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**INCREASING THE IMPACT OF MICRO-ENTERPRISE
PROGRAMS IN LATIN AMERICA**

MATCHING GRANT

THIRD YEAR REPORT

Submitted to:

Agency for International Development
Office of Private and Voluntary Cooperation
Washington, D.C.

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.

Despite a setback in the growth of AVANCE, ACCION's Costa Rican affiliate, third year achievements for the three other target countries far surpassed projections in practically all areas, as revealed in the chart of critical indicators.

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. 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 31st 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 third 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 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, through 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 being produced, including "how-to" manuals, discussion papers and monographs. This initiative is the primary responsibility of ACCION's office in Washington DC, opened in late 1988.

Four inputs were described in the proposal as critical to the successful implementation of this Matching Grant:

i. 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.

ii. 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.

iii. Technical assistance provided by ACCION to the affiliates in the four countries where expansion is to occur is a third key input. Assistance is provided by on-site, long term advisors in Guatemala, Costa Rica, Bolivia and Ecuador.

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

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

III. MONITORING AND EVALUATION

As mentioned in the first year report, ACCION's growth to over fifty affiliates in 15 countries has required a simplification and streamlining for its monitoring systems.

The new system agreed upon during the 1990 Program Directors' Evaluation 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, semi-annual and year-end basis (see Attachments 1 and 2 for a sample monthly print-out, Red Book of Statistics for 1991, and First Semester Report on Statistics for 1992.)

As evidenced in the attachments listed above, ACCION has committed itself to maintaining a high-quality, professional presentation of its periodic statistical reports. With the acquisition of improved graphics/spreadsheet software and in-house graphics printing equipment, ACCION has significantly upgraded the quality level of these documents.

A comparison of projected and actual critical indicators of the Matching Grant program (as presented in the original proposal) are displayed on the next page. As can be seen, the Program has come close to or has met all the indicators for the third year.

CRITICAL INDICATORS
TOTALS FOR PROGRAMS

Targets

Indicator	Year Three (Proj.)	Actual	Variance
A. Primary Countries			
(Bolivia, Ecuador, Guatemala. As explained in following report, no data on Costa Rica is included in the data below.)			
1. New Cities	9	16	+77%
2. New Participants	6,600	13,805	+109%
3. % women	55%	60%	+9%
4. Amt. loaned (\$000's)	\$7,650	\$13,759	+80%
5. % late payments*	15%	2.8%	-81%
6. Loss rates	3.2%	0%	-100%
7. % self-sufficiency*	67%	105%	+57%
8. Jobs created/ strengthened \$950 in credit per job	8,053	14,483	80%

*for May 1992

B. Other Activities

1. # of staff trained	30	950	+920
2. # of others trained	30	295	+265
3. # of workshops held	2	32	+ 30
4. # of breakthroughs	0	1	+ 1
5. # of publications	4	1	- 3

IV. PROGRAM RESULTS BY COUNTRY AND OUTPUT

A. OUTPUT ONE: EXPANSION IN FOUR COUNTRIES TO SECONDARY CITIES, TOWNS AND RURAL AREAS.

1. Bolivia

Since 1988, PRODEM, ACCION's affiliate in Bolivia, has demonstrated powerful growth, while maintaining sound lending principles and an excellent level of loan repayments (default rates since the program's founding are less than 1%; in 1991, the late payment rate [measuring loans 30 days or more past due] averaged less than .2%).

Since early 1989, PRODEM began exploring the feasibility of developing a commercial bank dedicated to meeting the credit needs of the informal sector of Bolivia. As discussed in last year's report to USAID-OPVC, a significant share of PRODEM's expansion efforts in the past two years have focused on meeting the legal and financial requirements to inaugurate a bank of this nature.

In January, 1992, ACCION International and PRODEM, with the help of the Calmeadow Foundation and other funders who helped meet the capitalization requirements for the bank, inaugurated BancoSol's headquarters in La Paz. BancoSol's costs during the initial five years will be \$51 million with \$22 million (loan portfolio), \$4 million (fixed assets), \$8 million (financial costs) and \$17 million (operational costs) making up the total. According to the capitalization plan, private Bolivian Investors will provide \$3.5 million, Foreign Private Investors \$1.5 million, and the IIC and other multilateral institutions \$2.2 million.

BancoSol projects that it will serve over 580,000 clients in the next twenty years, providing over \$5.4 billion in loans to micro-entrepreneurs. With a staff of approximately 250 employees, the Bank has undertaken an ambitious expansion campaign to open new branches within its first year of operations, including office sites in:

<u>City</u>	<u>Inauguration Date</u>
San Pedro	February 1992
Garita	February 1992
Oruro	May 1992
Quillacollo	May 1992
Villa Fatima	May 1992
Achacachi	June 1992
Montero	July 1992
Villa Bolivar	July 1992
Miraflores	July 1992

As PRODEM begins transferring its current lending activities to BancoSol, it will play a future role as a parallel but separate institution to the Bank, focusing primarily on four areas:

- a) training and preparatory activities for potential clients;
- b) investigation of BancoSol's impact on direct and indirect beneficiaries;
- c) testing and developing new financial products for the informal sector (e.g. loans for fixed assets, methodologies for rural lending, housing loans, etc.); and
- d) recruitment and training of new staff.

As is demonstrated below, PRODEM/BancoSol has far surpassed projections for Year Three of this matching grant. With a variance of 122% on the amount loaned and 155% on the number of new participants, the Program also reached a greater percentage of women and achieved a higher rate of operational self-sufficiency than anticipated.

<u>Indicator</u>	<u>Year Three (proj).</u>	<u>(actual)</u>	<u>Total Output of all PRODEM/BancoSol Year Three*</u>
-New cities	2	5	9 (since 1st yr. of grant)
-Amount/credit extended ('000s)	\$2,700	\$5,996	\$18,427
-Loss rates	2%	0%	0%
-New partic.	3,000	7,636	14,278
-% women	60%	75%	76%
-Operational self sufficiency	70%	93.62%	115%**

*for June 1, 1991 to May 30, 1992 unless otherwise indicated

** for May, 1992

2. Ecuador

In the third year of the matching grant, ACCION has continued to offer direct support to its affiliate, ASOMICRO, which administers a network of seven micro-enterprise development agencies within Ecuador:

Corporación Femenina Ecuatoriana	CORFEC
Fundación Austral de la Microempresa	FADEMI
Fundación Autoempleo	AUTOEMPLEO
Fundación del Habitat	FUNHABIT
Fundación del Sur	FUNDASUR
Fundación Ecuatoriana de Desarrollo	FED
Fundación Eugenio Espejo	FEE

As an umbrella agency designed to coordinate and facilitate the activities of its members, ASOMICRO offers technical assistance to its agencies, through ACCION workshops focused on Management and Communications, Methodology, Strategic Planning, Financial Systems, and Management/Information Systems.

ASOMICRO also provides financial guarantees for its members, in part with letters of credit provided by ACCION International's Bridge Fund. At the time of this report, the Bridge Fund has letters of credit valued at \$415,000 issued in favor of ASOMICRO's affiliates in Quito, Guayaquil and Cuenca.

Expansion by member programs of ASOMICRO during year three of the grant period include:

- the FED now operates in ten cities throughout the country, with new sites including Tulcán, Riobamba, Otavalo, and Latacunga.
- FADEMI, with headquarters in Cuenca, also operates in Loja and Azogues. In 1992, the organization began an expansion campaign to provide rural lending in the provinces of Azuay, Caña, Morona Santiago, and Zamora Chinchipe, focusing primarily on the cultivation, harvesting, and exportation of coffee by individual "campesinos".
- The Fundación Autoempleo inaugurated its micro-lending activities in Guayaquil in July, 1991.

Under the direction of the recently elected Durán-Ballén administration, the Ecuadoran government has increased its commitment to provide for the needs of the country's informal sector. ASOMICRO has been selected to play a principal role in the design and implementation of a national strategy for the micro-entrepreneur, and as such, will collaborate closely with CONAUPE, the government agency traditionally assigned to work with the informal sector.

The outlook for ASOMICRO and its members is quite positive for the year ahead. After several years of coping with a lack of new capital as the major impediment to growth, the Ecuadoran programs will be among the beneficiaries of a \$20 million IDB grant, to be administered by CONAUPE. ASOMICRO and ACCION will receive \$600,000 of funding to provide technical assistance and training to programs selected by CONAUPE.

Projections for Year Three called for the disbursement of \$1,350,000 in credit; the actual amount of \$3,054,218 surpasses projections by 126%. The number of new participants surpassed the projected 1,500 by 80%.

<u>Indicator</u>	<u>Year Three</u>	<u>Proj.</u>	<u>Actual</u>	<u>Total/All Affiliates*</u>
-New cities	3		9	20 (since 1st yr. of grant)
-Amount credit extended (\$ 000's)	\$1,350		\$3,054	\$4,455
-Loss rates	3%		0	0
-New partic.	1,500		2,708	3,741
-% women	50%		49%	48%
-Operational self sufficiency	65%		104%**	88.3%**

*for June 1, 1991 to May 30, 1992 unless otherwise indicated

**for month of May 1992

3. Costa Rica

ACCION's affiliate in Costa Rica, AVANCE Microempresarial, enjoyed consistent growth in its loan portfolio and client base during its first four years of operations. However, in the spring of 1991, ACCION registered its concern about the organization's increase in late payment indicators.

ACCION views late repayment rates of over 8-12% (a percentage which measures the value of all loans over 30 days late divided by the active portfolio) as symptoms of larger problems relating to management style, internal communications, and systems design.

By December, 1991, with late payment rates running consistently over 20%, a representative of ACCION's Bridge Fund conducted an on-site evaluation of the program's loan portfolio and management information systems. This visit revealed a series of troublesome management issues affecting the morale and sense of purpose of AVANCE's employees.

The departure of AVANCE's Executive Director in January, 1992, allowed ACCION to conduct a thorough study of the circumstances leading up to the institutional crisis, and to make recommendations to the Board about strategies for recovery and improvement. In March, Rodrigo Lopez, ACCION's country representative for Ecuador and director of ASOMICRO, presented the Board of AVANCE with a 19-page diagnostic study of the program.

Among the recommendations offered by Mr. Lopez were that AVANCE restructure its organizational chart to allow an operations department to oversee credit activities and new office expansion. An administration and finance department would have primary responsibility for finances, statistical reporting, accounting, human resources, and computer management. A new computer software was recommended for the management information system.

This assessment also indicated the need to re-orient and re-motivate the staff of AVANCE, in terms of the unacceptability of the late repayment of loans. AVANCE would need to re-assign to loan advisors that portion of their portfolios which was still deemed recoverable, and assert their primary role in the recovery of these loans.

AVANCE's Board responded positively to these recommendations. A new Executive Director was named in April. The Board established a recovery plan which included on-site technical assistance every six weeks by the director of ACCION Colombia, Mr. Carlos Castello. A collection agency and a lawyer were contracted to help the organization recover its outstanding loans. AVANCE's Credit Manual and Policy and Procedures Manual were rewritten, with input from a Board Review committee. The installation of a new computerized accounting system was completed by June 15.

ACCION remains confident that after having passed through its most serious crisis since its founding, AVANCE has taken the necessary steps to assure its recovery and future stability; the fourth year of the matching grant should bring the organization up to its projected levels of output.

While AVANCE attempted to continue with expansion plans and open two new sites in Costa Rica in 1991-1992 (one in Limón on the eastern coast, the other in Liberia in Guanacaste), the effective functioning of these offices, including the regular reporting of lending activities, has been retarded by the institutional difficulties confronting AVANCE's headquarters. Therefore, the indicators below represent the overall output of AVANCE in Costa Rica for Year Three of the Matching Grant. (note: these indicators were not included in the overall Critical Indicators presented on page 6).

<u>Indicator</u>	<u>Year Two (Proj.)</u>	<u>AVANCE/TOTAL*</u>
-New Cities	3	5 (since 1st yr. of grant)
-Amount credit extended (US\$ 000s)	\$2,160	\$1,027
-Loss rates	3%	N/A
-New partic.	900	770
-% women	40%	55%
-Operational self sufficiency	70%	62.7%**

*for June 1, 1991 to May 30, 1992 unless otherwise indicated

**for month of May 1992

4. Guatemala

Within the ACCION Network, no country has experienced as rapid a geographical expansion as has Guatemala. GENESIS Empresarial (FUNTEC) has its headquarters and two branch offices in Guatemala City; outside of the capital, it has offices in Suchitepéquez, Chiquimula, Retalhuleu, Antigua, Jutiapa, Jalapa, Escuintla, Chimaltenango, Cobán, Peten, Puerto Barrios, Zacapa and Santa Rosa. With its main offices in Quetzaltenango, the other ACCION affiliated program is PROSEM/FUNDAP and has branches in Totonicapán, San Marcos, Quiché, Huehuetenango and Sololá.

Since the inauguration of these micro-enterprise development projects in 1988, ACCION's in-country representation has proven capable of offering critical support to FUNDAP and PROSEM in their start-up years. Mirtha Olivares, the former head of ACCION's Guatemalan office from 1988 until 1991, was honored to receive AID's Jaguar award in recognition of her outstanding contribution to Guatemala's economic development.

In the fall of 1991, ACCION negotiated an extension of its AID-funded technical assistance agreement with GENESIS and PROSEM, allowing ACCION to continue offering services to these programs until September 30, 1992 through its coordinating office in Guatemala City. Under the supervision of Guillermo Matta, the interim coordinator of the project, ACCION provided assistance through: training for staff and program beneficiaries; financial workshops; management information system workshops; courses on administration; and coordination of a regional conference on strategic planning.

GENESIS and PROSEM continue to play a vital role in the National Commission on Popular Credit, a government-sponsored initiative which assigned the roles of President and Vice-President to members of the programs' 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.

The Guatemalan programs have easily surpassed projections in all areas but one: as noted in last year's matching grant report, PROSEM's low participation of women tends to bring down the percentage of female clients. This is due in part to PROSEM's limited penetration in marketplace lending activities, where women tend to predominate.

Combined critical indicators for the programs during the second

year are as follows:

<u>Indicator</u>	<u>Yr 3 (Proj.)</u>	<u>(Actual)</u>	<u>Total Output of all Guatemalan Offices for Year Three*</u>
-New cities	1	2	18 (since 1st year of grant)
-Amount credit extended (\$ 000s)	\$1,440	\$4,709	\$7,513
-Loss rates	3%	0%	0%
-New participants	1,200	3,461	4,821
-% women	60%	39%	38%
-Operational self- sufficiency	65%	121%**	110%**

*from June 1, 1991 to May 30, 1992 unless otherwise indicated

** for May 1992

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.

In 1991, ACCION's network of programs committed themselves to a massive scaling-up of their activities during the five-year period 1991-1995. Appropriately named the Gran Salto (Great Leap), this campaign projects that over 748,000 new clients will be served with the disbursement of approximately \$1 billion in loans by the end of 1995. While recognizing the ambitious quality of this campaign, ACCION believes that with the securing of \$150 million in sources of fresh capital and with an increased attention to the development of the network's human resources, the goals of the Gran Salto will be within reach.

ACCION's commitment to maximize the human capital of its affiliates has been concretized with the establishment of a hemispheric training center, Centro ACCION Microempresarial in Bogotá, Colombia in February 1992. In the next three years, the Centro will develop the capacity to provide intensive and varied support services in four general areas: Management and Organization; Finance and Administration; Credit and Savings Methodologies; Research and Materials Development.

Centro ACCION will assure that ACCION International, having already surpassed the goals of Output Two of its Matching Grant with USAID, will reach over 1,400 representatives of economic development entities both within and outside of the ACCION network by 1995.

The following discussion outlines the three levels of training referred to in the first paragraph of Section B.

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

Initially developed by Stephen Gross, ACCION International's Director of Latin American Operations, the Management and Communication courses offered by ACCION have met with strong acceptance at the affiliate level since the first module was offered in 1987.

These workshops are given to the entire staffs of the affiliate organizations from both the primary and secondary countries,

all personnel of an organization, from the Executive Director to the messenger.

So far, five 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 management and organizational style.

At the end of a workshop, participants are asked to fill out anonymous evaluation surveys, in which they assess the course in terms of: its usefulness for them personally; its usefulness for them as employees of their organization; and its effect on the organization as a whole. On a scale of "1 to 5", with "5" representing the highest possible score, Management and Communication courses regularly receive ratings of 4.5 or greater.

Anecdotal examples of enthusiasm for these courses abound within the ACCION network. Pancho Otero, the Executive Director of BancoSol in Bolivia, has stated that without the type of motivational and managerial support offered by the Management and Communication workshops, his micro-enterprise bank will be hard-pressed to achieve its maximum potential to help Bolivia's informal sector. In a workshop offered for ACCION's Paraguayan affiliate, a tearful employee stood up at the end of a two-day session and said, "This was wonderful; if only we could have tried working this way earlier, we would have saved ourselves so much misunderstanding."

During Year Three, the following Management and Communications workshops were given to a total of 276 participants. The trainers/facilitators for these workshops included: Stephen Gross; Mirtha Olivares, Director of Centro ACCION; Valdi de Araújo Dantas, ACCION's country representative in Brazil and head of ACCION affiliate FENAPE; César Alarcón, Director of the Federación Ecuatoriana de Desarrollo; and Oscar Giraldo, Director of ACCION Colombian affiliate Actuar/Bogotá.

<u>Program</u>	<u>Country</u>	<u>Module</u>	<u>Date</u>
GENESIS	Guatemala	IV	July 1991
PROSEM	Guatemala	IV	July 1991
PRODEM	Bolivia	II	August 1991
PRODEM	Bolivia	IV	August 1991
PRODEM	Bolivia	II	September 1991
PRODEM	Bolivia	II	September 1991
FED	Ecuador	II	November 1991
FADEMI	Ecuador	I	November 1991
F. Paraguaya	Paraguay	I	March 1992
Actuar Bogotá	Colombia	IV	April 1992
GENESIS	Guatemala	IV	May 1992

* * * * *

In addition to the modules developed for instruction in Management and Communication, ACCION is committed to increasing the skills base of its affiliates by: facilitating technical assistance visitations by qualified staff who possess specific areas of expertise; designing specific workshops to address particular areas of need as they arise; and encouraging programs to send staff members to other country programs to be cross-trained with a "hands-on" approach.

The following list illustrates a sample of the technical assistance visits and specific workshops offered in Guatemala and Ecuador (besides Management and Communication workshops). Not listed below are 26 trips abroad taken by various staff members, to receive cross-training in Costa Rica, Colombia, and the Dominican Republic, and 13 in-country technical assistance visits by ACCION/ASOMICRO staff in Ecuador.

<u>Country</u>	<u>Activity</u>	<u>Staff Involved</u>	<u>Date</u>
Ecuador	"Mobilization of Resources"	ACCION/ASOMICRO	July 1991
Ecuador	"Financial Administration"	ACCION/ASOMICRO	August 1991
Ecuador	"Strategic Planning"	ACCION/ASOMICRO	Nov. 1991
Ecuador	"Information Systems"	ACCION/ASOMICRO	Nov. 1991
Ecuador	"Financial Administration II"	ACCION/ASOMICRO	Jan. 1992
Ecuador	"Project Evaluation"	ACCION/ASOMICRO	Feb. 1992
Guatemala	"Follow Through with Group Methodology" Workshop	Provided by Mirtha Olivares for PROSEM and FUNTEC	June 1991
Guatemala	"Coordination of Program Strategies for Guatemalan Expansion" Workshop	Provided by Carlos Herrera for PROSEM and FUNTEC	July 1991
Guatemala	"Training Borrowers" Workshop	Provided by Diego Guzman for trainers in GENESIS and FUNTEC	July 1991

(continued)

<u>Country</u>	<u>Activity</u>	<u>Staff Involved</u>	<u>Date</u>
Guatemala	"Fund Accounting" Workshop	Provided by Jose Guzman for GENESIS	July 1991
Guatemala	"Personnel Admin." Workshop	Provided by Manuel Cuevas for GENESIS	March 1992
Guatemala	Administrative Decentralization Technical Assistance	Provided by Guillermo Matta and Carlos Herrera for FUNTEC and GENESIS	March 1992

II. Training Provided for Other ACCION Affiliates.

Training provided for affiliates within the ACCION network can be described in many of the same terms as training provided for the four primary countries (see above.) There is a high premium placed on the need to introduce participative styles of management in all of ACCION's member programs; as well, ACCION seeks to encourage flexible, visionary leadership that is prepared to adapt to the rapidly changing environment in which micro-enterprise organizations will be operating in the next decade.

As with the four primary countries, ACCION promotes technical assistance visitations throughout its network, in which members of one program provide on-site assistance to another program, employing specific areas of expertise to help solve a problem or enhance operational efficiency.

The following illustrative list presents the majority of technical assistance consultations provided within the ACCION network during the first half of 1992.

<u>Country</u>	<u>Program</u>	<u>Visit By</u>	<u>Date</u>
Nicaragua Costa Rica	FAMA AVANCE	William Burrus ACCION International	Jan. 1992
Peru	ACP	Stephen Gross ACCION International	Jan. 1992
Nicaragua	FAMA	Samuel de la Cruz GENESIS, Guatemala	Jan. 1992
Guatemala	ACCION Guatemala	Stephen Gross ACCION International	Jan. 1992
Guatemala	ACCION Guatemala	Ivette Manrique ACCION International	Jan. 1992
Ecuador	ASOMICRO	Sonia Saltzmann ACCION International	Feb. 1992
Nicaragua	FAMA	Stephen Gross ACCION International	Feb. 1992
Nicaragua	FAMA	Samuel Colucho GENESIS, Guatemala	Feb. 1992
Nicaragua	FAMA	Heidi de Galicia GENESIS, Guatemala	Feb. 1992

(continued)

<u>Country</u>	<u>Program</u>	<u>Visit By</u>	<u>Date</u>
Bolivia	PRODEM	William Burrus Stephen Gross Maria Otero ACCION International	Feb. 1992
Argentina	EMPRENDER	Stephen Gross ACCION International	Mar. 1992
Nicaragua	FAMA	M. Cristina Cortes Actuar Bogotá, COLOMBIA	Mar. 1992
Costa Rica	AVANCE	Rodrigo López ASOMICRO, Ecuador	Mar. 1992
Colombia	Actuar Bogotá	Deborah Drake ACCION International	Apr. 1992
Ecuador	ASOMICRO	Kathy Stearns ACCION International	Apr. 1992
Costa Rica	AVANCE	Carlos Castello ACCION Colombia	Apr. 1992
Costa Rica	AVANCE	Carlos Castello ACCION Colombia	May 1992
Nicaragua	FAMA	Guillermo Matta ACCION Guatemala	May 1992

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In keeping with ACCION's general mandate to conduct biennial forums on areas of critical need for micro-enterprise programs, one of the first activities coordinated by the Centro ACCION was an international conference on the Fundamentals of Strategic Planning, held in Barranquilla, Colombia in February 1992.

Sponsored by ACCION International, the Fundación Mario Santo Domingo, the World Bank, and Centro ACCION, this six-day gathering brought together all the directors of ACCION-affiliated programs to review strategic planning within the context of the Gran Salto Campaign.

Also in attendance were representatives from four NGOs outside of the ACCION network, and representatives of the World Bank (Washington, DC) the UNDP (New York), the Institute of Economic

Development (Washington, DC), the Institute for Cultural Affaires (Belgium), and the Royal Tropical Institute (The Netherlands). A total of 80 representatives from 53 organizations in 18 countries participated.

Specific areas of focus included:

- Identifying and defining a methodology for carrying out strategic planning.
- Learning from the experiences of those members of the ACCION network who had already undertaken various levels of strategic planning.
- Identifying and addressing those obstacles which might prevent programs from realizing their Gran Salto objectives, and incorporating appropriate measures into each program's Strategic Plan.
- Establishing timelines for each participating organization to complete their Strategic Plans.

The forum was coordinated by an outside consultant, Jaime E. Ospina, an internationally recognized expert in Strategic Planning. Shortly after the completion of the forum, Mr. Ospina supervised the publication of a summary report, designed also to serve as a manual for the development of each program's strategic plan. (see Attachment 5 for a copy of this report).

III. Meetings, Presentations and Workshops with US-based PVOs, Private Sector Supporters, and International Agencies.

As in the first and second year of the Matching Grant, in Year Three ACCION continued to carry out activities in the training of members of the international development community, and in the dissemination of information from the ACCION network. María Otero, the Director of ACCION's Washington D.C. office and Kathy Stearns, Program Specialist (also in the Washington office), by virtue of their geographical situation and their field expertise, have taken a leading role in helping ACCION inter-face with other PVOs and development agencies.

Activities during Year Three included:

<u>Date & Length of Activity</u>	<u>Sponsor</u>	<u>Audience</u>	<u>Topic</u>
7/10/91 Morning plenary	Financial Mgmt. Workshop/ SEEP (Boston)	Development Professionals (U.S. and LDCs) (20)	Characteristics of Organizations in Microenterprise Programs
7/10/91 Afternoon plenary	Financial Mgmt. Workshop/ SEEP (Boston)	Development Professionals (U.S. and LDCs) (41)	Delinquency in Microenterprise Programs
9/13/91 2-day workshop	FONDOMICRO Dominican Republic	Development Practitioners (30)	Portfolio Management and Interest Rates
9/26/91 Half-day	ADMIC/Mexico	Microenterprise Practitioners (25)	Program Expansion
11/20/91 Afternoon Workshop	AWID (Assoc. for Women in Devel.)	Development Practitioners (25)	The Role of Donors in Gender Programs
12/3/91 Half-day	Eastern College Pennsylvania	Graduate Students in Intl. Dev. (30)	Microenterprise Finance
3/12/92 One Hour	World Bank Washington, DC	Development Practitioners (20)	ACCION's approach to Microenterprise Finance

(continued)

<u>Date & Length of Activity</u>	<u>Sponsor</u>	<u>Audience</u>	<u>Topic</u>
3/19/92 2-day workshop	MICRO Arizona	Staff (12)	Portfolio Management and Delinquency
4/27/92 2-hr. panel	INTERACTION Washington, DC	Practitioners (30)	Applying International Experiences to U.S Economic Development
5/29/92 2-hr talk	AID	AID Private Sector Officers (12)	ACCION's Expansion in Latin America

C. OUTPUT THREE: STRENGTHEN AND INCREASE THE FREQUENCY AND LEVEL OF COMMUNICATION AMONG AFFILIATED ORGANIZATIONS.

Four areas of activity were defined in order to strengthen and increase communication between countries and between affiliates. This exchange of information and experiences through constant communication has resulted in a network that is solid and constantly evolving.

AREA 1: SITE VISITS. This is an area that has been vital in terms of interchanging experiences between programs.

The partial list below demonstrates the strong drive within ACCION's network for personnel to share their experiences and conduct targeted visits to sister programs, to study specific areas of program development or expertise.

EXCHANGE VISITS

<u>Participant</u>	<u>Country and Institution Visited</u>	<u>Date</u>
Maritza Canek GENESIS, Guatemala	COLOMBIA, Actuar Bogotá	Feb. 1992
Astrid Gustafson Carlos Rivarola F. Paraguaya, Paraguay	COLOMBIA, Actuar Bogotá	Feb. 1992
Loretta Serrano PROPESA, Chile	COLOMBIA, Actuar Bogotá	Feb. 1992
Anne Haines MICRO, Arizona USA	COLOMBIA, Actuar Bogotá	Feb. 1992
Maria Rodas PROSEM, Guatemala	COLOMBIA, F. Pisingos Actuar Bogotá	Feb. 1992
Herminia de Roman Yoel de Mojole F. Paraguaya, Paraguay	COLOMBIA, F. Pisingos Actuar Bogotá	Feb. 1992
Roberto Perez FAMA, Nicaragua	COLOMBIA, F. Pisingos Actuar Bogotá	Feb. 1992
Carlos Soto, PROSEM Oscar Ruíz, GENESIS Guatemala	DOMINICAN REPUBLIC, ADEMI	March 1992

(continued)

<u>Participant</u>	<u>Country and Institution Visited</u>	<u>Date</u>
Cesar Alarcón, FED Ecuador	BOLIVIA, PRODEM	March 1992
A. Pena G. Xanthopoulos J. Albornoz EMPRENDER Argentina	CHILE, PROPESA	March 1992
Olga Rodas, PROSEM Samuel Colocho, GENESIS Guatemala	DOMINICAN REPUBLIC, ADEMI	March 1992
D. Gonzalez, C. Gonzalez F. Paraguaya, Paraguay	ECUADOR, FED	April 1992
Julio Bagur, Blanca de Pizqui PROSEM, Guatemala	DOMINICAN REPUBLIC, ADEMI	April 1992
R. Alonso, R. Araujo, C. Rolon F. Paraguaya, Paraguay	COLOMBIA, Actuar Bogotá	April 1992
Roberto Calderón, Gladys de Uribio PROSEM, Guatemala	DOMINICAN REPUBLIC, ADEMI	May 1992
Bonifacio Castillo, PROSEM Lucrecia Mendoza, PER III	COLOMBIA, Actuar Bogotá	May 1992

AREA II: 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 conduct strategic planning for the future.

This year's conference included 26 individuals and was held in Puerto Plata, the Dominican Republic from May 2 - 8. Major focus was given to a first-year review of the Gran Salto Campaign:

- What successes had been achieved?
- What obstacles had arisen to prevent programs from reaching their stated goals?
- How could ACCION better meet the varying needs of its affiliates as they undertook rapid growth? (e.g. differentiating between the demands of a large, powerful program vs. a small, newly inaugurated project.)
- What role could the newly established Centro ACCION play in helping programs meet their human resource and training needs, and in providing technical assistance quickly and efficiently?

In response to these questions, participants broke off into small groups to help define an "ideal vision" of organizational health and well-being, focusing on the optimal conditions surrounding: Finances; Management; Boards of Directors; Operations; Personnel; and Methodology. These sessions were key in informing later discussions concerning the role of the Centro ACCION in the strengthening and solidification of ACCION's affiliates.

While some of the conclusions of the conference pointed towards the need for caution and realism in seeking to meet the goals of the Gran Salto (particular note was made of the circumstances surrounding AVANCE's difficulties in Costa Rica and those of the Fundación Paraguaya in Paraguay), there was also cause for optimism and pride: as of May 1992, using the stated goals of the Gran Salto, the ACCION network's loan portfolio was 115% of its projected size and its total loans were 97% of their projected value.

AREA III: IMPROVEMENT IN 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 in Year One, 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.

In May, the growing need to transfer financial data and proposal-length documents between the newly established Centro ACCION in Colombia and ACCION's offices in Cambridge and Washington, DC, gave rise to an exploratory study of the most efficient means to access pre-existing electronic networks for communication purposes. ACCION and the Centro intend to be electronically linked by January 1993, and to begin adding affiliates to an electronic network shortly thereafter.

AREA IV: EXECUTION OF TWO MEETINGS OF ACCION'S INTERNATIONAL ADVISORY COUNCIL. The first meeting of the Advisory Council took place in November, 1990, and was reported on in the second year Matching Grant report.

With the founding of Centro ACCION, the Advisory Council has strengthened its supervisory role within the network, by assuming 10 of the 14 Director positions on the Centro's Board. Members of the new directorate convened in Barranquilla, Colombia, in February 1992, to review the center's concept paper and six-month work plan.

In addition, Advisory Council members again met with other Centro ACCION Board directors in June, 1992 in New York City, to review the organization's progress to date, and to approve of the specific study commissions which the Centro had proposed to focus on Finance, Methodology, and other key training areas.

A full Advisory Council meeting will be scheduled for the fourth year of the Matching Grant.

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 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 significant numbers of new 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 application in the network as well as in the broader development community.

During the first two years of the Matching Grant, ACCION has reported on progress made in the three areas defined above. Specifically, ACCION has presented the case studies of BancoSol and the Panamanian MultiCredit Bank as two examples of innovative programs which have broken new ground in terms of scope, financing, and savings mobilization. The leveraging/guarantee mechanism of ACCION's Bridge Fund has also been presented as a powerful breakthrough for accessing new capital for the lending activities of ACCION affiliates in Latin America.

In the Output II section above, this report introduced the Centro ACCION as an important component in helping ACCION's affiliates acquire the institutional strength to carry out the goals of the Gran Salto expansion campaign. The following overview focuses on the mission and primary objectives of the Centro ACCION, and examines its critical role in scaling up the member programs of ACCION International's network.

* * * * *

In defining the components of the Gran Salto, ACCION has highlighted the need to access \$150 million in fresh capital for the 5-year period 1991-1995, as well as the need to develop the human resources of its programs in order to assume a heightened role as financial intermediaries for the informal sector.

The transformation of ACCION's affiliates will involve the re-organization of institutional structures and the provision of new skills-training at all levels, from the Board of Directors to field staff. The acquisition of financial resources alone will not ensure the qualitative and quantitative changes necessary for this process. A concrete focus on the human capital of the affiliates will be the critical factor in determining the success of this effort.

Before the inauguration of the Centro, there have been no specialized institutions prepared to focus on the training needs of micro-enterprise lending programs. Nor has there been a concerted effort to investigate, coordinate, and disseminate the experiences of the member programs of ACCION's network, with the objective of assisting new programs in avoiding the mistakes of their predecessors.

The breadth and variety of training needs within ACCION's network are wide. Many new and smaller programs have not yet established Human Resource Departments or permanent training systems. On the other hand, ACCION's older, more experienced programs which have already established human resource areas are requiring more technical assistance in specialized areas, (e.g. upgrading systems for computer and financial administration).

ACCION has long recognized the critical need to develop a team of people dedicated to designing and coordinating the provision of these services at each level of institutional development. The founding of the Centro in February, 1992, in Bogotá, Colombia, responded to this need.

Operating under the direction of an international advisory council, whose members are recognized private sector leaders from 10 countries throughout the hemisphere, the Centro has defined the following objectives:

- to strengthen institutions involved in micro-enterprise development.
- to develop institutional capabilities which will respond to the changing needs of the programs, by focusing on the training needs of their personnel.
- to develop mechanisms for quality control based on the monitoring of and feedback from member programs.

The Center proposes to carry out these objectives by offering the following services:

- Implementation of a tested-and-proven methodology for the start-up of programs dedicated to informal sector development.
- Technical assistance to support micro-entrepreneurial program activities. This assistance often responds to the requests of the programs themselves, and may follow closely after a training session or a regional conference, as the programs attempt to implement new policies and procedures.
- Specialized courses for the training of personnel. While the Centro will coordinate training events for all levels of programs, particular attention will be paid to the needs of

field personnel. These courses will include the series of currently offered management and communication courses, as well as new workshops designed by experts from within and outside of the network.

- Cross-training and exchange visitations. As noted in section C above, there is a heavy demand within the network to learn from the experiences of other programs. The Centro will encourage the continuation of these exchanges, helping coordinate and cover the costs of the trips. The Centro will also publicize the results of inter-institutional visits through written evaluations it receives from exchange participants.

- Institutional and methodological evaluations. The Centro will coordinate on-site visits by selected members of the ACCION network, to conduct one- to four-day evaluations of programs as needed/requested.

- Participation in regional conferences focusing on policy and methodological innovations for the informal sector. For several years, ACCION International has coordinated conferences focusing on a variety of themes pertinent to agencies serving the informal sector. (e.g. a 1989 conference in Quito focused on "The Critical Connection: Governments, the Private Sector, and the Non-profit Community Collaborating to meet the needs of the Informal Sector.")

The Centro will take over the coordination of these events, including the publication of summary documents which will be disseminated by ACCION's publication department. The 1992 conference in Barranquilla on Strategic Planning was the first such gathering organized by the Centro.

- Development and dissemination of training materials for program staff, and for the owners of micro-businesses. Training materials designed for program beneficiaries (borrowers) will include audio-visual materials and workbook manuals, and will be differentiated not only to meet the basic training needs of first time borrowers, but also to address more advanced, specialized topics, such as leadership development among borrowers.

- Investigation and documentation of field experiences in serving the informal sector. The Centro is committed to the facilitation of new research in specific areas of interest, and to the dissemination of studies which have been undertaken at the local level, but which have not yet been made available to the network as a whole.

- Scholarship fund to support short-term study and courses.

The founding of the Centro is premised on the assumption that while many of the activities outlined above already are taking place on an ad-hoc basis within the ACCION network, there is a real need to coordinate these activities, to ensure that all members of the network are receiving necessary training and technical assistance.

ACCION International views the founding of the Centro as one of the most important breakthroughs in the network to-date. It represents an ambitious attempt to help over 45 programs in 15 countries achieve the institutional excellence necessary to meet the needs of a vast informal sector comprised of millions of micro-entrepreneurs.

Inaugurated in time to serve the ACCION network at the beginning of the second year of the Gran Salto, the Centro was conceived in anticipation of the organizational growth and the changing needs of ACCION's affiliates. Through its technical assistance and on-site evaluations, it provides an early warning system, with which ACCION will be able to monitor the health and progress of its affiliates; the Centro will also allow ACCION to be readily responsive to any of its affiliates' requests for assistance during the course of their institutional expansion.

E. OUTPUT FIVE: DOCUMENT AND DISSEMINATE THE RESULTS OF ACCION'S EXPERIENCE.

During Year Three of the Matching Grant, ACCION International published its sixth discussion paper, Exposing Interest Rates: Their True Significance for Microentrepreneurs and Credit Programs, by Kathy Stearns, Carlos Castello, and Bob Christen. This document examines the premise that low, subsidized interest rates on loans to micro-entrepreneurs must be beneficial for the borrowers, and presents concrete evidence indicating that in fact, the contrary is true.

Exposing Interest Rates studies the experiences of three countries in Latin America, and analyzes the impact of financial costs on the earnings of micro-entrepreneurs. It concludes that efficient micro-enterprise programs can charge interest rates which reflect the costs of the services provided, without significantly reducing the benefits of credit accessibility for micro-entrepreneurs.

Also during the third year of the Matching Grant, the first drafts of two new ACCION monographs were completed, and reviewed by key personnel within the network. The first, Alchemists for the Poor: NGOs as Financial Institutions, by Deborah Drake and Maria Otero, examines the role of NGOs which, as financial intermediaries, have played pioneering roles in creating linkages between the formal sector and the micro-economies of their countries. The work also studies various innovative mechanisms, such as NGOs borrowing from financial institutions and NGOs transforming themselves into commercial banks. Lastly, Alchemists seeks to outline recommendations for policy and programming that will influence the direction and role of NGOs in financial intermediation.

The second title, The Solidarity Group Experience Worldwide, by Diego Guzman and Shari Berenbach, offers an update to a 1986 monograph by ACCION International, The Solidarity Group Concept, and examines the proliferation of micro-enterprise programs in Asia, Latin America, Africa, and other areas of the developing world. It also examines the staying power of the basic ideas behind the solidarity group methodology, while exploring innovations and modifications that have occurred in particular applications in recent years.

In other areas, the publication department continued to strengthen current systems of operation. The mailing list was expanded from 2,000 to 3,400 names, with a large number of entries from Latin America, Africa, and Asia. In addition, a special acquisition effort was made to include the names of U.S.-based micro-enterprise programs, many of which have come into existence in the last three years.

A marketing study was carried out from March-June 1992 by an MBA intern, who published her findings in a 20-page document. Specific

recommendations were made for simplifying and expediting the process of ordering ACCION publications. The study also made suggestions for an enhanced layout for the new catalogue of ACCION's publications, to be printed in January 1993.

In early 1992, it was decided that the Centro ACCION would ultimately assume full responsibility for the marketing and sale of ACCION publications in Latin America by January 1993, in recognition of the Centro's strategic location in Bogotá.

Overall, publications sales increased considerably during Year Three of the Matching Grant. From June 1991 to May 1992, the total number of publications sold was 3,495, with an income of \$29,200. Non-governmental organizations (NGOs) comprised 42% of orders, and international sales amounted to 22%. Kumarian Press, PACT Media Services, and the Calmeadow Charitable Foundation continued to market and sell ACCION publications on a consignment basis.

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

Overall management and coordination of the Matching Grant Program continued again this third 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, or arranged travel by an ACCION program director to each of the primary countries at least once during the grant year. Mr. Gross's monitoring of the programs' performance often coincided with his coordination of a training workshop for local staff.

During Year Three, Mr. Gross carried out the following program visitations:

<u>Program Visited (Country)</u>	<u>When</u>
ADEMI (Dominican Republic)	June 1991
FAMA (Nicaragua)	July 1991
FUNTEC/GENESIS and FUNDAP/PROSEM (Guatemala)	July 1991
BancoSol/PRODEM (Bolivia)	August 1991
MultiCredit Bank (Panamá)	September 1991
ACCION Colombia (Colombia)	September 1991
ACCION Guatemala (Guatemala)	October 1991
FAMA (Nicaragua)	November 1991
Fundación Paraguaya (Paraguay)	December 1991
Acción Comunitaria del Perú	January 1992
Actuar Bogotá (Colombia)	February 1992
EMPRENDER (Argentina)	March 1992
ADEMI (Dominican Republic)	May 1992
ADMIC (Mexico)	May 1992

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 Maria Otero, the Director of the Washington office; Pedro Jimenez, ACCION's representative in the Dominican Republic; Mirtha Olivares, Director of the Centro ACCION in Colombia; Diego Guzmán, Associate Director of the Centro ACCION; and Rodrigo López, ACCION's representative in Ecuador.

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, priorities are established, and joint projects between departments are coordinated.

Finally, the ACCION Board of Directors has received reports on the progress of the Grant and has 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-III. Annex A.2. summarizes the full five years of the project and shows the budget balance by source after Year III expenditures are accounted for.

Overall revenue and expense allocations for Year III of the Matching Grant were fairly close to line items budgeted for that period.

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 III ACCION drew down \$282,023 on the Matching Grant, with expenditures of \$300,658. 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.

Cash donations were successfully raised from individuals, corporations, and foundations for project activities. Major donors in Year III include: the Calmeadow Foundation, the John D. and Catherine T. MacArthur Foundation, Ford Foundation, Tinker Foundation, Chase Manhattan, Exxon, W.R. Grace, Citibank, Westvaco, Pfizer, and Ford Motor Company. Board members will continue to be actively involved in fundraising efforts, particularly through the Resource Development Subcommittee of the Board.

Finally, ACCION contracted the audit firm Coopers and Lybrand to conduct an A-133 audit for 1990 and 1991, in addition to their regular audit work. They specifically included the Matching Grant in their scope of work, and reviewed items such as the letter of credit mechanism, AID reporting, matching funds, and overhead rate calculations. The 1990 audit has been submitted to AID's Inspector General in conjunction with the 1991 audit.

VII. LESSONS LEARNED AND LONG-TERM IMPLICATIONS

It is not completely coincidental that within the past year, ACCION International has launched a regional training center to fortify the institutional well-being of its programs, at the same time that its Costa Rican affiliate AVANCE has had to cope with a serious, debilitating crisis.

Of course, the Centro ACCION was not designed as a response to AVANCE's difficulties. Rather, it was conceptualized as an institution which, through its training activities, will both promulgate ACCION's vision of a sound micro-enterprise development agency and stand ready to assist ACCION's affiliates with technical assistance and on-site evaluations. With the significantly heightened expectations for each program's output during the course of the 5-year Gran Salto campaign, the Centro will strive for a breadth of services and a flexibility in its responsiveness which will allow it to address the needs of all ACCION affiliates -- from the largest (with over 250 employees) to those pilot programs which will be inaugurated in the future.

ACCION believes that crises such as the one which affected AVANCE this past year will be avoidable in the future as "early warning systems" are devised by the Centro. The most fundamental of these systems which will allow ACCION to gauge the soundness of its programs at any time are a series of "institutional diagnostics."

The diagnostics will be based on a detailed profile of an optimally-functioning micro-enterprise development agency, with a focus on fundamental areas of organizational health, including: Finance and Administration; Personnel; Management; Operations; Methodology; Formation of and Relations with Board of Directors.

While they will draw from an eclectic group of theories, as do the Management and Communication courses (e.g. models of Deming, Tom Peters, Jay Hall; empirical models drawn from successful ACCION programs, etc.), the final product will be designed as a specific check-list of criteria, a detailed questionnaire which can be easily administered by any ACCION evaluator after receiving basic training in using these tools.

The system of diagnostics will serve two important purposes. Firstly, as an early warning system, it will largely eliminate the need for ACCION and the Centro to have to "put out fires"; for example, the early application of an exhaustive diagnostic in the case of AVANCE would have pointed out serious shortcomings in the organization's system of internal communications and Board relations.

Secondly, the diagnostics will permit ACCION to plan future trainings, conferences, and technical assistance visits, based both on perceived areas of need and on the input of the personnel

themselves regarding felt needs.

As of May 1992, the Centro had devised a preliminary training diagnostic which was sent to over 300 executive directors, department heads, and Board members of ACCION's affiliates. The primary purpose of this survey was to sound out the network in terms of current training needs, to help orient the Centro's planning activities in its first six months of operations.

The Latin American Operations Department in cooperation with the Centro is currently designing the full institutional diagnostic survey, whose first draft will be ready for testing in the first quarter of 1993.

VIII. RECOMMENDATIONS

As noted in the "Recommendations" section of last year's Matching Grant Report, many of ACCION's affiliates no longer face the lack of fresh capital as the greatest obstacle to program expansion. With the mobilization of capital from the financial sector (thanks in large part to the guarantees of the Bridge Fund), a heightened interest on the part of private foundations from the United States and Europe in informal sector development, and a recognition by many government agencies of the efficiency of the NGO community in administering micro-loan programs, many new sources of funds have opened up in the past three years.

Consequently, the new challenge for many of ACCION's affiliates will be to obtain the professional capacity and organizational unity to evolve into powerful, effective intermediaries for the informal sector, offering numerous financial services, advocacy and training on behalf of Latin America's micro-entrepreneur.

ACCION has long recognized the importance of offering training, technical assistance, and cross fertilization visits to its affiliate programs -- indeed, for many years before the evolution of the Bridge Fund, ACCION's role as a disseminator of a methodology and as a training facilitator was its primary function within the network.

With the advent of the Centro in Colombia, ACCION has moved to formalize and strengthen its traditional role, while simultaneously committing itself to develop new training modules, investigate and document innovative financial services, and promote an international dialogue among a widening circle of participants on the critical themes and challenges confronting informal sector service agencies today. The Centro is a tool of the ACCION network; its greatest strength will lie in its flexibility and readiness to adapt to the changing needs of ACCION's programs throughout Latin America.

In addition, the Centro's work in helping develop the institutional diagnostics discussed in Section VII will further a key recommendation made in second year Matching Grant Report: the need for standardization. By applying a uniform series of diagnostic surveys, which focus on major areas of organizational health (Management and Communications, Operational Systems, etc.), the Centro will advance ACCION towards its goal of developing a smaller, more efficient model work unit, to ease the expansion efforts of the network's affiliates.

As ACCION enters its fourth year of the Matching Grant, it recommends that the Centro and its activities be nurtured as the primary vehicles for institutional change and growth within the ACCION network.

ANNEXES

FINANCIAL PROFILE OF THE PROJECT

ANNEX A.1.

A. BUDGETED VERSUS ACTUAL EXPENDITURES

ITEMS	A. I. D.		ACCIÓN		TOTAL	
	BUDGET	EXPEND.	BUDGET	EXPEND.	BUDGET	EXPEND.
SALARIES	333,076	339,966	387,470	440,429	720,546	780,396
FRINGE BENEFITS	66,674	70,082	69,745	96,317	136,419	166,399
OVERHEAD	116,925	120,124	134,878	161,028	251,803	281,152
CONSULTANTS	22,720	31,416	63,526	139,048	86,246	170,464
COMMODITY PROCUREMENT	5,814	4,694	22,068	17,190	27,882	21,884
TRAVEL	267,162	218,156	52,800	92,889	319,962	311,045
OTHER DIRECT	87,627	65,754	172,805	184,657	260,432	250,411
TOTAL	900,000	850,193	903,292	1,131,557	1,803,292	1,981,750

B. SOURCES OF PROJECT FUNDS

A. I. D. Matching Grant	850,193
Private	
Cash	1,131,557
In-kind	0
Host and other Govts.	
Cash	0
In-Kind	0
Other A. I. D. Grants/Contracts	0
Other U. S. Government	0
Other	0
T O T A L	1,981,750

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	339,967	232,560	663,825	440,429	223,396	1,236,352	780,396	455,956
FRINGE BENEFITS	103,055	70,082	32,973	119,489	96,316	23,173	222,544	166,398	56,146
OVERHEAD	199,296	120,125	79,171	231,077	161,028	70,049	430,373	281,153	149,220
CONSULTANTS	43,993	31,416	12,577	111,406	139,048	(27,642)	155,399	170,464	(15,065)
COMMODITY PROCUREMENT	8,620	4,694	3,926	38,680	17,190	21,490	47,300	21,884	25,416
TRAVEL	440,435	218,155	222,280	100,263	92,889	7,374	540,698	311,044	229,654
OTHER DIRECT	132,074	65,754	66,320	248,757	184,657	64,100	380,831	250,411	130,420
	1,500,000	850,193	649,807	1,513,497	1,131,557	381,940	3,013,497	1,981,750	1,031,747

B. SOURCES OF PROJECT FUNDS

	BUDGET	ACTUAL	BALANCE
A.I.D. Matching Grant	1,500,000	850,193	649,807
Private			
Cash	1,513,497	1,131,557	381,940
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	1,981,750	1,031,747

FINANCIAL PROFILE OF THE PVO

	(ACTUAL) YEAR 1 1989	(ACTUAL) YEAR 2 1990	(ACTUAL) YEAR 3 1991	YEAR 4 1992	YEAR 5 1993
A. PROGRAM EXPENDITURES					
Development Education	84,091	83,657	95,035	50,000	53,000
Research, Training and Evaluation	76,384	180,196	260,565	331,000	348,000
U.S. Microbusiness	21,081	61,360	157,637	315,000	331,000
Foreign Microbusiness	2,141,549	2,178,100	2,239,804	1,617,790	1,699,000
Bridge Fund			347,562	213,000	224,000
Supporting Services:					
General & Administrative	219,060	287,972	320,732	386,000	405,000
Fundraising	81,559	108,506	122,398	130,000	137,000
TOTAL	\$ 2,623,724	2,899,791	3,543,733	3,042,790	3,197,000
B. SOURCES OF FUNDS					
A.I.D. Matching Grant	207,524	347,260	282,023	300,000	300,000
Private:					
Cash	727,906	902,441	1,730,058	1,235,367	1,300,000
In-kind	48,370	131,000	3,540	50,000	52,500
Host/Other Governments	995,644	119,069	1,073,013	664,800	700,000
Other AID Grants or Contracts	541,683	1,310,440	598,113	792,099	800,000
Other:					
PACT	86,465	45,241	19,658	0	0
CARE	58,550	49,149	0	0	0
IDB	21,150	0	45,831	0	0
DAI			115,723	0	0
OTHERS			13,190	78,303	44,500
	2,687,292	2,904,600	3,881,149	3,120,569	3,197,000
SURPLUS/DEFICIT	63,568	4,809	337,416	77,779	0

NEW PUBLICATION RELEASE --
EXPOSING INTEREST RATES: THEIR TRUE SIGNIFICANCE
FOR MICROENTREPRENEURS AND CREDIT PROGRAMS

10/1

NEW RELEASE NEW RELEASE NEW RELEASE NEW RELEASE NEW RELEASE

ACCION INTERNATIONAL

Introduces

**Exposing Interest Rates:
Their True Significance for
Microentrepreneurs and
Credit Programs**

Carlos Castello, Katherine E. Stearns and Robert Peck Christen. 1991. 46 pages. Format: 6.5 x 9.5 ins. Paperback. (#DP6) \$6.00.

Also available in Spanish:

Las Tasa de Interes: Su Significado Para las Microempresas y Para los Programas de Credito (#DPS6) \$3.00.

Common sense dictates that low interest rates for poor borrowers should be beneficial. Experience dictates otherwise. This document explores the impact that interest rates have on microentrepreneurs and on credit programs.

Using examples from three Latin American countries, this discussion paper analyzes the effect that financial costs have on the cost structures and profits of microenterprises. **Exposing Interest Rates** also examines the critical role of interest, fees and financial self-sufficiency for the expansion of microenterprise programs.

The document concludes that efficient microenterprise programs can charge interest rates that reflect the cost of lending and foster self-sufficiency, without significantly diminishing the benefit that access to credit provides the borrowers. Self-sufficient programs can gain access to new sources of financial resources that enable them to expand and serve much larger numbers of microentrepreneurs.

NEW RELEASE NEW RELEASE NEW RELEASE NEW RELEASE NEW RELEASE

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Attachment 1
Sample Monthly Statistical Report

ACCION INTERNACIONAL - INFORME DE ESTADISTICAS -- AGOSTO 1992

INDICADOR	ARGENTINA	BOLIVIA	BRASIL	COLOMBIA	CTA. RICA	CHILE	ECUADOR	GUATEMALA	MEXICO	NICARAQUA	PANAMA	PARAGUAY	PERU	REP. DOM.	U.S.A	TOTAL
Fecha de Inicio	EMPRENDEUR	PROCEMB.BOL	FENAPE	AGB	AVANCE	PROPEBA	ADMICRO	SEM/PROPER	ADMIC	FAMA	MULTICREDIT	F.PARAQUAYA	ACP	ADPMI	MACROIA.N.Y.	
	mayo-1982	abr-1987	agosto-1988	agosto-1983	abr-1988	octubre-1988	Junio-1984	Julio-1988	enero-1987	febrero-1982	abr-1987	enero-1988	noviembre-1982	mayo-1983	enero-1987	
1) PARTICIPANTES NUEVOS % MUJERES	24 29%	2,112 0%	105 79%	3,045 53%	34 62%	221 43%	315 51%	438 30%	290 32%	864 76%	49 29%	208 50%	80 88%	491 38%	7 14%	8,381
2) PARTICIPANTES ACTIVOS % MUJERES	73 27%	28,593 74%	1,022 75%	46,332 54%	1,148 0%	2,975 42%	8,238 52%	12,677 37%	5,397 23%	2,205 78%	549 32%	2,776 60%	3,142 57%	10,709 39%	200 49%	126,034 54%
3) PARTICIPANTES ACTUAL % MUJERES	77 28%	42,807 0%	2,804 74%	74,808 0%	3,321 48%	4,638 41%	23,158 52%	17,164 35%	16,001 43%	2,435 85%	642 28%	10,757 58%	19,537 74%	18,750 39%	753 49%	237,450
4) GRUPOS NUEVOS	7	0	32	692	0	60	0	0	0	0	0	72	43	0	1	907
5) MONTO PREST. PRIMA	\$16,700	\$0	\$11,321	\$703,696	\$15,482	\$43,054	\$88,223	\$174,872	\$1,003,214	\$43,510	\$48,297	\$39,594	\$14,218	\$351,780	\$11,250	\$2,565,212
6) No. TOTAL DE PREST.	32	6,921	338	8,194	87	851	899	1,118	309	237	155	461	953	1,293	20	22,868
7) MONTO TOTAL DE PREST.	\$23,100	\$1,907,998	\$56,344	\$2,304,923	\$60,501	\$364,558	\$283,658	\$880,324	\$1,118,832	\$196,860	\$147,012	\$292,836	\$283,359	\$1,188,301	\$37,104	\$9,125,510
8) CARTERA ACTIVA	\$30,250	\$5,209,893	\$87,246	\$6,805,390	\$766,684	\$788,592	\$3,311,651	\$2,315,839	\$11,803,048	\$227,085	\$267,785	\$597,576	\$432,741	\$6,299,602	\$273,352	\$39,006,532
9) AHORROS	\$0	\$1,442,612	\$0	\$1,108,250	\$0	\$0	\$0	\$0	\$0	\$0	\$5,365	\$0	\$0	\$260,432	\$5,260	\$2,821,919
10) COSTO/UNIDAD PREST.	0.00	0.16	12.33	0.07	0.00	0.10	0.35	0.07	0.00	0.22	0.00	0.18	0.14	0.12	0	0.18
11) MOROSIDAD	0.00%	2.25%	2.78%	2.34%	17.80%	4.43%	2.50%	4.20%	7.00%	1.02%	4.70%	12.39%	28.84%	4.00%	14.98%	4.99%
12) AUTOSUF. OPERATIVA	0%	88%	54%	74%	65%	113%	113%	138%	72%	33%	0%	70%	33%	183%	0%	
13) FONDO RESERVA	\$0	\$33,483	\$0	\$116,649	\$121	\$25,356	\$110,916	\$66,766	\$0	\$0	\$0	\$262,891	\$21,637	\$17,022	\$13,466	\$668,307
14) CURSOS	0	0	41	1,586	0	65	230	112	58	0	0	73	0	0	0	2,165
15) PARTICIPANTES	0	0	296	3,045	0	871	531	503	603	0	0	1,067	0	0	0	6,916
16) TASA DE CAMBIO	1.00	3.98	5570.00	705.14	136.00	374.40	1725.00	5.28	3142.00	5.00	1.00	1604.00	1.28	12.50	1.00	

Attachment 2
Logical Framework Matrix

APPENDIX C
Logical Framework Matrix

Page 1

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>B. Experiment with new approaches to micro-enterprise development and document and share results of ACCION experience with broader development community.</p>	<p>A.</p> <ol style="list-style-type: none"> 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>B.</p> <ol style="list-style-type: none"> 1. ACCION model of credit and training for micro-enterprise is significantly improved. 	<p>A.</p> <ol style="list-style-type: none"> 1. ACCION evaluation reports; affiliate documents, reports and evaluations, local audits. <p>B.</p> <ol style="list-style-type: none"> 1. ACCION evaluation reports; external evaluations. 	<p>A.</p> <ol style="list-style-type: none"> 1. Affiliate relationships are maintained. <p>B.</p> <ol style="list-style-type: none"> 1. There exists interest on the part of other agencies in the results and approach of ACCION's work.

APPENDIX C
Logical Framework Matrix

Page 2

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions
<u>OUTPUTS</u>			
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.
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.	B. 1. There is sufficient interest in ACCION's work and experience.
	C. 1. Reciprocal site visits occur involving 100 staff members, 20 per year.		C. 1. There is interest on the part of affiliate staff to participate.
	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.		

APPENDIX C
Logical Framework Matrix

Page 3

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions
D. Carry out research, develop and apply new approaches or innovations in the delivery of credit and training.	D. 1. At least 3 innovations are tested, successfully applied and evaluated over five years.	D. 1. ACCION evaluation reports; external evaluations.	D. 1. Affiliates agree to participate in and test new ideas in their projects.
E. Document and disseminate the results of ACCION's experience in micro-enterprise development.	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.	E. 1. 2. 3. copies of published material.	E. 1. There is a market for the materials published.

APPENDIX C
Logical Framework Matrix

Page 4

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.							

Attachment 3
PVO Project Reporting Information
on AID Supported PVO Projects

**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 OTR-0158-A-00-8001-00
Start Date (MM/DD/YY) 8/1/86	End Date (MM/DD/YY) 7/1/89	AID Project Officer's Name Karen Anderson, Washington, DC

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

ASOMICRO, the Association of Corporations for the Development of Microenterprise, continues to provide technical assistance and financial intermediation on behalf of its seven member organizations. During the Third Year of the Matching Grant, ASOMICRO has been effective in helping secure \$415,000 in letters of credit issued by ACCION International's Bridge Fund in favor of ASOMICRO's affiliates in Quito, Guayaquil, and Cuenca. The Federacion Ecuatoriana de Desarrollo (FED), ASOMICRO's largest member program, has continued rapid expansion throughout Ecuador, reaching 5 new cities in Year Three of the Matching Grant. With a newly elected presidential administration and a new directorship for CONAUPE, the government agency assigned to work with the informal sector, prospects look very good for the future flow of capital to microenterprise programs in Ecuador.

COUNTRY INFORMATION (SECONDARY)

Country Ecuador	Location in Country (Region, District, Village) Quito, Guayaquil
PVO Representative's Name Rodrigo Lopez	Local Counterpart/Host Country Agency Fundacion Ecuatoriana de Desarrollo Fundacion Eugenio Espejo

COUNTRY FUNDING INFORMATION (\$000)

YEAR	1989	1990	1991	1992
AID \$	13,027	64,847	59,272	42,171
PVO \$	75,871	49,149	36,536	38,811
INKIND				
LOCAL	7,000		30,000	
TOTAL	95,898	113,996	125,808	80,982

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

OMB No 0417-0630
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 520-0377-G-00-7043
Start Date (MM/DD/YY) 8/31/87	End Date (MM/DD/YY) 9/30/92	AID Project Officer's Name Guatemala Mission

AID OBLIGATION BY AID-FY (\$000)

FY	AMOUNT	FY	AMOUNT

LOP

Activity Description

ACCION's activities center around the creation and support of local institutions which, through credit and managerial assistance, help create jobs and increase income among the lower levels of the economically active.

Status

With over \$4.7 million in credit extended by the new program offices (those founded since the beginning of the matching grant), and with all offices extending over \$7.5 million in Year Three of the matching grant, ACCION's Guatemalan affiliates FUNFAP/PROSEM and FUNTEC/Genesis have continued to enjoy some of the strongest growth of any of the programs affiliated with ACCION International's network. In the fall of 1991, ACCION negotiated an extension of its AID-funded technical assistance agreement with GENESIS and PROSEM, allowing ACCION to continue offering services to these programs until September 30, 1992.

COUNTRY INFORMATION (SECONDARY)

Country Guatemala	Location in Country (Region, District, Village) Guatemala City and Quetzaltenango
PVO Representative's Name Guillermo Matta	Local Counterpart/Host Country Agency FUNTEC/Genesis and FUNFAP/PROSEM

COUNTRY FUNDING INFORMATION (\$000)

YEAR	1989	1990	1991	1992
AID \$	131,584	138,651	119,953	15,519
PVO \$				
INKIND				
LOCAL	995,644	637,143	990,337	96,673
TOTAL	1,127,228	775,794	1,021,115	112,192

**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 ACCIÓN INTERNATIONAL	Grant/Contract Number OTR-0158-A-00-8001-00
Start Date (MM/DD/YY) 4/1/89	End Date (MM/DD/YY) 5/31/94
AID Project Officer's Name Karen Anderson, Washington, DC	

AID OBLIGATION BY AID-FY (\$000)

FY	AMOUNT	FY	AMOUNT

LOP

Activity Description

ACCIÓN provides ongoing technical assistance to AVANCE in San Jose in all aspects of program management.

Status

Unsound late payment indicators led ACCIÓN International to believe that AVANCE was facing difficult challenges during the second half of 1991. After sending in a program evaluator from the Bridge Fund in the end of 1991, ACCIÓN determined that AVANCE would have to undertake a series of recovery measures to fortify its internal systems, and to begin recuperating its overdue loan portfolio. In March, ACCIÓN representative Rodrigo Lopez offered specific recommendations regarding the re-organization of the operations and Finance & Administration departments; in addition, strategies were devised to assign loan advisors targets for recovery of their overdue loan portfolios. The response of AVANCE's board to these recommendations has been positive. A new executive director has been named, and with ongoing bi-monthly technical assistance from ACCIÓN's director from Colombia, prospects are much improved.

COUNTRY INFORMATION (SECONDARY)

Country Costa Rica	Location in Country (Region, District, Village) San Jose
PVO Representative's Name Jorge Cespedes	Local Counterpart/Host Country Agency AVANCE

COUNTRY FUNDING INFORMATION (\$000)

YEAR	1989	1990	1991	1992
AID \$	35,933	43,408	30,778	15,519
PVO \$	35,433	29,459	20,253	
INKIND				
LOCAL				
Total	71,386	72,867	51,031	15,519