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**MID-TERM EVALUATION:
PROJECT HOPE VILLAGE HEALTH BANK PROGRAM.**

by

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MID-TERM EVALUATION Project HOPE Matching Grant

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EXECUTIVE SUMMARY

In 1992, Project HOPE embarked on an innovative 5-year program to integrate Maternal Child Health into pilot project Village Health Banks in its Ecuador and Honduras country programs. This project was funded under USAID Cooperative Agreement No. FAO-0158-00-2701-00 for a total amount of \$2,500,000 along with a cash contribution of \$2,500,000 from Project HOPE. The period covered by this Cooperative Agreement is September 30, 1992 through September 30, 1997. This mid-term evaluation is intended to (1) assess the extent to which Project HOPE is progressing towards project goals and (2) provide mid-term recommendations to enhance progress and sustain project interventions.

The Village Health Bank project is being implemented in two different country sites, Honduras and Ecuador, through existing Project HOPE field offices. To date, 54 Village Health Banks have been established: 30 in Honduras, 24 in Ecuador. The project represented a significant, experimental change for Project HOPE in developing the capacity for integrated programming to advance health and financial sustainability goals. Managing this organizational change has clearly been awkward, delicate, and often not easy. Bringing a credit-led mechanism into an agency where the entire emphasis of project and program management is on health demanded considerable faith and fortitude for those directly involved. Despite these constraints, progress has been made, reflected in two aspects: (1) the establishment of a basis for programming capacity in village health banks in two different project sites; and (2) the extent to which microenterprise and sustainability management concepts have begun to be integrated into Project HOPE.

Project HOPE's model of Village Health Banks (VHBs) is a "credit-plus" approach to village banking. It builds upon the traditional methodology of village banking for poverty lending developed by the Foundation for International Community Assistance (FINCA) where ultra-poor women are provided very small micro-enterprise loans through community-formed and managed banks. To this model, Project HOPE added two other key components: health education and non-formal business training. Through access to small loans provided by VHBs, poor women would invest more in their microenterprises and ideally realize increased incomes, thus enabling them to purchase more nutritious foods, medicines, or health services. Business training compliments VHB member credit and savings services, providing technical assistance to women whose experience and/or knowledge of business maybe severely constrained in both a cultural and a technical sense. In turn, the income generated through such poverty lending provides self-sustaining program recovery of local operating costs.

Project HOPE's model of village banking represents an innovative application of the traditional village banking model. While other hybrids exist, none of these other "credit-plus" models incorporate the features attempted by Project HOPE: savings and credit, health integration, and business education. Thus there was no prototype, no off-the-shelf model to adapt when HOPE embarked on this design. Clearly, the design made by the technical consultant hired by Project HOPE to assist in the development of the VHB model has made a major contribution in developing the technical aspects of village health banks. However, notwithstanding the

significance of this progress, neither Project HOPE nor the technical consultant fully appreciated the programming required to effect an integration of health and banking technologies with prospects for long-term sustainability. This appears to be due to unrealistic expectations on the level of effort needed to (a) develop, refine and regularize the systems development of three distinct components of the VHB model; and (b) ensure the integration of these three components into a coherent model of VHB.

Status to date includes the following:

1. **Income Generation** - The primary focus of Project HOPE's training and technical assistance in this first half of the project has been the development of the credit, savings, and financial systems necessary for sound village banking practices. A good foundation has been laid for village banking methods and management systems. Central to this success has been the design and implementation of a comprehensive policy and procedural framework for VHB rules and governance with a strong system of village banking financial management. VHBs operate under member-management by members elected in open assembly; leadership has rotated. From the evaluation, it appears that most women are using their increased incomes to support their households, some are investing funds in their businesses and expanding with real growth. These are clear achievements and evidence of progress in meeting project purposes.

However, as the evaluation has also discovered, not all guidelines and policies have been enforced with the same rigor, either within or between countries. The Honduras program has facilitated sound growth with prudent levels of savings and capital absorption in most of its VHBs. Ecuador on the other hand has faced problems with risky lending practices and poor monitoring by some promoters that put VHBs in a vulnerable position. While serious effort has recently been made in Ecuador to correct these weaknesses, concerted effort must still be given to ensuring sound practices in all VHBs.

2. **Integration of Health Activities** - As implementation has progressed, the linkage of Village Banking and Child Survival has been awkward to realize, different in each country, and prone to miscommunications at both HOPE Center and in the field. Yet, despite these difficulties, the limited field experience, from Ecuador in particular, suggests that integration of maternal child health and village banking is a viable strategy for achieving health impacts.

The overall process of developing and implementing VHB education modules is very much in a state of flux at the present time in both countries. This impetus can be traced to new directives at HOPE Center and the recent recruitment of a Health Education Specialist in Child Survival. Unlike her predecessors, the Health Education Specialist was given more scope to work with the development of the VHBs and to prioritize development of the health modules. Her assignment in developing VHB health education represents an important and vital transition in HOPE Center's efforts to integrate health

and bank technologies. It provides the mandate, authority, and technical resources for country programs to adapt and simplify their proven Child Survival strategies for the purposes of village banking.

3. **Nonformal business training** - This is the technical component described in the DIP as "popular economic education" and referred to here as "nonformal business or microenterprise education." This component has not been developed or realistically implemented. This component is very weak; it is the area program staff in both countries feel weakest in and requested the most assistance in. This technical assistance is urgently needed to promote and encourage viable enterprise development by poor women.

Under the matching grant, HOPE Center is also expected to develop and implement systems and skills for sustainability management, combining income from cost recovery programming to cost-centered accounting. To date, portfolio management and therefore income reporting is taking place primarily in the field. A very comprehensive Financial Management Information Center (FMIS) has been established. This FMIS consists of a group of extensive financial reports which are prepared monthly or quarterly in three key areas: portfolio analysis, impact, and sustainability. HOPE Center receives this information in hard copy and only tracks capital and income payments in its computer system. As yet there is no analysis of the income and portfolio system; the accounting system is weak in terms of management information needs. Key issues bearing on HOPE's sustainability management and development of a VHB model:

- * **Cost Recovery** - country programs have been generating income from interest and commissions. At the end of February, Ecuador had achieved a sustainability of 22.02% and Honduras 34.83%.
- * **Cost Cutting** - choice of future service delivery areas for expanding coverage.
- * **Program Development Costs** - the amount of funds budgeted for technical assistance to design and the support the development of a VHB methodology was not adequate. This includes both banking and VHB health methodologies.

As mid-term corrections, recommendations are provided in the following areas:

- * **Managing Organizational Change** - Project HOPE must establish levels of strategic, administrative, and operational decision-making for coordinated planning and implementation of the Village Health Bank model.
- * **Creating a Model for Village Health Banks** - Project HOPE must move forward to (1) consolidate the progress already made in the VHB system; (2) design and implement the component of nonformal business education; and (3) emphasize the refinement, development and implementation of VHB health education modules.

- * **Integrating Sustainable Program Management** - Project HOPE must develop monitoring and reporting systems that facilitate strategic planning.
- * **Defining Field Relations** - Project HOPE must develop a strategic plan for transferring Revolving Loan Funds and transitioning the two field offices to independent NGOs.

MID-TERM EVALUATION: PROJECT HOPE VILLAGE BANK PROGRAM

1.0 INTRODUCTION

1.1 Background

In 1992, Project HOPE embarked on an innovative 5-year program to integrate Maternal Child Health into pilot project Village Health Banks in its Ecuador and Honduras country programs. This project was funded under USAID Cooperative Agreement No. FAO-0158-00-2701-00 for a total amount of \$2,500,000 along with a cash contribution of \$2,500,000 from Project HOPE. The period covered by this Cooperative Agreement is September 30, 1992 through September 30, 1997.

The Village Health Bank (VHB) projects represented a significant, experimental change for Project HOPE in its programming strategy and project implementation. Project HOPE traditionally has focused on building health infrastructure, strengthening primary health care, and training medical professionals and paraprofessionals. By contrast, this project added a grassroots "means for health" approach: poor women themselves, not the health delivery system, would be provided the means to improve their health status. Through access to small loans provided by VHBs, poor women would invest more in their microenterprises and ideally realize increased incomes, thus enabling them to purchase more nutritious foods, medicines, or health services. In turn, the income generated through such poverty lending would provide self-sustaining program recovery of local operating costs.

The concept for this approach was borne in the field: Project HOPE country staff in Honduras, where village banking methodologies are widely practiced, saw the importance of increased incomes for women participating in Child Survival programs. Subsequently, Project HOPE developed a proposal to integrate village banking with maternal child health as well as to enhance Project's HOPE's own capacity for sustainable community-based programming. Programs to implement these goals were started in four countries: Ecuador and Honduras (Village Health Banks) and Guatemala, Honduras, and Swaziland (traditional MCH activities).¹ This evaluation focuses only on the Village Health Bank projects in Ecuador and Honduras.

¹USAID originally only approved funding for the village bank project but later agreed to fund two new projects in Guatemala and Swaziland under this matching grant to carry out more traditional MCH activities. In negotiating the DIP, BHR/PVC and Project HOPE agreed to try to incorporate some financial sustainability strategies into the Guatemala and Swaziland projects.

1.2 Scope of Work

The purpose of this evaluation is to assess the extent to which Project HOPE is progressing towards the institutional processes necessary for Project HOPE to successfully development and implement an integrated health/income generation model with prospects for the long-term financial and health improvement Sustainability for the target populations. The scope of work is organized around (1) the Matching Grant objectives and (2) the Village Health Bank Detailed Implementation Plan dated October 1993. (Appendix 10)

1.3 Methodology

The evaluation has been conducted through assessments at HOPE Center, the Village Health Bank program in Ecuador, and the Village Health Bank program in Honduras.² The two-person team included Dr. Carolyn McCommon, team leader with primary responsibility for programmatic and field assessments, and Tonia Papke, with primary responsibility for the financial analysis. The evaluation was implemented over a four week period, 19 March to 7 April with the assistance of Juana Rodriquez, Program Manager for Income Generation, and the two Project HOPE country offices in Ecuador and Honduras.³

Ethnographic research techniques were used in the field to collect information in each country: in-depth interviews with project-staff; focus group and open discussions with Village Health Bank management committees, health officers, and bank members; structured observations through visits to Village Health Banks; and review of primary and secondary documents including HOPE Center and country office internal reports. In addition, open-ended interviews were held with two Bank members from each Village Health Bank visited. In Honduras, interviews were conducted by Carol Elwin, Project HOPE Country Director. In Ecuador, these interviews were conducted by Sara Arias and Angela Alban, Project HOPE Child Survival promoters. Juana Rodriquez assisted with implementation of Village Health Bank checklists and financial analysis. This triangulation of units of observation ensured a wide range of viewpoints to offset bias from any observation and to cross-check information. Additional quantitative information was compiled from computer databases by Erika Pavon, Project HOPE/Honduras Administrator and Fernando Zambrano Velez, Project HOPE/Ecuador Programmer. Selection of village health banks to visit was made by in-country staff using "purposive sampling" criteria proposed by the evaluation team. This included the selection of communities using a range of financial and managerial experiences.

Methodological caveats include three issues: (1) Few field studies do not feel pressured by time and this evaluation was certainly no exception. Time available for in-country assessments was

²This mid-term evaluation looks at programmatic issues regarding the general development of the model and integration of health; it is not intended as an evaluation of the banking methodology per se. This assignment is pertinent for a focused consultancy (as suggested in the recommendations).

³Consultancy agenda is included as Appendix 1.

extremely brief, only one week in each country. (2) The sample of village health banks, bank members, management committees, and health officials were small. Views might not have been representative or influenced by the presence of Project HOPE staff. (3) Given the brevity of time, it was not possible nor feasible to either attempt an in-depth technical review of the village banking methodology or to audit the different financial systems.

2.0 OVERVIEW: PROJECT HOPE VILLAGE HEALTH BANKS

2.1 Model of Village Health Banks

Project HOPE's model of Village Health Banks (VHBs) builds upon the traditional methodology of village banking for poverty lending. Designed by the Foundation for International Community Assistance (FINCA), this general model of village banking provides for very small micro-enterprise loans to ultra-poor women through community-formed and managed banks.⁴ The village bank, comprised of community members, does most of the work including selection of members and borrowers, loan analysis, collection, and arrears management. Arrears are usually very low due to peer pressure as the banks' future collective and individual loans are dependent on the timely repayment of previous loans.

These credit-financed activities form the basis to improve health status. Through increased incomes, women can afford foods, medicines, and health practices. In addition, Project HOPE added two other components to the general model of village banking: health education and non-formal microenterprise training. This integration of health, finance, and education comprise the "hybrid" village bank model developed by Project HOPE to promote "village health banks".⁵

The health component is intended to further enhance health impact through bank-sponsored health education and promotion, specific services in child survival areas, and community-managed health enterprises. This activity draws on the strengths and weaknesses of HOPE's traditional Child Survival projects to develop a model integrating health and banking (see Chart 1). As the first step in this strategy, every VHB elects two Health Officers to give brief health talks at bank meetings, check health cards for immunization, and in general, to promote improved individual and community health practices.

Business education is the third component of the Project HOPE VHB model. As described in the VHB Detailed Implementation Plan, this nonformal microenterprise training consists of management, marketing, production, and investment training to VHB members. This business training compliments VHB member credit and savings services. It is designed for users whose experience and/or knowledge of business may be severely constrained in both a cultural and a

⁴The Village bank concept is often referred to as a Central American version of the Grameen Bank in Bangladesh.

⁵The technical development and implementation of the Project HOPE model, under the initial guidance of Dr. Cheryl Lassen, is discussed in Section 4.

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<p align="center">MCH Health Programs</p>	<p align="center">Village Health Banks</p>
<p>1. Government agency and private sector is counterpart. Service is education. Behavior change is hoped for, but not absolutely necessary for service delivery.</p>	<p>1. Emphasis is non-government sectors -- PVOs, village banks, peoples' organizations, business. Main service is credit, health education and savings. Education must result in changing people's behavior about use of credit, and savings for health purposes.</p>
<p>2. Broad dissemination with health education messages.</p>	<p>2. Begins conservatively to insure repayment. Reach high coverage through educating village health bank members to be catalysts of health in the community.</p>
<p>3. Fee and cost recovery structure under early development. Difficulties because MCH services have traditionally been provided at no cost by the public sector.</p>	<p>3. Uses an underlying business model. Fees charged. Aim is to cut down on subsidy -- eventually minimizing or eliminating it. Entails use of breakeven model.</p>
<p>4. Groups are fluid, based on social purposes. Attendance varies.</p>	<p>4. Groups are economic -- not social groups --with health focus for the community. Members co-guarantee each others' loans; borrow each others' savings; affect each others' credit worthiness. As a result, they must adhere to rules governing their responsibilities and behavior, sanctions are applied for non-compliance.</p>
<p>5. No sanctions.</p>	<p>5. Empowerment model. Beneficiaries are expected and encouraged to be self-reliant and self-sustaining, and to pay for health services as well as to develop community health enterprises. Projects are expected to lessen organizational dependency on grants and recover costs through efficient programming and by earning a return on assets.</p>
<p>6. Due to subsidized services and the need of the ultra-poor, participants have often had a sense of entitlement -- accustomed to assistance mode.</p>	<p>6. Clients are activists of health and credit progress for their community.</p>
<p>7. Limited and targeted reporting by staff and volunteers. Use of rapid survey methodologies to measure changes in knowledge and practices.</p>	<p>7. Health charts and immunization logs kept at every VHB meeting by Community Health Officer. Financial Management Information System permits quick analysis on a regular basis of portfolio and cost data.</p>

technical sense.

The sequencing of these three key components of the new VHBs - credit and savings services, health activities, and business education - has challenged Project HOPE, both in the field and at HOPE Center. As originally conceived, the model calls for a "credit-led" approach with the first priority on the introduction of financial services. By this strategy, health topics are mentioned and Health Officers elected at the outset but more emphasis is given to perfecting the mechanics of bank operations such as the selection of borrowers and collection of money. The objective of following this sequence is to jump-start and strengthen the long-term income generation process essential for forming viable community-managed banks.

In reality, the sequencing of these components has differed in the two countries. In Honduras, the project has focused primarily on the credit and savings component, some on business development, and less on health while Ecuador strived to concurrently implement both health and credit. This divergence in strategies is necessary to understand in reviewing the progress that has been achieved and the contributions of HOPE Center and the field to that progress. These issues are developed in the following sections.

2.2 Country Cultural, Economic, and Environmental Differences

When the Matching Grant was conceived, the original intent was to link Child Survival and village banking activities. Honduras, as the original catalyst for exploring the village bank concept, was selected as one project site. Ecuador was chosen as the second site as, like Honduras, it enjoyed a mature Child Survival program. Ecuador also offered a rural setting to contrast with the peri-urban activity in Honduras.⁶ Differences in key economic, cultural, and environmental factors have influenced the context for implementation in each country. Each project has endured distinct constraints; each has enjoyed particular advantages.

Of primary importance, particularly in the start-up phase, was the overall country backdrop for village banking. Honduras, unlike Ecuador, is a country rich in experience in village banking methodology. This not only afforded obvious advantages for staff in learning and implementing the methodology. It also influenced the level of effort required to initially promote the concept of VHBs. On the other hand, while the Honduras project benefitted from local awareness and demand for village banks, the Honduras project also faced more intense competition from other village banks, affecting its promotion strategy. Against this heightened atmosphere for village bank activity, Honduran staff also encountered the backlash of failed village banks from other projects, making it necessary at times to further adapt promotion and selection criteria. The local environmental context, with its associated cultural and economic factors, has been another contributing factor to differences in implementation. The Honduras program is concentrated in the peri-urban communities surrounding the capital city of Tegucigalpa in a five mile radius. Most village bank members are already engaged in some form of petty trading and

⁶ Maps of the project sites are included in Appendix 2.

more often work outside the home. A larger majority of women are more familiar with credit and the concept of community-managed banks.

By contrast, the Ecuador team faced a more difficult task and had to work much harder to promote what was a very novel approach at that time. Furthermore, project activities in Ecuador are more widely geographically distributed in different areas with different cultural complexities - rural villages, small rural urban centers, and the peri-urban areas surrounding Portoviejo, the provincial capital of Manabi Province. These lie within a circumscribed area of more than 50 miles. In the rural areas, more problems with "machismo" exist, creating difficulties within households for women to participate. Women's roles as "amas de la casa" (housewives) are often more traditional in the rural areas than in the peri-urban communities near Portoviejo or even in the small rural urban centers. These diverse settings present distinct challenges to the project staff in Ecuador. Interestingly, there has been more interest for credit in the rural areas but more problems with limited markets and inappropriate loans for agricultural purposes. In these areas, Ecuadoran project staff have had to establish a minimum requirement of eighty families concentrated in one area with access to roads.

2.3 Country Promoter Profile

The two country programs have taken distinct approaches in building project field teams to support the dissemination of health and bank technologies. Promoter contingents are the same - a Project Coordinator and four field promoters - but differ in two aspects: (1) professional experience and background for field staff and (2) allocation of promoter responsibilities.

In Honduras, promoters have been selected and/or trained to have dual expertise in economic and health methodologies and thus to be able to support VHBs in both areas. As a first step in creating this experience, two individuals from the Child Survival program were transferred to the VHB program, one as Project Coordinator and the other as Assistant Coordinator. Both had extensive grassroots development, one with direct microenterprise experience; the other with health managerial development experience. The other two promoters also had substantive, broad-based project experience. All four individuals have remained with the program, providing continuity and progressive experience in program development. In December, a fourth promoter who holds degrees in both accounting and nursing was added to the team. Together the team shares specialized and complementary skills in gender issues, nonformal education, small enterprise promotion, social development, and health service delivery. The Project Coordinator works closely in the field with promoters and directly supervises five banks.

In allocating responsibilities, the Honduras project has experimented with two different approaches: individual assignments by geographical sector and team bank-sharing. After this period of trial and error, a new policy has very recently been defined, combining individual and team assignments. Under this plan, promoters will generally continue to be assigned on a geographic basis and to support VHBs with both health and bank development. However, one promoter with strong expertise in nonformal methodologies and health will assume responsibility

for coordinating both business and health education. In this capacity, he will support the education efforts of other promoters through material and systems development. At the same time, he will continue his own promotion and supervision of individual banks but share these responsibilities with another promoter.

Ecuador has taken an opposite approach from Honduras in assembling its cadre of field staff. Rather than developing promoters with dual capacity, Ecuador has separated the two functions. Field promoters are selected and trained to have only an economic orientation; Child Survival professionals support VHB health education. Of the original staff, only two remain, the Project Coordinator and the senior Promoter. Both have substantive background in grassroots development, particularly in social promotion.

Difficulty in recruiting and retaining other professionally qualified staff has forced Ecuador to employ less experienced promoters and to provide on-the-job training to fill in gaps in knowledge and experience. For the past year, the program has experimented with the use of University interns as junior promoters. Management views this strategy as a means to create a pool of qualified applicants for later job openings as well as to lower personnel costs. To date, one intern has 'graduated' and assumed a permanent position with the project; a second is in the midst of her internship. Interns carry a lower VHB load (usually half that of a regular promoter) but are considered members of the core team. Thus in Ecuador, the field team of 4 promoters consists of 3 full-time permanent staff (one a former intern) and one part-time promoter/intern. The Project Coordinator does not directly supervise VHBs.

Apart from the one intern, promoters supervise equal numbers of VHBs, evenly distributed among the three different geographical areas. Three individual promoters carry projects in rural, rural-urban, and peri-urban areas surrounding Portoviejo. The workload, particularly given the distances often traveled to reach VHBs, is difficult. A major concern for all promoters, and contributing factor to staff turnovers, has been the long hours.

2.3 Project HOPE VHBs: Summary View

Since 1992, a total of 54 VHBs have been established in the two countries: 30 in Honduras and 24 in Ecuador with 12 in the rural areas and 12 in the urban areas. General statistics are summarized in Table 1.

Member statistics (denoted by an asterix) are derived from a preliminary analysis of the health baseline dataset. It should be noted that this dataset focuses only on women of fertile age. Thus it excludes older members; some VHBs have women with ages over 50. These older women are also often the primary "caregivers" for their grandchildren.

TABLE 1
PROJECT HOPE VHBs

	Ecuador	Honduras	TOTAL
No. of VHBs	24	30	54
No. of Members	718	788	1506
Ave. Age Members,*	33	31	
% Living in union*	92%	81%	
Mean No. of children (living)*	3.4	3.6	

3.0 VILLAGE BANK IMPLEMENTATION: HEALTH ACTIVITIES⁷

3.1 Linkage with Child Survival

Health education has been more an integral part of the Ecuador program than it has in Honduras. This orientation should not be interpreted as a qualitative statement on either program but must be seen in the broader context of VHB implementation. In this regard, this stronger focus can be related to the different programming strategies adopted in each country for sequencing activities and the intervening impact of the implementation of the baseline study that differentially constrained the Honduras program.

This perspective is important to keep in mind when looking at the implementation of health activities. For example, as conceived in the Matching Grant and modified in the DIP, the integration of health and village banking builds upon the foundation of pre-existing Child Survival projects. This linkage has provided clear advantages in facilitating the establishment of VHBs in both Ecuador and Honduras. Organized mother's clubs previously formed by CS projects often help create banks by providing potential new members and leadership. This facilitated the recognition of Project HOPE as a reputable institution and assisted in building the trust of community members in participating in such innovative activities. In addition, CS staff knowledge of communities and women aided in the targeting and selection of strong communities to organize new banks.

However, as implementation has progressed, the linkage of Village Banking and Child Survival has been more awkward to realize, different in each country, and prone to miscommunications at both HOPE Center and in the field. Yet, despite these difficulties, the limited field experience suggests that integration of maternal child health and village banking is a viable strategy for

⁷Background information for this Chapter and the following chapter on Income Generation Activities of the VHB were obtained from the individual interviews with VHB members included as (Appendix 3), and implementation staff of the two programs.

achieving health impacts.

The program in Ecuador has moved further in realizing health education activities within the VHBs. Child Survival staff, particularly two nurse promoters, have been working with the banks on health (giving lessons, helping officers plan activities and lessons) since at least October 1994. These achievements are being realized through coordination in planning and scheduling with the Child Survival staff and the active collaboration of the Child Survival Coordinator. This provided the opportunity for Child Survival nurses to support VHBs and their Health Officers in health talks while program promoters concentrated on VHB methodologies. However, the coordination was not without personnel and financial cost: for Child Survival, the technical assistance provided to the VHBs was not a programmed activity of their existing grant and had to be scheduled around these prior commitments. Since this level of involvement by CS was not envisioned in the original DIP, neither funds nor other resources had been earmarked for this activity. This created obvious constraints and tension within CS and the VHB program to accommodate this support.

Health activities have been less prominent to date in the Honduras VHB program, a situation due primarily to the priority placed on developing the financial systems. This strategy more closely followed the DIP sequencing of activities and was intended to enable staff - remembering these are dual promoters - to concentrate on the financial systems before turning to health. A second key factor in the slower pace of Honduras relates to the implementation of the baseline impact study developed by Project HOPE and George Washington University. Although this study was implemented in both Honduras and Ecuador, the Honduras program was more seriously affected.⁸ Until the baseline was completed, Honduras perceived a freeze on health education activities in order to avoid contamination of impact and control groups. The baseline of the Impact Study in both countries took from June 1994 to February 1995.

At HOPE Center, the situation was conspicuous for the ambiguous directives and lack of health program support to the VHB's. This uncertainty derived in part from a conflictive relationship with the technical consultant. Among other effects, these tensions impacted coordination in health planning within HOPE Center and with the field.

3.2 VHBs in Promoting Health

Within each bank, Health Officers are elected as members of the management committee. The Health Officer's responsibilities are to coordinate health education activities, provide talks on the health theme of each cycle (following the curriculum provided by CS), and be in charge of health statistics surveillance (such as immunization cards and child growth monitoring cards). Health Officers represent the means for Project HOPE to assure that the health education component remains viable over the long term.

⁸The study took equally long to complete in Honduras and Ecuador. Ecuador implemented the study with independent consultants and interns, not staff. Honduras used staff to lower costs. Both countries finished by February 1995 due to the need to create control banks and implement the study in control communities.

The actual performance of Health Officers has varied considerably. In Honduras, training of the HOs and VHB health education was lost last year due to interruption to implement the baseline of the Impact Study. (Earlier training of Health Officers was done under Child Survival.) In most instances, the elected HOs have ceased to function in their intended capacity. Few women in the interviews conducted could name their Health Officers or any health activities that had occurred outside the occasional talk from Child Survival staff. Limited health education activities have been conducted by staff, not the health officers. To address the inactivity of Health Officers, the Honduran VHB program has scheduled a major training and orientation of all Health Officers in late May to invigorate this lapsed activity. However, they have yet to develop a curriculum for these VHB health lessons. The Honduras program has realized some impact through the design of VHB passbook health education messages (samples are included in Appendix 4). This provides another good example of the integration of health and banking methodologies. Through this medium, two women detected breast cancer.

By contrast, as a result of its strategy for sequencing health, the Ecuador program has moved further ahead in its health education efforts. Health Officers have been far more active in providing MCH education as an integral part of VHB ongoing activities. Ecuador trained health officers last June with a second training in March. This heightened activity is particularly evident in banks with strong links to prior Child Survival activities (9 of 24). In other VHBs, the level of Health Officer involvement is more variable but, according to program staff, usually at least one of the two Health Officers will be moderately active. Like Honduras, Ecuador has scheduled retraining of Health Officers for the near future using the VHB curriculum developed early this year; program staff want to use the opportunity to encourage VHB management committees to cull inactive Health Officers and select new ones.

Health talks are common in almost all the VHBs in Ecuador; more active Health Officers stage socio-dramas using techniques introduced by CS staff. These talks and socio-dramas are presented in regular bi-weekly bank meetings as members wait to pay their loans and savings deposits. One example of a socio-drama seen by the evaluator is described below:

**"Health and Credit"
Socio-drama presented by VHB "Esperanza y Progreso"**

VHB "Esperanza y Progreso" enacted a socio-drama with the theme "Health and Credit" featuring a group of women discussing the benefits of participation in the VHB. The socio-drama begins with the women singing about "health and credit". As the women sing, one explains how she has used her increased income to buy essential school uniforms for her children; another describes (and shows) the more nutritious food she now buys for family. As the socio-drama continues, the women are interrupted at different times by other individuals whose questions and comments highlight different health and VHB themes. "Visiting neighbors" pose questions regarding VHB membership and obligations while one woman's

"husband" (a VHB member acting the part) returns home, pestering his "wife" over her new "ideas". "His" comments are repeated in a joking fashion to reiterate different messages and the situations women often encounter. The most appreciated joke concerns the "husband's" comment on family planning "yes, honey, planning is important, but I tell you no, and you tell me yes".

The final scene of the socio-drama features a visit from the Community Health Volunteer (in this case the actual official). His questions to the women and their "neighbors" provoke discussion on health practices such as water handling practices, family planning, immunization, and pap smears.

This socio-drama lasted approximately 20 minutes.

Combining the two themes "health" and "credit" in this type of VHB activity reinforces the messages linking increased incomes with improved health. This is the type of activity that should be encouraged in all VHBs in both countries.

Throughout the interviews and focal group discussions, women spoke of the importance of the health talks, particularly in Ecuador where health education activities are stronger.⁹ The most common important themes for women were family planning, household hygiene, and prevention of diarrhea. More than one woman commented on using increased income for buying food and uniforms for their children to attend school.

Community-wide Activities

As part of its strategy for promoting health education within the VHBs, the CS program in Ecuador has involved the VHBs in community-wide activities found to be successful in CS. These have included such events as:

- * "micro concentracion" (health fair). One-day health event in a community featuring a variety of health services, for example, immunizations, talks on family planning, doctor check-ups, PAP test. Services are offered to the community free of charge by the sponsoring agencies.
- * "pregon" (evening health parades). Carnival of music, dances, and special events, all with a health message or theme, for women and their families.
- * "ferias de salud" (health festivities). Multi-community public health fair featuring the participation of various health organizations providing educational talks and activities in a festival atmosphere.
- * "posta de la salud" (special event health relay). Community members participate in a day-long,

⁹ Anecdotal comments are included in the questionnaire results summary included in Appendix 3.

"health relay" that moves in succession through adjacent communities. The "health relay" features written mounted and easily carried educational messages.

- * "eleccion de reinas de salud comunidaria" (pageants). Multi-community events honoring women through the election of a "queen", etc. Women are selected based on their health knowledge or improvements in health behavior.

To date, health staff under Child Survival have organized 13 of these different events. These events feature the participation of several VHBs located in the same area. Often VHBs have attended more than one of these events; over the course of these events, VHBs have been represented more than 50 times.

Child Survival's experience suggests that such community events encourage improved health attitudes and behaviors. As special events, however, they are difficult to sustain over the long term once funding or programmatic support ends. In this regard, two recent VHB-sponsored community health events reflect new community self-reliance that may be attributed to the overall empowerment implicit in the VHB model. These events involved two different community health fairs organized independently by two VHBs. Each took their own initiative to identify health themes, arrange the participation of health agencies and government officials, and develop a schedule of integrated services. In addition, each took advantage of the occasion to raise funds for their VHBs through the sale of foods and sodas. As seen in the chart below, the total number of women attending each health fair was far higher (125 and 70) than bank membership (ave. 28):

Community Health Fair		
	VHB Maria Auxiliadora	VHB Esperanza y Progreso
Vaccinations	60	35
Gyn exam	48	37
Doctor's exam	40	20
Babies weighed	30	
Talk: family planning	95	
Talk: diarrhea		20
Talk: breastfeeding		15
Total women attending	125	70

In addition to these two special events, VHBs often organize other community-level activities such as sanitation and clean-up campaigns.

3.3 Development of health education modules

Education and training for Health Officers has been provided by Child Survival staff in each country, utilizing traditional Child Survival messages and methodologies. Although there has

VILLAGE BANKING METHODOLOGY		
	ORIGINAL	PROJECT HOPE
METHODOLOGY		
Membership Number Gender Type	50 max Women Single economic	20-39 Women Ultra poor women engaged in economic activity using less than \$1,000 in fixed assets.
Implementor NGO	Enterprise focused NGOs	HOPE staff, often with ongoing child survival projects
Org Structure	Village Banks	Solidarity groups within Village Health Banks
Integration Other services provided by village bank	None	Health education at every meeting on child survival or women's issues. Monitoring of immunizations and growth charts by Health Officers. Popular Economic Education modules used to teach business skills.
Loan Cycles Duration Number	16 weeks 9 cycles	16 weeks 9 cycles
Savings • Schedule • % Loan	Weekly 20% loan size	Bi-monthly 20% loan size
External Account • Credit line • Initial • Max • Interest rate • Commission rate • Loan Term • Payment schedule	Last loan + accumulated net savings \$50 start \$300 NA 4 months Weekly installments	Last loan + accumulated net savings \$70 (Honduras) \$50 (Ecuador) \$300 36% annual to cover operational expenses. (Honduras) * 60% annual to cover operational expenses. (Ecuador) * 6% annual to cover educational costs 4 months Bimonthly installments with interest and commission; capital paid monthly

*Set above commercial rate but once devaluation is factored in, it is appropriate.

VILLAGE BANKING METHODOLOGY		
	ORIGINAL	PROJECT HOPE
METHODOLOGY (cont.)		
Activity Type (EA)	Working capital; rapid turnover	- Working capital; rapid turnover
Internal Account Control	By members; no monitoring by project promoters	- By members with monitoring by project promoters. - Program strictly monitors delay in payments. - 15% own capital and savings must remain in commercial bank account so that not all is put at risk in internal account.
% Savings Loaned	100% (IA)	- 85% of own capital and savings (IA).
Internal Account Composition	Savings only	Primarily made up of EA payments which are allowed to be used in the IA until the 4th cycle.
Internal Account Loan Activity	Group Enterprise	Members & non-members including men
Management Information System Systems development	From global VB experiences	<ul style="list-style-type: none"> • Standardized for HOPE health and credit use. • Computerized Financial Management Information System produces portfolio, impact, sustainability and MEMS reports; profit and loss statement and balance sheet from each bank meeting. <p>Field maintains computerized system; HQ holds hard copy reports</p>
Graduation	Expected at 9th cycle	Not experienced yet. Probably will be evolution into independent health enterprises and possibly commercial bank linkages for some members.

4/5/95

**DESCRIPTIVE STATISTICS TO MEASURE CAPITAL ABSORPTION,
SAVINGS, AND OWN CAPITAL AT DIFFERENT CYCLES
Project HOPE, Ecuador, February 20, 1995**

Exchange rate: 2,400 Sucres/USD

	URBAN AREA BANKS			RURAL AREA BANKS			ALL AREA BANKS		
	Cycles 1-2	Cycles 3-4	Cycle 5	Cycles 1-2	Cycles 3-4	Cycle 5	Cycles 1-2	Cycles 3-4	Cycle 5
No. of Village Health Banks	2	8	2	6	4	2	8	12	4
No. of Members	53	244	64	165	117	75	218	361	139
Average Members per Bank	27	31	32	28	29	38	27	30	35
EXTERNAL									
Disbursed Ext. Acct. Capital	3,833	19,095	5,636	12,856	10,261	9,096	16,689	29,357	14,732
Recovered Ext. Acct. to the Program	2,137	8,888	0	1,872	0	0	4,008	8,888	0
Outstanding Ext. Acct. Capital	1,696	10,207	5,636	10,984	10,261	9,096	12,681	20,469	14,732
Average Disbursed Ext. Acct. Loan/Bank	1,917	2,387	2,818	2,143	2,565	4,548	2,086	2,446	3,683
Average Disbursed Ext. Acct. Loan/Member	72	78	88	78	88	121	77	81	106
INTERNAL									
Disbursed Int. Acct. Capital	0	10,933	3,392	1,802	8,588	11,954	1,802	19,521	15,346
Recovered Int. Acct. Capital	0	5,978	297	654	3,301	4,482	654	9,279	4,779
Outstanding Int. Acct. Capital	0	4,955	3,095	1,148	5,287	7,472	1,148	10,242	10,567
Average Disbursed Int. Acct. Capital/Bank	0	1,367	1,696	300	2,147	5,977	225	1,627	3,837
Average Disbursed Int. Acct. Capital/Member	0	45	53	11	73	159	8	54	110
SAVINGS									
Net Savings	369	5,411	2,044	1,806	2,728	2,520	2,176	8,139	4,564
Average Savings per Bank	185	676	1,022	301	682	1,260	272	678	1,141
Average Savings per Member	7	22	32	11	23	34	10	23	33
CAPITAL									
Capital to Distribute	0	2,909	669	46	907	1,554	46	3,815	2,223
Average Capital to Distribute/Bank	0	364	334	8	227	777	6	318	556
Own Capital	0	108	215	25	62	0	25	170	215
Average Own Capital/Bank	0	13	107	4	16	0	3	14	54
Reserve	0	196	101	7	105	59	7	301	160
Average Reserve/Bank	0	24	50	1	26	30	1	25	40

TABLE 2

15C

**DESCRIPTIVE STATISTICS TO MEASURE VHB CAPITAL ABSORPTION,
SAVINGS, AND OWN CAPITAL GROWTH AT DIFFERENT CYCLES
Project HOPE, Honduras, April 7, 1995***

Exchange Rate: 9.20 Lempiras/USD	ALL AREA BANKS		
	Cycles 1-2	Cycles 3-4	Cycle 5
No. of Village Health Banks	7	15	8
No. of Members	157	368	180
Average Members per Bank	22	24	22
EXTERNAL			
Disbursed External Account Capital	9,342	26,679	18,391
Recovered EA Capital-VHB -Program**.	0	0	0
Outstanding EA Capital	9,342	26,679	18,391
Average Disbursed EA Loan per Bank	1,335	1,779	2,299
Average EA Loan per member	60		102
INTERNAL			
Disbursed Internal Acct Capital	468	9,353	7,223
Recovered Int. Acct. Capital	224	2,002	1,176
Outstanding Int. Account	244	7,351	6,047
Average Disbursed IA/Bank	67	624	903
Average Disbursed IA/Member	3	25	40
SAVINGS			
Net Savings	1,970	11,002	12,771
Average Savings per Bank	281	733	1,596
Average Savings per Member	13	30	71
CAPITAL			
Capital to Distribute	295	3,439	1,727
Average Capital to Distribute/Bank	42	229	216
Own Capital	0	324	1,346
Average Own Capital/Bank	0	22	168
Reserve	0	65	269
Average Reserve/Bank	0	4	34

* Honduras Program calculated the figures for this Data instrument to April 7, 1995, because their system does not have cut-off capability yet. Comparison analysis with EC which has a Feb 20 cut-off, is not impossible given that between the two dates only recapitalizations of existing banks took place, thereby not impacting volumes of savings and capital. Only two meetings had taken place between cut-offs.

** Recovered EA capital VHB-Program refers to payments made by VHB to the program. Under current policies no capital is paid to program until the end of cycle. New policies will have cycle 5 and up pay capital to the program. For now, only interest and commission are paid to the program and are not registered in this instrument.

been some sharing of techniques and methods, each country program has, for the most part, devised their curriculums and adapted materials in their own formats. These curriculum follow a series of modules on core CS topics such as maternal health, respiratory infections, diarrheal diseases, nutrition, and immunizations. Both country programs have recently undergone reviews of past training and scheduled follow-up and/or retraining for all Health Officers beginning late spring 1995. The Honduras program recently completed a comprehensive Health manual compiling the different units and educational materials as a reference tool for its promoters.

The overall process of developing and implementing VHB education modules is very much in a state of flux at the present time in both countries. Much of the impetus for this current field review (besides the timing of the evaluation) can be traced to new directives at HOPE Center and the recent recruitment of a Health Education Specialist in Child Survival. This position, previously staffed by a Child Survival specialist, reports to the Director of Maternal-Child Health, and plays a critical role as the primary operational contact for the IG Program Manager. Unlike her predecessors, the Health Education Specialist was given more scope to work with the development of the VHBs and to prioritize development of the health modules.

This assignment represents an important and vital transition in HOPE Center's efforts to integrate health and bank technologies. It provides the mandate, authority, and technical resources for country programs to adapt and simplify their proven Child Survival strategies for the purposes of village banking. The assignment also serves as the foundation for mid-course refinements in development of these modules, refinements now set in motion as a result of the initial country assessments.

These initial assessments have only very recently been completed, however - Ecuador in February and Honduras in April. Within this tight schedule, only Ecuador has yet had the opportunity to fully review and develop its latest approach. This yet unfolding process makes it difficult to attempt any analysis of either country strategy at this point in time. Nevertheless, themes can be identified in the preliminary refinements adopted by Ecuador for the development of VHB-specific health education. These include:

- * simplification of modules with easy-to-follow lesson plans that include health messages, discussion points, activity suggestions, and training techniques
- * introduction of basic health messages linking income with purchase of more nutritious foods and community projects such as improved water supplies or sanitation
- * development of practical and culturally appropriate education materials with comprehensible and clear drawings
- * streamlining of Health Officer health talks within a VHB meeting
- * emphasis on the Health Officer's role as a facilitator with flexibility in choosing lesson

plans and activities to introduce

- * **revision of health information cards to a simpler and easier format**

3.4 Current Interim Support from Child Survival

Grant funding for Child Survival programs in both countries recently ended (December in Honduras; February in Ecuador), leaving the status of long-term linkages between Child Survival and the Income Generation program unclear. During this interim period, core Child Survival staff have been temporarily seconded to IG. In Honduras, the Child Survival Coordinator has assisted IG staff in resuming health talks that have long faltered. She is attempting to facilitate the integration of health in banking activities by identifying health needs and practical activities for discussion. CS staff in Honduras are fully funded by Project HOPE. In Ecuador, CS staff have intensified their on-going support of VHBs. During this interim period, salaries of CS staff in Ecuador are cost shared by Project HOPE and the Matching Grant. These staff include the Child Survival Coordinator who since January has been working closely with the VHB program in the development of the health education modules. Two nurse/promoters have been temporarily shifted to the main IG office.

3.5 Summary Assessment

Clearly health education has been more an integral part of the Ecuador program than it has in Honduras. This orientation should not be interpreted as a qualitative statement on either program but must be seen in the broader context of VHB implementation. In this regard, this stronger focus can be related to the different programming strategies adopted in each country for sequencing activities and the intervening impact of the implementation of the baseline of the Impact Evaluation Study that differentially constrained the Honduras program.

The impact of VHB health education activities in Ecuador points to the synergetic effect achieved through the integration of health and banking technologies. The success also underscores the importance for adapting the MCH and CS messages to the context of village banking in an appropriate format. The current activities of the Health Education Specialist can go far in enhancing this outcome.

What is interesting to observe in both countries is the convergence to include as one member of staff a promoter dedicated to education or health promotion. In Honduras, this "Education Coordinator" will provide support to other promoters in implementing their VHB health education activities with health officers. In Ecuador, a request has been made to include a health promoter as a member of the (banking) promoter team to provide support to health officers; this person would replace the support now provided by Child Survival staff.

Both options present different options for supporting health education. The Honduras option can work as this individual has a strong background in both technologies (he is also a nurse). He is

also supported by the Asst. Coordinator who has a strong background in health. The Ecuador option can work as the health promoter, as a health professional, will be able to support health education activities. Success in both instances depends on the role of VHB health officers and established systems for VHB health education. Any further assessment on cost and effectiveness remains to be seen and weighed against the local context.

4.0 VILLAGE BANK IMPLEMENTATION: INCOME GENERATION

4.1 Training and Technical Assistance

The primary focus of Project HOPE's training and technical assistance in this first half of the project has been the development of the credit, savings, and financial systems necessary for sound village banking practices. The evolution of this technical support and the dramatic changes that occurred in this process are essential to understand. They not only shed light on the progress to date but also more importantly, inform the steps now needed to improve project results over the remainder of this grant.

When the Matching Grant was first conceived, HOPE Center envisioned a very different type of village banking project involving technical assistance from FINCA. This project built on earlier successful collaboration in Honduras between FINCA and Project HOPE in locating village banks in areas where Project HOPE had organized mothers clubs for a Child Survival Project. The later collapse of these negotiations between FINCA and Project HOPE forced a dramatic change in HOPE Center's approach, creating the need for an outside, senior technical consultant to provide the expertise not available in HOPE Center.

This programming shift represented a far more radical concept than anticipated when FINCA was to be involved. With the departure of FINCA, Project HOPE was now responsible for development of the financial as well as the health aspects of village banking. This direction presented professional and personal challenges for staff to realize, even for those who had been involved in the conception and design of VHBs from the beginning. It also raised questions at the highest levels regarding the fit with Project HOPE's historic mission. These complexities underlie an equivocal atmosphere in which the project seems to have preceded.

Within this context, the technical consultant was presented a formidable task to create the systems necessary to (1) build a good foundation for village banking and (2) introduce new financial management systems at both HOPE Center and in the field. Even though village banking models existed, intensive effort had to be applied to systems development since other PVOs engaged in village banking were unwilling to freely share their systems. This required a review of other models to identify and develop new features for health banks that overcame weaknesses in other models as well as to implement standard village banking policies. Concurrently, the technical consultant was involved in on-site technical assistance and regional staff training to orient staff in village banking methodologies.

Moving the organization through these different phases has been laborious, a situation complicated further by the difficult relationship with the technical consultant. Her abrupt departure in the first year handicapped project development as the design of the VHB model was very much a 'work in progress'. There were no other methodologies or systems to easily transfer as the HOPE VHB model was itself a novel approach.

The technical consultant was not replaced. HOPE instead changed the staff position of IG Program Coordinator to a full-time position and filled the position at a more junior level. (Prior to this a HOPE staff person, a health educator by training, was responsible for the IG projects (80% of the time) and worked closely with the consultant. She subsequently quit). The new IG Coordinator, who works directly in HOPE Center, has persevered in carrying on the work initiated by the technical consultant in the development of the VHB management and financial systems. From the onset, however, her working relationship with the Ecuador field office was compromised by lingering reverberations from the technical consultant's tenure. In general, she has accomplished a great deal in implementing these systems at headquarters and in the field, trouble-shooting technical problems and coordinating and implementing technical field training. A sign of this success and HOPE's confidence in her is reflected in her recent promotion to IG Program Manager.

Another unfortunate side effect of the troubled beginning has been the heightened sensitivity of the two country programs to perceptions that one or the other is judged "better". Because of what can best be described as 'testiness' it has at times been difficult to share new ideas or strategies from one country to the other, even in some instances from headquarters to the field.

4.2 VHB Rules and Regulations

In this start-up period, a good foundation has been laid for village banking methods and management systems. Central to this success has been the design and implementation of a comprehensive policy and procedural framework for VHB rules and governance. Specific policies and the changes in the village banking methodology introduced by Project HOPE are seen in Table 1. These guidelines cover three major areas: village bank organization, credit and savings policies, and policies for capitalizing banks. The two countries share the same general policies with some modifications for the local context.

As part of this evaluation, country programs were asked to assist in the compilation of portfolio data for the analysis of the strengths and weaknesses of the VHB banking methodology as implemented. This task was feasible given the comprehensive computerized portfolio management systems that have been implemented (see Section 5.3). However, the task required intensive efforts on the part of field offices and HOPE Center as this has been the first attempt at programmatic analysis of the FMIS datasets. It should be noted that this analysis is cursory, limited by the time constraints of the evaluation. Thus it is not intended to provide an exhaustive review of VHB policies but rather to point to general trends. Summary charts with descriptive

statistics on key issues of capital absorption, savings, and own capital are included as Table 2 and 3.¹⁰ Described graphs are included as Appendix 7.

Key elements and modifications of these different areas are discussed below.

VILLAGE HEALTH BANK ORGANIZATION

VHBs in both countries practice democratic control and administrative self-sufficiency through the democratic election of a management committee with a fixed one-year term (three banking cycles). This management committee manages the bank and executes all the credit functions including screening of applications, approval of loans, disbursement, supervision, recovery, and bookkeeping.

Changes in the traditional village banking model were made to improve and increase shared financial responsibilities of the management committees. Emphasis was placed on the importance of fiscal integrity by electing as the first officer (usually the most qualified and trusted person) the Treasurer, not the president. The position of vice-president was discontinued and in its place a Fiscal Officer substituted whose function is to keep an alternative list of payments, savings, and withdrawals with which to balance the treasurer's accounts. In addition, each VHB elects two Health Officers. Thus the management committee consists of the Treasurer, Fiscal Officer, President, Secretary, Rules Officer, and two Health Officers.

In Ecuador, a new policy regarding management succession was recently introduced in six banks. The policy addresses the problem that arises with elections and the need to provide training and continuity in key positions. In this trial effort, the individual elected as the Fiscal Officer will automatically succeed to the Treasurer position while the Rules Officer will succeed to the position of Secretary. The program is also considering whether to permit banks to allow a treasurer to remain through the fourth cycle as a way to train a new Treasurer.

Solidarity groups of four to five women are formed in each VHB. Ideally these groups are formed of women working in the same productive areas who can support each other in business development. Two key functions of these groups are to provide peer pressure in loan repayment and to participate in fund-raising activities for capitalizing the Internal Account. The two country programs sharply diverge in the activities of solidarity group. These groups in Honduras function primarily to raise money for this through raffles, excursions and food sales. Solidarity groups in Ecuador perform the intended peer pressure role. Some VHBs in Ecuador have instituted a rule that solidarity groups must guarantee loans as a means to enforce timely repayments.

¹⁰The country programs used two different cut-off dates for calculating VHB data as a result of variations in their software program tracking systems. While this may affect totals somewhat, the difference should not affect the overall patterns seen.

CREDIT AND SAVINGS POLICIES

The signature characteristic of village banking is the linkage between credit and savings. All women are required to save in order to obtain a loan. This requirement is intended to foster independence of women, not dependency on credit, by encouraging women to build financial security. At the same time, these savings constitute the Banks's own capital which eventually will replace all external capital.

These two services - savings and credit - are linked through the External Account and the Internal Account. The External Account refers to the collective loan made from Project HOPE to a village bank which is divided into smaller individual loans. These funds are lent only to members at a commercial interest rate set by the program (36% annual/Honduras, 60% annual/Ecuador) with a 2% per cycle commission fee for the program to recover administrative and training costs. Member savings provide the program loan guarantee. The Internal Account consists of members savings, reflows from the External Account loan, and a VHB's own capital derived from income generated: interest income from Internal Account loans, by solidarity groups, other fund-raising, and other income such as fines and fees. It can be lent, either to members or non-members, under any terms the VHB wishes to establish, currently most are charging 10%/month.

Project HOPE utilizes existing poverty lending instruments and has introduced a number of policies to ensure the financial stability of the VHBs and to promote the growth of the VHBs own capital in the Internal Account. Observations regarding these policies include:

- * **Repayment of External Account loans:** Unlike other village banking programs, Project HOPE permits a longer delay in the first VHB loan payment to the program (payment at the end of the cycle or every four months). Since member loan payments are "parked" in the Internal Account during this interim, this grace period enables a VHB to more quickly provide lending activity through the Internal Account and thus 'jump-starts' the VHB capitalization process.

VHB repayment of External Account loans to the programs has to date not threatened the integrity of the program. VHBs have been recapitalized with External loans to date of \$54,412 in Honduras and \$60,978 in Ecuador (Graph 1, 2)^{11, 12}. Only recently has either country program confronted a problem in repayment of the External Account loan; each has quickly responded to the situation by freezing recapitalization. This has occurred with one VHB in Honduras; in Ecuador the problem has arisen with 6 VHBs but is due primarily to the impact of the recent war with Peru on the economy.

¹¹ All graphs are included in Appendix 7.

¹² Average loans in Ecuador began at \$70 versus \$50 in Honduras due to the higher inflation in Ecuador (40%) when the program began in 1993.

- * **Management of Internal Account loans.** The Internal Account, while providing credit volume flexibility for members who find external loan volume limiting, is the most problematic management issue for VHBs. Internal Account loans are used for productive purposes with loans permitted by members and non-members of the community (including men). A higher (10% monthly) interest rate (set by the VHB) is charged.

In order to bring the Internal Account under control, HOPE is working to establish guidelines based on the premise that (1) Internal Account loans should be savings and own capital, not External Account reflows and (2) Internal Account loans must be repaid before the External account is recapitalized. However, these policies have not always been implemented or maintained at the country program level (Graphs 3-6). This is clearly an area that needs to be addressed through more training of the VHB management committees and/or closer supervision by promoters.

Difficulties may arise during the first four cycles if VHBs rely excessively on External Account reflows for Internal Account loans and do not build up member savings. This practice puts at risk the External Account (program loan). Another practice putting VHBs at risk is failure of VHBs to enforce timely repayment of Internal Account loans. This threatens the overall financial health of a VHB and puts at risk the VHB obtaining other External Account Loans. Serious problems have already occurred in Ecuador where recapitalization of six VHBs had to be frozen as a result of loan arrears. Two of these VHBs have recently resumed operations following the assignment of a new promoter who assisted the VHBs in mounting a concerted and successful effort to collect these defaulted loans. Lack of discipline in the management of the Internal Account seems to be a prevalent problem in the rural areas where loans have been lent for agricultural purposes. In response to this need, the Ecuador program is creating a set of strict guidelines for accessing Internal Account loans.

- * **Growth of Member Savings.** Member savings have been a strong element of the VHBs. These savings provide the foundation for long term VHB financial independence as well as for the financial security of individual members. Per village banking methodology, members are required to save a minimum of 20% of the amount borrowed per cycle with additional loans tied to the accumulated savings rate. The stronger a woman's savings, the more she can borrow. The stronger members' savings, the faster a VHB capitalizes. Thus from the beginning the program has emphasized the critical importance of encouraging VHBs to promote member savings.

Both programs now show member savings to be surpassing the 20% guideline (Graph 7).¹³ Average savings per member in Honduras are \$73 (71%) and those in Ecuador are \$33 (30%). The pattern of strong member savings has been most consistent in Honduras;

¹³The basic requirement for members to save 20% of the external capital amount is consistent throughout village banking methodologies.

Ecuador initially implemented its own policy of 10% and only recently conformed to the 20% guideline. The net effect is that while Ecuador is catching up in its savings volume, its internal capital usage and absorption is well over double of what it has in members savings and VHB capital. This signifies that a financial crisis (such as the recent war with Peru) could leave large amounts of the External (program) loan payments unprotected.

- * **Capital Absorption.** Per village banking methodology, growth in average member savings and average External Account loans are linked, each growing at an average of 20% per cycle. This capital absorption provides indication that a woman's business is expanding. By the 5th cycle, both program show prudent but healthy increases in this area (Graph 7). However, the situation changes when the combined pattern of external and internal loan absorption is considered. In the right scenario, at least 20% of what is being loaned out in both External and Internal Account loans would exist in savings as collateral to the External loan. In Honduras, VHBs show a consistent pattern in ensuring a good balance with savings increasing over 50% per cycle, this provides collateral of over 50% of both External and Internal Account loans (versus the recommended 20%). However, in Ecuador, lending practices put VHBs in a more vulnerable position: even though total savings now conform with the 20% guideline, the very high level of Internal Account loans weakens this savings collateral. Average savings in relation to the total of External and Internal Account loans is below the recommended 20% - it is 15% in the 5th cycle.

BANK CAPITALIZATION

Project HOPE takes a different perspective to bank capitalization than other village banking programs. In most other programs, bank capitalization is viewed primarily in relation to the bank's capacity for continued independent credit activity after a program ends. Such graduation occurs when a bank builds up sufficient internal resources to replace the external program loan and to continue lending to bank members with the bank's own funds. In the Project HOPE model, however, village banks are oriented to the investment potential of these assets as more than credit. Bank capitalization is viewed as a catalyst for health through VHB investments in profitable community health enterprises such as cost-recoverable water supplies, latrine servicing, and garbage removal. Profit-sharing through such investments can also be another source of increased income beyond a woman's personal earnings.

As a bank capitalizes, distribution of interest income is made: 70% to member savings, 25% as bank capital to cover administrative costs (and eventually as investment in community health enterprises), and 5% as reserve for bad debts. To achieve this capitalization, Project HOPE encourages VHBs to sustain the steady growth of their own internal funds through member savings and income generated from interest on Internal Account loans, collection of fines, and fund-raising activities. No other village banking program tracks capital with the same rigor.

However, while guidelines and policies have been established in these areas, they have yet to be fully enforced. It should be noted that these activities are envisioned in the DIP under the

consolidation phase. With VHBs entering the 5th cycle, that point has arrived. Immediate attention must be given to developing strategies for capitalization, formation of independent credit and health enterprises, and graduation or evolution. Any further delay in this enforcement puts at risk the long term financial sustainability of VHBs.

In relation to general guidelines for all VHBs, two areas of current practices raise concern. These are as follows:

- * As of the third cycle, both countries have started capital distribution with dividends paid to members savings at the end of each cycle rather than restricting such distribution to cycles 3, 6, and 9 as recommended by the program (Graph 7). From the point of view of country programs, distributing dividends more frequently provides an incentive for bank members to remain with the bank as they see more quick growth in their earnings. In reality, the converse occurs: with earlier payment of expected earnings, a member may withdraw more quickly rather than wait for an anticipated payment. More seriously, this frequent distribution endangers growth of a VHB's own capital.
- * Solidarity groups can play a significant role in achieving VHB capitalization through their group fund-raising activities. However, sponsoring such activities has not been routinely established. VHBs often find it difficult to implement as individual participation is variable, leaving many VHBs to abandon the effort. However other VHBs, especially some in Honduras, have conceived innovative approaches to this problem levying compensatory individual "quotas" and featuring solidarity group activities as a regular discussion in VHB meetings. Solidarity groups in Ecuador, which by contrast are stronger in peer pressure for loan repayment, are far weaker in sponsoring economic activities.

4.3 Village Health Bank Financial Management

One of the strongest features of the Project HOPE program is the system of village bank financial management that has been implemented in each VHB. These controls promote fiscal integrity within the Management Committee and enable good recording systems for managing credit and savings activities. This rigor is important. It fosters shared financial responsibilities and control, encouraging vigilance and oversight among members and minimizing opportunities for malfeasance.

The significance of this management discipline was evident in VHB interviews in both Ecuador and Honduras. In Honduras, where village banking is quite common, women who had been members of other village banking programs spoke of the myriad problems that had arisen in these banks and the funds that had been lost. In interviews in both Ecuador and Honduras, bank members and management committees spoke of the value of this discipline, recounting problems of malfeasance in other (non-Project HOPE) banks and attesting to the confidence felt by women in the different cross-checks.

Features include:

- * **Internal cross-checking bookkeeping systems for accounting control.** Five levels of books are completed by the management committee at each VHB meeting. These include the External Account and Savings Register, Internal Account Register, a Summary Register combining all inflows and outflows of VHB meeting, the Commercial Bank Book, and Cash book. The woman's own passbook serves as another balance.
- * **Democratic rules of order and meeting protocols.** At each VHB meeting, the Secretary takes roll call, describes business of the last meeting including a financial report of payments and savings and internal account disbursements of last meeting, and reading out names and amounts for all those in payment delay. The Ecuador program has introduced a worksheet for recording delays.
- * **Clearly defined chain of money handling and protocols for cash control.** Only the treasurer is allowed to handle money. Money collected at a VHB meeting must be deposited into their commercial bank account within 24 hours in order to diminish the temptation of too much cash on hand.
- * **Preparation of financial statement at the end of each meeting.** Honduras prepares this on site. Ecuador has been less rigorous, completing it the following day in the office. Such practices underlie the problem in Ecuador with good record-keeping and the unreality of the data. A long-delayed audit by the Ecuador program is presently underway. The audit was called at the request of the country computer programmer.

In addition to interviews, the 'Village Health Bank Checklist' was applied to a sample of banks to assess financial management. This checklist is an instrument used in village banking methodology to provide on site verification of participation, policies, and accounting at village banking programs. Through this evaluation, a Health section was created with assistance of the Ecuador team to measure levels of health activity.

This checklist showed that both countries scored high in overall member participation, record-keeping, up-to-date accounting, and delegation of authority to the Management Committee. However, in both countries, VHBs showed problems in on-time installment payment of both External and Internal Accounts, the problem noted earlier in Section 4.2.¹⁴

4.4 VHB Promotion and Monitoring by Promoters

Program promoters play a central role in the promotion, orientation, supervision, and monitoring of Village Health Banks. Their effectiveness in implementing the VHB methodology is one of the primary contributing factors to the sustainable development of a VHB. For this reason, functional

control and development of personnel is critical to the long term program success and underlies the significance of the promoter profile. Strong promoter involvement is also one of the distinguishing characteristics of the Project HOPE model from most other village banking models. For this reason, it is important to review the support provided by the promoter and other support staff within the different cycles:

- * **Promotion of Community** - Communities can enter the program in two ways. The least time intensive occurs when a community group applies to the program, often because of their previous participation in other Project HOPE health activities, most often Child Survival. In this instance, the group is already relatively organized and requires little promotion. If this is not the case, a promoter may spend as much as five days in individual and group meetings with community members to organize a group of approximately 25 women interested in forming a bank. In Ecuador, initial promotion was complicated by the lack of local familiarity with the concept. Staff had to invest considerable time in promotion, often literally going door-to-door at the onset to promote the idea, woman by woman.
- * **Formation of Village Health Bank** - Once a group of interested women is identified, the promoter holds a series of meetings with the group:
 - Two initial meetings of two hours each focused on motivation of the group.
 - Three meetings of two hours each for pre-credit training for the group.
 - Four bookkeeping training sessions of two hours each for the management committee.
 - Four hour meeting for the inauguration of the bank which includes disbursement of initial loans and celebration.

During this stage, the promoter has a number of administrative tasks in the office to prepare for the formation of the bank:

- Initial paperwork (day and half by the promoter or a secretary) including the preparation of loan documents, payment books, and other forms; and preparation of internal and external loan account books
 - Completion of individual loan applications with business plan (18 minutes per application for an average of 7 to 9 hours to fill the applications of 25 women
 - Insure savings deposits of women before disbursing the loan.
- * **First Loan Cycle** - The first loan cycle, when the management committee and members are just learning the rules and regulations, obviously requires stringent supervision by the promoter. In each four month loan cycle, there are eight four hour meetings, each of which the promoter attends. In addition to the 32 hours spent in the field, the promoter needs to spend about twelve hours on paperwork in the office. In addition to this, the secretary provides about twelve hours in clerical support.

- * **Cycles Two-Four** - The support by the promoter is the same as in the first meeting. During cycle two, the additional training of the management of the Internal Account adds about an hour to each meeting. During this period, the promoter should be less directive and more facilitory in helping a VHB to assume its responsibilities. Often the balance is difficult to achieve in these early sessions when management committees are still learning the routine and it is necessary for the promoter to closely cross-check their bookkeeping and accounting. For this reason, the planned introduction of a community promoter or 'facilitator' to compliment the work of the program promoter provides advantages in workload (see below).
- * **Cycles Five-Nine** - By the fifth cycle, VHBs are entering the period of consolidation of growth and preparation for graduation. This is a critical period for VHBs, representing a point of transition to financial independence if the VHB has followed prudent patterns of savings, capital absorption, and capitalization. Banks in both countries are only entering this cycle. One of the project goals is that VHBs at this level will embark on the establishment of independent group and community health enterprises. During these cycles, the promoter reduces his/her direct support to only every other meeting.

A good or a weak promoter can often make all the difference in whether a VHB succeeds. A good promoter can see a marginal VHB through and provide technical assistance for it to improve. The same VHB under a weak promoter may fail for lack of supervision. This situation is seen clearly in a VHB in Ecuador whose meeting we attended. This VHB had been effectively closed, its accounts frozen by HOPE/Ecuador, after serious arrears and defaults in both the External and Internal Accounts occurred. During the period that these problems mounted, the VHB was without effective promoter support and received almost no monitoring. Scant program oversight saw a risky situation worsen as members fell further and further behind in their loan payments at the very beginning of their loan cycles. Further signs of weak monitoring by the promoter showed that there were dangerously high levels of cash remaining in the cash box and deposits to the commercial bank were noticeably lower than the cash received in meetings and meant for deposit. The instance was not singular, other VHBs of the same promoter also suffered problems; six of these VHBs were added to the audit currently underway.

Membership wavered throughout the cycle and in Dec. 1994 the bank was shutdown. A few members persisted in seeking program help and eventually secured help through the assignment of a new promoter. This promoter persevered with the women, working with them to rebuild the bank. Slowly the old debts to the Program were repaid with savings and sales of collateral assets. At a meeting attended by the evaluator, members of this VHB gave a strong testimonial for their new promoter, "We would have disappeared without you...we needed your help to work through problems and to start over again...you helped us succeed." It was clear from our interviews and group discussions that this VHB had gone through a difficult period and, from statements made by different members, the critical contribution made by this promoter.

Community Facilitators

In the village banking model, another level of support for the VHBs is the community facilitator. This local promoter is an individual from the community (and a member of another VHB), who works with project staff in monitoring and providing technical support to three to four VHB management committees. Inclusion of a community facilitator is intended to be a low-cost means of multiplying the work of project promoters and to promote long-term sustainability by training individuals from the community to take over the support function initially provided by the project. The individual is paid by each VHB. Individuals selected as facilitators are most often outstanding VHB treasurers. The individual receives hands-on training from the project accountant and the promoters in bookkeeping, accounting methods, and responsibilities of each member of the Management Committee.

This is a fairly new concept in the VHB program, only introduced to staff in November 1994 with each country holding their first training of community facilitators the following month. It has yet to be fully tested and an effective monitoring (supervision) system set in place. From the Ecuador experience, however, it appears to be a viable concept and worthy of serious trial. Honduras has not yet fully embraced the system.

In Ecuador, the newly trained facilitators (4) have been paired with a program promoter to VHBs in the 3rd cycle and older. The facilitators provide bookkeeping back-up in key meetings, freeing the promoter to do more analytical tasks with the management committees. At other times, the facilitator may provide support on her own, obviating the necessity for a promoter monitoring visit and thus enabling a promoter to carry a larger VHB load. In the Ecuador model, the facilitator is paid by the VHB by the first visit. Some VHBs have been reluctant to either pay for a service once free much less pay a peer to provide that support. In general, the facilitators have not encountered too much overt resistance. The Ecuador program is exploring the idea to pay facilitators to promote VHBs (one of the more time intensive tasks) with the intent that the extra cost for paying the facilitator would be recouped from the interest paid by future VHBs and offset by the comparatively lower salary cost for a facilitator than a program promoter.

Promoter Training

Project promoters have received training in economic development and micro-enterprise concepts in two main forums: integrated formal training through workshops (held for logistical reasons in Honduras) and on-the-job training by the Program Manager. The initial training provided by the technical consultant consisted of a one-month intensive orientation to village banking concepts. This training was attended by all members of both project teams. The second and third training focused on development and use of the FMIS. These trainings appear to have been effective in providing staff a good foundation for banking methodologies. Unfortunately, some of this staff experience and knowledge has been lost in Ecuador due to staff turnovers; this has handicapped the program. Staff turnover has not been a problem in Honduras.

In the next phase of formal training held at the beginning of the second project year, promoters were to receive orientation in nonformal business training, reinforcing promoter productivity, and introducing development of health enterprises as the first step in implementing the other components of the VHB model. However, this training was canceled abruptly after the departure of the technical consultant, creating a void that has yet to be filled. Promoters remain very weak in these areas. Other formal workshop training was coordinated with a FINCA-experienced consultant. According to staff, the training was useful in introducing the promoter productivity indicators, reinforcing financial concepts, and providing an opportunity for discussion and clarification of banking policies. It was less successful in providing the non-formal business training and the development of health enterprises which staff realize underlay the success of the credit and savings mechanism. This experience suggests that in the future it might be best to avoid the use of "purist" banking methodology trainers who are unwilling (or unable) to consider the adaptations introduced by HOPE in its integration of health with banking.

Promoter Technical Assistance to Individual Enterprises

This is the technical component described in the DIP as "popular economic education" and referred to in the evaluation as "nonformal business or microenterprise education". As noted elsewhere, this component has not been developed or realistically implemented. This component is very weak; it is the area program staff in both countries feel weakest in and requested the most assistance in. This technical assistance is urgently needed to promote and encourage viable enterprise development by poor women.

One initiative taken by the Honduras program in providing technical training is worth highlighting. This has involved the needs assessment of individual entrepreneurs, identification of peer "experts" in these areas, and the organization of peer technical training. From interviews with women, this training was highly successful and highly valued. The Ecuador team was provided orientation to this approach at the last training. It is a good idea worth developing further by both teams.

This training in Honduras has been organized by the promoter who has been proposed to assume the position of "Education Coordinator". In this initial training he not only focused on technical aspects of trade activities such as sewing but also provided hygienic food preparation. He organized 6 different activities in hygienic preparation in which over 50 VHB members participated. Selling of fast foods, condiments, and pastries is the first commercial activity many women go into as it follows naturally from their roles within their households. While the training focused on hygiene needs of micro-entrepreneurs, it also provided education in health as women learned about use of soy flour and milk, balanced diets, etc. This orientation can have direct impact on the woman's own household as a woman changes food preparation for her family. Such integration of economic and health provides another example of the synergy possible in the VHB concept.

4.5 Summary Assessment

In this start-up period, a good foundation for village banking methods and management systems has been laid in both countries: VHB rules and regulations have been established, VHBs trained in financial management, and VHB promotion and support by promoter set in place. VHBs operate under member-management by members elected in open assembly; leadership has rotated. From our interviews, it appears that most women are using their increased incomes to support their households, investing funds in their businesses and some expanding with real growth. These are clear achievements and evidence of progress in meeting project purposes.

However, as the evaluation has also discovered, not all guidelines and policies have been enforced with the same rigor, either within or between countries. The Honduras program has facilitated sound growth with prudent levels of savings and capital absorption in most of its VHBs. Ecuador on the other hand has faced problems with risky lending practices and poor monitoring by some promoters that put VHBs in a vulnerable position. While serious effort has recently been made in Ecuador to correct these weaknesses, concerted effort must still be given to ensuring sound practices in all VHBs.

With reference to the different country strategies, it is necessary to consider the two different approaches taken by each country program in recruiting promoters. Clearly the broad professional experience of the Honduran promoters has provided advantages and contributed to the strength of the VHBs. The team is noteworthy for its high level of hands-on expertise and complimentary skills in grassroots development, promotion of women's participation, small enterprise development, health activities, and educational techniques. The situation is different in Ecuador. Apart from the Program Coordinator and the senior promoter, promoters in Ecuador have far less experience. However, this should not be considered a flaw as long as standard VHB policies are set in place and appropriate systems of on-the-job training provided. In this regard, the evaluation has seen that such systems have been weak. For most of these promoters, this is their first job outside of school. They have little experience in working with other socio-economic groups or older women and limited exposure to development projects. But they do bring to their jobs enormous enthusiasm and dedication. Without proper guidance, however, they can get consumed by their jobs, become frustrated, and quit. Ecuador has suffered from high promoter turnover. The deleterious effect of these frequent personnel changes may underlie some of the problems seen in the VHBs. However, changes in personnel are inevitable in any program, especially one such as that in Ecuador with its policy of using interns. What is needed are the development of systems, adequate team building, and institutional memory to maintain continuity.

The two country experiences are providing Project HOPE a wealth of information useful in developing an overall model of VHB. What the evaluation suggests is that both approaches provide viable alternative strategies for different contexts in which the VHB model may be developed.

5.0 Financial Systems for Sustainable Management

5.1 HOPE Center

Under the matching grant, HOPE Center is expected to develop and implement systems and skills for sustainability management, combining income from cost recovery programming to cost-centered accounting. To date, portfolio management and therefore income reporting is taking place primarily in the field. HOPE Center receives this information in hard copy and only tracks capital and income payments in its computer system. As yet there is no analysis of the income and portfolio system

In reference to cost-accounting, financial information on the project is up to date. Based on a very peripheral analysis, there appears to be adequate control of USAID financial resources. However, the accounting system is weak in terms of management information needs. Due to restrictions in the present system, the accounting system does not provide financial information in a useful format. The way in which the accounting system controls and tracks cost data makes budget analysis more difficult:

- a. The present accounting system desegregates expenses by expense code, fiscal year, and location. Expenses are allocated by where they are paid, not by budget location. For example, if HOPE Center directly purchases equipment for the country offices, the charge is considered a headquarters expense. Additionally, HOPE Center does not track expenses by sources of funds. Instead, the total actual expenses are allocated to either USAID funds or HOPE private unrestricted funds.
- b. The accounting system cannot provide a detailed report against the DIP budget although it can report against the summary budget included in the contract.

HOPE Center issued an RFP last year for the upgrading of all its computer systems, including financial and inventory. The new accounting system will be able to provide reports tracking actual expenses offset against the DIP and headquarters budget per program staff's request and need.

Based on a review of the expenses differentiated against the DIP (conducted by the evaluation), the fund assessment as carried out by the organization differed only slightly from the expenses as reported against the original DIP budget.

Expenses are to be authorized by the Project Director, Jeff Waller. However, he does not see all headquarters expenses before they are charged to the grant. He does receive a timely monthly report of program expenses. He indicated that this had not presented a problem.

5.2 Field

The financial formats prepared by the field, both in Ecuador and Honduras, provide a wide array of programmatic and financial data about the VHBs. The data was up-to-date and in the case of Honduras, appeared to be accurate. The VHB data for Ecuador is inaccurate. Both HOPE Center and the Ecuador office are aware of this; an audit of the banks is in process to obtain accurate information.

The FMIS is a group of extensive financial reports which are prepared either monthly or quarterly. The field offices, in conjunction with HOPE Center has developed a comprehensive set of reports that present data on various aspects of the financial management of the VHB's. These reports consolidate information from the VHB applications, individual applications, and VHB income statements. In general, the reports reflect the intensive work of HOPE staff in the creation and management of these reports. They represent a strong foundation of financial and programmatic data which can be used for management decision making. These reports represent an achievement, especially in light of the fact that HOPE has not had previous experience with credit programs. Specific comments are made about each report below. Recommendations are also made about using this data to create monthly reports for each level of management which would serve as a basis for analysis and decision making.

The reporting system is comprehensive. The problem lies in the sheer weight of the data generated by the field offices. This information is critical for both monitoring of the village health banks as well as for archival purposes. However, the amount of data produced by each field office makes it cumbersome for use by management in decision making. To date, no analysis of this data has taken place which is due to two primary reasons. First, as mentioned above, the amount of data and the format in which it is reported makes it cumbersome and difficult to analyze. Second, promoters and the program coordinators have not received training in the use of programmatic and financial data for decision making. As expected, these individuals have been involved in designing and implementing the program and this has been less of a priority.

Few problems have been caused by this lack of analysis. However, it is important that now, since program implementation has shifted from design to maintenance, that HOPE develop management information reports for each staff level, containing only that information required for decision making and presented in a format that allows for management analysis.

5.3 Description of FMIS Reports

There are three kinds of reports being prepared in the field. Given the nature of this information, recommendations are integrated with the text.¹⁵

¹⁵Two figures developed by Project HOPE show the composition of the data sets and the composition of the FMIS in Appendix 6.

5.3.1 Portfolio Analysis. The three Credit Portfolio reports measure and track the status of the loan portfolio for each bank, for both the External and Internal Accounts. They show credit disbursements and payments of capital, interest, and commissions for each VHB.

a. **Loan Portfolio Report.** A monthly report summarizing the status of the banks. This report is clear and understandable. The report contains data that can be used for analysis of the portfolio to ensure protection of loan capital. A few recommendations can be made with regard to this report::

- * Sections E and F on arrears. It would be useful to add an aging report to determine the name of the bank, the name of the promoter supporting that bank, the amount due, and the days in arrears. This would allow the Country Program Coordinator to detect problems and therefore take action as required. Section L could then be used as a memo to summarize action required.
- * In Section H, add a line, savings per bank.
- * Sections I and J are not necessary for this report as they are more appropriately included in the Sustainability Report.

b. **Portfolio Volume Reports** track disbursements, payment, and bank capitalization. Three reports track this: Inflows Report for each account, Outflows Report for each account, and the Historical Report for each bank.

Inflows and Outflows Reports gather information of the Income Statements emitted at each meeting to track payment of loans to both accounts, income to banks in interest, fines, fees and outflows in the form of internal account loans, payments to the program and administrative expenses. These Inflows and Outflows reports (tracked separately due to programming restraints) take the temperature of individual bank "financial health".

The Historical Report gathers information from bank credit applications (for disbursement of the loans), payment receipts to the program, and VHB balance sheets to track bank capitalization. Through this report--kept chronologically by date of loan disbursement, and by VHB--one can track a VHB's behavior in the program such as timely repayment, levels of savings, levels of capital and loan reserve. The Historical Report was developed as a tool to see a VHB's longevity in the program and track its bank capital consolidation at a glance. In depth analysis of these reports was not performed and an in depth financial management analysis will be needed in order to implement change that may be optimal.

c. **Loss on Capital.** Each program has developed a report to track the rate of exchange at time of disbursement and rate of exchange at time of payment to the program in order to track loss on exchange.

- d. **Arrears**. This report tracks the dates and length of time a VHB is in arrears to the external account program. Length of time is set aside as 1-15, 16-30 and more than 30 days as extreme. It should be noted that delays within the bank cycle are also tracked through a VHB's personal arrears worksheet in order to exert pressure on late installment payments within the cycle. Part of this report can be added to the portfolio report for easier identification of problem banks and troubleshooting.

5.3.2. **Impact**. Three reports measure the impact of the program on the banks and their members.

- a. **Microenterprise Management System (MEMS)**. These reports are prepared for USAID and the SEEP network. There is no need to change these if they meet the needs of those two audiences.
- b. **Income Statement and Balance Sheets of Village Banks**. Income Statement and Balance Sheets of VB's are the landmark product of the HOPE model and pioneering tool for all VB methodologies currently being implemented. It is the first program to implement this business tool so that VHB's can track their economic health by bank meeting. It is organized by Inflows (to External and Internal Account) and Outflows of Internal Account. The balance sheet in the Debit side tracks what the VHB is holding in cash (should remain very low), holding in commercial bank account and in debt to the External and Internal Account, while the Credit side tracks its debt to the program, and its holdings in member savings, own capital and reserve. Using these instruments an analysis of level of External Account, Internal Account being recovered, level of savings, level of commercial bank holdings against Internal account volumes and level of Internal volumes to bank capital can be measured at any given time.

The importance of this information is crucial. Currently the program promoters must emit this for the VHB, later the community promoters will emit these and a sign of complete empowerment will occur when management committees can emit this for themselves. In the interim promoters and management committees are being trained on balance sheet analysis in order to understand the indicators of strength and motivate banks to grow in savings and capital and keep timely payment to the program and of the internal account on target. Promote should continue to write brief discussions of the main events of the VHB meetings and unite the key troubleshooting issues in their monthly report to the Coordinator. Appendix 9⁽¹⁾ (Sample Income Statement and Balance Sheet of a Bank Meeting)

- c. **Socio-Economic Report**. These reports would utilize the external account application information regarding cash flow to the enterprises and homes and food and health expenses of the home to create meaningful reports that track an enterpreneurs enterprise and home health at entry into the program and as they grow in the program. To date both field and Headquarters staff have attempted to create useful and meaningful reports that would provide interim impact information between baseline midline and endline of the

Impact Evaluation. This has proven to be a difficult task and it is still in process. In the mid term they will need to define and decide on the use of the socio-economic data being gathered by the external account application in order to streamline the tedious work of gathering this information and inputting it into the computer system.

5.3.3. Sustainability. There are three reports that measure sustainability of the program. To date, both programs emit sustainability reports tracking income versus operational expenses but only Honduras emits Financial Statements and Balance Sheets.

- a. **Financial Statements of the Program** Financial statements and balance sheets of the country Income Generation program are the first business instruments to be instituted in a Project HOPE program. For Honduras (the only program that has attempted this exercise) it has meant going back to all project expenses since June 1993 (when credit activity actually began) and entering data in a double entry accounting methodology. This has signified a landmark event for account reporting. For HOPE, grant accounting has only meant providing spend down reporting of their expenses. An IG program however has forced HOPE to think through its reporting and create business type reporting such as program income statements and balance sheets. It also involved the development of a balance sheet that would track Institutional Development costs and Operational costs. Appendix 9⁽²⁾ is an example of Honduras program income statement and balance sheet. The next step will be to do a more meaningful report on fixed and variable costs. Using the data from these reports breaking up the costs between variable and fixed, a break even point analysis can be carried out. The impact of promoter productivity (number of banks supported) and overall program volume (number of promoters) can then be included in the analysis. They correctly separate institutional development costs which support the long term development of this program from the operating expenses.
- b. **Sustainability Level Report** - This report is easy to read. Several modifications will make it more useful as a planning and analysis tool. (See next page)

The following recommendations are made:

- a. For sustainability reports, the analysis should be carried out quarterly or bi-annually, rather than monthly.
 - b. Variable costs should be separated from fixed costs. If promoters are not working with a full complement of seven banks (or whatever the "normal" load), that should be indicated. For example, if a promoter is only working with four banks, half of his/her salary should be considered a fixed cost and half a variable cost. A rise in banks will then result in a lower personnel cost per bank.
- * The cost of inflation and loss of devaluation should be considered in this analysis. The dollar value of the portfolio needs to be maintained through interest inflows. A portion of

the interest income needs to cover that. For example, if inflation is 25% a quarter and the interest charged to the VHBs is 50% a quarter, then half of the interest income needs to be added to the portfolio in order to maintain its value in the face of that inflation.

A variable cost analysis has been included in Section 6. This represents an initial analysis of the sustainability of the program, based on these factors. The limitation of time precluded a more in-depth analysis. Project HOPE might consider further refining this financial analysis methodology to get a clearer picture of the program.¹⁶

6.0 Sustainable Program Management

In looking at HOPE's sustainability management, it is necessary to understand the two different ways for an organization to become financially sustainable. One is through recovery of costs through charging a fee for core program services which would cover a targeted percentage of the variable costs. In the long run, these program fees would begin to cover an increasing amount of the fixed costs of program delivery. The other is through income generation through activities which are related but which do not meet program goals. These activities would need to cover both the variable costs of the activity and the incremental fixed costs associated with those activities. The net income after covering these costs would then go to supplement or subsidize the costs of providing the core program services.¹⁷ In this particular instance, three other issues also have direct bearing on HOPE's sustainability management: cost cutting, health care costs, and the sustainability of the two country offices.

6.1 Cost Recovery

The country programs have been generating income from interest and commissions. The bank members seem to be willing to pay these fees and from discussions in the field, have indicated their willingness to pay even higher interest rates for larger loans over longer periods. Given that their only alternative is a local money lender who charges exorbitant daily rates, the possibility for increasing interest rates is higher than staff might realize.

At the end of February, Ecuador had achieved operational sustainability of 20.88% and Honduras 34.83%. This excludes the impact of inflation and devaluation and initial start-up costs (used to set up the program). In the month of February, income covered costs of 47% of monthly expenses for both programs. This was calculated by dividing the monthly income by the monthly operating expenses. It will be more useful to break this analysis down by fixed and variable costs so that

¹⁶ HOPE has been provided with a manual developed by T. Papke which lays out a methodology for family planning projects. This could be used as a basis for an appropriate methodology for a credit program.

¹⁷ Three manuals developed by T. Papke have been provided to HOPE which present methodologies for the planning, assessment, and control of income generation and cost recovery strategies: Business Planning for Family Planning Organizations, Financing Schemes, and Long Range Financial Sustainability.

HOPE can analyze the impact of an increase in output on the financial viability of the program. As the number of banks increase, the number of promoters increase but for the most part, office costs such as administrative personnel, occupancy costs, etc. will not increase.

As part of the evaluation, analysis of the fixed and variable costs for each program was made with the assistance of the Program Manager. The sustainability reports made a straightforward calculation of sustainability by dividing the income by the expenses. A more useful analysis might be to calculate the variable costs for each bank cycle. The interest and commission earned need to be higher than those costs. In order to make a preliminary analysis such as this, several steps were taken:

- 1) Expenses to date were calculated in detail for both countries as well as for headquarters. This financial report is being reconciled with HOPE Center Pipeline and will be submitted later.
- 2) From the detailed financial information prepared from this report, the reports in Appendix 8 (1) were prepared. Working in conjunction with the Program Manager, the annual operating expenses were split up into variable costs which will increase as the number of banks increase and fixed costs which will remain the same. For this analysis, all promoters' salaries as well as the driver were classified as variable costs. This does not take into account the fact that the promoters might not be operating with a full load of seven banks. According to this, the cost per cycle for each country for each year can be calculated. The following table presents a rough estimate of the variable and fixed costs per cycle for the last years of the program.

	Variable	Fixed	Total
Ecuador			
Year 2	1,055	1,063	2,118
Year 3	781	759	1,540
Honduras			
Year 2	1,001	979	1,980
Year 3	822	803	1,625

Decreasing costs in Year 3 indicate that the program has become more efficient over the life of the project. Both the fixed and variable costs associated with each loan cycle have dropped for each country. This is due to a drop in the fixed costs in the third year over those of the second year. As those costs stabilize and the number of loan cycles per year increases, the fixed costs per loan cycle will drop even further.

In order to reach long range financial sustainability, the income from interest and commissions for each loan cycle must be higher than the variable costs per loan cycle.

The difference can then be used to cover the fixed costs.

It should be kept in mind that the program is incurring costs associated with the development of the VHB model that should be considered a one-time expense

3. In order to take a more accurate measure of this, a proforma variable cost budget based on estimates was developed for each country. These are presented in Appendix 8 (2). Based on discussions with the Program Manager, the amount of staff time required to support a loan cycle was calculated. That is entered in column B. Based on average salaries in each country (see the Table in Appendix 8 (3)), the salary cost per hour is then entered in Column C. A total cost per cycle for each staff person is determined by multiplying those two figures together. Other variable costs were determined to be the loan documents prepared and photocopied by the office and the cost of the vehicle for VHB supervision.

Additionally, in this analysis, the cost of inflation has been incorporated. This has been calculated at 7.7% (annual inflation divided by 3) for a cycle in Ecuador and 6.7% for a cycle in Honduras. Assuming that HOPE capitalizes a bank for \$1875 a cycle in both countries, the amount lost to inflation is added to the variable costs. The actual amount would depend on the inflation rate at the time and the amount lent to the bank. This amount of money must be used to increase the portfolio in order to maintain the real value.

Interests and commissions must be higher than the figure at the bottom in order to begin to cover a higher percentage of the fixed costs.

The break even point can be calculated in terms of bank cycles per period after one develops a detailed fixed expense budget. Taking the actual expenses for each country during the year to date, one calculate the break even point for each country as follows:

$$\text{INCOME} = \text{VARIABLE COSTS} + \text{FIXED COSTS}$$

As seen below, income is the income per cycle as calculated by multiplying the interest and commission rate by the total amount lent to each bank for each cycle. "x" equals the number of loan cycles per period required to cover both variable and fixed costs. It is assumed that the initial amount capitalized is \$1875.

Honduras

$$\begin{aligned} (\text{Interest} + \text{Commissions}) \text{ Average Amount Capital } x &= 472.86x + 29,719 \\ (.12+.04)1875)x &= 472.86x + 29,719 \\ 300x &= 472.86x + 29,719 \end{aligned}$$

Ecuador

$$\begin{aligned}
 (\text{Interest} + \text{Commissions})x &= 571.61x + 29,587 \\
 (.20+.04)1875)x &= 571.61x + 29,587 \\
 450x &= 571.61x + 29,587
 \end{aligned}$$

NOTE: These calculations were performed on estimates of the proforma budget and actual costs of preceding year and need to be verified. The proforma budgets and actual cost budgets exclude fixed cost personnel (country directors, cleaning, watchmen, personnel).

Under this scenario, neither Honduras nor Ecuador will be able to achieve sustainability. In order to become sustainable, the variable cost per cycle must be less than the income per cycle: they must either reduce their variable costs and/or increase their income per cycle. There are several alternative things that can be done:

- (1) Increase the number of members per bank. The above analysis assumes 25 members. In Ecuador, the average number of members by the 5th cycle is actually 35 (Honduras is 25). Assuming 35 members in the case of Ecuador above, the income per cycle would increase to \$630/cycle.
- (2) Increase the interest charged. If interest is increased by even 25% in each country, the resultant income would be \$358 in Honduras and \$525 in Ecuador.
- (3) Increase the number of banks served by the promoter. If the promoter can be assisted in his/her monitoring functions by a community facilitator, s/he can handle a larger portfolio because the time spent on each bank will be less. This will decrease not only the direct staff time but also travel expenses.
- (4) Increase the size of the loan. By increasing the size of the loan, the interest and commission income increase for each loan cycle. The variable costs remain the same as do the fixed costs. Of course, the loss due inflation would increase.
- (5) Identify more economical ways of preparing the loan packets. At present, HOPE estimates that it costs \$20 to reproduce loan documents per bank. Perhaps some of them can be printed up beforehand and with some programming completed by the computer. This would also reduce the amount of time that the secretary would need to spend on the loan documentation as well.

6.2 Other Revenue Generation Schemes

The principle of sustainability runs through Project HOPE. Some part of this is built into most of its programs. Regional and technical staff interviewed in the evaluation were open to ideas of

income generation to support projects. Some of the ideas that arose which appear to be most feasible are described below. Some of these are already under consideration by Project HOPE.

- * **Pharmacies** - Project HOPE received in-kind contributions of \$71,303,000 and donated services of \$5,006,000 last year. Many of these products were pharmaceutical. For the most part, due to their extensive networks, Project HOPE has access to any pharmaceutical it requires. Because these drugs are donated, Project HOPE is not allowed to sell these items and indeed has tight control systems over all products that are shipped out of their warehouse. While this restriction applies to all gifts-in-kind, there are several ways to get around this. Local organizations can charge a handling fee which covers shipping and handling costs and could also form a pre-paid service or charge for these items under the aegis of other services. Within this context of the programs, VHBs could form a pre-paid pharmacy in their community - creation of such community health enterprises is one of the ultimate goals of the program. Community members, not just bank members, would pay a monthly fee that would allow them a certain amount of items each month. Field staff in each country and most importantly a few VHBs have already expressed interest in exploring this idea. There are existing models of such community-managed pharmacies in Honduras and Peru that might be investigated.
- * **Pre-paid clinic.** Ecuador presented a proposal to USAID/Washington to fund small pre-paid health clinics which build on the VHB structure. In this proposal, women would use income generated from their VHB-financed economic activities to pay the monthly fee for an HMO-type clinic. This was not funded by USAID because it was not a proven service delivery mode. USAID/Washington may contemplate funding it after conducting a feasibility study.¹⁸ Project HOPE might consider trying this in a fewer number of clinics with a more limited array of services.
- * **Small Fee for Service Clinics.** VHBs might consider identifying or building a small clinic space in the community and equipping it as a primary health clinic. HOPE might be able to provide them with minimal clinic equipment as well as pharmaceutical. The VHB could negotiate with a physician for a specified number of hours a month for a fixed fee. The VHB would then charge a fee for each clinic that after covering the physician's fee could be used to generate a net income for the VHB.

6.3 Cost Cutting

Both country programs can become more sustainable through cutting costs. There are several changes that will make the program more effective in the field.

- * **Transportation.** Both programs rely on jeeps and drivers to transport promoters to their

¹⁸Project HOPE plans to complete this feasibility study in the next few months and to then resubmit the proposal to both USAID/Washington and the Ecuador mission.

job sites. While this is necessary for security reasons when staff are transporting capital for the VHB, during other times HOPE should look at other means of transport.

- a) **Motorcycles** - One idea being explored by HOPE is the establishment of a loan fund for promoters to draw on to purchase their own motorcycle. The loan can be secured by the motorcycle with payments subtracted from the promoter's salary. HOPE can then reimburse the promoter for actual, programmed miles for field work.
 - b) **Driver's Licenses**. HOPE can make a driver's license a condition of employment and then allow promoters to drive the cars themselves when it is necessary for them to go in a private vehicle--due to weather or security.
 - c) **Public Transportation**. Staff tends to get used to comfort but many times it is possible to visit project sites using public transportation. This should be encouraged in those instances when it does not reduce their productivity (i.e. when it does not involve significant time spent in transit or waiting for transit).
- * **Project Sites**. Ecuador wants to expand its already dispersed service area. They have not yet entered Manta which is a dense urban area. Before considering more rural areas, Ecuador should investigate the possibilities of forming banks in that urban area as well as in the potential areas still remaining. This will increase the number of banks that each promoter can support and reduce travel costs (vehicle, maintenance, gasoline, etc.). Consideration could also be given to the placement of a promoter on site.

Additionally, when expanding coverage, HOPE should whenever possible expand into other areas where HOPE programs in Child Survival or other health projects have already been working. The advantages of working in areas where HOPE is already known has been previously discussed.

6.4 Health Education Component

The cost of adding the health component to the project is in primarily two areas: the cost of training the VHB Health Officers and in the training/educational materials to be provided to the banks. The costs below are estimated with figures provided by the Ecuador project for upcoming retraining of Health Officers and with guidance from the Health Education Specialist. Figures from Ecuador are used as a guideline since the higher project costs in Ecuador can provide a high end estimate. The training materials will be developed with the assistance of the Health Education Specialist; the cost of this is not included in the field cost as it involves the cost of developing and defining the program. The cost of producing these materials has been estimated at \$40 per bank.

6.4.1 Training

a. Training of present Health Officers - Taking advantage of the Child Survival team and activities in each country, the project will use those resources for the initial round of further training of VHB Health Officers. Based on initial discussions, Child Survival prepared a budget for the initial training and a follow up workshop in the fall. The budgeted cost of this training is \$1,171 or \$49 per VHB.

b. Training of new VHB Health Officers - It is the intention of the Health Education Specialist that these Health Officers will then train Health Officers of additional VHBs at an average cost of \$24 per VHB. The first round of training as described above will involve Training of Trainers Instruction.

6.4.2 Hiring of a Health Promoter

In the Ecuador proposal, a Health Promoter will be hired to be responsible for coordinating these health efforts. If this individual will be involved in training of additional Health Officers, the cost of his/her annual salary can then be divided by the banks trained to obtain an annual cost per bank of the health component.

6.4.3 Observations

a. Cost effectiveness - The project has been investigating cost-effective ways to train and support the VHB Health Officers. Besides using already trained Health Officers to carry out the training, they will also ask the VHBs to cover portions of costs to sponsor community-health activities such as the "micro-concentracion".

b. Detailed Budget - It is not possible to make a long term budget, including a per bank cost at this time. The above training costs are for the additional HO training described under 6.4.1. After that, Project HOPE will have to plan out the health sector methodology in more detail in order to calculate a more accurate health training cost per VHB. One can only say at this time that the organization is very cognizant of the need to keep these costs as low as possible. Even if the training is carried out by the Health Promoter, the cost for the initial training of the VHBs will be \$114 per bank in Honduras and \$160 per bank in Ecuador.¹⁹ That implies a very low cost to add a health component to this model.

Even using the most expensive program delivery, the total cost of adding health education to the methodology is \$154 in Honduras and \$200 in Ecuador, including \$40 for the training materials.

¹⁹ A rough calculation can be made by dividing the annual salary of the Health Promoter by the number of banks trained. Based on financial reports prepared by the field, average monthly salaries for promoters in each country were calculated and are presented in Appendix 8 (4). The average annual salary of a promoter is \$2,723 in Honduras and \$3,832 in Ecuador.

6.5 Financial Status of the Project

As of February 28, 1995, HOPE has spent \$1,053,265 (or HOPE Pipeline \$1,107,403) of their \$2,500,000 budget. The following table presents data on the expenses to date. See Appendix 8 (4) HOPE Pipeline #'s for detailed financial reports of actual expenses against the detailed DIP²⁰Budgets.

Location	Budget ²⁰	HOPE Pipeline#	Expenses	HOPE Pipeline#	Balance	HOPE Pipeline#
Ecuador	1,302,869	1,335,936	394,823	460,291	906,046	875,645
Honduras	1,056,934	1,085,031	325,522	375,841	731,412	709,190
Headquarters	486,730	236,553	332,918	140,250	153,812	96,303
		254,051		131,021		123,030
Total	2,846,533	2,911,751	1,053,263	1,107,403	1,793,270	1,804,168

*The Evaluator's numbers are currently being used and verified against the HOPE Pipeline numbers in order to organize budget reallocation. When the numbers are reconciled with HOPE Pipeline they will be submitted to A.I.D.

These financial reports were prepared based on detailed accounting data presented to the evaluators. Expenses were disaggregated by Honduras (field and headquarters) and Ecuador (field and headquarters). Expenses paid for headquarters which were related to country activities (equipment purchased for field offices, local travel reimbursed out of HOPE Center) were added to field expenses upon discussion with the Program Manager. Remaining headquarters expenses relating to each country were aggregated.

These figures differ, in some cases significantly, from the Summary HOPE Pipeline prepared by the Accounting Department. There are several reasons for this:

- * Technical assistance provided to the program is considered a headquarters expense in this report and a field expense in the HOPE Pipeline. (Appendix 8-4)
- * The Program Manager may consider an expense to be a headquarters expense while Accounting may have included it as a field expense.
- * The total budget differs from the DIP because of the calculation of the overhead rate. The report above calculates it as 66% of salaries rather than 55% as indicated in the Matching Grant and DIP budgets.
- * The DIP mistakenly included overhead for the HOPE portion of the Ecuador budget for

²⁰The difference between this figure and the budget in the original Matching Grant is due to the fact that their audited overhead rate increased from 55% to 66.1%.

year and omitted it for USAID. That correction has been made in this financial report.

Spending has been generally in line with the budget. Three major comments can be made:

- * The projects have not absorbed the amount of funds budgeted for the loan funds in either of the two countries. Honduras has \$311,652 and Ecuador has \$307,973 remaining in their budget for additional loan funds. To date, Honduras has drawn down \$81,035 and Ecuador has drawn down \$108,222. To meet the objectives in the DIP to capitalize 55

VHBs, Ecuador requires \$349,370 (the larger amount reflects that Ecuador's current average membership per bank is 35) and Honduras requires \$134,375.²¹ To form and capitalize a total of 80 VHBs (goals expressed by each office), Ecuador requires \$631,120 and Honduras requires \$268,750. HOPE Center needs to make an assessment of the feasibility of these proposals. Based on an agreed upon target, HOPE can calculate the capital required and allocate any additional funds, if any, to other purposes. An analysis of capital requirements is provided in Appendix 8 (5).

- * The amount of funds budgeted for technical assistance to design and support the development of a VHB methodology was not adequate. Headquarters spent \$81,370 for program consultant fees for technical assistance in the creation of the VHB methodology. The major reason for overspending of the HOPE portion of the budget was the need to hire Dr. Cheryl Lassen to create the VHB methodology for HOPE.
- * Budget allocation needs to take place as there are a number of headquarter expenses necessary for development of this program, particularly to get the health and business education component off the ground. Additionally, there will no doubt be expenses associated with the institutional development of the two field offices in order to prepare them for becoming independent NGOs. HOPE needs to develop a specific plan and budget for these other program components.

6.6 Monitoring and Evaluation

While systems of financial monitoring through the FMIS are well underway, ²²systems for monitoring and evaluation of project impact are still in development; in relation to Socio-Economic Impact (as part of the FMIS) and in relation to health (as part of the health baseline study). Both impact measurement systems have yet to be finalized, leaving a serious gap in monitoring impact information at the present time. The Socio-Economic report as described above is under refinement although it is not clear if the data to be collected will still address

²¹ See Analysis of Capital Requirements, Appendix 8 (5).

²² Monitoring aspects of the FMIS have been discussed in depth in previous sections.

relevant and verifiable indicators. Recently, each project has begun to develop individual case studies for a sample of women who will be tracked through the project.

In health, a collaborative health impact assessment (baseline study) was implemented with George Washington University to collect information on three study groups - Village Health Banks, control Village Health Banks (VHBs without health education activities), and control women exposed to Child Survival activities (but who are not a member of a VHB). This study follows a general "KPC" approach for assessing knowledge, practices, and coverage levels (for immunization and growth monitoring). It is a fairly comprehensive and broad health survey to be repeated on a regular basis. However, the size of the questionnaire (it contains over 47 questions) makes it difficult to implement as intended and if VHB promoters are to be involved. Serious consideration needs to be given to the timing of the next round of baseline follow-up and its implementation to avoid the problems and delays that constrained the Honduras project in the first round of surveying.

Other means of collecting health indicators have been refined for more practical uses. These include the health cards to be completed on a regular basis by the Health Officer and the health section of the VHB checklist to supervise VHB health activism²³. Another is the implementation of short topical consultancies on specific issues of impact. For example, the Health Education Specialist is organizing a nutrition study that looks at linkages with income changes. As the project moves ahead, effort must be directed at developing simple systems for monitoring to guide the project in implementation in this final phase.

6.7 Sustainability of the two Country Offices

One of the objectives of the Matching Grant is to assist Project HOPE in developing the capacity to plan, monitor, and evaluate sustainable community-based programs. When the project was first designed, this purpose referred primarily to the institutional capacity of Project HOPE through its country field offices, field offices that are legally and functionally a part of the HOPE organization. As the project has transpired, however, serious thought has been given to the restructuring of these offices and their creation as affiliated, independent Credit and Health NGOs. This possibility stems from discussions regarding the status (transfer of ownership) of the revolving VHB credit funds at the end of project. Under USAID policies, these funds must be used before the end of the Matching Grant; no unspent funds can remain with Project HOPE. These funds could, however, be "granted" to the local country offices if - and only if - these offices are established as locally registered NGOs.

Consequently, Project HOPE and the two country offices are exploring the legal, programmatic, and institutional issues implicit in such a shift. While this transition is a good idea, it is not a straightforward task as all are finding out. Issues that must be addressed before this transition can be implemented include legal requirements, the nature of institutional relations with Project

²³ See Appendix 5(A-35) for the Health Section of the VHB checklist.

HOPE, needs for transitional financial support, long-term financial sustainability as well as institutional development of the two field offices.

At Project HOPE's direction, each of the two field offices is currently reviewing different options regarding the legal formation. The Ecuador Office is anxious to initiate the process as soon as possible as the country program has identified potential institutional support funds with a very tight window of opportunity. Thus to be eligible for this potential support, the Ecuador program must very soon obtain the concurrence of HOPE Center to initiate the legal process. The Honduras office on the other hand has been more prolonged in its local review and has not yet identified other opportunities for support as does the Ecuador office. The Honduras office has also recently received word that funding has been approved for another major Child Survival activity to begin in early summer. This may also influence a slower pace (at least for the near term) in the exploration of legal transfer options.

HOPE Center has been hesitant to provide the final approval for this transfer until the different issues are more fully explored. This requires not only the initial concurrence from the Regional Program Director (also the Program Director for this project) but also the approval of HOPE's Board of Directors. As the Regional Program Director has noted, the Board will probably request a task force review before proceeding given the overall ramifications of such a shift for Project HOPE. This presents a difficult situation given the urgency being expressed by the Ecuador office. The issues being presented are not complex but are new for Project HOPE. One possibility might be a very quick consultant review of the various issues to guide Project HOPE in this process. Some of the areas to consider are the following:

- * **Financial Sustainability** - ability to identify and network with local funding sources; ability to write grant proposals for presentation to local and international funding agencies; ability to budget, control, and monitor program costs.
- * **Managerial Sustainability** - strategic planning, workplans, budgets; supervision and support of field staff; organizational structure and lines of authority of staff; leadership and program support required by the Country Director; management and control of staff; control of institutional assets (physical, financial, and human); reporting mechanisms
- * **Institutional Sustainability** - strong Board of Directors with leadership, vision, and contacts with local players (banks, donors, corporations, etc.); strong connections with beneficiaries.

7.0 CONCLUSIONS AND RECOMMENDATIONS

In this mid-term evaluation, we have found a number of cross-cutting issues impacting the development of the VHB program and the institutional processes necessary for managing sustainable projects. Considerable progress has been made in integrating this unprecedented concept into HOPE operations both at headquarters and in the field. Yet these breakthroughs

have been compromised by the often fragmented and disparate approaches between HOPE Center and the Field and between the two different program areas, Income Generation and Child Survival. These issues must be addressed for Project HOPE to consolidate the institutional processes necessary to develop and implement an integrated health/income generation model. The following conclusions summarize these issues and provide recommendations to be considered.

7.1 Managing Organizational Change

The Village Health Bank program represented a significant, experimental change for Project HOPE in developing the capacity for integrated programming to advance health and financial sustainability goals. Managing this organizational change has clearly been awkward, delicate, and often not easy. Bringing a credit-led mechanism into an agency where the entire emphasis of project and program management is on health demanded considerable faith and fortitude for those directly involved. Despite these constraints, progress has been made, reflected in the extent to which microenterprise and sustainability management concepts have begun to be integrated into Project HOPE.

At the same time, there have often been elements of cautiousness, even dissension, over the process in accommodating Income Generation with Child Survival. The ramifications arising from the troubled tenure of the technical consultant only complicated what would have been a difficult task in any circumstance. This tension contributed to misperceptions between Ecuador senior management and the Program Manager, compromising their working relationship; it constrained as well the development of an effective working relationship within HOPE Center between Child Survival and Income Generation. While significant progress has recently been made in confronting these management issues, we remain concerned about the remaining, underlying strains. There is critical need for unified leadership in strategic planning and coordination of field technical support in both banking and health technologies.

The field offices have encountered a different set of management issues. In developing the organizational structure to implement these grass-roots projects, each country office has taken a different approach reflecting the local context, program orientation, and linkages with Child Survival. This divergence provides Project HOPE with two distinct country models, both equally valid, both with their strengths and weaknesses. In moving ahead, however, serious attention must be given in each field office to effective human resources management and the clarification of roles. The need for this urgency is underscored by the current moves to restructure the field offices as independent NGOs.

The following recommendations are offered as possible next steps:

7.1.1 Establish levels of strategic, administrative, and operational decision-making for coordinated planning and implementation of the Village Health Bank model.

Of immediate priority:

HOPE CENTER

- a) **Organize a working group to prioritize and develop strategic workplans coordinating the three different components of credit and savings, health education, and nonformal business education. In developing a budget for these activities, careful consideration of program development needs may be necessary in order to fund program activities previously not included.**

We recommend strongly that consideration be given to allocating funds for the development of non-formal business training and development of a VHB health education component (in line with technical recommendations in 7.2). Funding for this could be drawn from allocated loan capital that cannot be effectively absorbed in the life of the project.

- b) **Clarify and strengthen the working relationship between the Income Generation Program Manager and the Child Survival Health Education Specialist.**
- c) **Clarify levels of strategic, administrative, and operational decision-making for the design and implementation of the different aspects of the VHB model. This should include field communication links and decision-making under different conditions (i.e. decision-making for when a key individual is on travel).**

Field Offices

- a) **Clarify management roles and functions with effective lines of authority and communication for decision-making, strategic planning, and monitoring. Timely implementation of this review is critical given the increasing involvement of both Country Directors in the potential transition of Field Offices to independent NGOs. With reference to specific country issues, the following comments are offered.**

In Honduras, the Project Coordinator should assume a more central coordinating and leadership role with authority for the integration of project components. To optimize efforts, the Assistant Coordinator should continue to coordinate health as she does now and the Education Coordinator can coordinate health and business education. However, it is important for strategic planning that the Project Coordinator be more directive in this coordination. This calls for strategic planning to ensure timely development and implementation of the three components of the VHB model with reference to the following:

1. **The transition of a promoter to the Educational Coordinator position is encouraged; necessary technical support should be organized with HOPE**

Center.

2. **A planning framework should be established between the Educational Coordinator and the Assistant Coordinator in the development of health education and training of Health Officers.**
3. **Introduction of the Community Facilitator position must be expedited in order to maximize promoter workloads.**

In Ecuador, the Country Director should work with the Project Coordinator to ensure the effectiveness of management systems and the distribution of authority between the central office in Cuenca and the regional office in Portoviejo. The following steps are recommended as a priority:

1. **The Country Director should spend at least three weeks, preferably one month, in Portoviejo to assist the Project Coordinator with a field and office review of VHB implementation and to finalize the audit. This assessment should focus on the situation of the VHBs in order to identify problems, assess solutions, and make any modifications in the work schedules of the promoters or in the program methodology. Thereafter, the Country Director should continue to provide regular on-site support to the Project Coordinator until necessary monitoring systems are established.**
2. **Discussion should be held with HOPE Center on the possible inclusion of a Health Specialist as a permanent member of the promoter team and recruitment of a part-time Secretary.**

In general:

HOPE Center

- a. **Develop parameters for an on-going review of the two different country models to identify and monitor key elements relevant for future replication or adaptation of the VHB model.**
- b. **Facilitate the exchange of information between the two projects.**

Field Offices

- a) **Clearly define staff roles and responsibilities. From this, identify, establish, and maintain clear guidelines for staff selection and adequate training for program promoters in key skill areas. Develop a training plan/curricula using as possible in-country resources.**

In Honduras, follow-through on present plans to ensure a standard of general health skills in VHB promoters.

In Ecuador, ensure that new staff receive adequate and sufficient on-the-job training in general grassroots extension, training of trainer approaches, and group dynamics. We encourage the planned review regarding the possible linking of promoter salaries to VHB implementation productivity.

- b) **Emphasize training for staff in capacity building, non-formal education/human relations and up-grading skills in financial analysis, portfolio analysis and VHB balance sheet analysis (in particular costing and projections). Identify specific activities on the basis of needs assessments. Where possible, in-country resources should be drawn on.**

7.2 Creating a model for Village Health Banks

The model of a Village Health Bank is not only a revolutionary idea for Project HOPE. It also represents an innovative application of the traditional village banking model. While other hybrids exist, none of these other "credit-plus" models incorporate the features attempted by Project HOPE: savings and credit, health integration, and business education. Thus there was no prototype, no off-the-shelf model to adapt when HOPE embarked on this design. Clearly, the design made by the technical consultant has made a major contribution in developing the technical aspects of village health banks. However, notwithstanding the significance of this progress, neither Project HOPE nor the technical consultant fully appreciated the programming required to effect an integration of health and banking technologies with prospects for long-term sustainability. This appears to be due to two underlying factors:

1. **Unrealistic expectations on the level of effort needed to (a) develop, refine, and regularize the systems development of three distinct components of the VHB model; and (b) ensure the integration of these three components into a coherent model of VHB.**
2. **Misconceptions on the manner in which to integrate Child Survival experience and methodologies into the VHB model. As the model has unfolded, it has become clear that the traditional Child Survival approach must be adapted, not transferred in its entirety, to be most effective in developing VHB health education. HOPE Center is now moving in this direction.**

The planning and prioritizing of the further development of the VHB model must follow the planning framework recommended in Section 7.1. There must be more conscientious attempts by the two country programs to follow the integrity of the model and to draw upon each other's respective strengths.

Recommendations

7.2.1 Consolidate the progress already made in the VHB banking systems. As the analysis of banking operations (Section 4.2) suggests, not all guidelines and policies have been enforced with the same rigor, either within or between countries. In addition the program faces new challenges as older VHBs begin to transition and evolve and as new activities scale-up to include increasing numbers of new VHBs. For these reasons, it is essential that both countries be vigilant and consistent in their monitoring and support of VHBs. Steps that should be taken:

Of immediate priority:

HOPE Center

- a) **Implement a technical review of the banking methodology used in both countries. With field staff, identify a framework for operationalizing and standardizing practices. Part of the assignment could include the refinement of the FMIS reports suggested in Section 5.3. Other review issues include: timing of capital distribution, establishing of audit procedures, adjusting interest rates and loan cycles for larger loans.**

We recommend that a senior-level non-FINCA consultant from the SEEP network be contracted for this assignment.

- b) **Develop key elements of training regarding capitalization, income-generating activities, and evolution for VHBs entering the 6th cycle.**
- c) **Working with field offices, identify key priorities and develop a strategic plan for the achievement of technical objectives listed below.**

Field Offices

With reference to refinement of the banking methodology:

- a) **Develop preventive tools for field monitoring of VHBs and facilitators. These can be implemented at key points within the cycle or between cycles but not on a more frequent basis. The VHB checklist is good as starting point for promoters and facilitators as well as VHBs.**
- b) **Develop technical audit procedures for oversight of field promoter VHB supervision and eventual program accounting supervision.**
- c) **Develop an arrears chart with relevant indicators. Ensure that the Country Program Coordinator receives a weekly report on arrears so that s/he can take appropriate action as soon as a bank is in trouble.**

- d) **Provide additional training on the analysis of internal loan disbursements for VHBs with special attention to rural areas in Ecuador and supervision of actual use of capital.**

In general:

HOPE Center

- a) **Ensure that an in-depth assessment is carried out to weigh the options, staff resources, and technical assistance required to support the creation of community-health enterprises (cf. Section 6.2). Careful consideration must be given to identifying the criteria a VHB must fill and conditions under which they operate in order to be eligible to develop such businesses. In formulating this strategy, Project HOPE and the field offices must recognize that community managed enterprises can be difficult to organize. They will require a more substantial level of effort than that required for individual enterprises. This is not an activity for all VHBs.**
- b) **Implement country program financial audits.**

Field Offices

- a) **Emphasize training in group dynamics and facilitation for management committee members in methods to enforce discipline, provide leadership, facilitate member participation, and resolve conflicts.**

In Ecuador, direct special attention to orientation of junior staff.

- b) **Encourage sharing of information, experiences, and lessons learned among management committees.**
- c) **Review and revitalize activities of the solidarity groups drawing upon the respective strengths of each country's approach.**

7.2.2 Design and implement the component of Nonformal Business Education. This component has not been implemented yet except for periodically encouraging women to keep books. An integral part of the grant, this nonformal microenterprise training is seen as a means for the women to begin earning substantially more than they can through better management of their economic activities. When implementing this, HOPE needs to be careful. The choice of businesses is critical and the technical assistance is crucial to their success. Training in management, accounting, and marketing will become absolutely essential for this component. Before implementing this, it is important to develop a budget for the technical support required to carry out and prioritize this development. Interest income to the program will probably never be able to reimburse additional expenses required to support this during the life of the project. The economic return will be long term and external to HOPE and will be reflected in the improved

capacity of women to manage their businesses, absorb higher capital, and expand economic activity. Other steps to be taken:

Of immediate priority

HOPE Center

- a) Develop a strategic plan for the development of this component including a realistic budget.

In general:

HOPE Center

- a) Bring in short-term technical assistance to help provide specialized input through short-term consultancies or collaboration with groups providing specialized skills needed. Country programs should be asked to identify in-country resources that could be drawn upon. For example, in Honduras, there are several ex-employees of OEF International who have extensive experience with these types of projects.

Field Offices

- a) With guidance from HOPE Center, implement a review of training needs. The Honduras program should follow-through on the system of review and peer training it has already developed. We encourage the Ecuador program to follow-through on their plans to consider the Honduran experience in developing their own process.
- b) In Honduras, where literacy is a particularly serious problem, we encourage proposals of the Education Coordinator to provide peer literacy training.

7.2.3. Emphasize the refinement, development and implementation of health education modules. The effective integration of health and banking methodologies calls for the development of health education specific to VHBs and reliant upon VHB Health Officers. The true measure of health integration in the VHBs will be the extent to which Health Officers are independently functioning (giving the lessons, promoting activities, etc.). While Project HOPE has considerable Child Survival experience to draw upon, this experience must be simplified and adapted if it is to be an integral part of VHB ongoing activities. Furthermore, it is essential that the long-term sustainability of health education within VHBs be addressed and developed apart from presumptions of collaboration with Child Survival activities. In this, the new Health Education Specialist has already begun to address these issues in her initial activities with Child Survival staff regarding the development of health education modules. Her technical expertise and personal

orientation provides a good compliment to the program (Section 3.3).

Of immediate priority

HOPE Center

a) Identify areas of integration between the Income Generation Program Manager and the Health Education Specialist. The goals should be broader coordination and systematic collaboration at the headquarter and field levels including the:

1. Review of current status, priorities, and potential budget support.
2. Identification of cross-cutting themes to be included in health education modules and promotion and orientation of VHBs.
3. Develop a strategic workplan to coordinate development of health education modules. This should detail as much as possible how the integration of health component will happen in the two field offices. This should include staff responsibilities as well as other resources required. A specific budget can then be developed to support the implementation of this component in the field.

It may be worthwhile for the Income Generation Program Manager and the Health Education Specialist to consider a joint field planning and assessment mission to each country.

b) Facilitate information exchange between the two country programs. One possibility would be an exchange visit between the two programs. Key Honduran staff with responsibility for health education (such as the Asst. Coordinator and/or the (soon) Education Coordinator) could travel to Ecuador since that program has had the opportunity to move forward its development of health education for VHBs. Given the approaching implementation of the new Child Survival project in Honduras, CS staff in Honduras will be focused on that project and will not be as accessible to IG staff as might otherwise be the case. Since CS staff in Ecuador presently have more flexibility in their schedules, consideration might be given to coordinating the development of general VHB health education modules in Ecuador.

Field Offices

- a. Use the initial assessments of the Health Education Specialist to begin refinement of the health education modules.
- b. Conduct an assessment of the status of health education within VHBs and develop a strategy to bring all VHBs to the same level.

c. Ensure the prompt and effective training of Health Officers..

In Honduras, the weak status of most Health Officers demands efforts be intensified and expanded to quickly address this challenge.

In general

HOPE Center

- a. **Conduct a reassessment over time to make sure targets are being met under the two different country strategies. Within this, develop a baseline for identifying key elements for replication of this model elsewhere. Specific attention should be given to isolating key issues involved in implementing VHBs where there has been pre-existing or sustained Child Survival activities.**
- b. **Simple baseline and monitoring procedures to measure health impact need to be instituted. The health monitoring cards to be used by the Health Officer could provide a basis for this analysis. Other possibilities might be use of other Rapid Assessment techniques²⁴.**

Field Offices

- a. **Explore the use of simple, low-cost educational materials and activities such as posters, VHB contests, etc. Preparation of these tools could build on techniques learned through non-formal business training.**

7.3 Integrating Sustainable Program Management

Sustainability management depends on three key ingredients: (1) coherent data sets for expeditious decision-making and programming; (2) streamlined decision-making and resource allocation; and (3) cost-efficient vigilant use of resources. Under the matching grant, HOPE Center is expected to develop and implement systems and skills for sustainability management as well as to orient operations to cost-centered accounting at both the field and headquarter levels.

However at this point, all portfolio management is taking place in the field. This includes the development of the FMIS, a comprehensive reporting system, based on collection of programmatic and financial data. The problem now lies in the sheer weight of the data generated by the field offices and by the limited amount of time to date that staff - either at HOPE Center or in the field - have devoted to analysis. To facilitate strategic planning as the next step forward, HOPE Center should look at the information needs of each management level as it moves forward

²⁴ **The USAID-funded WASH Project and its successor, the Environmental Health Project, have adapted various rapid assessment methodologies specific for monitoring of health data that might be appropriate.**

in its further refinement of its management and financial information systems. These include:

- a) **Promoter** - Promoters require information on the banks that they are managing in order to ensure that they are meeting their objectives and that the banks are operating appropriately against operating parameters. Both countries have made an initial attempt through a Promoter Productivity Report. This report is a good starting point for a monthly report for the Country Program Coordinator. This report can be used to modify promoter (i.e. productivity) costs and provide more useful data specific to their needs in estimating capital absorption, savings levels, costs per bank, and delays per bank.
- b) **Country Program Coordinator** - The Country Program Coordinator requires information on the productivity of each promoter and of each bank. This can be provided in the Promoter Productivity Report presently in development. It is important, however, before finalizing this report to be clear about each piece of data included in the report. A determination needs to be made about the exact information required based on the analysis to be made. Additional indicators or another instrument to be defined could look at meetings per month, new banks formed, number of banks at each age (cycle). The report should clearly indicate progress towards meeting objectives, identify problems, and indicate activities and solutions required to improve program implementation (see Section 7.2.1).
- c) **Program Manager** - The Program Manager is responsible for the program to the HOPE Center Program Director to ensure that the program is meeting its targets. The report should also be able to indicate clearly any problems so that she can recommend solutions to the Country Program Directors and Coordinators.
- d) **HOPE Center Program Director** - The HOPE Center Program Director presently receives a monthly report summarizing program implementation. This appears to be adequate for his needs. It can be reviewed to determine whether it can be improved at all. One possibility might be a general one-two page monthly report summarizing and integrating health and banking. Sections might be health integration, banks in arrears, staff development, problems to address, and planned activities for the next period. These should be appropriately shared with the MCH staff

The following recommendations are offered as next steps:

7.3.1 Develop monitoring and reporting systems that facilitate strategic planning. The FMIS provides an excellent foundation for an effective management information system. Therefore, it is important to develop a series of short-one page reports for each staff level that highlight data required for decision-making. Decision making, based on a monthly analysis of these reports, needs to be incorporated into the responsibilities of staff. It is not sufficient to set up banks; promoters must also be cognizant and have the necessary skills to assess how these

banks are doing, what problems they are encountering, and what kinds of assistance they require. Furthermore, adequate monitoring instruments can assist the Country Directors and Program Coordinators to identify problems with VHBs and promoter support.

Of immediate priority

HOPE Center

- a. With the installation of the new accounting system, consider the development of adequate cost tracking system instruments that permit planning and budgeting
- b. Ensure that the audit of village banks in Ecuador is completed. An assessment needs to be made of the reasons for the poor data: lack of records, inadequate technical assistance, etc. Appropriate action can then be taken.
- c. Assist country programs in identifying informational needs and developing uniform guidelines for analytical reports, graphs, and charts that can be compiled from the FMIS to facilitate strategic decision-making.

In general

HOPE Center

- a. While few problems have been caused by the lack of analysis in the FMIS, it is important that HOPE Center also develop management information reports wherein only the data required for decision making is presented and is presented in a format that allows for management analysis.

HOPE might consider hiring a short term consultant to look at the job responsibilities of each staff involved in the credit program and to develop a management report format for each one. The information exists already; what is required is to create a management report summarizing data in such a way that it can be used as a management tool.

- b. Provide training for promoters, program coordinators, and accounting/programming staff in the use of programmatic and financial data for decision making.
- c. With reference to program management reports, it is important that each of the four levels of management have a set of reports that provide information required for monitoring and decision-making. The following comments are based on an initial analysis; a more detailed analysis is required and should be made to ascertain the information requirements of each management level. A short report can then be designed that presents this data in a format that can be used for planning and decision-

making. This is done by the following steps:

- a) List the management functions of each position and decisions made by that individual.
- b) Identify the data required to make those decisions: timing, content.
- c) Create a reporting format that outlines the data in a way that allows data analysis.

Attachment 4 presents detailed instructions on the development of a management information system for decision-making. HOPE can also consult the evaluation handbook prepared by SEEP, Monitoring and Evaluating Small Business Projects: a Step by Step Guide for Private Development Organizations.

- d. Develop simple and verifiable systems for monitoring changes in socio-economic and health practices on a regular basis. On a semi-regular basis, implement topical studies using rapid assessment techniques. In reference to a mid-term KPC study, review the timing and implementation process to avoid constraints that affected field staff in the first KPC study. We encourage the present idea of HOPE Center/CS staff to use students or interns to implement future surveys.

7.3.2 Review cost recovery at all levels of field programming. As discussed in detail in Section 6.1, recovery of costs is critical for long-term financial sustainability. This analysis of fixed and variable costs contains a series of recommendations that should be critically examined by all program levels.

7.4 Defining Field Relations

Project HOPE faces a critical transition in its relationship with its field offices as a consequence of this Matching Grant. The opportunity has been presented to transition these offices to independent NGOs and at the end of the project to transfer the Revolving VHB loans fund portfolio to their permanent control. It is a unique opportunity that offers much potential for both Project HOPE and the local field offices. It is also an opportunity that demands careful consideration in order to ensure that interests of both Project HOPE and the local field offices are best served by such a transition. At the same time, the situation demands urgency to resolve: steps must be set in place if an orderly transfer is to take place before the end of the project. This situation is further complicated by the urgency of the Ecuador office situation with the time-dependent potential offer of institutional support. Therefore the following recommendations are offered:

7.4.1 Develop a strategic plan for transferring Revolving Loan funds and transitioning the Ecuador and Honduras offices to independent NGOs.

Of immediate priority:

a) Commission an independent review of the issues, opportunities and constraints involved in the transition of the two Field Offices to independent NGOs. This report should look at two key issues:

- 1. Institutional capacity of the two Field offices at the present time and the technical assistance required for them to be self-sufficient by the end of the matching grant in the following areas:**
 - Managerial sustainability - capacity for planning, organizational structure, leadership and support by the Country Directors, control and development of personnel, control of institutional assets, and reporting mechanisms**
 - Institutional sustainability - overall organizational structure, relationships with other donors, the private sector, and the beneficiary population**
 - Financial Sustainability - prospects for diversified funding, level of transitional support required by Project HOPE**

From this analysis should come recommendations for possible technical assistance required in institutional development.

- 2. Structure of future relations with Project HOPE with particular reference to possible financial support required for this transition and the nature of long-term partnerships. In this, the consultant should review the experience of other organizations such as Freedom from Hunger, ACCION, and Technoserve. Project HOPE can structure these relations in any number of ways such as an affiliate, fully autonomous NGO, apex NGO, or regional center.**

In general

- a). Based on these recommendation, develop a strategic plan including a realistic budget for necessary support and/or technical assistance in this transition.**

APPENDIX 1

Appendix 1

AGENDA

Field Visits, Honduras and Ecuador Carolyn McCommon and Juana Rodriguez

- March 12-16** Orientation, Briefings, HOPE Center
- March 19** Arrival: International Consultant, Income Generation Coordination, Honduras
- March 20** Initial staff briefings - Project HOPE/Honduras
Visit, VHB "Futuro de la Mujer"
Visit, VHB "Amor y Paz"
- March 21** Meeting - Administrator, Project HOPE/Honduras
Meeting (HOPE/H office):
Management Committee, VHB "Futuro de la Mujer"
Management Committee, VHB "Amor y Paz"
Visit - VHB member businesses
- March 22** Review - Training session, Honduras IG Team
with Income Generation Program Manager, HOPE Center
Meeting - Honduras IG Team
Meeting (HOPE/H office):
Management Committee, VHB "La Esperanza"
Management Committee, VHB "Dorcas"
Visit - VHB "Salud y Superacion"
VHB "Triunfaremos"
- March 23** Meeting - Executive Director, Project HOPE/Honduras
Visit - VHB "La Esperanza"
VHB "Dorcas"
- March 24** Meeting - Executive Director, Project HOPE/Honduras
Debriefing USAID
IG staff, debriefing
Meetings - Honduras IG Coordinator, IG Team, Child Survival Coordinator
- March 25** Travel, Arrival in Ecuador
- March 26** Travel to Portoviejo, Ecuador

- March 27** Initial staff briefings - Project HOPE/Ecuador
Visit, VHB "Madres Unidas"
Visit, VHB "De Mujeres Unidas"
- March 28** Meetings - Ecuador IG Coordinator, Project Director
Visit, VHB "Esperanza y Progreso"

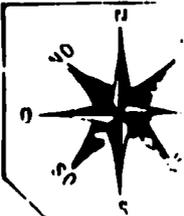
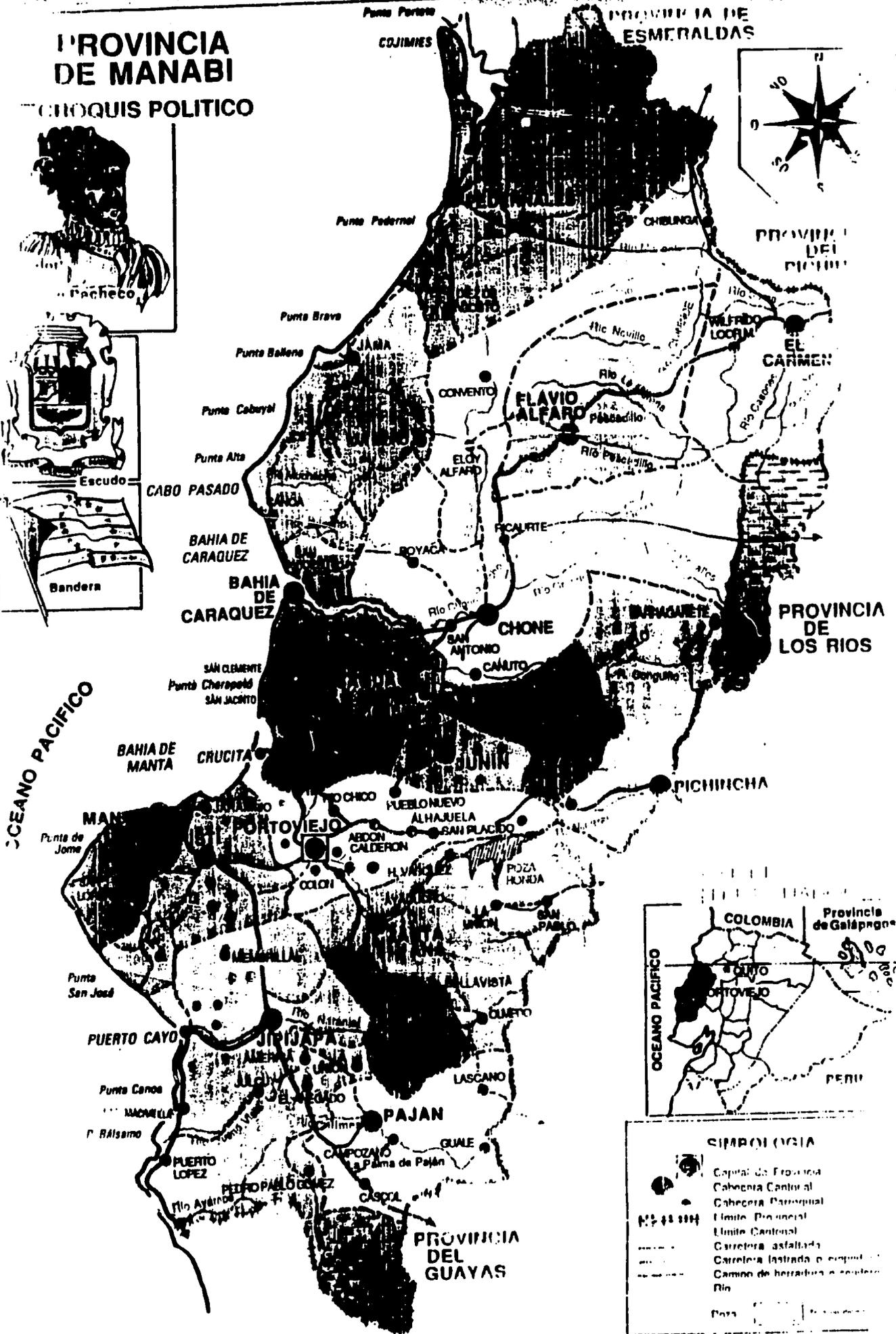
Meeting, Child Survival Coordinator
- March 29** Visit, VHB "Maria Auxiliadora" Community Health Session
(CS Promoters), Interview:
La Esperanza y Progreso

(CS Promoters), Interview:
Management Committee, VHB "Bajo La Palma"
- March 30** Meetings - IG Coordinator, IG Team, IG Administrator
Visit, VHB "Progreso para el Futuro"
- March 31** Interview - Management Committee, VHB "24th de Mayo"
Meetings - IG Programmer, IG Promoters
Debriefing - Project HOPE Ecuador team
(CS Promoters), Interviews:
Management Committee, VHB "Union y Progreso"
Management Committee, VHB "Progreso para el Futuro"
Management Committee, VHB "De Mujures Unidas"
- April 1** Working sessions - IG Programmer, Child Survival Coordinator
Travel to Guayaquil
- April 2** Travel to U.S.

APPENDIX 2

PROVINCIA DE MANABI

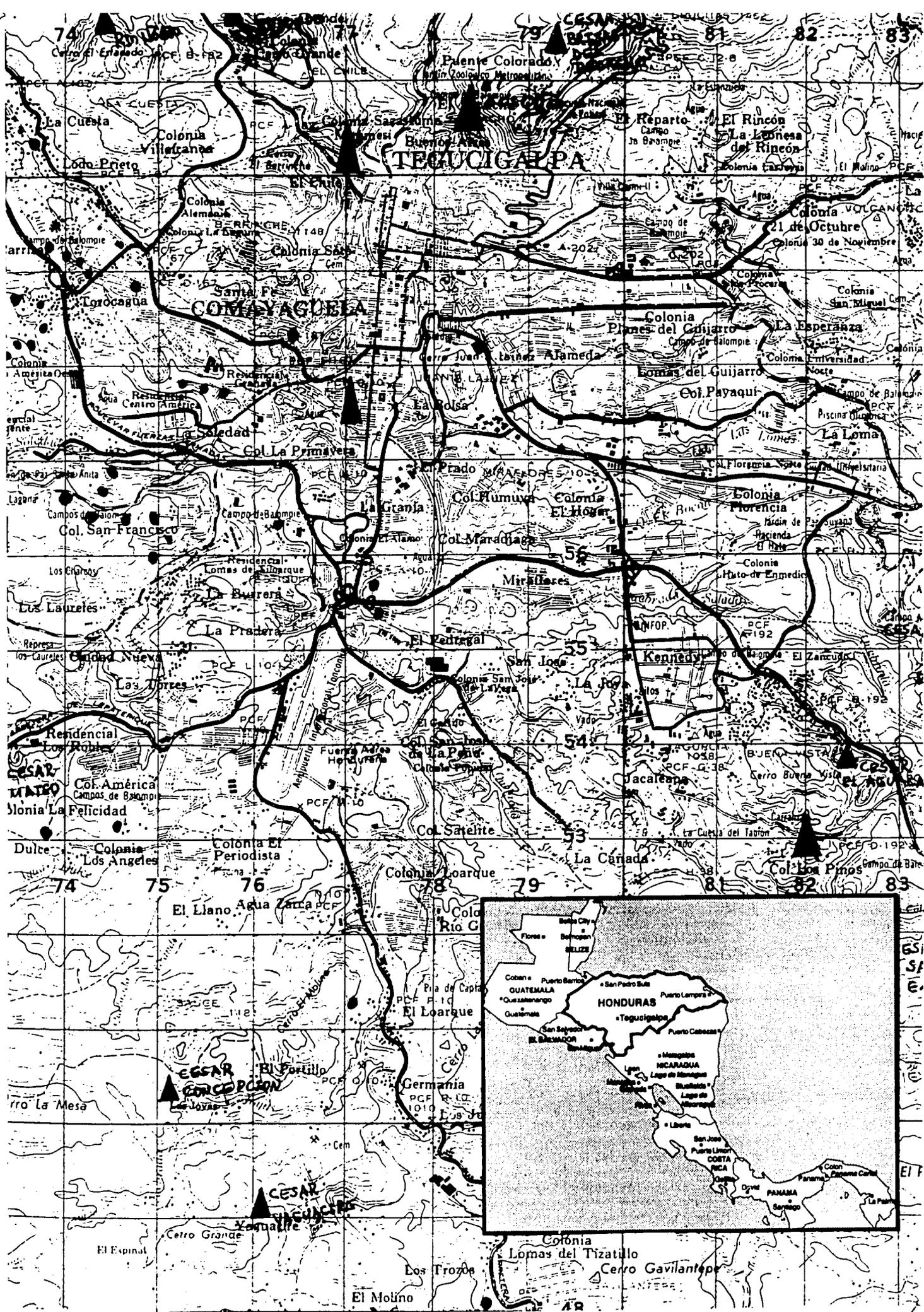
CINCO QUIS POLITICO



SIEMPRE EN VIGIA

- Capital de Provincia
- Cabeceza Cantonal
- Cabeceza Parroquial
- Limite Provincial
- Limite Cantonal
- Carretera asfaltada
- Carretera lastrada o enquistada
- Camino de herradura o sendero
- Rio

Fecha: _____



● Bancos Comunes

APPENDIX 3

**MATRIX OF OUTCOMES
INTERVIEWS WITH PARTNERS
HONDURAS**

N°	Impact on Business	VHB Meetings	Management Committee	Solidarity Group	Health Activities Performed	Most Important Health Training	Whom Would you Consult on Health Problems?	What Should be Improved in VHB
1	I sell more because I have more capital, the market expands, I make bigger profits	Everybody relates well; there is good participation.	Being a member helped me gain self-confidence; before I was shy. This is support.	Activities; before I used to sell cosmetics, now raffles for the entire group. We agree that it is better to work together as a group.	Talks on basic sanitation, how to prepare sweets, water chlorination to prevent cholera.	Water boiling/ chlorination.	My mother, she is a health volunteer.	The activities; plan field trips to make more profits.
2	My business has prospered. I changed my business because I had access to loans, my profits have improved	Good attendance, well organized, all participate; no one is coerced, they participate voluntarily.	Being a member makes me happy and flattered. I have learned how to manage money and have self-confidence.	The whole VHB group participates in raffles. I present ideas to the group on grain sales and over the counter drugs.	Talks on health issues.	Venereal diseases.	A physician.	Improve CI loans to increase profits.
3	Before, I knew nothing about the business, now I know how to manage a business, what brings	We reach agreements, we learn things that we didn't know. I identify with all. If	Secretary of the Committee; I feel satisfied, informed on all things.	We do not use the Solidarity Groups; the activities are carried out by	Talks on family planning.		Colleagues that are health volunteers and	We have the highest number of partners in the

N°	Impact on Business	VHB Meetings	Management Committee	Solidarity Group	Health Activities Performed	Most Important Health Training	Whom Would you Consult on Health Problems?	What Should be Improved in VHB
	profits and what brings losses. Production increased.	we plan anything, we have to do it all together, the whole bank.		the whole group.			CESAMO.	community but are not united; at the bank partners come and go. From the original 22 founders only 12 remain.
4	I used to work with market loans, daily credit. Now I live off my profits. I have a stand at the market, I am not a wandering sales person.	Some women are willing to participate and some are not. Decisions are made by the group.	Committee member. I like it because it makes me feel like a new person.	There is none.	None were carried out because I am a member of the Committee.		I always see a physician.	Make payments on time. Our health and that of our children; increase membership.
5	Profits have improved, the number of products we make has increased. There is more movement, more work.	There is more orientation. We talk more about business. Our minds have been awakened among ourselves about business. We all end up agreeing.	I would like to be a member of the Committee because we help each other and we help the bank.	We make candies. It works very well.	Talks.	Children's education.		Nothing, everything works just fine.
6	Now, I have savings. My economic situation has changed	Until recently, everything was fine. Now, we have some	I was a Board member. I would like to do it again	We carried out activities together. We	Talks on health education,	Human relations course, how	A health volunteer.	I see the terms of payment as

N°	Impact on Business	VHB Meetings	Management Committee	Solidarity Group	Health Activities Performed	Most Important Health Training	Whom Would you Consult on Health Problems?	What Should be Improved in VHB
	<p>a lot. My income is higher and I work better at my business. Before, I was selling cosmetics. With the loan, I invested and began producing soja products. I supplied the cosmetics stand. I widened the market to other departments.</p>	<p>problems that have to be solved. The president does not come to the meetings.</p>	<p>to educate people, something I really love, to make friends, and to tell them about the advantages of the bank.</p>	<p>agreed to do raffles because there were losses to be covered since not all the members purchase the product.</p>	<p>breastfeeding, environmental issues, vegetable gardens; a Health Officer advises on vaccinations.</p>	<p>to make friends and how to relate with all other individuals.</p>		<p>being too short. Money handling for fear of crime; deposit the money the same day of the meeting. The function of the President, membership fees in arrears.</p>
7	<p>Before I was working with less, using loans with a 20% daily interest rate. I only worked to pay the interest on loans. Now, with the Bank loan I invest it rapidly on merchandise. I sell more and invest more.</p>	<p>The Committee participates more and works more. Other people only come to listen and to make payments. Decisions are taken by the group.</p>	<p>Member of the Board. I have put into practice much of what I have learned. I am being lent more CI money.</p>	<p>We were constituted at the very beginning but because some members withdrew, we never formed it again. Five persons carried out some activities and returned whatever was</p>	<p>Talks on women issues.</p>	<p>How to relate to husbands and children; never make comparisons between children.</p>	<p>Health Center.</p>	<p>Timeliness. Activities to gain more profits for the entire group.</p>

N°	Impact on Business	VHB Meetings	Management Committee	Solidarity Group	Health Activities Performed	Most Important Health Training	Whom Would you Consult on Health Problems?	What Should be Improved in VHB
				left as a profit.				
8	There are economic and personal benefits, more communication with the community. There is more motivation. Before, I only had one sewing machine, now I have two. I invested more and I am making more profits.	According to the regulations, all members of the Committee are committed to comply with the decisions approved by the group.	I was a Board member. The training was very helpful. Being a Committee member has helped me manage my funds better, to be aware of expenses, to know whether there are profits.	Constituted by 6 or 7 persons; we work in groups which boosts morale. There are skills to work more on activities such as raffles, food and candy sales.	There are two health officials. No talks have taken place.		I have the advantage of being a health volunteer. I would go to the health center.	That the bank creates a basic grains cooperative.
9	I have saved, and I have multiplied. Before, I sold one dozen twice a week. Now I sell 1-1/2 dozen daily and 2-1/2 dozen every Friday.	We get along as members of a family. Decisions are approved by all of us.		Some of them do not work and I do not agree. Profits should be shared among those who work.	None, but there are two health officials.		Health volunteer.	Timeliness on payments. Business courses to obtain higher profits.
10	I have invested not only the loan but also the profits derived from the loan. I began with the fruit business with loans in	We reach common agreements. They serve as a break. It is something different. Regulations are the	Committee member. There we learn that business is business. It has helped me to take	Solidarity groups of 4 persons; each group carries out an activity every 15 days.	Review of vaccination cards. Talks.	How to treat children.	Either the health volunteer or the health center.	Nothing. Everything is just fine.

N°	Impact on Business	VHB Meetings	Management Committee	Solidarity Group	Health Activities Performed	Most Important Health Training	Whom Would you Consult on Health Problems?	What Should be Improved in VHB
	the market. Now, I sell prepared foods, fast foods and beverages. I have 40 cases of soda and a fridge that I paid for in six months.	same for all members. There is no discrimination. The opinions of all members are taken into account.	business seriously when dealing with clients.	We rotate 100 Lempiras from group to group and the profits are delivered to the treasurer. The 100 lempiras always remain in the cash fund.				

ECUADOR

A-12

Member No.	Impact on Business or Income	Village Health Bank Meetings	Interest in Management Committee	Activities of Solidarity Group	Activities of the Health Official	Most Important Health Activity Learned	Areas to Improve VHB
1	Before I made business on credit. Nowadays, I have the cash to buy everything on the spot, even if it is not much. I buy the things that I can sell at a profit and that make money, and I sell them on Saturdays and Sundays.	The meetings are useful to discuss about the businesses, whether they are going well or not; to pay debts.	Yes, I would like that. I would like to be the Secretary or in charge of Regulations, because as we learn everything it is possible. "Extra" Yes, I like it, because thanks to the Bank we have the money to work. Because I always liked it and we have the resources to help the family and the profits I obtain are useful for things.	When partners do not come to the Bank, she is visited at home to learn why she has not come.	We are given talks on how to take care of children when they suffer from diarrhea, infant malnutrition, respiratory troubles. They even came to vaccinate against tetanus.	To treat children better to prevent diarrhea, also sanitation at home. I do not carry my children around without shoes. I serve them meals with vegetables because vegetables have vitamins. I give my children fruit and vegetable juices, and I bring them to be vaccinated so that they are protected against tetanus, pertussis, diphtheria, measles and poliomyelitis.	That they teach us about other things such as handicrafts for the development of the community, crafts, a nursing course to administer shots and serum.
2	Yes, it has changed; the business has increased in amount and capital, I have a clientele, I lend money to my clients.	I like to attend the meetings even when I have chores to do at home, because we have talks on health matters.	I would like to help in the Board of Directors.	Hold raffles, go to look for partners at their homes, so that the members do not have problems with the payments.	Holding monthly talks on health issues, such as how to protect children against diarrhea.	On issues such as diarrhea and the risks involved in pregnancy and caring for pregnant women.	I would like help in increasing the loan and extending the terms for payment.
3	My income has improved because since the Bank started operations, I manage my own money better. It was helpful in allowing me to contribute to my household, to buy the food we lacked. I bought a bed and a mattress, clothes for my children, and some bicycles for them. I have savings and we eat a lot better.	I feel better because this way I have more friends and it helps me open my mind, because there is talk about business. I have learned all about interest rates, how I can make some money lending some and how to invest.	I like it because I feel more important.	My group is not active. Only when there are people that do not pay voluntarily, there is movement at the Bank to form solidarity groups.	Some nurses came to give talks.	On diarrhea, that children should be given more fluids, to increase the amount of food. They should be breastfed, given juices and above all oral and household serum.	That courses be given on human relations, nursing and sewing.

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Member No.	Impact on Business or Income	Village Health Bank Meetings	Interest in Management Committee	Activities of Solidarity Group	Activities of the Health Official	Most Important Health Activity Learned	Areas to Improve VHB
4	Yes, in the profits, by increasing the amount I prepared in my pickled onions business.	I like to meet with my friends to talk about business.	No, because I lack the skills for that.	Raffles, numbers - the prizes were donated by the members.	They gave talks.	How to take care of the uterus because cancer can be prevented. Whenever I have a child sick with diarrhea, I prepare the oral rehydration solution for him/her. If my child has a fever, I apply warm water soaked cloths to him/her.	That they increase the money, because it is too little.
5	I have more cash income. With the credit I receive, I am able to be better off; I buy cash and less expensive in my business. I have greater profits, our health has improved and my whole family eats better.	They are very important to learn about economics and health, it is well organized.	I would like to be a health promoter, because I like to share with other women and give them health talks.	We talk, we agree on ideas for the activities.	They give health talks. They make home visits so that mothers boil water, clean the house and the neighborhood.	The issue on family planning because we learn how to avoid pregnancy. We do not have so many children and we improve our business at the same time.	It should have a doctor the same as Social Security. A sewing workshop, so that the partners learn how to sew clothes for their children and not have to pay for them. "EXTRA" That they receive more seminars, conferences, all that can benefit them so that they can share with others. To have a first aid kit at the Bank managed by the Health Promoter.
6	Yes, it has changed because now with the loans it has help me in increasing my business. Before, I had debts; today, with my own business I could paid them. My children did not go to school before, and now they do and all of them help me	I feel fine because I am happy, I have friends, I am learning a little about health, about business and how payments should be made. EXTRA Yes, I like it because it gives me support to work, I am	Yes, I would like to occupy any position. I would be happy to share concerns with others and help them think on ways to solve problems because we have activities to carry out.	To visit members' homes so that they are up to date, to agree and share any activity that they have to help the Project.	Talks about diarrhea, how to care for vaccinated children, how to refer them to go to the HC.	Give oral rehydration serum. I take more care in my children's meals.	That they build a Hospital or Social Security clinic to care for children.

Member No.	Impact on Business or Income	Village Health Bank Meetings	Interest in Management Committee	Activities of Solidarity Group	Activities of the Health Official	Most Important Health Activity Learned	Areas to Improve VHB
	with the business.	more confident and it helps me to learn more about the business, to help my husband and my children.					
7	Yes, it has changed on the basis of the loan. I have more money to buy more vegetables, fruits; sometimes I even make a profit and I give better education to my children, I help my parents in covering their needs, but all of this depends on the sales.	The meetings are fine, but we get penalties when we are late.	I wouldn't like it because I am never on time.	We visit the homes so that they work to pay, or help them in any way. It works. Because when a member is in arrears, we all help her to pay, lending her money.	They give advice on the things that they have learned. They visited the homes so that people drink boiled water and not water right from the tap. They also convinced people to sweep the houses.	Vaccination has help me. Also, boiling the water.	Holding meetings with Aprofe, with the Project and with the physicians.
8	It has changed a little in the profits, so I am able to care better for my children and improve their meals. I sell a bit of everything. Sales went up a bit with the money they lent me.	They are fine. When we meet we all talk about health, about ourselves and about the children.	Yes, I would like to, although it is becoming hard for me to see what I write. I was the Chairman and I liked it.	We do follow-ups and we asked them to pay otherwise they would not lend us any more money.	Give talks on child nutrition, diarrheal diseases, fever and for adults, on Dengue.	Boiling water, my daughter prepares the oral dehydration solution when I and my grandchildren have diarrhea.	More loans, that they help us with medicines because the situation is so difficult that sometimes the money is not enough.
9	My income has gone up. With my profits I was able to buy a refrigerator, I sell sodas, ice cream, ices. I did not paid cash for the refrigerator, I am making monthly payments.	Attending is in our advantage so that we can learn what is happening. We need money and they lend it to us.	Yes, I would like to, but I have to learn all the regulations. I have to learn how to read and write, and some basic math because I am not good at it.	Whenever somebody does not come, we go to visit her and if she does not pay, we go twice or thrice. As they give us collateral, as a last resort we take the collateral and sell it.	Very few things have been done. Almost nothing.	Breastfeeding.	That they establish a sewing shop and that they double the loans.
10	Yes, it has changed because before I entered this Bank I was devoted to household chores: washing, cooking, but now I have my own income. At the beginning, I was selling clothes. Now I have prospered and I have a bakery.	They are nice meetings because fellow members share their business experiences and their family problems.	Yes, I would like to be the Secretary because I would like to draft the minutes, take notes of everything that is discussed in the Bank.	We can improve by keeping ourselves united and working for the same cause, visit the member who is having problems with her payments and if the problem is serious, helping her with some activity.	Nothing, they have attended courses but they have never given us talks.	I have not learned anything.	That the Health Promoter works for the health of members, visiting them and advising us on how to prevent diarrhea. I would like Dr. Francisco Moreno or any other physician to come to give talks; that the amount of the loans they give us be

Member No.	Impact on Business or Income	Village Health Bank Meetings	Interest in Management Committee	Activities of Solidarity Group	Activities of the Health Official	Most Important Health Activity Learned	Areas to Improve VHB
							increased.
11	Yes, there are profits but right now during the winter sales are slow. My profits are not that good right now because the people I sell to on credit are farmers and harvests are not good.	I am very satisfied because I learn there from the information that other people cannot have access to.	I was a member. I was the Regulations Officer. Now that I am no longer a member, I still support the Bank so that it succeeds.	It seems that right now activities are few and far between. When members do not meet their payments we have to visit them so that they pay the Bank.	Give educational talks at some meetings.	Talks on pregnancy control. Consumption of boiled water.	That the Bank gets well organized to have its own place and not being in the position of requesting borrowed space. We have problems now with our meeting place.
12	To begin with, I should tell you that I never worked before. I think that one has to work so as not to be dependent on the husband for money.	We like it because we relate more to each other, we get acquainted with more women, we feel important and we feel that we are taken into account.	Yes, I would like it if we were trained ... sometimes those of us who do not see very well or who cannot write do not have expectations for advancement.	Yes, it works because it is concerned that members be up to date with their loan payments. Sometimes, it helps them with raffles or with some activity.	They have given talks on how to breastfeed children, the principles of nutrition, that they should not be given the bottle. They advise mothers to plan their families.	Preparation of the oral rehydration solution, when children have diarrhea; vaccinating children and vaccinating ourselves against tetanus; preparation of yucca leaves.	That sewing shops, beauty parlors be included; that they give us more loans; that they be like a school so that we can learn more.
13	Yes, my business has changed as it offers a better selection of articles. Now I sell rice, butter, general groceries and household wares.	I feel good because this means progress.	I wouldn't like to because I do not enjoy math.	Once we had a bingo game. It should be improved by organizing a dance but here there is not that much help.	In a seminar, they learned about diarrhea and they indicated to us whatever they learned.	I like it when they talk about diarrhea and how to cure diseases.	That more health programs be included.

1. BANK ADMINISTRATION

JD1. MADRES UNIDAS [MOTHERS UNITED] - BAJO DE LA PALMA

JD1#1. BANK ADMINISTRATION

We face difficulties with the members because when the time comes to pay, they are not clear on the total payment in the external and internal account; many times there is discontent thus it causes us to experience long delays. We would like for them to receive reinforcement in improving their skills as this problem is of great concern to us.

JD7#1. Up to now it is working. There was uncertainty as to whether there was an excess of ECU\$10,000, but later the promoter explained the situation to us; we were confused. We would like to know whether each of us who are members of the Board should carry the folders with the documents or not. We need clarification on this because we have faced the problem that one of the members took one of the files and she had written "canceled" on it.

2. ADVANTAGES OF BEING A MEMBER OF THE BOARD

JD3. UNION Y PROGRESO [UNION AND PROGRESS] - FLORON

I have the advantage of having learned a great deal and I am proud of it. We learned accounting. We are no longer anxious when we face the public. We learn to be have self-confidence; we are no longer fearful and shy.

3. DO BOARD MEMBERS PARTICIPATE?

JD#1. MADRES UNIDAS [MOTHERS UNITED] - BAJO DE LA PALMA

At the Board of Directors we like to keep ourselves cheerful, active, but we would like to have talks on human relations with the community, especially for the members, we have a great need for these talks because there is no respect and they do not pay attention whenever a member of the Board addresses them.

JD3. UNION Y PROGRESO [UNION AND PROGRESS] - FLORON

Whenever we want to carry out an activity, we talk to the members. Sometimes the response is criticism, sarcastic remarks, negative comments on members of the Board. That is why we think it is important that we get a course to improve relations among fellow members so that there is more respect and consideration for the Board of Directors.

JD5. NUEVO PROGRESO POR EL CAMBIO [NEW PROGRESS FOR CHANGE]

Our participation is fine but the secret to maintain it is to be always united. However, we would like to receive a course in human relations so that all of us become more united, to receive training on how to manage the Bank because there are still members that even now are still confused with small and large payments.

JD7. MUJERES UNIDAS [WOMEN UNITED] - (SAN ALEJO)

It would be very convenient to receive courses on human relations, on how to handle paperwork and thus bring about changes in carrying out activities; there is no unity among Board members.

4. HEALTH INTEGRATION

JD1. MADRES UNIDAS [MOTHERS UNITED] - BAJO DE LA PALMA

One of the health promoters, after attending training came back to the Bank with a lot of enthusiasm to give talks, share the songs she had learned on health issues, to discharge her duties. However, she did not receive the support of members. What she received was haughtiness from most members. Today, we do not have the participation of health promoters in our activities.

JD3. UNION Y PROGRESO [UNION AND PROGRESS] - FLORON

Members did not wait to the end to hear the talks on health matters.

JD5. NUEVO PROGRESO POR EL CAMBIO [NEW PROGRESS FOR CHANGE]

There has never been health integration, because they were always received with scorn as the members did not care much for health integration; they lacked enough education to pay attention to the promoters. There has always been lack of concern as there was no respect, there were arguments, they liked to be treated harshly. Nowadays, this is improving because there should always be trust but not disrespect.

JD7. MUJERES UNIDAS [WOMEN UNITED] - (SAN ALEJO)

When we asked one of the promoters to give some talks, she became upset and answered that she would deliver them whenever she felt like it. The other health promoter is new and up to now she does not feel qualified enough.

5. INTERESTING COMMENTS

JD1. MADRES UNIDAS [MOTHERS UNITED] - BAJO DE LA PALMA

... certain members would take care of the business, taking turns each month, and receiving a small salary from the profits.

JD3. UNION Y PROGRESO [UNION AND PROGRESS] - FLORON

... we want to have our own place and that our Bank function as a cooperative to create a small store or commercial center where we would sell electric appliances on credit.

JD5. NUEVO PROGRESO POR EL CAMBIO [NEW PROGRESS FOR CHANGE]

At each meeting each member is required to review the book to confirm whether the money has been deposited. The treasurer will deliver an economic statement at each meeting. We will request that the promoter remains permanently to avoid changes in the methodology.

APPENDIX 4

IMMUNO-PREVENTABLE DISEASE
Diseases Prevented by Vaccines
Schedule for Immunizations
Tetanus Toxoid Immunizations for Women

CUANDO LOS NIÑOS NO SON VACUNADOS PUEDEN PADECER DE:

- . POLIOMELITIS
- . DIFTERIA, TETANO Y TOSFERINA
- . SARAMPION
- . TUBERCULOSIS

ESTAS ENFERMEDADES PUEDEN CAUSAR DAÑO EN EL NIÑO ! COMO SER : INVALIDEZ, DESNUTRICION O MUERTE



PARA EVITAR ESTAS ENFERMEDADES TODA MADRE RESPONSABLE DEBE VACUNAR SUS NIÑOS A LA EDAD Y EN LA FECHA ADECUADA



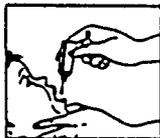
SEÑORA MADRE NO OLVIDE QUE .

1. LAS VACUNAS OFRECEN PROTECCION CONTRA ALGUNAS ENFERMEDADES PELIGROSAS
2. TODO NIÑO DEBE ESTAR COMPLETAMENTE VACUNADO ANTES DE CUMPLIR EL PRIMER AÑO DE VIDA
3. AUNQUE EL NIÑO ESTE ENFERMO PUEDE VACUNARSE SIN NINGUN PROBLEMA
4. TODAS LAS MUJERES EN EDAD FERTIL ENTRE 12 - 49 AÑOS DEBEN ESTAR COMPLETAMENTE VACUNADAS CONTRA EL TETANO



VACUNAS DEL NIÑO/A

POLIO : SE APLICAN TRES DOSIS A PARTIR DE LOS 2 MESES DE EDAD



- 1ª DOSIS
- 2ª DOSIS
- 3ª DOSIS

D.P.T : SE APLICAN TRES DOSIS A PARTIR DE LOS 2 MESES DE EDAD



- 1ª DOSIS
- 2ª DOSIS
- 3ª DOSIS

SARAMPION : SE APLICA UNA DOSIS A LOS 9 MESES



- DOSIS

BCG : SE APLICA UNA DOSIS DE RECIENTE NACIDO



- DOSIS
- EDAD ESCOLAR (PRIMER GRADO)

VACUNA DE LA MUJER

ES NECESARIO PROTEGER CONTRA EL TETANO AL NIÑO DESDE RECIENTE NACIDO. POR ESO TODA MUJER ENTRE 12 Y 49 AÑOS DEBE VACUNARSE CONTRA EL TETANO CON LA VACUNA TOXOIDE TETANICO (TT)



TOXOIDE TETANICO (TT)

PRIMERA DOSIS A TODA MUJER ENTRE 12 Y 49 AÑOS QUE NO HA SIDO VACUNADA

SEGUNDA DOSIS 6-8 SEMANAS DESPUES DE LA PRIMERA DOSIS

TERCERA DOSIS : 6 MESES DESPUES DE LA 2DA O DURANTE UN EMBARAZO SUBSIGUIENTE

CUARTA DOSIS : 1 AÑO DESPUES DE LA 3RA O DURANTE UN EMBARAZO SUBSIGUIENTE

QUINTA DOSIS : 1 AÑO DESPUES DE LA 4TA O DURANTE UN EMBARAZO SUBSIGUIENTE

NUTRITION

Breastfeeding

Appropriate Weaning Foods

Nutrition During Illness

ALIMENTE A SU NIÑO ÚNICAMENTE CON "LECHE MATERNA" DURANTE LOS PRIMEROS SEIS MESES DE VIDA



INICIAR LA LACTANCIA MATERNA INMEDIATAMENTE DESPUES DEL PARTO

LA LACTANCIA MATERNA DEBE CONTINUAR HASTA EL SEGUNDO AÑO DE VIDA DEL NIÑO O HASTA QUE EL DECIDA DEJARLA



LA LECHE MATERNA AYUDA A PROTEGER AL NIÑO CONTRA LA DIARREA Y OTRAS INFECCIONES

A LOS SEIS MESES DE EDAD EL NIÑO NECESITA COMENZAR A COMER OTROS ALIMENTOS APARTE DE LA LECHE MATERNA COMO:



PURE DE FRUTAS COMO: BANANO, MELON, PAPAÑA Y MANGO MADURO



PURE DE VERDURAS COMO: PAPA, CAMOTE, AYOTE, ZANAHORIA Y PLATANO MADURO



JUGO DE NARANJA, ZANAHORIA Y MELON, ETC.

EL NIÑO DEBE RECIBIR UNA ALIMENTACION VARIADA ADAPTANDOLO POCO A POCO A LA DIETA DEL ADULTO

TODOS LOS NIÑOS NECESITAN TOMAR ALIMENTOS RICOS EN VITAMINA "A"

LA VIT "A" PROTEGE AL NIÑO CONTRA LA CEGUERA NOCTURNA



LA VIT "A" PROTEGE AL NIÑO CONTRA OTRAS ENFERMEDADES COMO LA DIARREA E INFECCIONES RESPIRATORIAS AGUDAS

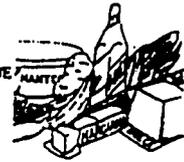
LA VIT "A" SE ENCUENTRA EN:

VERDURAS Y FRUTAS DE COLOR VERDE Y ANARANJADO: ZANAHORIA, ESPINACA, HOJAS DE REMOLACHA, PAPAÑA, MANGOS, ETC.



CUANDO EL NIÑO SE ENFERMA .

PROCURE QUE EL NIÑO CONTINUE SU ALIMENTACION NORMAL



OFREZCA AL NIÑO LOS ALIMENTOS QUE MAS LE GUSTAN PREFERIBLEMENTE ALIMENTOS DULCES Y BLANDOS EN PEQUEÑAS CANTIDADES Y CON MAYOR FRECUENCIA



CONTINUE DANDO AL NIÑO LA LACTANCIA MATERNA



UNA VEZ SUPERADA LA ENFERMEDAD DELE AL NIÑO UNA COMIDA ADICIONAL DIARIA AL MENOS DURANTE UNA SEMANA

LOS NIÑOS MENORES DE TRES AÑOS NECESITAN ALIMENTARSE CINCO O SEIS VECES AL DIA, ADEMAS NECESITAN CONSUMIR UNA PEQUEÑA CANTIDAD ADICIONAL DE GRASA O ACEITE EN SUS COMIDAS

ACUTE RESPIRATORY INFECTIONS

Symptoms
Prevention
Recovery

CUANDO UN NIÑO CON INFECCION RESPIRATORIA :
PRESENTA :

- RESPIRACION RAPIDA
- HUNDIMIENTO DE LAS COSTILLAS



ESTO INDICA QUE EL NIÑO TIENE NEUMONIA

ESTO ES GRAVE, E L NIÑO DEBE RECIBIR
ATENCIÓN MEDICA INMEDIATA

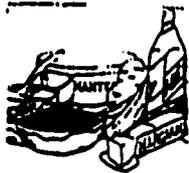
LAS INFECCIONES RESPIRATORIAS EN LOS NIÑOS
MENORES DE 5 AÑOS ES UNA DE LAS CAUSAS PRINCIPALES
DE MUERTE DE NIÑOS EN HONDURAS
Y EL MUNDO

PROTEJA SU NIÑO :



APLICÁNDOLE TODAS LAS VACUNAS
QUE EL NIÑO NECESITA

DÁNDOLE LECHE MATERNA
EN LOS PRIMEROS SEIS MESES



ALIMENTÁNDOLO CON COMIDAS
NUTRITIVAS DISPONIBLES
EN LA COMUNIDAD

MANTENIENDO UNA BUENA
HIGIENE Y UN AMBIENTE
LIBRE DE HUMO Y POLVO



SI EL NIÑO PRESENTA TOS Y MOQUERA, ESTO
INDICA QUE TIENE GRIPE O RESFRIO COMUN

PARA AYUDAR A QUE EL NIÑO SE RECUPERE,
LA MADRE DEBE :

- MANTENER LIMPIA LA NARIZ DEL NIÑO



APLICAR GOTAS DE MANZANILLA EN LA NARIZ



ABRIGAR AL NIÑO PARA PROTEGERLO DEL FRIO



BAJAR LA FIEBRE CON MEDIOS FISICOS



DARLE ABUNDANTE LÍQUIDO



DARLE COMIDA CON MAS FRECUENCIA DE LO
ACOSTUMBRADO CUANDO EL NIÑO ESTA
ENFERMO Y DURANTE LAS DOS SEMANAS
SIGUIENTES DE RECUPERACION



HACIENDO TODO ESTO SE EVITARA
QUE EL NIÑO SE COMPLIQUE
CON NEUMONIA

DIARRHEAL DISEASE

What is Dehydration
Signs of Dehydration
Home Care of Diarrhea
Prevention of Diarrhea

LA DIARREA EN EL NIÑO PROVOCA LO SIGUIENTE:

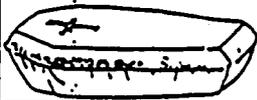
DESHIDRATACION



DESMUTRICION



MUERTE



CUANDO SU NIÑO TENGA DIARREA PONGA EN PRACTICA LOS SIGUIENTES CONSEJOS:

CONTINUE ALIMENTANDOLO NORMALMENTE

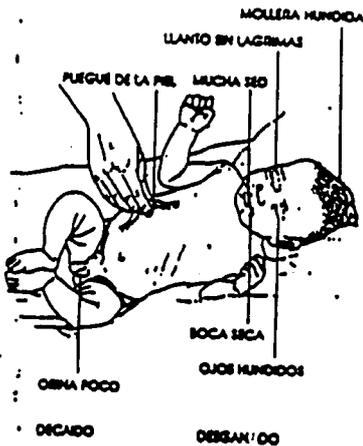


CONTINUE DANDOLE EL PECHO

CUANDO EL NIÑO SE ESTE RECUPERANDO DE LA DIARREA DELE UNA COMIDA ADICIONAL DIARIA AL MENOS DURANTE DOS SEMANAS



SEÑALES DE LA DESHIDRATACION:



COMO EVITAR QUE EL NIÑO SE DESHIDRATE

EN CUANTO EMPECE LA DIARREA DELE ABUNDANTES LIQUIDOS COMO: LITRONOL, AGUA DE ARROZ Y DE CAMELA, Y TE DE MANZANILLA



COMO EVITAR LA DIARREA EN EL NIÑO

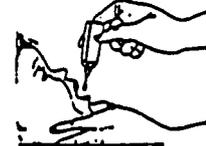
DANDO LACTANCIA MATERNA EXCLUSIVA DURANTE LOS PRIMEROS 6 MESES DE VIDA



APLICANDO AL NIÑO TODAS LAS VACUNAS QUE NECESITA



DANDOLE AGUA Y ALIMENTOS LIMPIOS



LAVANDOSE LAS MANOS ANTES DE TOCAR LOS ALIMENTOS



QUEMANDO O ENTERRANDO LA BASURA



MANTENIENDO LIMPIA LA LETRINA Y USANDO LA ADECUADAMENTE



EN LOS SIGUIENTES CASOS LLEVE INMEDIANTE AL NIÑO AL MEDICO:
 . SI OBSERVA ALGUNA SEÑAL DE DESHIDRATACION
 . SI LA DIARR'EA PERSISTE POR MAS DE DOS SEMANAS
 . SI OBSERVA SANGRE EN LAS HECEAS

MATERNAL HEALTH
Family Planning
Pre-natal Care
Pap Test and Breast Exams
Sexually Transmitted Diseases

LA SALUD DE LAS MUJERES Y DE LOS NIÑOS PUEDE MEJORAR MUCHISIMO SI :

- A) SE ALARGA EL PERIODO ENTRE EL NACIMIENTO DE UN NIÑO Y OTRO A POR LO MENOS 2 AÑOS.
- B) SE EVITAN LOS EMBARAZOS ANTES DE LOS 18 AÑOS Y DESPUES DE LOS 35
- C) SE LIMITAN A 4 EL NUMERO TOTAL DE EMBARAZOS



LA PLANIFICACION FAMILIAR OFRECE A LA MUJER Y/O LA PAREJA LA POSIBILIDAD DE DECIDIR :

- A) CUANDO QUIEREN EMPEZAR A TENER HIJOS
- B) CUANTOS HIJOS QUIEREN TENER
- C) EN QUE ESPACIO DE TIEMPO QUIEREN TENER EL SIGUIENTE HIJO
- D) CUANDO DEJAN DE TENER MAS HIJOS



LA MUJER PUEDE EVITAR LOS RIESGOS DEL PARTO SI ACUDE AL CENTRO DE SALUD MAS CERCANO PARA CONTROLAR DESDE LOS PRIMEROS 3 MESES DE EMBARAZO.

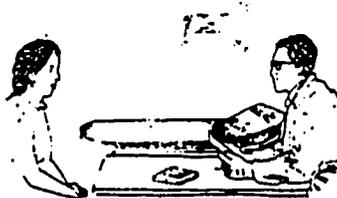


LA MUJER EMBARAZADA NECESITA ALIMENTARSE MAS DURANTE EL EMBARAZO A MENOS QUE YA PRESENTE EXCESO DE PESO.

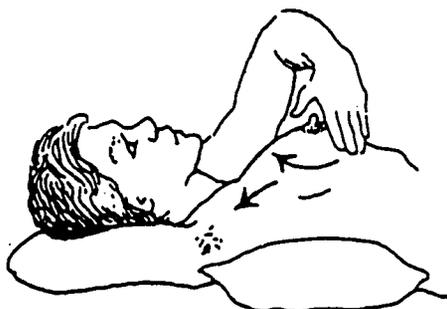
TODA MUJER EMBARAZADA TIENE MAYOR NECESIDAD DE DESCANSO



TODAS LAS MUJERES DEBEN HACERSE EL EXAMEN DETECTORA DEL CANCER OSEA LA CITOLOGIA CERVICO UTERINA POR LO MENOS UNA VEZ AL AÑO.



CADA MUJER DEBE APRENDER A AUTOEXAMINAR SUS MAMAS.



LA SIFILIS, GONORREA, EL SIDA Y OTRAS SON ENFERMEDADES DE TRANSMISION SEXUAL O MAS CONOCIDAS COMO VENEREAS. SE TRANSMITEN POR CONTACTO SEXUAL.



LA MUJER DE HOY DEBE INFORMARSE E INFORMAR AL RESTO DE SU FAMILIA SOBRE LA FORMA DE PREVENIRSE CONTRA ESTAS ENFERMEDADES. EL OFICIAL DE SALUD O CUALQUIER OTRO PERSONAL DE SALUD PUEDE BRINDARLE ESTA INFORMACION.



APPENDIX 5

Village Health Bank Health Checklist **HONDURAS VERSION**
To be applied at 4th, 6th or 8th meeting

Bank Name _____ Location _____
Cycle Meeting
Purpose Evaluation March 1995

PARTICIPATION AND ORDER

1. Are they keeping assistance records?
(If yes, 1 pt.)
2. Did more than 90% of the membership attend at the las meeting? (If yes, 1 pt.)
3. Did the President lead the meeting and was an agenda followed? (If yes, 1 pt.)
4. Were the members consulted on anything and did they vote? (If yes, 1 pt.)

Physical visit 4pts.

Books visit 2 pts.

POLICIES

5. Does the bank have its own internal policies?
6. Do they follow the policies for the most part?
7. Are the MC members in compliance of the policies? (no arrears, MC members follow, few unjustified absences)

Physical visit 3 pts.

Book visit NA

ACCOUNTING

8. Is the EA book up to date?
9. Is the Treasurer and the MC in charge of the bookkeeping? (and not promoter)
10. What amount of EA is in delay? (If less than 2%, they get the point.)
11. How many members have a delays balance? (If less than 2% of membership, get point)
12. Compar balances of 5 individual payment books with balances in EA and IA books.
13. Is the IA book up to date?
14. Percentage of amount in Commercial bank (at the beginning of a cycle), in re. to internal loans disbursed at first meeting. (If more than 50% and less than 85%, get the point.)
15. What amount of IA loans are in delay? (If less than 2%, get the point)
- 15a. How many members with IA loans are in delay? (If less than 2%, get point)
16. Were there arrears of EA at the end of the last cycle?
- 16b. Percentage of savings in relationship to EA loan. (If between 20-40%, 1 pt; between 41-69%, 2 pts.; between 70-100%, 3 pts.)
17. Percentage of capital to distribute, own capital,

and reserve in relationship to EA loan. (If more than
13%, add point)

Physical visit-14pts.
Books visit-12pts.

TOTAL TO GRADE ON AT THIS POINT Physical visit: 21 pts.
Books visit 14 pts.

Hock.fil

RESULTS OF VHB CHECKLIST		POINT added for each positive response					
PROJECT HOPE HONDURAS							
		Site Visit			Books Visit		
Promoter		Marlen	Edes	Edas	Marco	Marlen	Andres
Cycle/meeting No.		IV/3	II/3	V/4	III/7	V/2	II/6
VHB Name		Fut.de Muj	Amor yPaz	Dorcas	Fe y Esp.	Sal.y Sup.	Triunfarems
Question Categories							
Participation and Order							
1	Attendance Rec.kept?	1	1	1	1	1	1
2	90% attendance?	1	1	1	0	1	0
3	Leadershp;Agenda?	1	1	1	0.5	N	N
4	Members consulted?	1	1	1	1	N	N
		4/4 " = 1pt	4/4 " = 1pt	4/4" = 1pt	2.5/4" = '.62	2/2" = '1pt	1/2" = '.5
Policies							
5	Policies exist?	1	1	1	1	N	N
6	Follow policies?	1	1	1	1	N	N
7	Mangt. co. follows?	1	0	0	1	N	N
		3/3" = 1pt	'2/3" = '.6	2/3" = '.66	3/3" = '1pt	NA	NA
Accounting							
8	EA book updated?	1	1	1	1	1	1
9	Books done by Treas?	1	1	0	0.5	N	N
10	EA delays	0	0	0	0	0	1
11	% people EA delay	0	0	0	0	0	0
12	Match passbk bal.(5)	1	1	1	1	N	N
13	IA book updatd?	1	1	1	1	1	1
14	Comm bk amtRe.IA	0	0	0	0	0	1
15	IA delays	1	1	0	0	0	0
	% people in IA delay	0	1	0	0	0	0
16	Arrears last cycle	1	0	1	1	1	1
	Savings strength(3levels)	2	1	3	1	3	1
17	Capital strength(over13%)	1	1	1	1	1	0
		9/14" = '.64	8/14" = '.5	8/14" = '.5	6.5/14" = '.4	7/12" = '.5	6/12" = '.5
	Total Score	16	14	14	12	9	7
	Out of	21	21	21	21	14	14
		76%	67%	67%	57%	64%	50%
	Total Score by section	2.64	2.23	2.23	2.08	1.58	1
	Out of	3	3	3	3	2	2
		88%	74%	74%	69%	79%	50%

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Village Health Bank Health Checklist
To be applied at 4th, 6th or 8th meeting

ECUADOR VERSION

Bank Name _____ Location _____
Cycle _____ Meeting _____
Purpose Evaluation 1995

PARTICIPATION AND ORDER

1. Are they keeping assistance records?
(If yes, 1 pt.)
2. Did the President lead the meeting and was an agenda followed? (If yes, 1 pt.)
3. Were the members consulted on anything and did they vote? (If yes, 1 pt.)
4. Is there order around the table and do they have number order tickets? (If yes, 1 pt.)

PARTICIPATION: 4Pts.

POLICIES

5. Does the bank have its own internal policies?
6. Do they follow the policies for the most part?
7. Are the MC members in compliance of the policies? (no arrears, MC members follow, few unjustified absences)
8. No. of days between the meeting and the deposit in the commercial bank. (If less than one day, 1 pt.; only two days are allowed if on weekend or holiday.)

POLICIES: 4 Pts.

HEALTH

9. Does the health official get up and do talk of their own accord?
10. Does the health official have their flash-cards and training materials?
11. Are home visits being implemented?
12. Are health activities for the community being implemented? (Clean ups, talks, tree planting.)
13. Is the health chart (designed with Judianne) being kept?
14. Is the vaccination census being kept?
15. Does the VHB organize coordinated health activities with local health orgs.? (Fairs, posts, etc.) (If yes, 5 pts.)
16. How many vegetable gardens have been implemented at the community? (1pt/garden) Not Applicable yet

For one extremely advanced VHB La Sequita: 7 Pts. applicable.
For three advanced VHB's in Health 5 Pts. applicable.
For three beginner VHB's in health: 2 Pts. applicable.

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ACCOUNTING

- 17. Is the Treasurer and the MC in charge of the bookkeeping? (and not promoter)
- 18. Is the EA book up to date?
- 19. What amount of EA is in delay? (If less than 2%, they get the point.)
- 20. How many members have a delays balance? (If less than 2% of membership, get point)
- 21. Is the IA book up to date?
- 22. What amount of IA loans are in delay? (If less than 2%, get the point)
- 23. How many members with IA loans are in delay? (If less than 2%, get point)
- 24. Compare balances of 5 individual payment books with balances in EA and IA books.
- 25. Percentage of amount in Commercial bank (at the beginning of a cycle), in re. to internal loans disbursed at first meeting. (If more than 50% and less than 85%, get the point.)
- 26. Was there arrears of EA at the end of the last cycle?
- 27. Percentage of savings in relationship to EA loan. (If between 20-40%, 1 pt; between 41-69%, 2 pts.; between 70-100%, 3 pts.)
- 28. Percentage of capital to distribute, own capital, and reserve in relationship to EA loan. (If more than 13%, add point)
- 29. Did the delays worksheet get filled in?
All VHB's can be rated on the 15 pts.

Total to grade on the **extremely advanced Health VHB**: 30pts.
Total to grade on the two **advanced Health VHB**: 28 pts.
Total to grade on the three **beginners in Health VHB's**: 25 pts.

Echk

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**RESULTS OF VILLAGE HEALTH BANK CHECKLIST
PROJECT HOPE ECUADOR**

	Point added for each positive response					
	Advanced in Health			Beginners in Health		
Promoter	Venessa	Alex	Ramona	Ramona	Veronica	Alex
Cycle/Meeting No.	3/5/95	5/8/95	5/7/95	5/7/95	4/1/95	3/4/95
VHB Name	La Union	La	Esperanza	Madre	Progreso	San
Location	Calcuta	Sequito	y Progreso	Unidas	Para Futuro	Alejo
			San Jose	La Palma		
on Categories:						
ation and Order						
Attendance rec.	1	1	1	0.5	1	1
Leadership; agenda	0	1	0.5	1	1	1
Members consulted	1	1	1	1	1	1
Order; tickets	1	0.5	1	1	0.5	1
	3/4' = .75	5/4' = .87	3.5/4' = .87	3.5/4' = .87	3.5/4' = .87	4/4' = 1
Policies exist	1	1	1	1	1	1
Follow policies?	1	1	1	1	1	1
Managt. Co. follows?	1	1	1	1	1	1
< 1 day tweek dep.	1	1	1	1	1	1
	4/4' = 1	4/4' = 1	4/4' = 1	4/4' = 1	4/4' = 1	4/4' = 1
HO do talk?	0	1	1	0	1	1
HO use materials	1	1	1	0	1	1
Home visits done?	0	1	0	NA	NA	NA
Comm. activities?	1	1	0	NA	NA	NA
Vaccination chart?	NA	1	NA	NA	NA	NA
Health Chart?	NA	1	NA	NA	NA	NA
Health events?	0	1	1	NA	NA	NA
Vegetable gardens?	NA	NA	NA	NA	NA	NA
	2/5' = .4	7/7' = 1	3/5' = .6	0/2' = 0	2/2' = 1	2/2' = 1
nting						
Books done by Tre	1	1	0.5	1	1	1
EA book up dated	1	1	1	1	1	1
EA delays	0	0	0	0	1	0
% people EA delay	0	0	0	0	1	0
IA book updated	1	1	1	1	1	0
IA delays	0	0	0	0	1	0
% people IA delay	0	0	0	0	1	0
Match passbk bal.	1	1	1	1	1	1
Cm. Bnk Dep Lpee	0	0	1	1	0	0
Arrears last cycle	1	1	1	1	0	1
Savings strength(3levels)	1	1	1	1	1	1
Capital Strength(13%)	1	1	0	1	0	1
Delays wkght in use	1	1	1	1	1	1
	8/15' = .53	8/15' = .53	7.5/15 = .5	9/15 = .6	10/15 = .66	7/15' = .46
Total	17	22.5	18	16.5	19.5	17
Out of	28	30	28	25	25	25
Percentage Score	61%	75%	64%	66%	78%	68%
Total Score by Section	2.68	3.4	2.97	2.47	3.53	3.46
Out of	4	4	4	4	4	4
Percentage Score	67%	85%	74%	62%	88%	87%

APPENDIX 6

FINANCIAL MANAGEMENT INFORMATION SYSTEMS: DATASETS

APPLICATION PROCESS

VHB APPLICATION TO PROGRAM
Loan terms between VHB and Program

INDIVIDUAL BORROWER APPLICATION TO BANK
Individual Loan Terms
Cash Flow through Business
Cash Flow through Home
Expenses in Food and Health
Business Plan
Guarantee Item

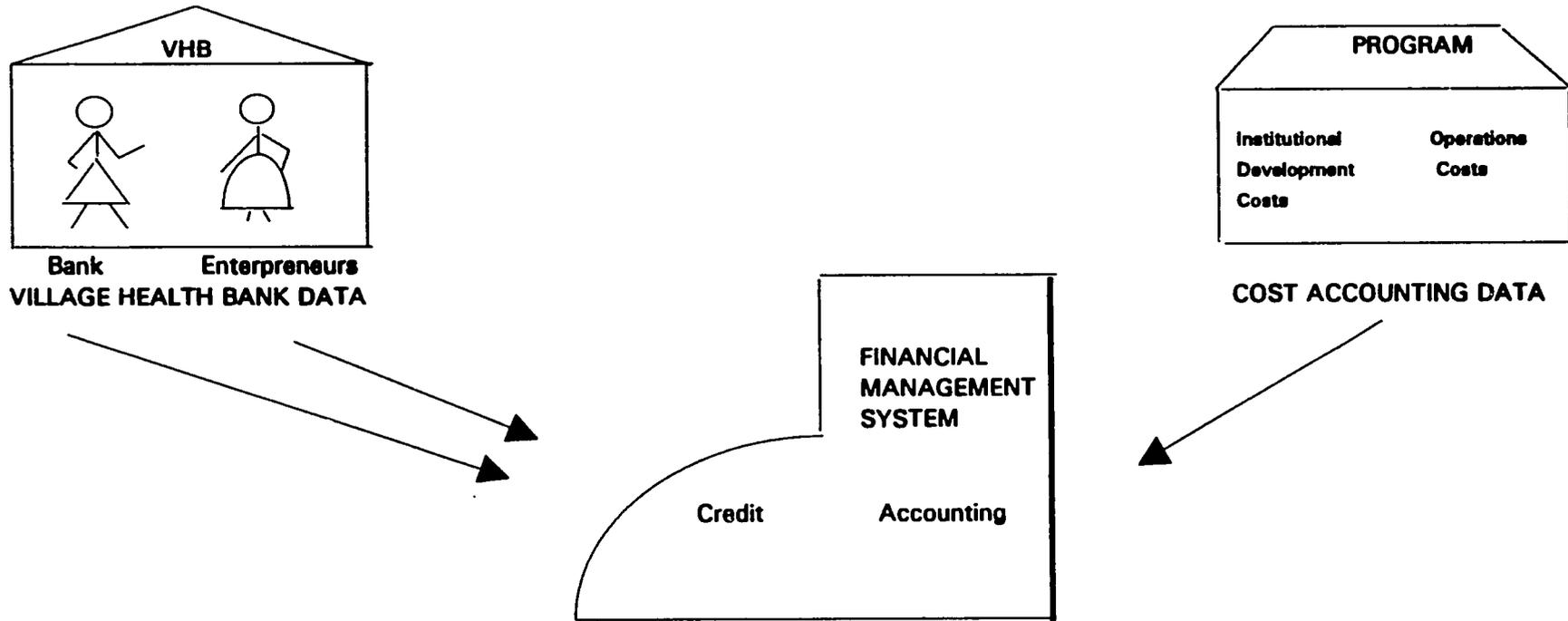
VHB LENDING, SAVINGS, AND CAPITALIZATION ACTIVITY

VHB INCOME STATEMENT
Cash Inflows and Outflows of a VHB's External and Internal Account

VHB BALANCE SHEET
Assets and Liabilities of a VHB and How it Holds its Cash and Patrimony

FINANCIAL MANAGEMENT INFORMATION SYSTEM: INSTITUTIONAL ACTORS

THE FMIS IS A CASH REGISTER THAT RECEIVES VHB AND PROGRAM ACCOUNTING INFORMATION



THIS INFORMATION IS USED TO PRODUCE THREE TYPES OF REPORTS:

A REPORTS
<i>Measure the Vital Signs of the Credit Funds:</i>
Inflows & Outflows of EA and IA
Financial Trends -
Credit absorption
Borrowing levels
Saving levels
Capitalization levels
Arrears - problems

B REPORTS
<i>Measure Impact:</i>
• MEMS - AID report that tracks # loans, # women receiving loans under \$300.
• Income Statement of VHBs - Measure economic impact of VHB as a group.
• Socio-economic report - tracks individual's use of increased income in home for health.

C REPORTS	
<i>Measure Sustainability:</i>	
Income to the Program	Expenses of the Program Operations
<i>In order to produce:</i>	
• Program Income Statements	
• Balance Sheets	
• Sustainability Reports	

THESE REPORTS IN TURN PROVIDE INFORMATION TO FINANCIERS AND PROGRAM MANAGERS.

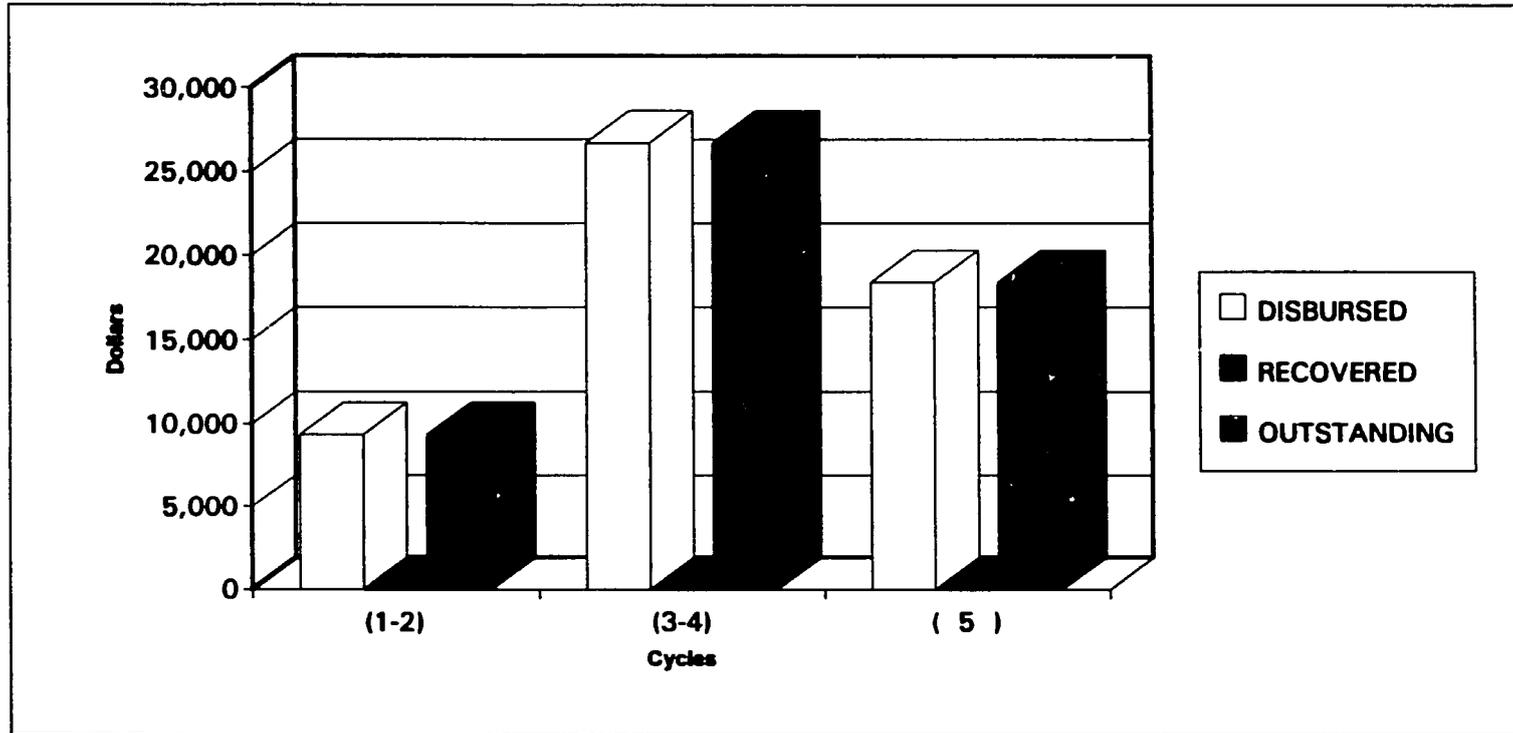
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APPENDIX 7

**CURRENT DISBURSED CAPITAL, RECOVERED CAPITAL, AND OUTSTANDING CAPITAL (EA)
PROJECT HOPE HONDURAS**

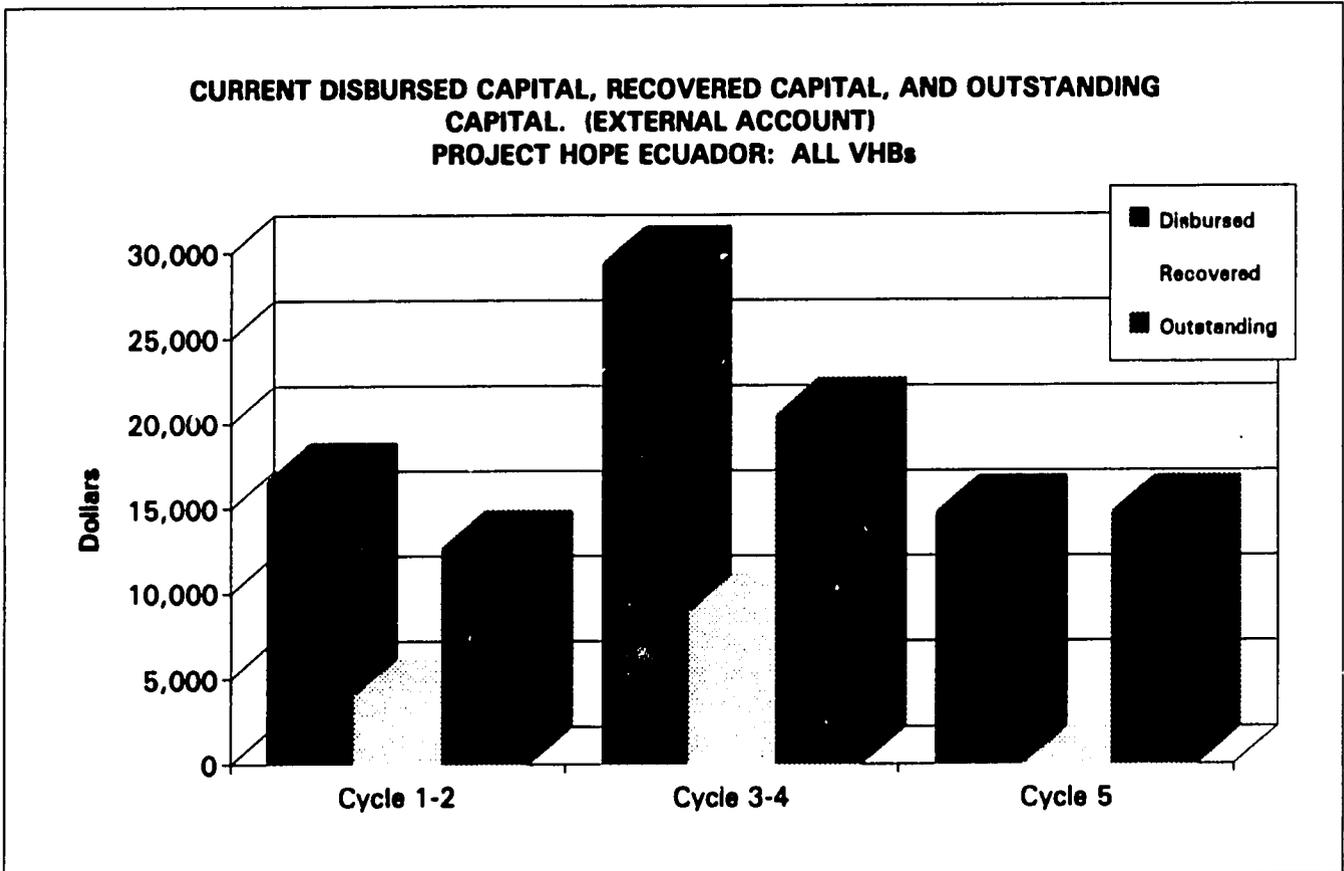


GRAPH 1

CAPITAL	(1-2)	(3-4)	(5)
DISBURSED	9,342	26,679	18,391
RECOVERED	0	0	0
OUTSTANDING	9,342	26,679	18,391
NO. VHBs	7	15	8

Note: Under current circumstances the Program does not Recover Capital within the cycle. Therefore Recovered Capital to the Program remains at 0 until the end of the cycle. Within the VHB, however, Capital is being Recovered and remains in their possession until Cycle end. This Capital payment is charted in each meeting's financial statement. (Tracked in Descriptive Stats Recovered EA Members to Bank).

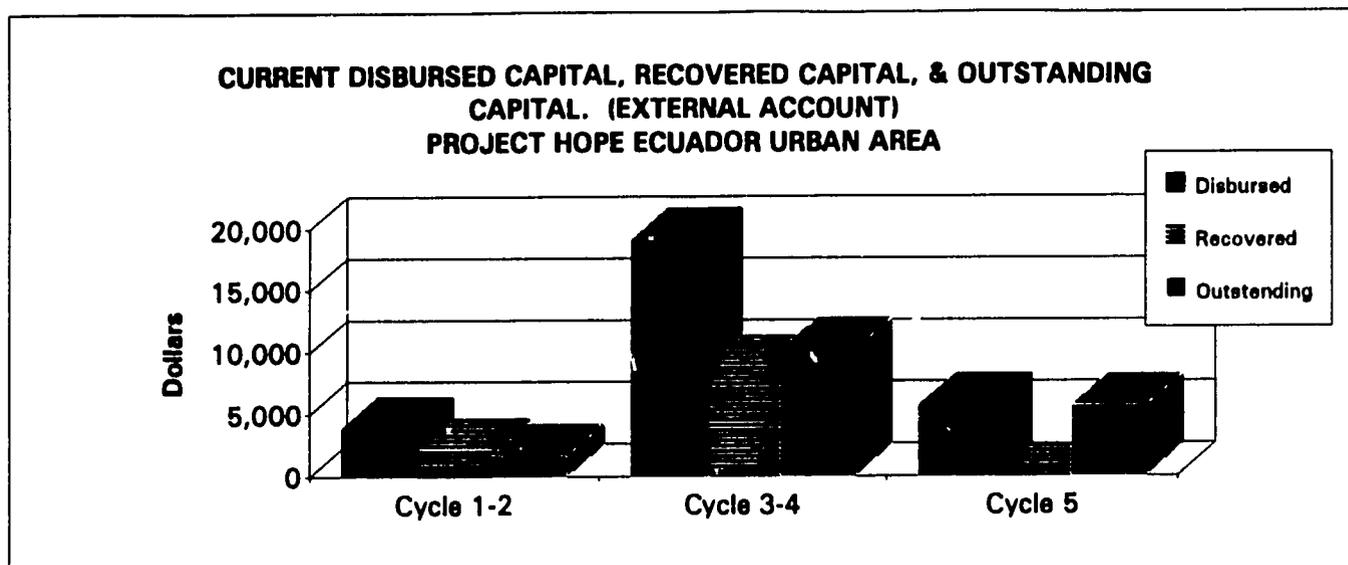
Graph 2



Capital	Cycle 1-2	Cycle 3-4	Cycle 5
Disbursed	16,689	29,357	14,732
Recovered	4,008	8,888	0
Outstanding	12,681	20,469	14,732
No. VHBs	8	12	4

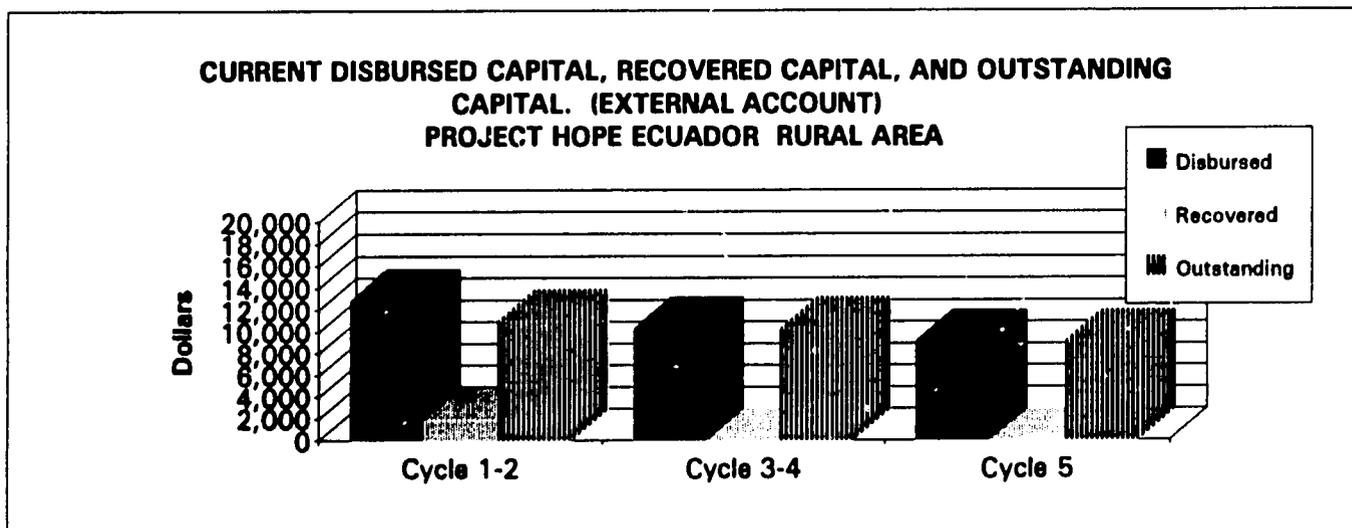
Note: Under current circumstances VHB's pay the Program Capital at the end of the cycle So this graph would have shown 0 recovered capital to the Program.
This graph, however, demonstrates recovered capital (by the Program) of 6 VHB's that have not finished paying both Internal and External Accounts are on stand-by before entering their next cycle at 20 February, 1995.

Graph 2 (Rural and Urban: Ecuador)



Capital	Cycle 1-2	Cycle 3-4	Cycle 5
Disbursed	3,833	19,095	5,636
Recovered	2,137	8,888	0
Outstanding	1,696	10,208	5,636
No. VHBs	2	8	2

Note: One Cycle 1-2, and 4 Cycle 3-4 VHB's have paid part of Ext. Loans. But have not closed both accounts and cannot go into their next cycle.

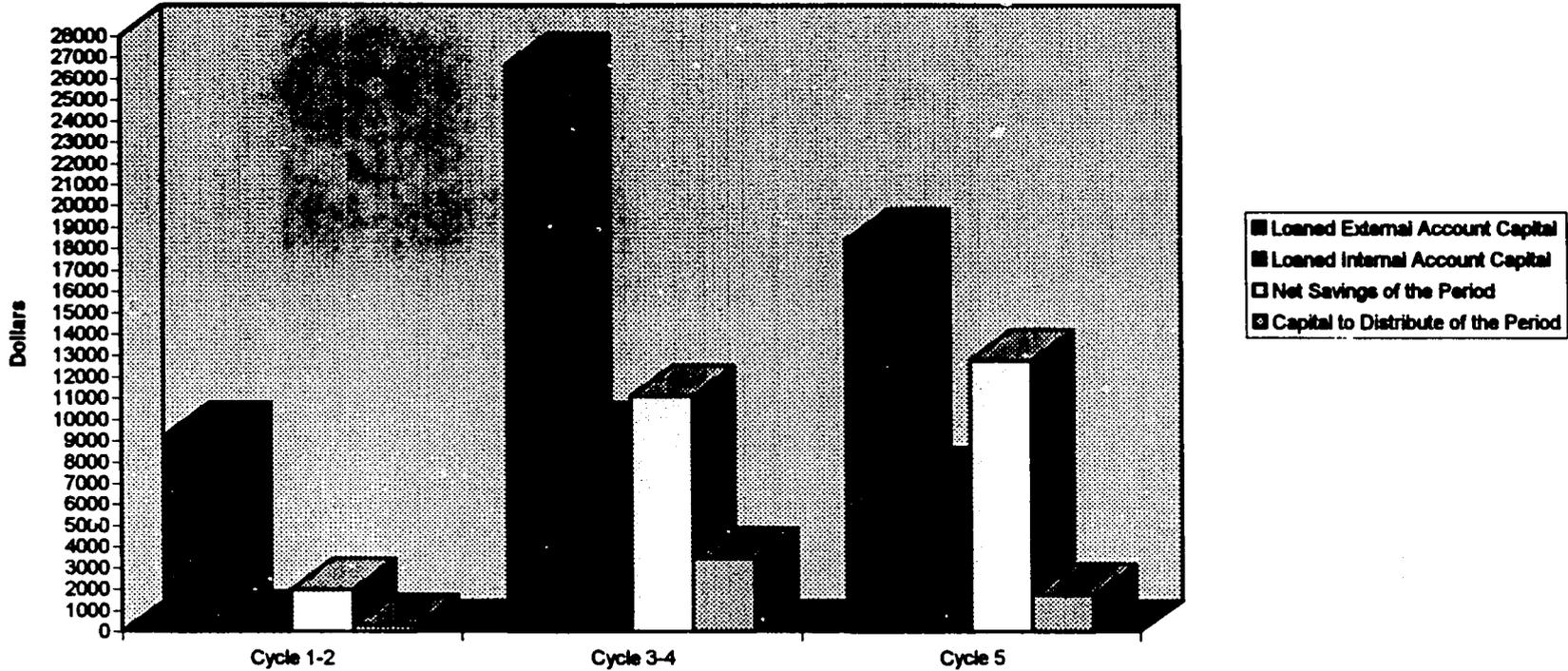


Capital	Cycle 1-2	Cycle 3-4	Cycle 5
Disbursed	12,856	10,261	9,096
Recovered	1,872	0	0
Outstanding	10,984	10,261	9,096
No. VHBs	6	4	2

Note: Only one VHB is frozen before entering its next cycle. The other Rural VHB's are current.

All figures for capital are in U.S. Dollars.

**Loaned External and Internal Capital in Relation
to Accumulated VHB Savings and VHB Capital (Before Distribution)
Project HOPE - Honduras**

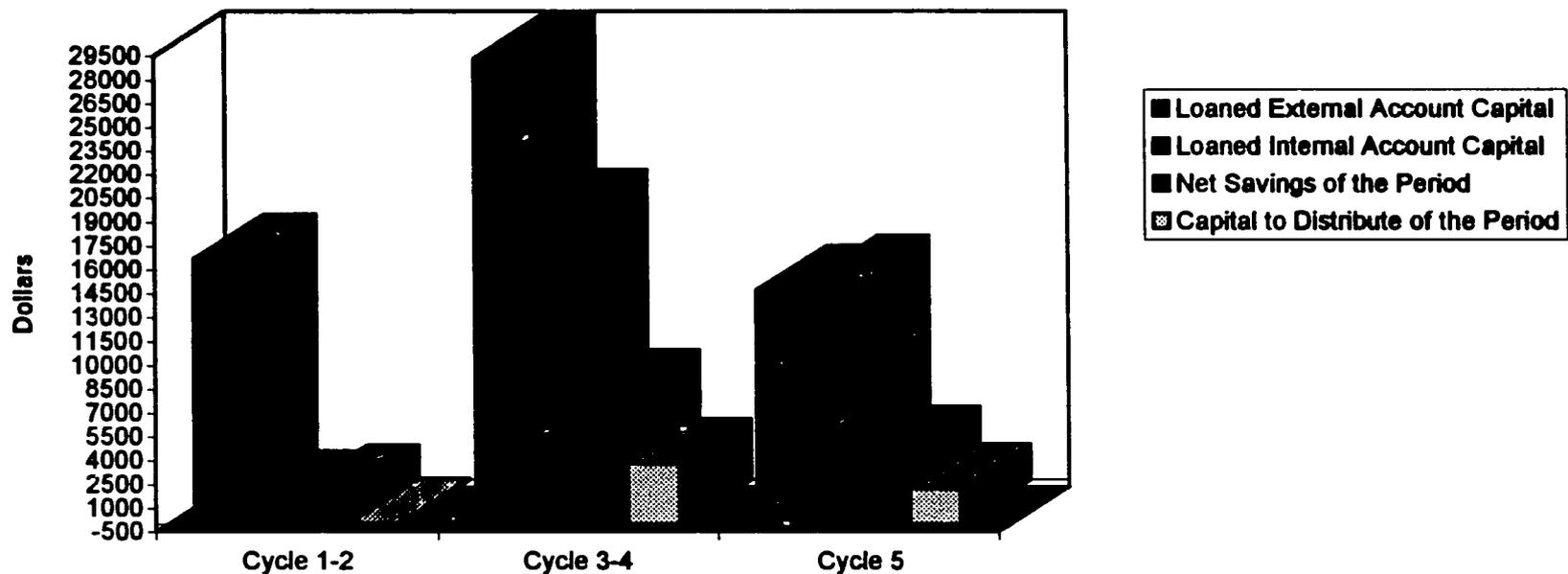


	Cycle 1-2	Cycle 3-4	Cycle 5
Loaned External Account Capital	9342	26679	18391
Loaned Internal Account Capital	468	9353	7223
Net Savings of the Period	1970	11102	12771
Capital to Distribute of the Period	295	3439	1727

* NOTE: Cycle 5 numbers are low because Cycle 5 is not finalized at the moment statistics were obtained. However, analysis of Cycle 3 and 4 and even 5 shows savings and capital exceeding Internal capital needs. Therefore, it can be inferred that at Cycles 3 and 4, banks are able to loan out their own savings and capital without use of External Capital reflows. Further, Internal capital is protected 100% by savings and capital as collateral.

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**Loaned External and Internal Capital in Relation to Accumulated VHB Savings and VHB Capital (Before Distribution)
Project HOPE - Ecuador**

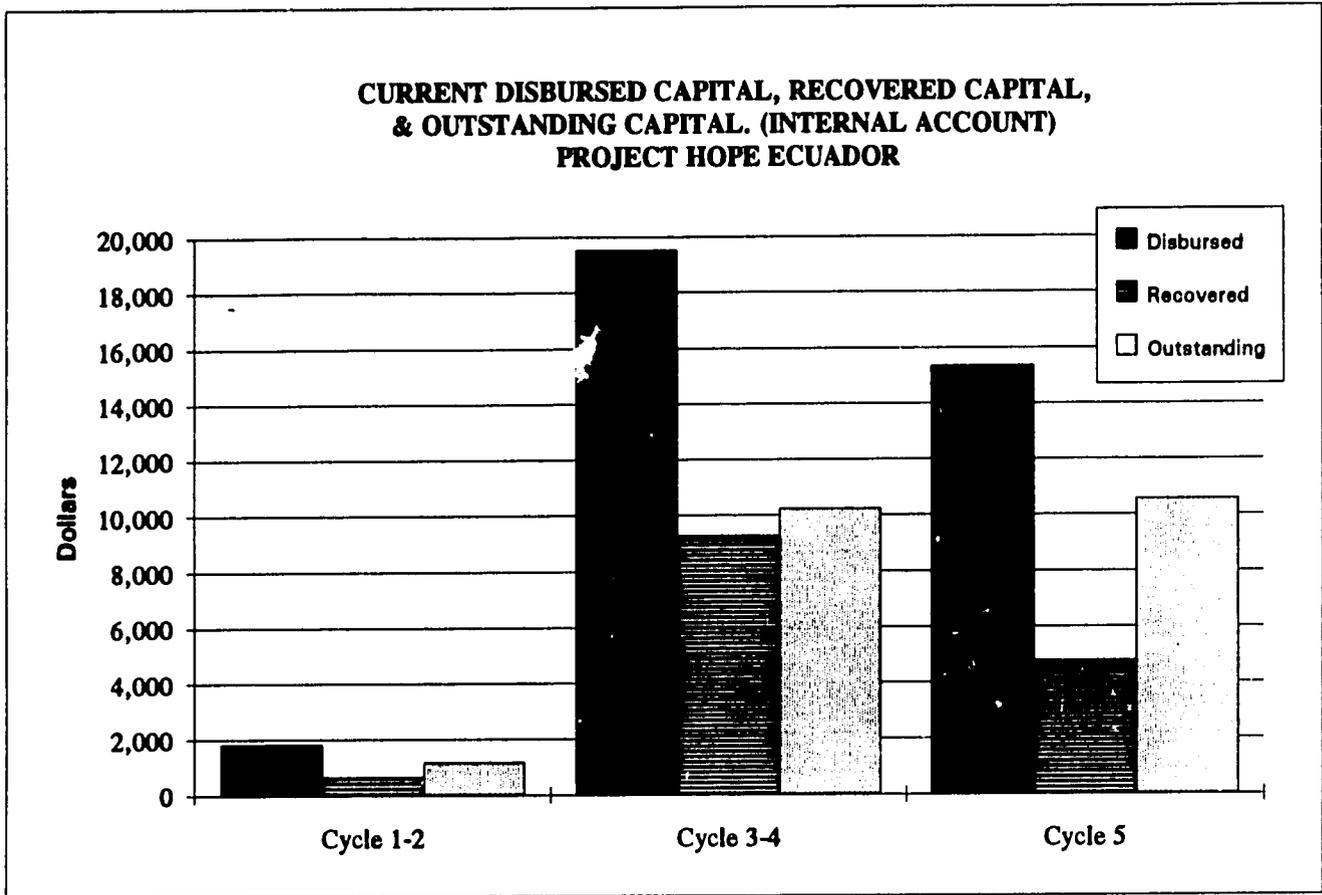


GRAPH 4

	Cycle 1-2	Cycle 3-4	Cycle 5
Loaned External Account Capital	16689	29357	14732
Loaned Internal Account Capital	1802	19521	15346
Net Savings of the Period	2176	8139	4564
Capital to Distribute of the Period	46	3815	2223

Analysis of Cycle 3 and 4 shows that Accumulated Savings and Capital (11,954) are about 61% of Internal Capital Needs. The other 39% of Internal Capital is being derived from External Capital reflows. Further analysis shows that early in Cycle 5, the Internal Capital volume starts to exceed External Capital volume. Also dangerously low savings exist in reference to Internal capital volumes showing that savings (the collateral of the Internal account) is only at 29% of what is being loaned out in Internal Account.

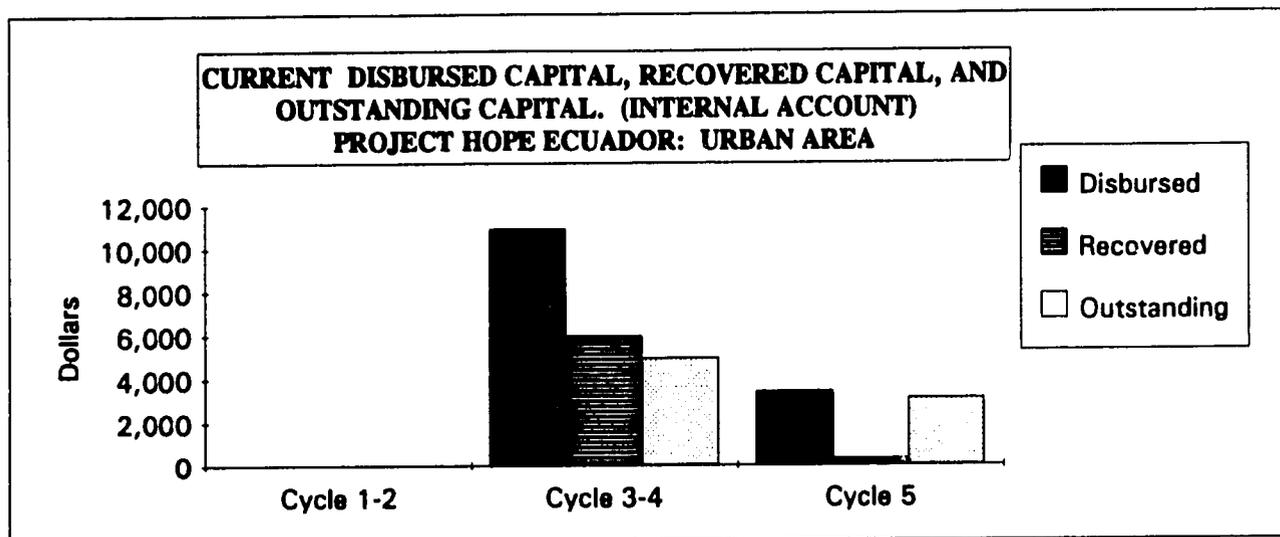
GRAPH 5



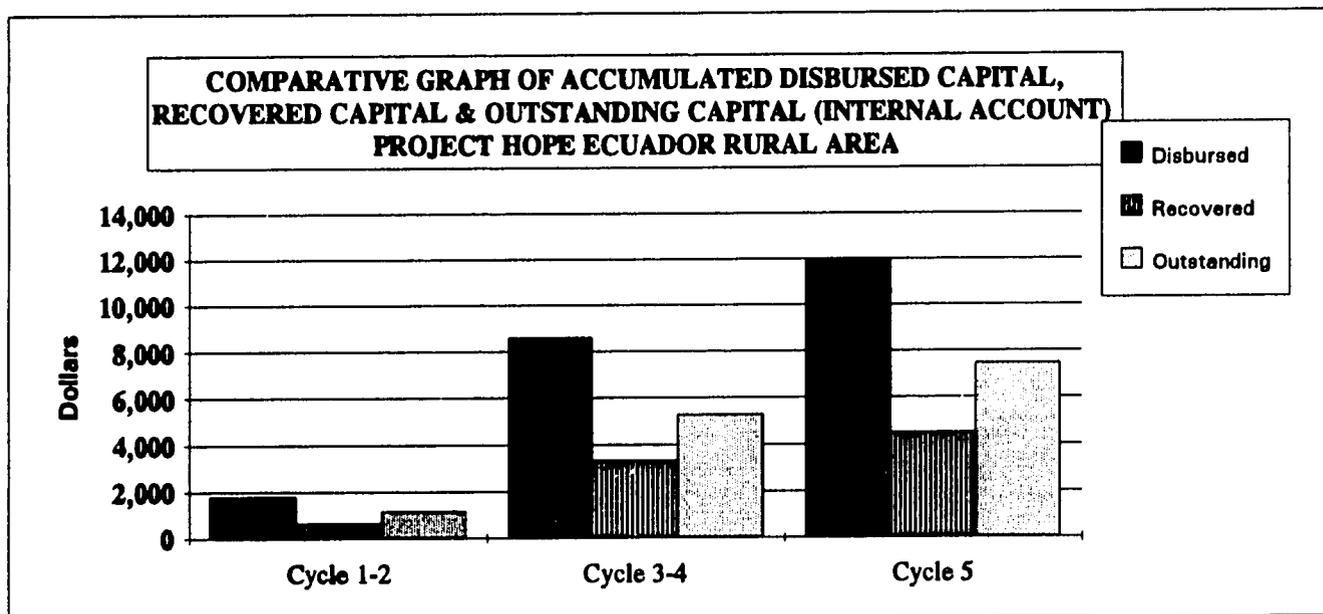
Capital	Cycle 1-2	Cycle 3-4	Cycle 5
Disbursed	1,802	19,521	15,346
Recovered	654	9,279	4,779
Outstanding	1,148	10,242	10,567
No. VHBs	8	12	4

Note: Internal Capital is only Recovered to the VHB itself. The numbers reflected here under Recovered come from financial statements inflows of each meeting.

GRAPH 5 (Rural and Urban: Ecuador)



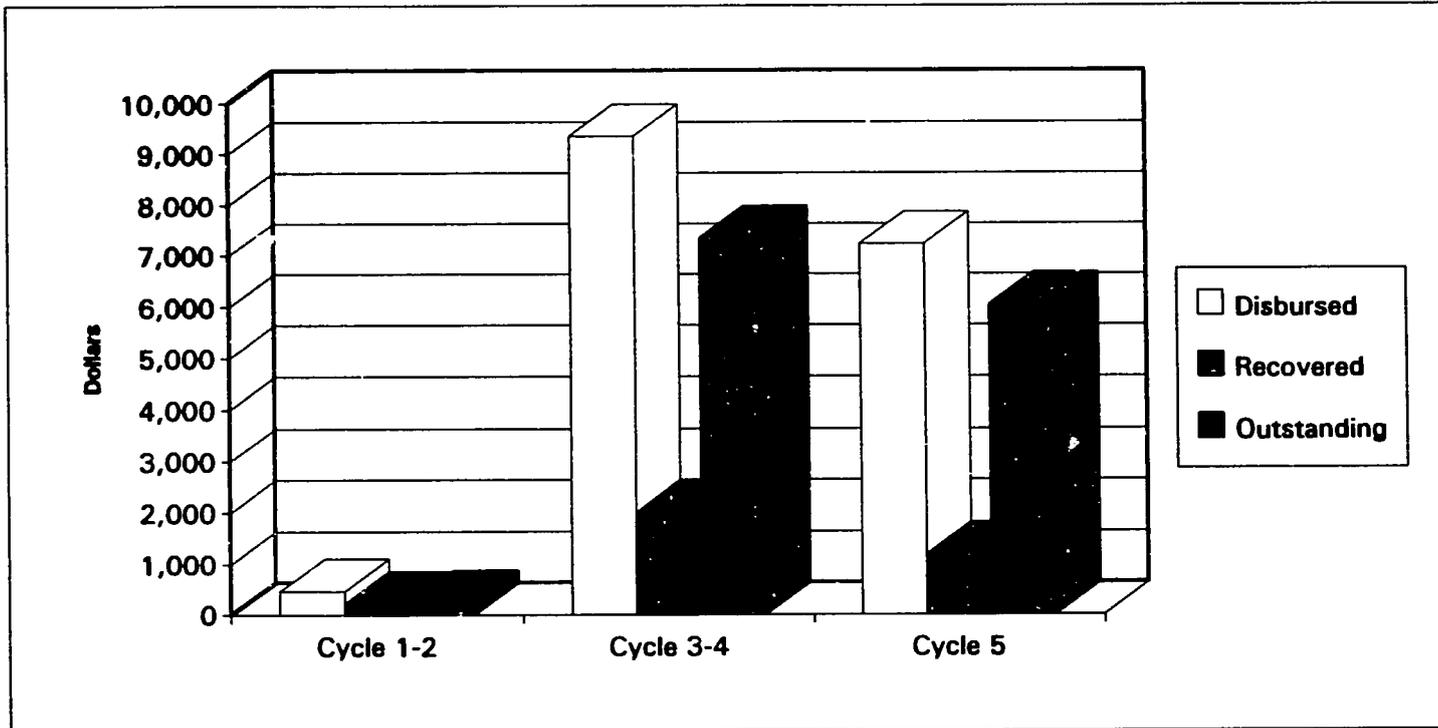
Capital	Cycle 1-2	Cycle 3-4	Cycle 5
Disbursed	0	10,933	3,392
Recovered	0	5,978	297
Outstanding	0	4,955	3,095
Num. Bcos	2	8	2



Capital	Cycle 1-2	Cycle 3-4	Cycle 5
Disbursed	1,802	8,588	11,954
Recovered	654	3,301	4,482
Outstanding	1,147	5,287	7,472
No. VHBs	6	4	2

All figures for Capital are in U.S. Dollars

**CURRENT DISBURSED CAPITAL, RECOVERED CAPITAL, AND OUTSTANDING CAPITAL (IA)
PROJECT HOPE HONDURAS**



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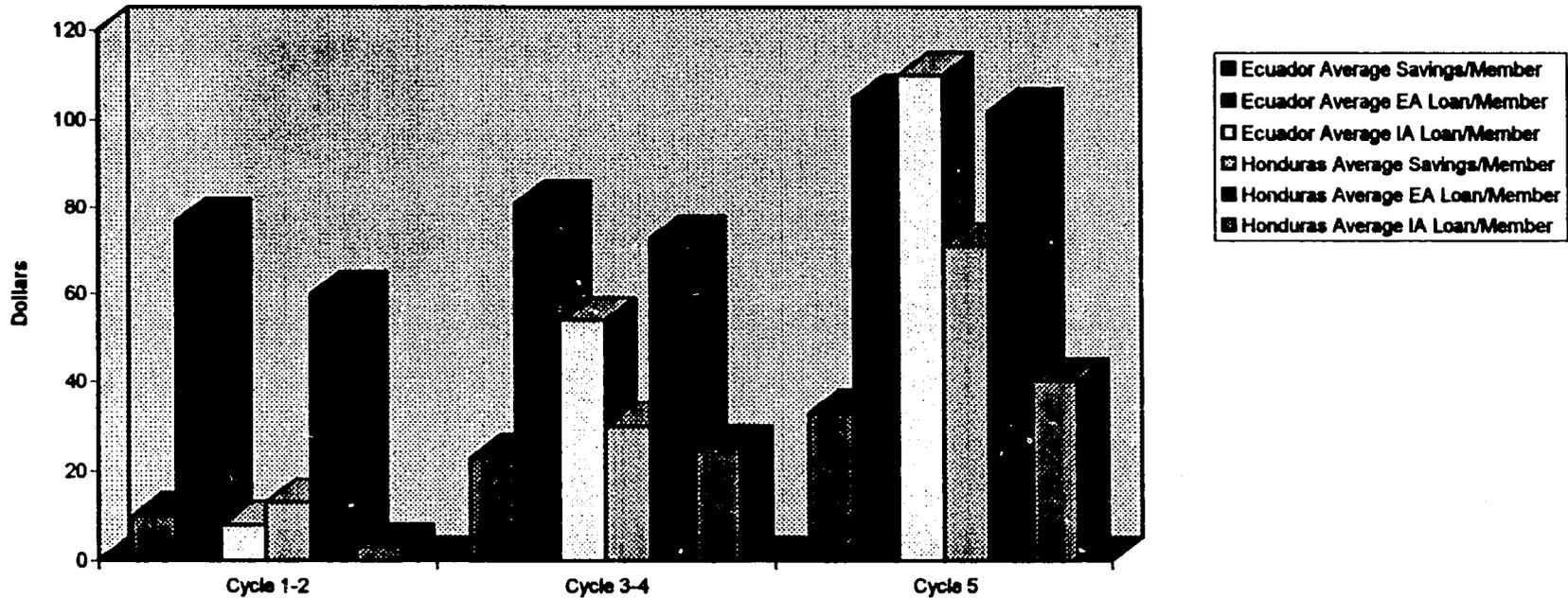
GRAPH 6

CAPITAL	Cycle 1-2	Cycle 3-4	Cycle 5
Disbursed	467	9,353	7,223
Recovered	224	2,002	1,176
Outstanding	244	7,351	6,047
No. VHBs	7	15	8

Note: Internal Capital is only recovered to the VHB itself. The numbers reflected here under Recovered, come from financial statements inflows of each meeting.

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**Comparison of Average Member Savings with
External and Internal Loan Volume
Ecuador and Honduras**



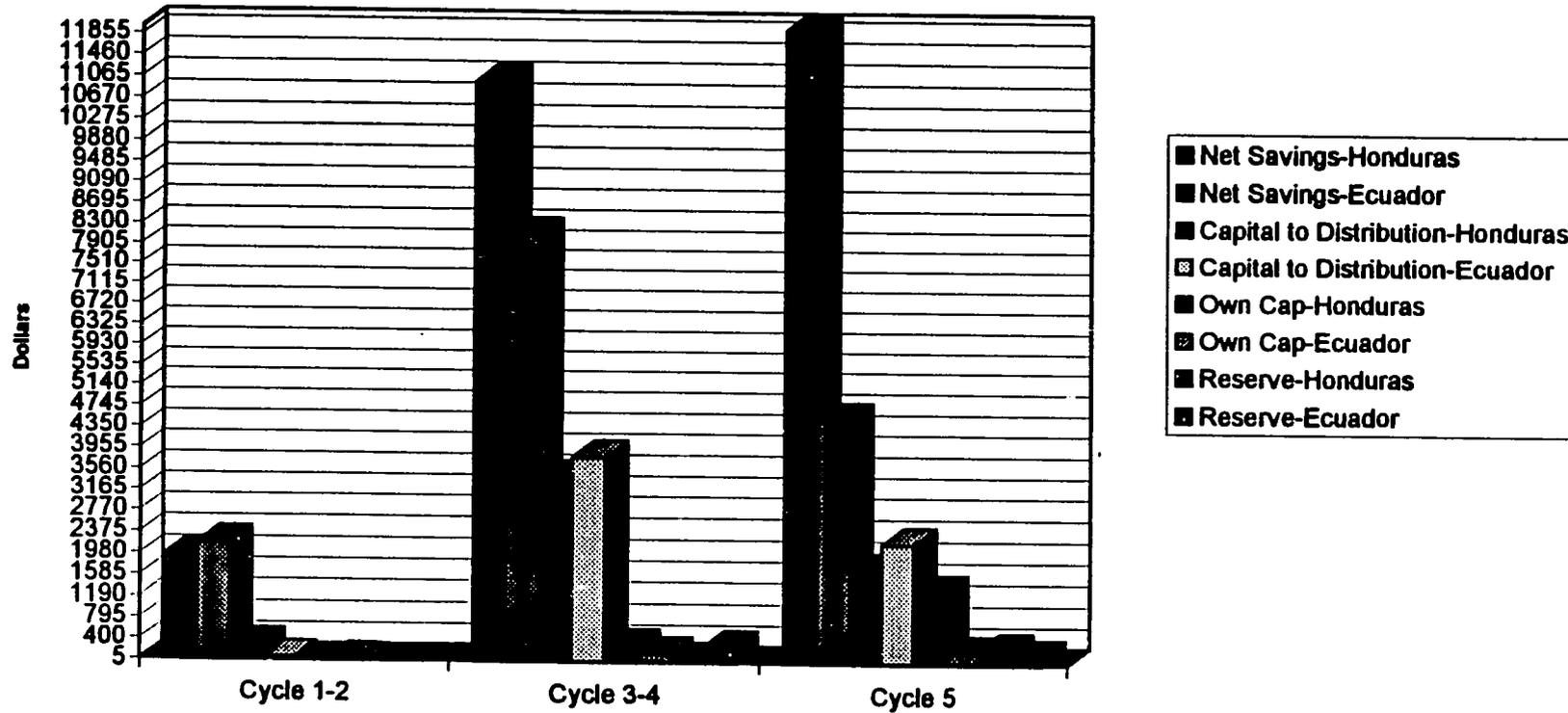
	Cycle 1-2	Cycle 3-4	Cycle 5
Ecuador Average Savings/Member	10	23	33
Ecuador Average EA Loan/Member	77	81	105
Ecuador Average IA Loan/Member	8	54	110
Honduras Average Savings/Member	13	30	71
Honduras Average EA Loan/Member	60	73	102
Honduras Average IA Loan/Member	3	25	40

*NOTE: Internal loan activity in cycles 1-2 period refers essentially to Cycle 2 activity, but the average has been calculated for all participants of both cycles.

* NOTE: Analysis of External and Internal Loan/Member shows the more conservative averages for Honduras given that loan average begins at \$50 in Honduras and \$70 in Ecuador

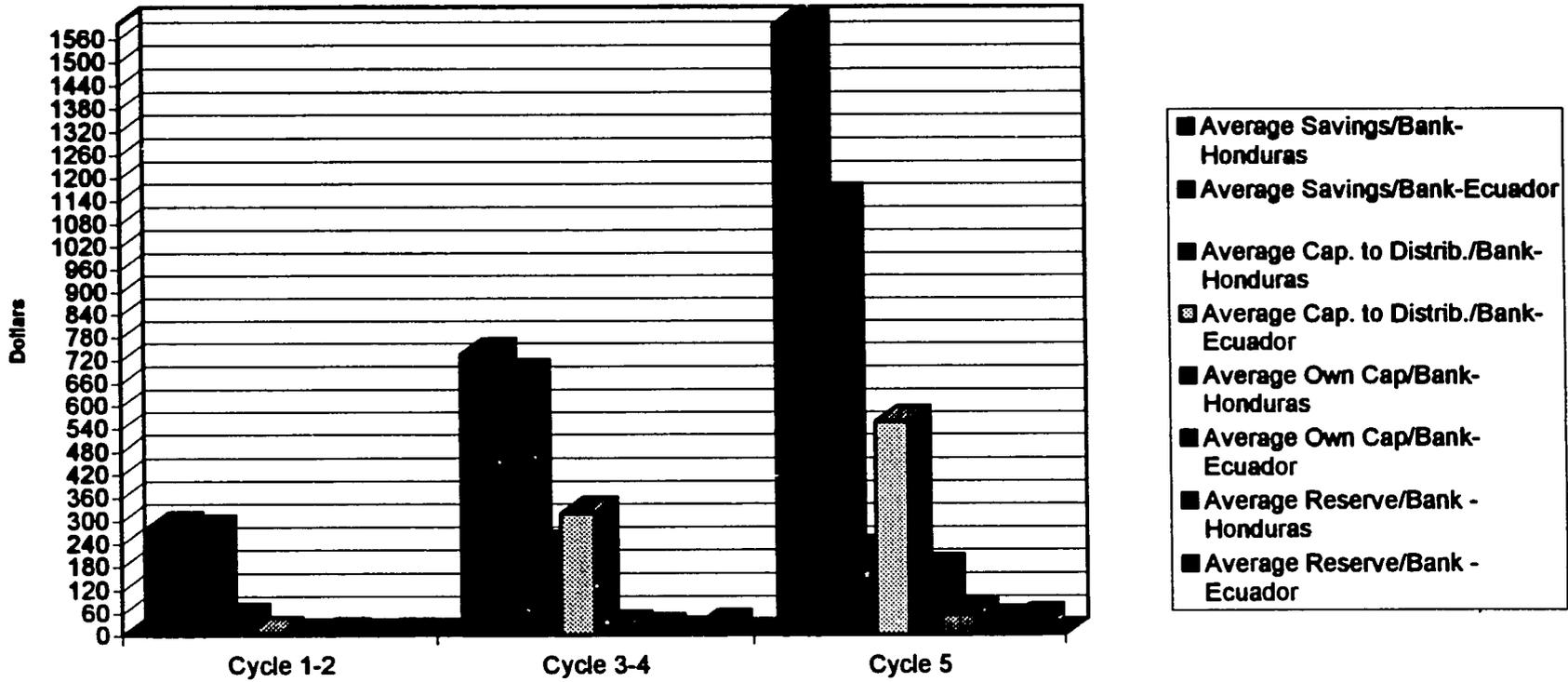
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**Comparative Study Of Capital Growth (Total)
Between Honduras and Ecuador**



	Cycle 1-2	Cycle 3-4	Cycle 5
Net Savings-Honduras	1970	11002	12771
Net Savings-Ecuador	2175	8139	4564
Capital to Distribution-Honduras	295	3439	1727
Capital to Distribution-Ecuador	46	3815	2223
Own Cap-Honduras	0	324	1346
Own Cap-Ecuador	25	170	215
Reserve-Honduras	0	65	269
Reserve-Ecuador	7	301	160

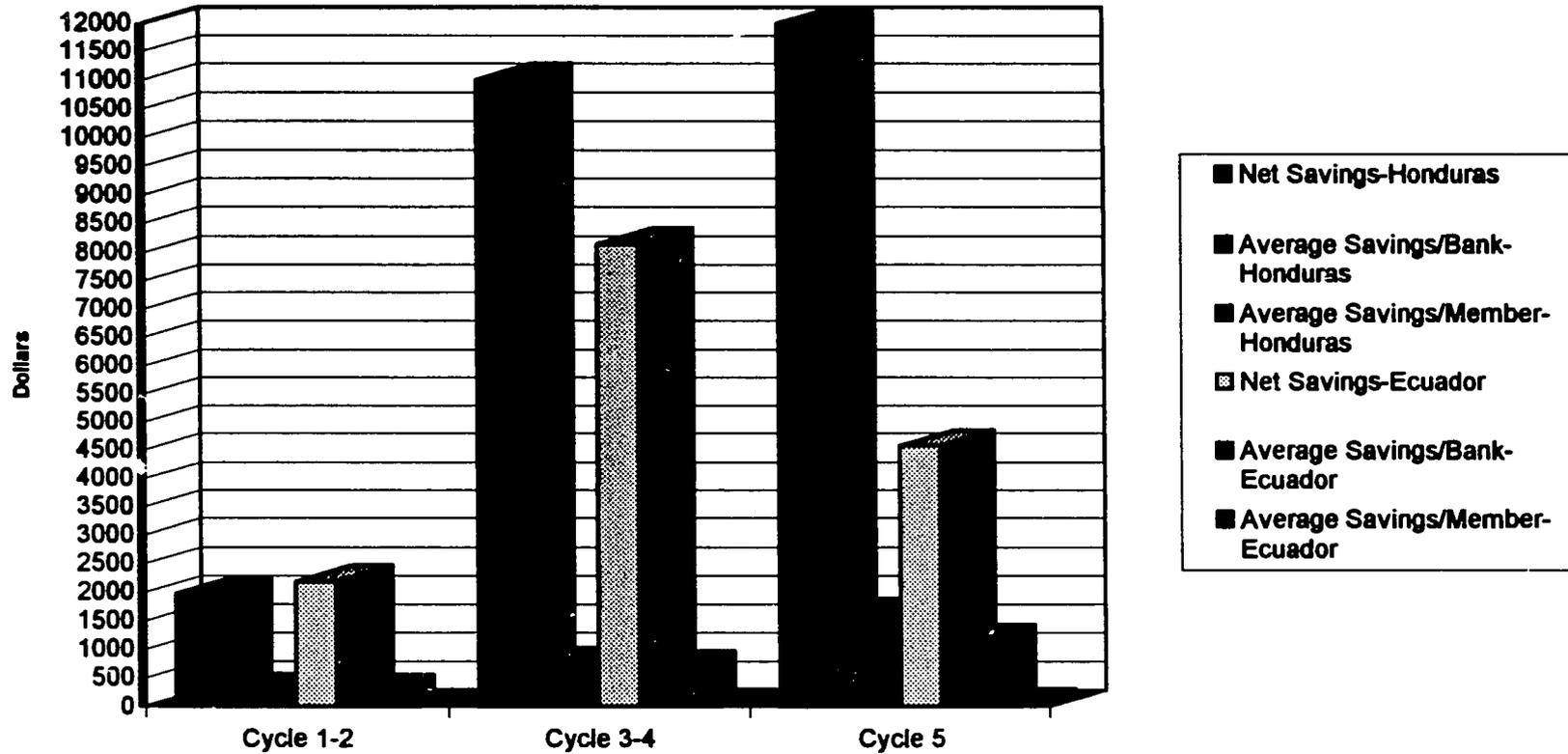
**Comparison of Average VHB Savings and Capital Growth
Project HOPE Ecuador and Honduras**



GRAPH 9

	Cycle 1-2	Cycle 3-4	Cycle 5
Average Savings/Bank-Honduras	281	733	1596
Average Savings/Bank-Ecuador	272	678	1141
Average Cap. to Distrib./Bank-Hondur	42	229	216
Average Cap. to Distrib./Bank-Ecuado	6	318	555
Average Own Cap/Bank-Honduras	0	22	168
Average Own Cap/Bank-Ecuador	3	14	54
Average Reserve/Bank - Honduras	0	4	34
Average Reserve/Bank - Ecuador	1	25	40

Comparison of Net Savings, Average Savings per Bank, and Average Savings per Member (Between Honduras and Ecuador)



GRAPH 10

	Cycle 1-2	Cycle 3-4	Cycle 5
Net Savings-Honduras	1970	11002	12771
Average Savings/Bank-Honduras	281	733	1596
Average Savings/Member-Hondura	13	31	73
Net Savings-Ecuador	2176	8139	4564
Average Savings/Bank-Ecuador	272	678	1141
Average Savings/Member-Ecuador	10	23	33

*Note: Ecuador implemented 10% savings in relation to external capital from August 1993 - December 1994. Honduras implemented 20% savings in relation to ext capital since July 1993.

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APPENDIX 8

**Appendix 8 (1)
Fixed and Variable Costs (Actual)**

Ecuador: Financial Analysis

Cost	July 1 1993-June 30, 1994			Cost	July 1 1994-February 28, 1995		
	Variable Cost	Fixed Cost	Total		Variable Cost	Fixed Cost	Total
Salaries	26,281	12,712	38,993	Salaries	18,489	8,943	27,432
Travel	9,481	9,481	18,962	Travel	8,673	8,673	17,346
Insurance				Insurance			
Utilities		495	495	Utilities		368	368
Communciations		4,581	4,581	Communciations		1,720	1,720
Postage		579	579	Postage		416	416
Veh. Main	1,112		1,112	Veh. Main	762		762
Office Rental		3,283	3,283	Office Rental		2,046	2,046
Bank Fees		73	73	Bank Fees		157	157
Other				Other			
Supplies	900	6,573	7,473	Supplies	975	7,159	8,134
Printing	198		198	Printing	1,554		1,554
Services		499	499	Services		105	105
TOTAL	37,972	38,276	76,248	TOTAL	30,453	29,587	60,040
No. bank cycles		36		No. bank cycles		39	

Honduras: Financial Analysis

Cost	July 1 1993-June 30, 1994			Cost	July 1 1994-February 28, 1995		
	Variable Cost	Fixed Cost	Total		Variable Cost	Fixed Cost	Total
Salaries	26,281	12,712	38,993	Salaries	18,489	8,943	27,432
Travel	9,481	9,481	18,962	Travel	8,673	8,673	17,346
Insurance				Insurance			
Utilities		495	495	Utilities		368	368
Communciations		4,581	4,581	Communciations		1,720	1,720
Postage		579	579	Postage		416	416
Veh. Main	1,112		1,112	Veh. Main	762		762
Office Rental		3,283	3,283	Office Rental		2,046	2,046
Bank Fees				Bank Fees		75	75
Other				Other		164	164
Supplies	950	5,573	6,523	Supplies	925	7,209	8,134
Printing	198		198	Printing	1,554		1,554
Services		499	499	Services		105	105
TOTAL	38,022	37,203	75,225	TOTAL	30,403	29,719	60,122
No. bank cycles		38		No. bank cycles		37	

Appendix 8 (2)

**Pro Forma Variable Cost to Service One Bank
Per Bank Cycle
Ecuador**

I. DIRECT STAFF TIME

Staff Position	Time* Spent	Cost** Per Hour	Total Cost Per Cycle
Promoter	70	1.61	112.70
Secretary	36	2.12	76.32
Accountant	16	1.61	25.76
Driver	32	1.53	48.96
Coordinator	8	5.89	47.12
Health Promoter (when included)		1.61	0.00
TOTAL STAFF TIME			310.86

II. DIRECT MATERIALS

Item	Quantity Used	Unit Cost	Total Cost Per Cycle	Notes and Unit of Measurement
Loan Materials	1	25	25.00	Packets
Mileage	400	0.23	92.00	Miles
TOTAL DIRECT MATERIALS			117.00	
TOTAL DIRECT LABOR AND EXPENDABLE SUPPLIES			427.86	
INFLATION	0.077	1875	143.75	Loss in amount loaned due to inflation
TOTAL DIRECT COSTS			\$571.61	To service one bank for one cycle

*Estimated amount of staff time required to support a loan cycle (4 months).

**Cost per hour comes from Appendix 8(3) of Variable Salary Structure amounts.

Appendix 8 (2)

**Pro Forma Variable Cost to Service One Bank
Per Bank Cycle
Honduras**

I. DIRECT STAFF TIME

Staff Position	Time* Spent	Cost** Per Hour	Total Cost Per Cycle
Promoter	70	2.01	140.70
Secretary	36	1.70	61.20
Accountant	16	1.37	21.92
Driver	32	1.09	34.88
Coordinator	8	3.42	27.36
Health Promoter (when included)		2.01	0.00
TOTAL STAFF TIME			286.06

II. DIRECT MATERIALS

Item	Quantity Used	Unit Cost	Total Cost Per Cycle	Notes and Unit of Measurement
Loan Materials	1	25	25.00	Packets
Mileage	160	0.23	36.80	Miles
TOTAL DIRECT MATERIALS			61.80	
TOTAL DIRECT LABOR AND EXPENDABLE SUPPLIES			347.86	
INFLATION	0.067	1875	125.00	Loss in amount loaned due to inflation
TOTAL DIRECT COSTS			\$472.86	To service one bank for one cycle

*Estimated amount of staff time required to support a loan cycle (4 months).

**Cost per hour comes from Appendix 8(3) of Variable Salary Structure amounts.

Appendix 8 (3)

Variable Salary Structure

Ecuador	Monthly	Working Day Per Month	Salary Per Day	Working Hour Per Day	Cost* Per Hour
Coordinator	829.00	20.08	41.28	7	5.89
Accountant	226.90	20.08	11.30	7	1.61
Promoter	226.90	20.08	11.30	7	1.61
Health Promoter	226.90	20.08	11.30	7	1.61
Secretary	298.00	20.08	14.84	7	2.12
Driver	216.00	20.08	10.75	7	1.53
Programmer	492.00	20.08	24.50	7	3.50

Honduras	Monthly	Working Day Per Month	Salary Per Day	Working Hour Per Day	Cost Per Hour
Coordinator	478.00	19.92	23.99	7	3.42
Accountant	191.84	19.92	9.60	7	1.37
Promoter	281.00	19.92	14.10	7	2.01
Health Promoter	281.00	19.92	14.10	7	2.01
Secretary	238.00	19.92	11.94	7	1.70
Driver	153.00	19.92	7.68	7	1.09

Working day per month are calculated as follows:

15 days vacation a year

16 days of holidays a year for Ecuador

14 days of holidays a year for Honduras

***This hourly rate is used to calculate the Pro Forma Variable Cost Appendices 8(2).**

Appendix 8(4)

THE PEOPLE-TO-PEOPLE HEALTH FOUNDATION, INC. (PROJECT HOPE)
MATCHING GRANT
COOPERATIVE AGREEMENT NO. FAO-0158-00-2071-00
GRANT LIFE: 9/30/92 - 9/30/97

HONDURAS-INCOME GENERATION (IG)

HEADQUARTERS ONLY	REVISED	ACTUAL	BALANCE
BUDGET CATEGORIES	GRANT	EXPENSES	REMAINING
	BUDGET	THRU FEB'95	
Program Costs:			
Personnel	117,264	72,968	44,296
Travel	28,354	14,780	13,574
Credit Funds	0	0	0
Other Direct Costs	8,954	4,329	4,625
Procurement Costs:			
Supplies/Equipment	0	0	0
Services	13,667	0	13,667
Evaluation	3,819	0	3,819
Indirect Costs	64,495	48,173	16,322
GRAND TOTAL	236,553	140,250	96,303

4/28/95

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THE PEOPLE-TO-PEOPLE HEALTH FOUNDATION, INC. (PROJECT HOPE)
MATCHING GRANT
COOPERATIVE AGREEMENT NO. FAO-0158-00-2071-00
GRANT LIFE: 9/30/92 - 9/30/97

HONDURAS-INCOME GENERATION (IG)

FIELD ONLY	REVISED GRANT BUDGET	ACTUAL EXPENSES THRU FEB'95	BALANCE REMAINING
BUDGET CATEGORIES			
Program Costs:			
Personnel	250,863	85,237	165,626
Travel	63,812	15,927	47,885
Credit Funds	392,687	81,035	311,652
Other Direct Costs	96,032	43,660	52,372
Procurement Costs:			
Supplies/Equipment	52,449	49,250	3,199
Services	17,500	43,672	(26,172)
Evaluation	72,338	0	72,338
Indirect Costs	139,350	57,060	82,290
GRAND TOTAL	1,085,031	375,841	709,190

4/28/95

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THE PEOPLE-TO-PEOPLE HEALTH FOUNDATION, INC. (PROJECT HOPE)
MATCHING GRANT
COOPERATIVE AGREEMENT NO. FAO-0158-00-2071-00
GRANT LIFE: 9/30/92 - 9/30/97

HONDURAS-INCOME GENERATION (IG)

SUMMARY (HQ + FIELD)	REVISED GRANT BUDGET	ACTUAL EXPENSES THRU FEB'95	BALANCE REMAINING
BUDGET CATEGORIES			
Program Costs:			
Personnel	368,127	158,205	209,922
Travel	92,166	30,707	61,459
Credit Funds	392,687	81,035	311,652
Other Direct Costs	104,986	47,989	56,997
Procurement Costs:			
Supplies/Equipment	52,449	49,250	3,199
Services	31,167	43,672	(12,505)
Evaluation	76,157	0	76,157
Indirect Costs	203,845	105,233	98,612
GRAND TOTAL	1,321,584	516,091	805,493

4/28/95

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THE PEOPLE-TO-PEOPLE HEALTH FOUNDATION, INC. (PROJECT HOPE)
MATCHING GRANT
COOPERATIVE AGREEMENT NO. FAO-0158-00-2071-00
GRANT LIFE: 9/30/92 - 9/30/97

ECUADOR-INCOME GENERATION (IG)

HEADQUARTERS ONLY	REVISED	ACTUAL	
BUDGET CATEGORIES	GRANT	EXPENSES	BALANCE
	BUDGET	THRU FEB'95	REMAINING
Program Costs:			
Personnel	117,263	68,676	48,587
Travel	31,907	12,492	19,415
Credit Funds	0	0	0
Other Direct Costs	13,137	4,515	8,622
Procurement Costs:			
Supplies/Equipment	0	0	0
Services	22,667	0	22,667
Evaluation	4,583	0	4,583
Indirect Costs	64,494	45,338	19,156
GRAND TOTAL	254,051	131,021	123,030

4/28/95

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THE PEOPLE-TO-PEOPLE HEALTH FOUNDATION, INC. (PROJECT HOPE)
MATCHING GRANT
COOPERATIVE AGREEMENT NO. FAO-0158-00-2071-00
GRANT LIFE: 9/30/92 - 9/30/97

ECUADOR-INCOME GENERATION (IG)

FIELD ONLY	REVISED GRANT BUDGET	ACTUAL EXPENSES THRU FEB'95	BALANCE REMAINING
BUDGET CATEGORIES			
Program Costs:			
Personnel	275,964	90,830	185,134
Travel	87,290	38,841	48,449
Credit Funds	416,195	108,222	307,973
Other Direct Costs	176,625	47,521	129,104
Procurement Costs:			
Supplies/Equipment	79,750	64,619	15,131
Services	12,500	49,391	(36,891)
Evaluation	134,457	0	134,457
Indirect Costs	153,155	60,867	92,288
GRAND TOTAL	1,335,936	460,291	875,645

4/28/95

THE PEOPLE-TO-PEOPLE HEALTH FOUNDATION, INC. (PROJECT HOPE)
MATCHING GRANT
COOPERATIVE AGREEMENT NO. FAO-0158-00-2071-00
GRANT LIFE: 9/30/92 - 9/30/97

ECUADOR-INCOME GENERATION (IG)

SUMMARY (HQ + FIELD)	REVISED GRANT BUDGET	ACTUAL EXPENSES THRU FEB'95	BALANCE REMAINING
BUDGET CATEGORIES			
Program Costs:			
Personnel	393,227	159,506	233,721
Travel	119,197	51,333	67,864
Credit Funds	416,195	108,222	307,973
Other Direct Costs	189,762	52,036	137,726
Procurement Costs:			
Supplies/Equipment	79,750	64,619	15,131
Services	35,167	49,391	(14,224)
Evaluation	139,040	0	139,040
Indirect Costs	217,649	106,205	111,444
GRAND TOTAL	1,589,987	591,312	998,675

4/28/95

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Appendix 8 (5)

Analysis of Capital Requirements

Honduras 30 banks established
 55 proposed in the DIP
 80 banks proposed by the field
 25 members per bank (average)
 \$50 initial loan
 20% increase in HOPE financing for eight additional cycles

Initial amount per bank: \$50 for 25 members	1,250
Final loan amount per woman with 20% increase for 8 cycles	215
Additional amount per bank for capital increments	4,125
TOTAL AMOUNT PER BANK OF 25 MEMBERS	5,375

Amount of Additional Capital Required for VHB's

DIP Proposal of 55 banks-- 25 additional banks	134,375
Field Proposal of 80 banks-- 50 additional banks	268,750

Ecuador 24 banks established
 55 proposed in the DIP
 80 banks proposed by the field
 35 members per bank (average)
 \$75 initial loan
 20% increase in HOPE financing for eight additional cycles

Initial amount per bank: \$75 for 35 members	2,625
Final loan amount per woman with 20% increase for 8 cycles	322
Additional amount per bank for capital increments	8,645
TOTAL AMOUNT PER BANK OF 35 MEMBERS	11,270

Amount of Additional Capital Required for VHB's

DIP Proposal of 55 banks-- 31 additional banks	349,370
Field Proposal of 80 banks-- 56 additional banks	631,120

This does not include capital required to fund additional cycles of VHB's currently open for the loan requirements for the group-owned businesses.

Calculations were made deliberately high.

APPENDIX 9

FINANCIAL STATEMENTS

MEETING # ()

VILLAGE BANK _____ # () CYCLE/BW _____
DATE _____

INITIAL BALANCE TO _____
CASH ON HAND (last meeting) _____
CASH ON BANK (" ") -----
TOTAL INITIAL BALANCES _____

+ INCOMES
EXTERNAL ACCOUNT
CAPITAL PAYMENTS _____
INTERESTS PAYMENT _____
COMMISSION PAYMENT _____

INTERNAL ACCOUNT
SAVINGS _____
CAPITAL PAYMENTS _____
INTERESTS PAYMENT _____
EXTERNAL ACCOUNT OUTSTANDING _____
INTERNAL ACCOUNT OUTSTANDING _____
COLLECTIVE ACTIVITIES _____
BANK INTERESTS _____
FINES _____
RECOVERY OF DEFAULT _____
INVENTORY SALES _____
ASSETTS SALES _____

TOTAL OF INCOMES _____

-OUTCOMES _____

INTERNAL ACCOUNT LOANS _____
WITHDRAWALS OF MEMBERS SAVINGS _____
WITHDRAWALS OF NO MEMBERS _____
PAYMENTS TO HOPE _____
PAYMENTS TO PROMOTER _____
ADMINISTRATIVE EXPENSES _____
PAYMENT OF DEFAULT ACCOUNTS _____
PURCHASE OF INVENTORY _____
PURCHASE OF ASSETS _____

TOTAL OF OUTCOMES _____

FINAL BALANCE DATE () _____

(INITIAL BALANCE + INCOMES - OUTCOMES)

BANK DEPOSIT _____

BANK WITHDRAWAL _____

DISTRIBUTION OF PROFITS

5% RESERVE _____

25% OWN CAPITAL _____

50% SAVINGS _____

25% BONUS _____

DEFAULT AMOUNT

ACCOUNT:	0-15	16-30	+30
E.A.			
I.A.			

GENERAL BALANCE

DATE _____

ASSETTS

CASHBOX _____

BANKS _____

C.A. LOANS _____

I.A. LOANS _____

INVENTARIES _____

FIXED ASSETTS _____

TOTAL ASSETTS _____

LIABILITIES

LOANS TO BE PAID E.A. (HOPE) _____

MEMBERS SAVINGS _____

CAPITAL TO BE DISTRIBUTED _____

OWN CAPITAL _____

RESERVE _____

BONUS _____

LIABILITIES + CAPITAL _____

PROMOTER

'TREASURER

PROYECTO HOPE/HONDURAS - PROGRAMA DE GENERACION DE INGRESOS

.:45:21

29/03/95

BALANCE GENERAL
AÑO FISCAL 3 PERIODOS DEL 7 (21/12/94) AL 7 (20/01/95)

DESCRIPCION	BALANCE ANTERIOR (LPS)	BALANCE PERIODO (LPS)	BALANC. ACUMULADO (LPS)
ACTIVO			
ACTIVO CIRCULANTE			
CAJA CARTERA DE CREDITO			
CAJA CHICA	3,943.19	290.63	3,652.56
BANCOS	364,163.43	39,222.67	403,386.10
CUENTAS POR COBRAR A BANCOS COMUN.	426,356.75	2,950.00	429,306.75
OTRAS CUENTAS POR COBRAR	17,762.28		17,762.28
TOTAL ACTIVO CIRCULANTE	812,225.65	41,882.04	854,107.69
ACTIVO FIJO			
EDIFICIOS Y PROPIEDADES MOBILIARIO Y EQUIPO DE OFICINA	90,766.50	19,251.20	110,017.70
EQUIPO EDUCATIVO	14,762.00		14,762.00
VEHICULOS	100,912.00		100,912.00
TOTAL ACTIVO FIJO	206,440.50	19,251.20	225,691.70
OTROS ACTIVOS			
DEPOSITOS A PLAZO FIJO			
TOTAL OTROS ACTIVOS			
TOTAL ACTIVO	1,018,666.15	61,133.24	1,079,799.39
PASIVO			
PASIVO CIRCULANTE			
PRESTAMOS POR PAGAR	3,810.00		3,810.00
TOTAL PASIVO CIRCULANTE	3,810.00		3,810.00
OTROS PASIVOS			
I.H.S.S. FOSOVI COLEGIO DE TRABAJADORES COOPERATIVA RETENCION I.S.R. TOTAL OTROS PASIVOS			
TOTAL PASIVO	3,810.00		3,810.00
CAPITAL O PATRIMONIO			
APORTE OPERACIONAL	958,499.28	58,167.20	1,016,666.48
APORTE DE CARTERA DE CREDITO	582,325.25		582,325.25
APORTE INSTITUCIONAL HC		1,286,361.44	1,286,361.44
RESERVA CTAS INCOBRABLES			
RESERVA DEPRECIACION			
UTILIDAD O PERDIDA DEL PERIODO	(195,873.94)	(1,283,395.40)	(1,479,269.34)
UTILIDAD/PERDIDA EJERCICIOS ANT.	330,094.44		330,094.44
TOTAL CAPITAL O PATRIMONIO	1,014,856.15	61,133.24	1,075,989.39
TOTAL PASIVO+PATRIMONIO	1,018,666.15	61,133.24	1,079,799.39

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ESTADO DE PERDIDAS/GANANCIAS
AÑO FISCAL 3 PERIODOS DEL 7 (21/12/94) AL 7 (20/01/95)

DESCRIPCION	SALDO.ANTEIROS (LPS)	SALDOS PERIODO (LPS)	SALDO.ACUMULADOS (LPS)
INGRESOS:			
- INGRESOS DE INTERESES	59,467.88	10,657.50	70,125.38
- INGRESOS DE COMISIONES	9,871.87	1,776.34	11,648.21
- INGRESOS POR MORA	90.21		90.21
- INGRESOS FINANCIEROS	25,261.40	1,233.95	26,495.35
- OTROS INGRESOS	722.00		722.00
TOTAL DE INGRESOS	95,413.36	13,667.79	109,081.15
EGRESOS:			
EGRESOS OPERACIONALES:			
- SUELDOS LOCALES	123,301.09	8,891.67	132,192.76
- PRESTACIONES LABORALES	55,595.90		55,595.90
- BENEFICIOS SOCIALES	19,367.67	172.65	19,540.32
- SERVICIOS PROFESIONALES		312.55	312.55
- COMUNICACION			
- ALQUILER BODEGA			
- ALQUILER COMPUTADORA			
- SERVICIOS PUBLICOS	360.30	50.00	410.30
- SEGUROS	1,480.00		1,480.00
- PAPELERIA Y UTILES DE OFICINA	16,062.30	26,486.00	42,548.30
- MATERIAL IMPRESO			
- GASTOS DE HOSPEDAJE/VIAJES	1,314.59	34.40	1,348.99
- GASTOS DE VEHICULO	6,944.66	3,471.98	10,416.64
- REPARACION Y MANT. DE EQUIPO	2,659.50		2,659.50
- GASTOS DE CAPACITACION BANCOS COM	111.30		111.30
- SUPERV. Y MANT. BANCOS COMUNALES			
- DEPRECIACIONES			
- GASTOS VARIOS	3,746.97	1,036.00	4,782.97
- GASTOS CAPACITADORA COMUNAL	580.00	150.00	730.00
TOTAL DE EGRESOS OPERACIONALES	231,524.28	40,605.25	272,129.53
UTILIDAD O PERDIDA OPERACIONAL	136,110.92	26,937.46	163,048.38
EGRESOS DESARROLLO INSTITUCIONAL:			
EGRESOS DI LOCALES			
- SERVICIOS PROFESIONALES CONSUL.LO	9,450.00		9,450.00
- CAPACITACION AL PERSONAL	43,797.01		43,797.01
- COMUNICACION EXTERIOR	6,039.01	14,616.87	20,655.88
- HQ VIATICOS			
- CONSULTOR/EVALUADOR EXTERNO			
- COSTO DE EVALUACION DE ESTE MODEL			
- GASTOS VARIOS	477.00		477.00
TOTAL DE EGRESOS DI LOCALES	59,763.02	14,616.87	74,379.89
EGRESOS DI HOPE CENTER			
- HC PERSONAL SALARIOS		505,897.63	505,897.63
- BENEFICIOS SOCIALES		93,823.55	93,823.55
- HC VIAJES		66,184.07	66,184.07
- EQUIPO DE OFICINA			
- GASTOS DE VEHICULO		5,112.94	5,112.94
- COMPUTADORA HARDWARE/SOFTWARE			
- COMUNICACION		36,963.70	36,963.70
- SERVICIOS PUBLICOS			
- GASTOS DE VIAJE CONSULTOR		133,063.17	133,063.17
- HONORARIOS CONSULTORES		322,737.25	322,737.25
- OTROS HONORARIOS		5,402.65	5,402.65
- PAPELERIA Y UTILES DE OFICINA		3,021.43	3,021.43
- MATERIAL IMPRESO		3,310.57	3,310.57
- GASTOS VARIOS		66,324.11	66,324.11
TOTAL DE EGRESOS DE HOPE CENTER		1,241,841.07	1,241,841.07
TOTAL DE EGRESOS DI	59,763.02	1,256,457.94	1,316,220.96
UTILIDAD O PERDIDA DESARROLLO INS.	195,873.94	1,283,395.40	1,479,269.34

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BALANCE GENERAL
AÑO FISCAL 3 PERIODOS DEL 7 (21/12/94) AL 7 (20/01/95)

DESCRIPCION	BALANCE ANTERIOR (US\$)	BALANCE PERIODO (US\$)	BALANC. ACUMULADO (US\$)
ACTIVO			
ACTIVO CIRCULANTE			
CAJA CARTERA DE CREDITO			
CAJA CHICA	2,055.15	30.92	2,024.23
BANCOS	74,727.35	4,172.62	78,899.97
CUENTAS POR COBRAR A BANCOS COMUN.	51,807.78	313.83	52,121.61
OTRAS CUENTAS POR COBRAR	2,279.52		2,279.52
TOTAL ACTIVO CIRCULANTE	130,869.80	4,455.53	135,325.33
ACTIVO FIJO			
EDIFICIOS Y PROPIEDADES MOBILIARIO Y EQUIPO DE OFICINA	74,679.79	2,048.00	76,727.79
EQUIPO EDUCATIVO	14,762.00		14,762.00
VEHICULOS	100,912.00		100,912.00
TOTAL ACTIVO FIJO	190,353.79	2,048.00	192,401.79
OTROS ACTIVOS			
DEPOSITOS A PLAZO FIJO			
TOTAL OTROS ACTIVOS			
TOTAL ACTIVO	321,223.59	6,503.53	327,727.12
PASIVO			
PASIVO CIRCULANTE			
PRESTAMOS POR PAGAR	496.09		496.09
TOTAL PASIVO CIRCULANTE	496.09		496.09
OTROS PASIVOS			
I.H.S.S.			
FOSOVI			
COLEGIO DE TRABAJADORES COOPERATIVA			
RETENCION I.S.R.			
TOTAL OTROS PASIVOS			
TOTAL PASIVO	496.09		496.09
CAPITAL O PATRIMONIO			
APORTE OPERACIONAL	306,695.38	6,188.00	312,883.38
APORTE DE CARTERA DE CREDITO	81,099.89		81,099.89
APORTE INSTITUCIONAL HC		133,096.36	133,096.36
RESERVA CTAS INCOBRABLES			
RESERVA DEPRECIACION			
UTILIDAD O PERDIDA DEL PERIODO	(21,419.34)	(132,780.84)	(154,200.18)
UTILIDAD/PERDIDA EJERCICIOS ANT.	45,648.47		45,648.47
TOTAL CAPITAL O PATRIMONIO	320,727.46	6,503.52	327,230.98
TOTAL PASIVO+PATRIMONIO	321,223.55	6,503.52	327,727.07

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ESTADO DE PERDIDAS/GANANCIAS
AÑO FISCAL 3 PERIODOS DEL 7 (21/12/94) AL 7 (20/01/95)

DESCRIPCION	SALDO. ANTERIORES (US\$)	SALDOS PERIODO (US\$)	SALDO. ACUMULADOS (US\$)
INGRESOS:			
- INGRESOS DE INTERESES	6,579.39	1,133.78	7,713.17
- INGRESOS DE COMISIONES	1,092.15	188.97	1,281.12
- INGRESOS POR MORA	10.23		10.23
- INGRESOS FINANCIEROS	2,799.68	131.27	2,930.95
- OTROS INGRESOS	82.33		82.33
TOTAL DE INGRESOS	10,563.78	1,454.02	12,017.80
EGRESOS:			
EGRESOS OPERACIONALES:			
- SUELDOS LOCALES	13,613.94	945.93	14,559.87
- PRESTACIONES LABORALES	6,069.89		6,069.89
- BENEFICIOS SOCIALES	2,110.18	18.37	2,128.55
- SERVICIOS PROFESIONALES		33.25	33.25
- COMUNICACION			
- ALQUILER BODEGA			
- ALQUILER COMPUTADORA			
- SERVICIOS PUBLICOS	39.70	5.32	45.02
- SEGUROS	165.36		165.36
- PAPELERIA Y UTILES DE OFICINA	1,783.90	2,817.67	4,601.57
- MATERIAL IMPRESO			
- GASTOS DE HOSPEDAJE/VIAJES	147.63	3.66	151.29
- GASTOS DE VEHICULO	767.86	369.36	1,137.22
- REPARACION Y MANT. DE EQUIPO	303.25		303.25
- GASTOS DE CAPACITACION BANCOS COM	12.19		12.19
- SUPERV. Y MANT. BANCOS COMUNALES			
- DEPRECIACIONES			
- GASTOS VARIOS	417.35	110.21	527.56
- GASTOS CAPACITADORA COMUNAL	62.30	15.96	78.26
TOTAL DE EGRESOS OPERACIONALES	25,493.55	4,319.73	29,813.28
UTILIDAD O PERDIDA OPERACIONAL	14,929.77	2,865.71	17,795.48
EGRESOS DESARROLLO INSTITUCIONAL:			
EGRESOS DI LOCALES			
- SERVICIOS PROFESIONALES CONSUL.LO	1,054.57		1,054.57
- CAPACITACION AL PERSONAL	4,720.16		4,720.16
- COMUNICACION EXTERIOR	662.59	1,554.98	2,217.57
- HQ VIATICOS			
- CONSULTOR/EVALUADOR EXTERNO			
- COSTO DE EVALUACION DE ESTE MODEL			
- GASTOS VARIOS	52.25		52.25
TOTAL DE EGRESOS DI LOCALES	6,489.57	1,554.98	8,044.55
EGRESOS DI HOPE CENTER			
- HC PERSONAL SALARIOS		50,068.28	50,068.28
- BENEFICIOS SOCIALES		9,981.23	9,981.23
- HC VIAJES		7,040.86	7,040.86
- EQUIPO DE OFICINA			
- GASTOS DE VEHICULO		543.93	543.93
- COMPUTADORA HARDWARE/SOFTWARE			
- COMUNICACION		3,932.31	3,932.31
- SERVICIOS PUBLICOS			
- GASTOS DE VIAJE CONSULTOR		14,155.66	14,155.66
- HONORARIOS CONSULTORES		34,333.75	34,333.75
- OTROS HONORARIOS		574.75	574.75
- PAPELERIA Y UTILES DE OFICINA		321.43	321.43
- MATERIAL IMPRESO		352.19	352.19
- GASTOS VARIOS		7,055.76	7,055.76
TOTAL DE EGRESOS DE HOPE CENTER		128,360.15	128,360.15
TOTAL DE EGRESOS DI	6,489.57	129,915.13	136,404.70
UTILIDAD O PERDIDA DESARROLLO INS.	21,419.34	132,780.84	154,200.18

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APPENDIX 10

SCOPE OF WORK
Evaluation of Matching Grant Program
The People-to-People Health Foundation, Inc. (Project HOPE)

I. BACKGROUND INFORMATION

A. History of the Grant

Cooperative Agreement No. FAO-0158-A-00-2071-00 was signed on September 30, 1992, providing Project HOPE a total amount of \$2,500,000 along with a cash contribution by HOPE of \$2,500,000. The period covered by the Cooperative Agreement is September 30, 1992 through September 30, 1997.

B. Goals and Purpose of the Cooperative Agreement

The overall theme of the Cooperative Agreement as proposed was an innovative MCH theme with two pilot project Village Health banks featured in the Honduras and Ecuador country programs.

AID approved the project with MCH but heavy emphasis on the Income Generation aspects of the projects that were developed in the DIP.

The final Program Goal as stated in the Cooperative Agreement reads:

The goal of the program is to reduce maternal and infant mortality and morbidity and improve the overall health status of families in Ecuador Honduras, Swaziland and Guatemala.

The final Program Purpose as stated in the Cooperative Agreement reads:

The purpose of the program is to support the People-To-People Health Foundation, Inc. (Project HOPE) in:

1. providing the opportunity for women to earn income that will be used to purchase the additional food and health services necessary to enhance the health of their families.
2. fostering the democratic process through the formation of community committees, and of community banks.
3. providing health education.

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4. **enhancing Project HOPE's capacity to plan, monitor, and evaluate community-based programs and to provide appropriate technical assistance to the field for the implementation of sustainable programs.**

Programs to implement the above stated goals and purposes were started in four countries Ecuador and Honduras (Village Health Banks), Honduras and Guatemala (Maternal Child Health Centers) and Swaziland (MCH/AIDS activity).

C. Purpose of Evaluation

Project HOPE has agreed that this mid-term evaluation will focus exclusively on the two innovative Village Health Bank projects in Ecuador and Honduras. This is to include the development of the infrastructure at HOPE Center to manage financially sustainable projects. The parties believe that these elements of the Matching Grant will provide Project HOPE and AID the most useful information in guiding their future development and assessment of value and feasibility of their replicability.

The evaluation will assess the extent to which Project HOPE is progressing toward the institutional processes necessary for Project HOPE to successfully develop and implement an integrated health/income generation model with prospects for long-term financial and health improvement sustainability for the target populations.

The evaluation will be conducted with Project HOPE Center participation and will include assessments at 1) HOPE Center 2) Village Health Bank program in Ecuador, 2) Village Health Banks in Honduras.

II. STATEMENT OF WORK

Evaluation questions are organized around the A) Matching Grant objectives and B) the Village Health Bank Detailed Implementation Plan dated October 1993.

Under the above referenced goal and purposes of the Cooperative Agreement the evaluator will assess - and make recommendations - in the following areas:

- A. **The use of Technical Assistance by Project HOPE to assimilate the new areas of technology (Income Generation).**
- B. **What are the demonstrable points of progress that have been obtained to date.**

- C. **What mid-course corrections need to be made to improve project results over the remainder of the grant.**
- D. **What have been the HOPE Center and field contributions to the progress actually achieved.**
- E. **What is the quality of the HOPE Center and field staff employed to obtain the Cooperative Agreement objectives.**
- F. **Review and provide a historical description of the development of the VHB models to date.**

Project purposes against which the evaluator is to measure progress:

PURPOSE 1

How is Project HOPE providing the opportunity for women to earn income that will be used to purchase the additional food and health services necessary to enhance the health of their families.

- a. **How is the Village Health Bank methodology, as developed and being implemented by Project HOPE facilitating the above purpose? What are the strengths and weaknesses of the model and how are the lessons-learned to date to be implemented over the remaining half of the Cooperative Agreement's five year duration?**
- b. **What is the apparent quality and effectiveness of the following VHB components and how can they be improved?**
 - **Financial Management Systems, both in the field and at HOPE Center**
 - **VHB systems of rules and regulations for self governance and independence**
 - **VHB member business education**
 - **VHB member health education**
- c. **How developed are the VHB program management systems to sustain independence? How can the systems' sustainability be enhanced?**

PURPOSE 2

How is Project HOPE fostering the democratic process through the formation of community committees and community banks.

- a. What is the organizational structure in place in the VHB's that explicitly models the democratic process?
- b. What are the strengths and weakness of this model and what lessons learned are being evaluated and utilized for improvement over the second half of the Cooperative Agreement?
- c. How is the VHB model being modified between the two countries to accommodate their cultural, environmental, economic differences?

PURPOSE 3

How is Project HOPE providing health education within the VHB model.

- a. What is the progress to date in developing and implementing MCH education modules for VHB members?
- b. To what extent is MCH education an integral part of VHB ongoing activities?
- c. How have the banks been organized to assure the "health education component" will remain viable over the long term?
- d. What is the demonstrable impact of the health education component of the VHB model on the member women and their children?
- e. In view of the above findings, what mid-course corrections are necessary to enhance the impact and sustainability of the health education component?

PURPOSE 4

Assess whether/how Project HOPE has developed its capacity to plan, monitor and evaluate community-based projects and to provide technical assistance for the implementation of sustainable programs.

Organizational Strengthening

- a. How is Project HOPE developing its vision, models, and methods of integrated programming to advance health and financial sustainability goals?

- b. How far has Project HOPE headquarters and field staff evolved in their understanding of economic development and micro-enterprise concepts? How can this understanding be enhanced?
- c. How has HOPE learned about cost-recovery methodologies, cost-efficiency, revenue mechanisms and applied this? Have there been applications beyond the VHB program?
- d. How has Project HOPE utilized sustainability management knowledge to: 1) shift to cost analysis of its expenses, 2) cost-management, 3) cost recovery, and 4) the rotation of assets to pay for operating costs?

Management Information Systems

- a. How has HOPE Center adjusted its administrative, accounting, and marketing systems to serve and replicate financially sustainable programs?
- b. How has HOPE developed and implemented its management information systems for portfolio and program management of Village Health Banks?
- c. How has Project HOPE reconciled its existing management and financial information systems to the additional requirements of a program with financial sustainability as an explicit goal? What are the lessons learned and how will they be addressed during the remainder of the Cooperative Agreement?

Integration of health and bank technologies

- a. How has Project HOPE integrated the two methodologies and to what extent have the field staffs been integrated?
- b. What are the strengths and weakness of the two country models and what lessons learned will be utilized to improve the program in the second half of the Cooperative Agreement? How?
- c. What is the financial implication to the integration of health education into the village bank model?
- d. What is the effectiveness of the methodologies used in health education within the VHB's? How can the effectiveness be enhanced to improve the overall program?

Monitoring and Evaluation

- a. What progress has been made in the monitoring and evaluation of the project against the goal of reducing maternal and infant mortality and morbidity and improving the overall health status of families involved in the VHB pilot projects?
 - b. What impact has the monitoring and evaluation process had on the implementation of the project? Can the impact be improved? If so, how?
 - c. What measurable output data is available at the midterm of the Cooperative Agreement?
2. What steps are being taken to foster the composition of independent Credit and Health enterprises; what steps is it taking to achieve this and what are its goals? What is the prospect for long-term financial sustainability of HOPE Credit and Health NGOs if and when created?
 3. What has been the progress of quantifiable outputs as described in the VHB DIP? Review each detail, explain the deviation.

III. EVALUATION REPORT

The external evaluator will have responsibility for the analysis, drafting and editing of the final report. The draft will be due to Project HOPE and no later than April 15, 1995, and the final report to be distributed to Project HOPE and AID no later than May 8, 1995.

The external evaluator will be facilitated in the field by HOPE staff who are familiar with the grant. In addition, HOPE will provide the evaluator access to relevant documentation and interviews at headquarters and each field site.