%	47%
-Operational self sufficiency	50%	*	94% **

* Until now self-sufficiency figures for Cartago and Heredia are integrated with San José figures.

** Average for the period.

4. Guatemala

Within the ACCION Network, no country has experienced as rapid a geographical expansion as has Guatemala. Two programs financed by AID initiated the expansion. GENESIS Empresarial (FUNTEC) has its headquarters in Guatemala City and has branch offices in Mazatenango, Chiquimula, Retalhuleu, Antigua, Jutiapa, Jalapa, Escuintla, Chimaltenango, Cobán, Peten and Puerto Barrios. With its main offices in Quetzaltenango, the other ACCION/AID program is PROSEM/FUNDAP and has branches in Totonicapan, Coatepeque, San Marcos, Quiché, Huehuetenango and Sololá.

Also financed by AID/Guatemala is a Rural Electrification Project which is likewise under FUNDAP's management and is run out of Quetzaltenango. ACCION has been asked to give technical support in the design and implementation of the credit component of the project. In addition to the 176 cities, towns and villages where the GENESIS and PROSEM are operating, some 15 more communities are reached through "PER III."

During the first year, the ACCION programs worked in just four municipalities, spread operations to a total of 82 during the second year and, during this year (the second of the Matching Grant) have now expanded into 143 municipalities.

Assuring continued expansion in response to insistent demand are the relationships among the Members of the Boards of Directors and Private as well as Public Sector Leaders. Through the Chambers of Commerce in every Department in the Country, the two programs have had excellent support and, eventually, will be able to respond to the demands for a branch office in each of the 28 Departments (states) in the country.

Secondly, already proven as very beneficial for the microenterprise sector are the relationships of the Board Members with the political leadership beginning with the President of the Country, Jorge Serrano and Guatemala City's Mayor who has promised office space to GENESIS in all of the city's markets.

Under the President's Leadership and following the counsel of different GENESIS and PROSEM Board members, the Comisión Nacional de Crédito Popular has been constituted. In fact, the President and Vice-President of the Commission are Members of the GENESIS and PROSEM Boards. The potential for future expansion with the support of the Commission (which will channel funding from within and outside of Guatemala to programs working with microenterprise) is considerable.

As can be noted from the table below, the Guatemala programs easily surpass projections. The exception is an uncharacteristically low percentage of women participants. Although the percentage of women

active in GENESIS is a closer to the norm 44%, the low 24% participation of women in PROSEM brings the overall average down. This is due to the fact that PROSEM does not work in markets, where women tend to predominate, as much as does GENESIS.

Combined critical indicators for the programs during the second year are as follows:

<u>Indicator</u>	<u>Year Two (Proj.)</u>	<u>(Actual)</u>	<u>Combined Total</u>
-New cities	2	4	19
-Amount credit extended (\$ 000s)	\$720	\$2,992	\$4,958
-Loss rates	3%	0	0
-New participants	800	3,124	4,493
-% women	60%	35%	36%
-Operational self-sufficiency	40%	101%	122%*

* average for the period

B. Output Two: Provide Training to at Least 150 Representatives of Affiliated Organizations from Ten Countries and to 150 Representatives from the International Development Community.

The proposed training is to be carried out at three levels: first, for the directors and staff of the affiliated organizations in the four primary countries of Bolivia, Ecuador, Costa Rica and Guatemala. Second, on a regional basis, training is to be provided for the staff of the other ACCION affiliates. Finally, ACCION also planned to disseminate its experience through meetings, presentations and workshops with the representatives of US-based PVOs and the private and international donor community.

1. Training of affiliate staff in the four primary countries.

In terms of expanding the network's credit and training services, the years 1991 - 1995 have been designated by the ACCION Board and Staff as the period of the "Great Leap Forward". Gone is the time for "pilot projects"; enough is known about the sector so that methodologies learned and corroborated can now be used on a massive scale. According to calculations regarding amount to be loaned and clients to be reached, ACCION affiliates will disburse over a billion dollars to some 758,000 clients during the five year period.

The awareness among the Staff that such ambitious goals can be reached only by organizations with truly dedicated and capable

people has enhanced the emphasis on training programs for program personnel.

Efforts continue both at the level of Administration of Finance Courses and that of Management and Communication Workshops as described in last year's report. Finance and Administration Courses were given regionally to the appropriate personnel from each of the programs in the area. Those attending these seminars generally were the Executive Directors and chief financial officers. The Seminars were designed and facilitated by ACCION's Director in Chile, Robert Christen, also Author of Financial Management of Micro-Credit Programs, A Guidebook for NGO's.

The Seminars were given in the following places and times during the second year of the grant.

Location	Date	Region	# Participants
1. La Paz, Bolivia	sept. '90	III	25
2. Bogotá, Colombia	dec., '90	II	23
Region I	Region II	Region III	
Mexico	Colombia	Peru	
Guatemala	Ecuador	Bolivia	
Nicaragua		Paraguay	
Panama		Brazil	
Costa Rica		Paraguay	
Dominican Republic		Chile	

These workshops cover financial analysis of program performance including indicators of efficiency, productivity, solvency, liquidity and cost structure; break-even point analysis; types of borrowing costs (financial, transaction, etc.); the types and methods of interest rate calculations, including criteria for setting interest rates; and the principles of sound budgeting. The Finance Workshop is divided into three modules with the third module to be given for the first time during the third year of the grant.

Another series of workshops given throughout the Network is entitled Management and Communication. These workshops are given to the entire staffs of the affiliate organizations from both the primary and secondary countries. These workshops are held in a retreat setting for all personnel of an organization, from the Executive Director to the messenger.

So far, four modules have been developed and given throughout the network. Two person teams from ACCION deliver the modules which stress active participation by those attending through a series of exercises and games. The overall purpose of these modules is to provide the affiliate staff with practical tools and insights for engendering and institutionalizing a participative, inclusive management and organizational style. The workshops, which typically last two full days were developed by Steve Gross, Director of Latin American Operations. They were facilitated by several ACCION staff members both from the US offices and from the staff based in Latin America.

During the period the following Management and Communications workshops were given throughout Latin America. An average of 27 program personnel participated in each workshop for a total of 567.

Program	Country	Module	Date
PRODEM	Bolivia	I	Jun., '90
GENESIS	Guatemala	III	Jul., '90
PROSEM	Guatemala	I	Jul., '90
ADMIC	Mexico	II	Sep., '90
PRODEM	Bolivia	II	Sep., '90
PRODEM	Bolivia	II	Sep., '90
PRODEM	Bolivia	III	Oct., '90
FED	Ecuador	I	Nov., '90
ESPEJO	Ecuador	I	Nov., '90
PROSEM/PER 3	Guatemala	I	Nov., '90
GENESIS	Guatemala	I	Jan., '90
PROSEM/PER 3	Guatemala	II	Jan., '91
GENESIS	Guatemala	II	Mar., '91
SAO LUIS	Brazil	I	Mar., '91
PRODEM	Bolivia	III	Mar., '91
ASOMICRO	Ecuador	I	May., '91
GENESIS	Guatemala	II	May., '91
GENESIS	Guatemala	II	May., '91
ADMIC	Mexico	I	May., '91
PRODEM	Bolivia	I	May., '91
AVANCE	Costa Rica	IV	May., '91

With the exception of the Dominican Republic and Paraguay, these Workshops are given throughout the entire ACCION Network. Since the Country Directors insist that all personnel receive the Management and Communication Workshops, the need to increase the number of facilitator capable of directing the Workshops was obvious.

In February, '91, a Seminar was held in Guayaquil to train trainers. Some 30 program personnel from six countries attended

the 3-day Seminar and, immediately after, some began directing the Workshops in other countries or their own. Additional materials were sent to the participants and follow-up activities will be held to continually upgrade the training capabilities of the facilitator.

Besides these Workshops generally given by ACCION people from other countries, a number of other seminars, workshops and courses were given locally by the ACCION Director and his/her Staff.

The following Seminars given in Guatemala during this period of the grant is illustrative of Training given in the Primary Grant countries and throughout the Network.

Theme	Participants	Duration	Date
Scaling up and Methodological Innovations	GENESIS & PROSEM	1 day	Jun/90
Institutional Challenges: Expansion of GENESIS	GENESIS	1 day	Oct/90
Credit Agent and Self-sufficiency	PROSEM/PER 3	1 day	Feb/90
Mid-Management	GENESIS	2 days	May/91

Frequently, training takes place at another level when Country Directors request specific help from different experts from within the network during specific phases of their institution's development. Robert Christen and Rodrigo Lopez, country Directors from Chile and Ecuador respectively, were requested to look at the overall situation of the two Guatemala Problems. Concentration on the rate of late payments led to a series of recommendations now being implemented in both institutions.

Although it did not occur during this Grant Period, another Seminar or Conference which promotes cohesiveness and new ideas among the affiliates is the Conference for Program Directors held approximately every 18 months. The last Conference of this nature was held in Quito in October, 1989 and the next is scheduled for January, 1992. The reason for the longer-than-usual span (27 months) between Conferences was the gathering of ACCION Staff and Members of the International Advisory Board held in November of last year in Washington, D.C. (see following section on Communication among Affiliated Organizations).

At a third level, ACCION continued to carry out activities in the area of training and dissemination among members of the

international development community. As she did during the first year of the Matching Grant, María Otero, Director of the Washington office, held the primary responsibility for accomplishing this goal in conjunction with Katherine Stearns, Program Specialist also working out of the Washington office. They both gave presentations, workshops, round tables, and lectures to US PVO's and donors.

The opportunity to present the work of ACCION and to describe the activities taking place within the microenterprise sector in Latin America has proven successful. The following is a list of the activities performed at this level.

<u>Date & Length</u>	<u>Sponsor</u>	<u>Audience & number</u>	<u>Topic</u>
10/24/90 Afternoon Lecture	U. of Penn. (Philadelphia)	Students	NGO's & Micro-enterprise
11/13/91 Morning Lecture Afternoon Plenary	Appalachia State University (North Carolina)	Students, Teachers	Microenterprise Development
12/4/91 Evening Lecture	American University (WDC)	Students	Training Methodologies for Microenterprise Programs
12/7/91 Evening Lecture	Columbia University (New York)	Students	ACCION and its role in Microenterprise Development
12/18/91 Morning Plenary	OECD/DAC Meeting Paris, France	Donor organizations	Role of Governments in Microenterprise Development
12/16/91 Afternoon Panel	Conference on Nutrition (WDC)	Development Professionals	Microenterprise Programs
May 1991 Two weeks	AID NCBA	Cairo Foundation Alexandria Businessmen's Association staff	Management of credit programs

It had been estimated that over the life of the project, 150 individuals would participate or be exposed to these types of presentations. During the second year of the matching grant, over 150 people were exposed to microenterprise development and the work

of ACCION. ACCION has taken training and dissemination beyond the US borders to the international development community including a visit in March by Maria Otero to Paris to present ACCION, for the first time, to the European development community. Also Katherine Stearns has also worked with development professionals in Egypt.

C. Output Three: Strengthen and Increase the Frequency and Level of Communication Among Affiliated Organizations.

Four areas of activity were defined in the original matching grant proposal in order to strengthen and increase communication between countries and between affiliates. The overall objective of this exchange of information and experiences is the strengthening of the network.

The exchange of written information between programs is important, but it is the site visits that have proven the most successful when it comes to communications between programs. Through site visits, personnel are able to exchange and compare program experiences first hand and the visit is beneficial to both parties.

An illustrative list of the participants, destination and date of travel are detailed below.

EXCHANGE VISITS

Participant	Country and Institution Visited	Date
Carlos Herrera ACCION/Guatemala	AGS, Colombia	Aug. 90
Miguel Taborga PRODEM, Bolivia	Chile, PROPESA	Dec. 90
Rodrigo López Cesar Alarcón ASOMICRO, Ecuador	Dominican Republic, ADEMI	Jan. 91
Carlos Castello AGS, Colombia		
Oscar Giraldo ACTUAR, Bogotá	Chile, PROPESA Paraguay, F. Paraguaya	March 91
Edgar Búcaro GENESIS/Guatemala		
Juan Molina PROSEM/Guatemala	PRODEM, Bolivia	May 91

May 91

The second area of activity designed to enhance the network is an annual evaluation and planning conference. This conference, which involves ACCION's field staff and the Executive Directors of the affiliates, is perhaps the single most important opportunity for representatives of the network to assess progress and do strategic planning for the future.

This year's conference included 25 individuals and was held in Mexico from 7 - 12 April. The major part of the deliberations concentrated on two questions: 1) What should ACCION's relationship be with the affiliates? and 2) Within this relationship, what are the implications which must be addressed? It was agreed that the relationship is based primarily on the mutual needs of each program as ACCION as a whole moves toward "el Gran Salto". How are these basic needs to be addressed? In light of the challenges implicit in the Gran Salto, it was agreed that ACCION affiliates collectively had made great strides in accessing increasing resources, achieving new levels of credibility individually and collectively, and in enhancing its negotiating powers within both the private and public sectors.

Although, especially through the Bridge Fund mechanism, ACCION had shown great advances in financial intermediation, the same could not be said for the training and technical support given to the affiliates. All recognized that the main challenge or obstacle to a successful leap forward was in the area of training and in the development of our own human resources. This is the area, all agreed, that must be our chief concern during the year.

A third aspect of bettering the links among the affiliates of the network described in the proposal is improvement in the communications systems. At the time of the writing of the proposal, none of the affiliates had FAX machines and ACCION itself had just recently rented one on an experimental basis.

As reported last year, all affiliates either have a fax machine now or have easy access to one.

Also, the Cambridge and Washington offices are now connected via modem bringing both into the era of electronic mail.

The fourth strategy described in the proposal for stimulating and strengthening the network was the organization of two meetings of ACCION's International Advisory Council, composed primarily of the presidents of the Board of Directors of the affiliates.

Scheduled for years two and four, the first of these meetings was held in November, 1991.

With the participation of ACCION's entire field staff and senior Cambridge personnel in addition to Advisory Council Members from Paraguay, Chile, Bolivia, Peru, Ecuador, Colombia, Costa Rica, Guatemala, Mexico and the Dominican Republic, the purpose of the two-day meeting was to take a look at the first half of the decade in the light of the organization's strengths and limitations and make a strategic plan, a plan which by the beginning of the encounter had already be referred to as that of the Gran Salto. Concretely, the Gran Salto's five year goal is for ACCION to disburse over a billion dollars to Network clients throughout Latin America. The plan is to include some 750,000 new clients during the five year period.

Themes covered in the discussions revolved around the challenges ahead as embodied in the present organizational structures, the need for increasing ACCION presence in the policy dialogue and securing additional financing for expansion.

Invited Speakers the second day included William Draper, Administrator, United Nations Development Program, Mr. James W. Conrow and Cristina Ortiz of the Inter-American Development Bank. Dr. Ronald Roskins from AID was also invited, but unfortunately, was unable to attend. (see Appendix for Participant List)

D. Output Four: Research, Develop and Apply in the Field at Least Three Innovations in the Microenterprise Field.

For the purposes of the Matching Grant proposal, ACCION defined "innovation" as any breakthrough or new technique or approach which substantially furthers the state-of-the-art in the microenterprise field. Three areas were tentatively identified where more innovation is needed: methods for greatly scaling up programs to reach truly significant numbers of participants; financial mechanisms for more effectively involving the commercial banking sector in microenterprise lending; and the mobilization of savings among participants. ACCION anticipated that innovations would be defined, tested, documented and disseminated for broader application in the network as well as in the broader development community.

During the first year, research and development work began in three areas: a new methodology for grouping clients to receive loans and training is being tested in Guatemala. Building on the solidarity group technique, where 4-6 individuals come together to cross-guarantee each other's loans, groups of solidarity groups are being formed, particularly in markets and in rural communities. Responsibility for promotion, selection of clients, and loan supervision is being passed to the groups themselves. This approach holds promise for enabling the business advisors to effectively serve many more clients and places responsibility for program success directly in the hands of the clients.

The second area is financial intermediation. ACCION affiliates are increasingly tapping financial resources from the local banking sector, most often through the use of ACCION's Bridge Fund which is a mechanism for guaranteeing lines of credit made available to the affiliates by the banks for on-lending to microenterprise clients. Based on this very positive initial experience, ACCION has initiated activities to greatly expand the Bridge Fund facility and to encourage affiliates to experiment with other forms of financing such as the issuing of bonds and other instruments.

In the area of innovations, last year's Matching Grant Report featured the Bolivian Bank's steps in the design and financing stages. As Banco Sol moves toward its official inauguration day, ACCION features as this year's major innovation the involvement of ACCION and ACCION Program personnel from Guatemala and Costa Rica with another Bank, the MultiCredit Bank of Panamá.

As the proposal stipulated, over the grant period, innovations in the field of microenterprise would take place in the three areas of 1) scaling up operations which translates in delivering more services of training and credit to more clients, 2) financial intermediation, accessing diversified sources of credit and operational monies, and 3) the mobilization of clients' savings.

The working relationship with MultiCredit Bank through the design and implementation stage of its microenterprise program has been innovative in the three areas identified in the Matching Grant Proposal.

1. Scaling up

As Isaac Btsh, the Director of MultiCredit Bank says: "Since we are a for-profit bank, we have to be a large program with many clients. Otherwise, it would make no sense for us to become involved in the first place." Scaling up is not something which will take place once the Bank has the resources. The Bank already has the resources. Scaling up is not something which will take place once the Bank has branch offices. The Bank already has branch offices. MultiCredit Bank does not have to remove the initial obstacle faced by most programs, the lack of resources. Scale up can take place as soon as the potential clients become aware of the services placed at their disposal by MultiCredit.

ACCION did not have to expend time and other resources to write proposals to potential donors to support the program. Once the decision was made by the Bank to become involved, the feasibility study and design phase began immediately. The transfer of technology was initiated by experts from ACCION programs in the neighboring countries of Guatemala (Mirtha Olivares, Edgar Búcaro, Heidy de Galicia, and Samuel de la Cruz) and Costa Rica (William Chacon). The process continued as the new Panamanian personnel visited affiliate programs in Guatemala, Costa Rica, Colombia and

the Dominican Republic.

The formal process of the technology transfer to MultiCredit Bank began with the visit of Mirtha Olivares, ACCION's Representative in Guatemala, to Panama in early January of this year. The first loans were disbursed by mid April, scarcely three months later. Scale up could begin immediately.

2. Financial Intermediation

For some years it has been AID's as well as ACCION's development strategy within the microenterprise field to get the local banking sector involved. AID has provided free or subsidized funding to banks throughout the world to encourage involvement in channeling loan funds to businesses at the lower end of the economic ladder. In most instances, once the initial funds have been used once for small or microenterprise loans, the banks lose interest and the program is over.

AID and ACCION have worked together successfully using a Guarantee Fund mechanism to get local banks involved in supporting microenterprise. Backed by standby letters of credit from U.S. Banks, a number of banks throughout the region have made funds available to affiliate programs for on-lending to their microenterprise clients.

The innovative nature of the MultiCredit Bank relationship lies in the fact that it needed neither subsidized nor donated funds nor a guarantee mechanism to become involved with the informal sector.

Because of its own merits as a profitable, and virtually untouched, market, the informal sector of Panamá was attractive to the MultiCredit Bank.

Through the transfer of technology (for which MultiCredit is paying), ACCION is providing the informal sector of Panamá access not only to Bank funding but rather to the Bank itself. Herein lies the essence of the innovation. A private, commercial bank is open to doing business with the microentrepreneur not for altruistic purposes but rather because there is a mutual benefit.

3. Savings mobilization

Throughout the network, although most have seen through the conventional wisdom that the "poor can't save because they're poor", the programs are faced with legal obstacles to capturing savings.

With support from the Matching Grant, ACCION has determined to find innovative breakthroughs in the savings mobilization area for both the clients' benefit as well as that of the institutions.

With MultiCredit, however, as with the challenges of scale up and financial intermediation, savings is an integral part of the banking service structure. Savings will soon constitute a considerable portion of the loan portfolio, serving both banker and client with a reason for confidence in growth and business consolidation.

5. Output Five: Document and Disseminate the Results of ACCION's Experience.

As has been mentioned before, the rationale behind the endeavor is three-fold: 1) to systematically document its significant knowledge base and that of its affiliates, 2) to share this experience with practitioners working in similar efforts, 3) to more directly and effectively participate in the policy debate related to microenterprise development, both at the country and international level. During the second year of the matching grant period, the Documentation and Dissemination Capacity, under the direction of Maria Otero in the Washington DC office, was in full operation.

In terms of production, ACCION published three publications this year: one discussion paper #5 "The Hidden Beast: Delinquency in Microenterprise Credit Programs" (English and Spanish version) and two manuals for practitioners "Financial Management for Micro-Credit Programs: A Guidebook for NGO's" (English and Spanish version) and "Guía Operativa de Proyectos para las Microempresas" (Spanish). The first manual was mentioned in the first year matching grant report under a different name. It was published during the second year of the matching grant and has been very well received within the development community. The second manual that was mentioned is the translation of a document ACCION published in collaboration with the Calmeadow Charitable Foundation in 1988.

ACCION decided to focus attention not only on production and sales, but also on the marketing of the publications. There were several accomplishments in the area of marketing that should be highlighted:

- 1) ACCION continued to market its publications through development journals, magazines and newsletters, and sent releases to a list of 1300 people. (copy of releases included in annex)
- 2) The production of a catalogue of publications with text in English and Spanish (4,00 produced, copy attached).
- 3) Kimberly Smith was hired in February of 1991 to work in the Washington office carrying out duties related to marketing of publications on a part-time basis.
- 4) All marketing-related work was transferred to the Washington

office leaving sales of publications for the Cambridge office.

- 5) The mailing list was reorganized and updated. During the second year of the matching grant, over 700 new names were added to the mailing list.
- 6) A special emphasis was placed on sales of spanish publications by developing a marketing strategy for Latin America.

Publication sales during year two of the matching grant are encouraging. From June 1990 - May 1991, the total number of publications sold were 2,301, with donors, PVO's & NGO's, and consulting firms & development professionals making up 66% of the orders. ACCION maintained its marketing relationship with Kumarian Press and PACT Media Services.

A copy of the releases used to market the publications is included in the attachments.

V. MANAGEMENT: REVIEW AND ANALYSIS OF HEADQUARTERS/SUPPORT FUNCTIONS

Overall management and coordination of the Matching Grant Program continue again this second year as conceived in the proposal. The Department of Latin American Operations, headed by Mr. Steve Gross, supervised and backstopped the expansion efforts in the four primary countries. He also was responsible for directing the activities related to the strengthening of the network of affiliate organizations. To carry out these functions, Mr. Gross made regular visits to the field, visiting each of the primary countries at least once during the grant year. He also reviewed the affiliate monthly performance indicator reports and maintained constant contact with the affiliate directors by telephone and FAX. Finally, as reported earlier, he also helped conceive and delivered many of the management and communication workshops.

Overall support for the training, dissemination and innovation components of the program was provided by the Director of the Washington office, Maria Otero, by Bob Christen, ACCION's Director in Chile and Pedro Jimenez, ACCION's representative in the Dominican Republic.

Although ADEMI in the Dominican Republic continues to be a major training area of program personnel from around the network, a new Training Unit will assume leadership in Human Resources Development and Pedro Jimenez's Training role will be transferred to the new team. (See Section on "Lessons Learned".)

Budgeting and overall financial monitoring and reporting was the responsibility of the Director of Finance and Administration,

Cathy Quense. William Burrus, Executive Director, provided general oversight and coordination and served as the principal contact with AID and several private donors.

The Grant will continue to be a regular item of the Agenda of the Quarterly Department Directors meetings held at the Headquarters office. During these meetings, work plans for the quarter are reviewed, work priorities are established, and work between departments is coordinated.

Finally, The ACCION Board of Directors have received reports on the progress of the Grant and have been very active in soliciting donations from individuals, corporations and foundations to help finance the matching portion of the program.

VI. FINANCIAL REPORT

An updated Financial Profile of the Project and Financial Profile of the PVO are attached as Annexes A and B. Annex A.1. is a comparison of budgeted to actual expenditures for Years I+II. Annex A.2. summarizes the full five years of the project and shows the budget balance by source after Year II expenditures are counted for.

Overall revenue and expense allocations for Year II of the Matching Grant were fairly close to line items budgeted for that period. The AID funds not expended in Year I under the salary and consultant lines, were expended in Year II as the Documentation and Dissemination activities intensified.

Matching Grant funds generally are drawn from the letter of credit on a monthly basis. A low or negative cash balance has been maintained; during Year II ACCION drew down \$386,594 on the Matching Grant, with expenditures of \$362,294. We anticipate no significant changes in the rate of drawdown and no cost overruns.

There were no problems in meeting the agreed cost-share portion. Match funds exceeded AID expenditures for the project during this period by more than 10%.

Cash donations were successfully raised from individuals, corporations and foundations for project activities. Major donors in Year II include the Calmeadow Foundation, the Tinker Foundation, Ford Foundation, Chase Manhattan, Exxon, W.R. Grace, Xerox, Heinz, Pfizer, and IFF Foundation. Board members will continue to be actively involved in fundraising efforts particularly through the Resource Development Subcommittee of the Board.

Finally, ACCION contracted a new private audit firm, Coopers & Lybrand to conduct an A-133 audit for 1990, in addition to their

regular audit work. They specifically included the Matching Grant in their scope of work, and reviewed such things as the letter of credit mechanism, AID reporting, matching funds, and overhead rate calculations. The 1990 audit will be submitted to AID's Inspector General in conjunction with the 1991 audit.

VII. LESSONS LEARNED AND LONG-TERM IMPLICATIONS

Two years into the Matching Grant and eight months into the first year of the Gran Salto, the lessons being learned revolve around the question: If the Gran Salto is to be successful, what implications does the commitment to it have on individual programs and on ACCION as a network?

A. The Enhanced Role of Training and Technical Assistance in the Gran Salto

A considerable increase of funds available to a number of programs for on-lending to microentrepreneurs has resulted in a deepening of the conviction that expansion and consolidation of programs is not contingent on funding alone. Rapid growth in the number and amount of loans disbursed without proper preparation of those delivering the products has resulted in late payments, deterioration of the health of the portfolio and slippages in the monitoring and control systems in several of the programs.

Program Directors must assure themselves that, as new personnel are added, they are given the proper orientation, ongoing training and continued support necessary to maintain the quality of the services delivered.

No personnel should ever be considered as sufficiently trained. A vigorous training and upgrading of skills program should be the responsibility of a Department with no other responsibilities. Any Institution serious about sustained growth and consolidation should have an accountable human resources development department with proper funding and moral support from management.

Timely technical assistance has proven in the past to be indispensable and ACCION must enhance its capabilities in this area. Problems detected in time and addressed properly are manageable. Problems undetected and unaddressed can do long term damage.

With Matching Grant and other funding ACCION is in the process of shoring up the Department of Operations with a Unit charged with further developing training and technical assistance capabilities. Under the leadership of Mirtha Olivares, a team integrated by Carlos Castello, Diego Guzmán, Valdi Araujo and Steve Gross will

design and implement this new Department as the third year of the Grant continues.

B. The need to restructure and standardize operational and administrative functions.

Increasing demands for the credit and training offered by the ACCION programs have led them to respond by adding personnel. As the numbers increase, the physical as well as the functional structures begin to deteriorate. Oftentimes, administrative personnel are mixed in limited and "shrinking" spaces with those in operations. There is no need for the two groups to be together under one roof and growing inefficiency is the result.

There is a need for standardizing functions and separating personnel accordingly. The size of the administrative and operational units should be determined by the maximum efficiency attainable. Instead of adding another person every time a unit is overloaded, another entire unit is added. Instead of increasing inefficiency in response to increased demand, the increased demand for services is met by an entire new unit at the peak of efficiency.

The lessons referred to above are being learned and the newly appointed team, through the training courses and technical assistance visits, will be key in their application.

VIII. RECOMMENDATIONS

For some years now, the conventional wisdom around the ACCION network has held that "now, the difficulty is accessing new funding; tomorrow, the challenge will be to place them." For most countries, "tomorrow" has arrived and the present challenge is dealing with the demands of rapid expansion while maintaining portfolio quality.

Many programs have reached a certain degree of efficaciousness and are aware of it. Personnel realize that their outputs are making a difference, the clients appreciate it and want more services.

Efficiency, however, is not what it could be. As programs grow a credit agent at a time or another administrative person as needs arise, efficiency suffers. Operational as well as administrative units are generally too small or too large. The maximum quality/maximum size operational or administrative working unit is not a standardized concept.

ACCION has been doing micro-business work for nearly twenty years.

It is time to standardize operational and administrative functions to the degree that, at least at the level of each country, the "ideal" working unit can be determined, designed and replicated.

Programs should not expand a credit agent at a time; administrative support should not expand a person at a time. Too often administrative and operational personnel needlessly occupy the same shrinking spaces in our institutions and become more inefficient as working conditions become less and less adequate for the tasks at hand.

The recommendation, concretely, is for ACCION, as soon as the ideal size is determined in each country, to expand through the multiplication of small operational units. These operational units, in turn are supported by administrative offices which monitor results, train personnel, and in general supply the "front line" with whatever is needed to maximize results and minimize costs.

Too often, as institutions grow, much management time is spent putting out fires which have been ignited because working conditions are inadequate. Instead of dedicating their time to customer attention, fomenting leadership and creativity and enhancing systems to improve quality constantly, managers tend to be firemen. We tend to describe "firefighting" in terms of "changing the program chart", "structural adjustment" or "solving personnel problems" but putting out fires still absorbs too much of management time and energy.

For ACCION's continued expansion to be successful, concerted effort must be put into standardizing operational and administrative tasks and placing them in small, efficient, productive units.

Among other responsibilities of a newly appointed team in charge of training and technical assistance will be the conceptualization, design, experimentation and implementation of the standardization process. Within the Department of Latin American Operations and headed by Mirtha Olivares, the team will be integrated, as mentioned above by Carlos Castello, Robert Christen, Valdi de Araujo and Steve Gross. The "standardization" concept, already discussed individually with some of the team, will be closely examined during a meeting in Bogotá at the end of September.

Since standardization through smaller more efficient work units is potentially key to continued expansion of ACCION programs, it will hopefully be written up in next year's Matching Grant Report as a result of this year's "lessons learned" and "recommendations made."

APPENDIX THREE

1. Participant List, November 1990
Advisory Council Meeting in Washington
2. Catalogue of Publications
3. New Releases

ANNEXES

FINANCIAL SUMMARY OF THE PROJECT
YEARS 1 - 5

A. BUDGETED VERSUS ACTUAL EXPENDITURES

ITEMS	AID			ACCION			TOTAL		
	BUDGET	EXPEND.	BALANCE	BUDGET	EXPEND.	BALANCE	BUDGET	EXPEND.	BALANCE
SALARIES	572,527	263,117	309,410	663,825	260,412	403,413	1,236,352	523,529	712,823
FRIENGE BENEFITS	103,055	49,705	53,350	119,489	50,843	68,646	222,544	100,548	121,996
OVERHEAD	199,296	90,956	108,340	231,077	93,369	137,708	430,373	184,325	246,048
CONSULTANTS	43,993	20,192	23,801	111,406	99,080	12,326	155,399	119,272	36,127
COMMODITY PROCUREMENT	8,620	3,070	5,550	38,680	8,004	30,676	47,300	11,074	36,226
TRAVEL	440,435	143,502	296,933	100,263	45,532	54,731	540,698	189,034	351,664
OTHER DIRECT	132,074	44,069	88,005	248,757	110,830	137,927	380,831	154,899	225,932
	1,500,000	614,611	885,389	1,513,497	668,070	845,427	3,013,497	1,282,681	1,730,816

B. SOURCES OF PROJECT FUNDS

	BUDGET	ACTUAL	BALANCE
A.I.D. Matching Grant	1,500,000	614,611	885,389
Private			
Cash	1,513,497	668,070	845,427
In-kind			
Host and other Govts.			
Cash			
In-kind			
Other A.I.D. Grants/Contracts			
Other U.S. Government			
Other			
T O T A L	3,013,497	1,282,681	1,730,816

FINANCIAL PROFILE OF THE PVO

	(ACTUAL) YEAR 1 1989	(ACTUAL) YEAR 2 1990	YEAR 3 1991	YEAR 4 1992	YEAR 5 1993
A. PROGRAM EXPENDITURES					
Development Education	84,091	83,657	90,000	90,000	90,000
Research, Training and Evaluation	76,384	180,196	200,000	225,000	250,000
U.S. Microbusiness	21,081	61,360	25,000	50,000	50,000
Foreign Microbusiness	2,141,549	1,935,936	2,250,000	2,500,000	2,750,000
Bridge Fund		227,313			
Supporting Services:					
General & Administrative	219,060	287,972	275,000	300,000	320,000
Fundraising	81,559	108,506	100,000	120,000	140,000
Depreciation		14,851			
TOTAL	\$ 2,623,724	2,899,791	2,940,000	3,285,000	3,600,000
B. SOURCES OF FUNDS					
A.I.D. Matching Grant	207,524	347,260	300,000	300,000	300,000
Private:					
Cash	727,906	1,120,841	920,000	1,125,000	1,350,000
In-kind	48,370	131,000	75,000	50,000	50,000
Host/Other Governments	995,644	119,069	950,000	1,000,000	1,000,000
Other AID Grants or Contracts	541,683	1,310,440	650,000	800,000	900,000
Other:					
PACT	86,465	45,241	35,000	10,000	0
CARE	58,550	49,149	10,000	0	0
IDB	21,150	0	0	0	0
	2,687,292	3,123,000	2,940,000	3,285,000	3,600,000
SURPLUS/DEFICIT	63,568	223,209	0	0	0

APPENDIX ONE
LOGICAL FRAMEWORK MATRIX

Logical Framework Matrix

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions
<p><u>GOAL</u> Increase income and employment of the poor in selected countries of Latin America.</p>	<p>Average real income of participants will rise 20% per year; a total of 66,866 jobs will be created or strengthened.</p>	<p>ACCION monitoring and evaluation system reports; in-depth evaluations.</p>	<p>Credit and training programs for micro-enterprise lead to new income and employment.</p>
<p><u>PURPOSE</u></p>			
<p>A. Strengthen the capacity of local affiliate organizations in five countries to expand and consolidate credit and training programs for micro-enterprises.</p>	<p>A. 1. Six organizations will have reached financial self-sufficiency. 2. Key operational and management systems related to budget finance, loan portfolio, personnel, administration, and planning/decision-making are in place and functioning in nine affiliates.</p>	<p>A. 1. ACCION evaluation reports; affiliate documents, reports and evaluations, local audits.</p>	<p>A. 1. Affiliate relationships are maintained.</p>
<p>B. Experiment with new approaches to micro-enterprise development and document and share results of ACCION experience with broader development community.</p>	<p>B. 1. ACCION model of credit and training for micro-enterprise is significantly improved.</p>	<p>B. 1. ACCION evaluation reports; external evaluations.</p>	<p>B. 1. There exists interest on the part of other agencies in the results and approach of ACCION's work.</p>

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions
OUTPUTS			
A. Expand micro-enterprise programs in five countries to secondary cities, towns and rural areas.	A. 1. A total of 56 new cities and towns will be served reaching 42,000 participants.	A. 1. ACCION and affiliate monitoring and evaluation systems.	A. 1. There is sufficient interest in each city or town to sponsor program.
B. Provide training to representatives of affiliates and other PVOs and donor agencies.	B. 1. 150 affiliate personnel from 15 countries will attend workshops. 2. Five regional workshops held, one per year.	B. 1. ACCION records and reports; evaluation sheets from attendees.	2. Sufficient funding can be secured for operations and loan funds. B. 1. There is sufficient interest in ACCION's work and experience.
C. Strengthen the network of organizations affiliated with ACCION.	3. Five workshops held for US PVOs and donor agencies per year with 150 people attending.	C. 1. ACCION and affiliate reports.	C. 1. There is interest on the part of affiliate staff to participate.
	C. 1. Reciprocal site visits occur involving 100 staff members, 20 per year.		
	2. Five planning and evaluation conferences are held, 1 per year.		
	3. All affiliates and ACCION are connected by FAX or modems.		
	4. A meeting of International Advisory Council held in 2nd and 4th years.		

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Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions
<p>D. Carry out research, develop and apply new approaches or innovations in the delivery of credit and training.</p>	<p>D. 1. At least 3 innovations are tested, successfully applied and evaluated over five years.</p>	<p>D. 1. ACCION evaluation reports; external evaluations.</p>	<p>D. 1. Affiliates agree to participate in and test new ideas in their projects.</p>
<p>E. Document and disseminate the results of ACCION's experience in micro-enterprise development.</p>	<p>E. 1. Five operational manuals are written and produced/disseminated, one per year. 2. Six policy or issue papers written/disseminated, one per year, (two in year 2). 3. Five evaluation studies written/disseminated, one per year. 4. 500 agencies/organizations will purchase or receive material, average 100 per year.</p>	<p>E. 1. 2. 3. copies of published material.</p>	<p>E. 1. There is a market for the materials published.</p>

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APPENDIX C
Logical Framework Matrix

Narrative Summary	Objectively Verifiable Indicators					Means of Verification	Assumptions
<u>INPUTS</u>	<u>YEAR</u>						
A. U.S.A.I.D. Matching Grant.	*One \$374	Two \$411	Three \$426	Four \$428	Five \$449	A. U.S.A.I.D./ACCION Agreement.	1. ACCION maintains signed agreements with affiliates.
B. Private Match.	\$377	\$418	\$433	\$436	\$452	B. Financial statements from ACCION; Reports to A.I.D.	2. New office in WDC is opened.
C. Other funding.	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	C. Grant agreements with other donors.	3. Current advisors remain in field in targeted countries.
D. Direct revenue from affiliate programs.	\$250	\$350	\$450	\$550	\$2,250	D. Financial statements of affiliates.	4. Close coordination will exist between Cambridge and new WDC office.
E. Technical.	28 person months per year between staff and consultants.					E. ACCION employee time sheets; financial reports.	
F. Staff.	6 overseas staff and four principal staff in US office.					F. ACCION employee time sheets; financial reports.	
(*) In thousands.							

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APPENDIX TWO
COUNTRY DATA SHEETS

**PVO PROJECT REPORTING INFORMATION
ON AID SUPPORTED PVO PROJECTS**

OMB No 0412-0630
Expiration Date: 03/31/89

FOR OFFICIAL USE ONLY

PVO Type	Project Number	
Appropriation	Level	
Country Code	Fund Type	Technical Code
Project Officer	Key 1	Key 2

PROJECT INFORMATION (PRIMARY)

Name of Organization	ACCION International	Grant/Contract Number	511-0596-A-00-9104-00
Start Date (MM/DD/YY)	End Date (MM/DD/YY)	AID Project Officer's Name	Bolivia Mission

AID OBLIGATION BY AID-FY (\$000)

FY	AMOUNT	FY	AMOUNT
LOP			

Activity Description

To create income and employment through the implementation of a microenterprise assistance program. Programs will be consolidated as expansion occurs. Associations of participants are being formed and additional resources are being used to document and disseminate the results.

Status

PRODEM continues to defy conventional wisdom concerning levels of difficulty in attaining extraordinary repayment rates, rapid growth in quantity without sacrificing quality, and maintaining excellent results well after the traditional honeymoon period for microenterprise program is over. The Program first exceeded the elusive million dollar permonth mark in October and with the exception of the first quarter of this year has been consistently disbursing over that amount since. During the 2nd Year of this grant, the total disbursed by the Program reached \$10,267,985 while the late payment rate averaged less than .2 percent. Amidst an impressive increase in operations, preparations have been being made for the inauguration of Banco Sol in January, 1992.

COUNTRY INFORMATION (SECONDARY)

Country	Bolivia	Location in Country (Region, District, Village)	La Paz, Santa Cruz, Cochabamba
PVO Representative's Name	Francisco Otero	Local Counterpart/Host Country Agency	PRODEM

COUNTRY FUNDING INFORMATION (\$000)

YEAR	1989	1990	1991		
AID \$	78,316	129,372	127,709		
PVO \$		43,697	63,381		
INKIND					
LOCAL					
	78,316	173,069	191,090		

APPENDIX THREE

1. Participant List, November 1990
Advisory Council Meeting in Washington
2. Catalogue of Publications
3. New Releases

PARTICIPANT LIST
MICRO-ENTERPRISE ASSISTANCE IN LATIN AMERICA
NOVEMBER 11 - 13 CONFERENCE, as of November 8, 1990

BOLIVIA

Fernando Romero, President, Intermaco
Francisco Otero, Director, PRODEM

BRAZIL

Valdi de Araujo Dantas, Director, FUNDEF

CANADA

Martin Connell, Chairman, Conwest Exploration Company

CHILE

Robert Christen, Director, PROPESA

COLOMBIA

Alvaro Arango, President, Propaganda Sancho
Pablo Obregon, President, Corp. Financiera del Norte
Carlos Castello, Director, Association of Solidarity Groups
Diego Guzman, Consultant, ACCION International

COSTA RICA

Jorge Cespedes, Director, COFISA
William Chacon, Director, AVANCE Microempresarial

DOMINICAN REPUBLIC

Camilo Lluberes, President, Lineas Maritimas de Santo Domingo
Pedro Jimenez, Director, ADEMI

ECUADOR

Sixto Duran-Ballen, Architect
Rodrigo Lopez, Director, ASOMICRO

GUATEMALA

Roberto Gutierrez, General Manager, Gutierrez & Co.
Mirtha Olivares, Director, ACCION International/Guatemala

MEXICO

David Garza Laguera, President, Maquinaria Diesel
Mario Garza Gonzales, Director, Vitro, S.A.
Steve Knaebel, Cummins, S.A. de C.V.
Benito Cabello, Director, ADMIC

PARAGUAY

Guillermo Peroni, Senior Partner, Peroni, Sosa Y Altamirano
Martin Burt, Director, Fundacion Paraguaya

PERU

Daniel Rodriguez, President, Accion Comunitaria del Peru
Manuel Montoya, Director, Accion Comunitaria del Peru

UNITED STATES

Michael Brewer, Vice President, The Dun & Bradstreet Corp.
Terence Canavan, Executive Vice President, Chemical Bank
Michael Chu, Kohlberg, Kravis, Roberts & Co.
John Duncan, Vice Chairman, Cyprus Minerals Company
Marilyn Harris, Director, Corporate Communications, Warner
Communications
Robert Helander, Partner, Jones, Day, Reavis & Pogue
Mary Houghton, President, Shorebank Corporation
Christopher Kennan, Rockefeller Family Associates
Daniel Martin, President, E-Z-EM, Inc.
Thomas McDermott, Managing Partner, Boston Office, Ernst & Young
Crocker Nevin
Michael O'Shaughnessy, Chairman, Red Crane Books
Kathrine Ockenden, Executive Director, American Associates of the
Royal Academy Trust

ACCION International U.S. Staff

William Burrus, Executive Director
Deborah Drake, Director, Capital Formation
Stephen Gross, Director, Latin American Operations
Maria Otero, Director, Washington Office
Catherine Quense, Director, Finance
Gabriela Romanow, Director, Communications
Delma Soto, Director, ACCION New York
Kathy Stearns, Program Specialist
Sonia Saltzman, Director, Bridge Fund

Invited Guests

Barber Conable, President, World Bank
William Draper, Administrator, United Nations Development
Programme (CONFIRMED)
James Conrow, Executive Vice President, Inter-American
Development Bank (CONFIRMED)
Cristina Ortiz, Chief, Micro-Enterprise Division, Inter-American
Development Bank (CONFIRMED)
Ronald Roskens, Administrator, U.S.A.I.D.
D. Wayne Silby, Chairman, Calvert Social Investment Fund
(CONFIRMED)

ACCION International



Catalogue
of Publications

Catálogo
de Publicaciones

ACCION Internacional Técnica

AITEC