

**WORLD RELIEF CORPORATION
USAID MATCHING GRANT**

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Total World Relief Match: \$ 1,700,000
Total Local Funds: \$ 1,507,000

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EXECUTIVE SUMMARY

The purpose of the USAID/World Relief Corporation (WRC) matching grant (MG) is to develop self-sustaining microenterprise programs in WRC counterparts, through expanding WRC's capacity to provide financial and technical assistance, in order to establish community banks (CBs) to serve a target group composed primarily of women. The CBs provide credit, savings mobilization and other services to benefit members and their families.

CB programs in six countries are included - three primary, which receive technical assistance and funding, and two secondary, which receive the former only.

Activities funded under the grant include support for two microenterprise specialists working from WRC headquarters, two regional technical specialists and program staff in the three primary countries. Also funded are training and technical assistance for all countries plus initial operating expenses and capitalization of the loan funds of the primary countries.

During the first year, programs in Honduras and Burkina Faso, which existed before the start of the MG, were expanded and strengthened via attention given to monitoring and evaluation systems. In addition, a new program was started in Mozambique. Two secondary countries, Liberia and Haiti, were identified and received initial technical assistance to start new community banking (also CB) programs.

During the year, WRC counterparts in the primary countries provided loans to nearly 10,000 people, of which more than 90 percent were women. Repayment rates exceeded 93 percent in Burkina Faso and reached 100 percent in Honduras and Mozambique. This was done through a total of 26 promoters working with 231 banks, of which 101 were added during the year. Loan funds for the primary countries totalled \$387,000.

Expenditures for the first year are estimated at \$701,536, of which \$407,884 comes from WRC and \$293,672 is from USAID. This represents an underspending of about 30% from the original budget.

The underspending is due largely to cost savings in the personnel, travel/training and subcontracts line items and to a decision to delay \$100,000 in loan fund additions until Year Two.

The biggest change for the future is that banks may not be "graduated" from the program in cases where they are experiencing "membership renewal" via turnover of members. This positive development renders the program more cost-effective since more people benefited from the program than was hypothesized under the original model of CB.

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1. BACKGROUND TO GRANT AND PROJECT CONTEXT

1.1 Organizational Background

WRC is the international relief, development and refugee services arm of the National Association of Evangelicals, which represents 50,000 U.S. churches from more than 75 denominations.

WRC's general purpose is to work with the church in alleviating human suffering around the world. WRC's goals are to develop effective church-based counterparts overseas, improve the health of children, increase income for the poorest of the poor, assist refugees and victims of disaster and educate U.S. Christians about solutions to human poverty and suffering.

WRC has been implementing income generation projects for more than 20 years. For the past five years, WRC has focused on health education and income generation in its development programs. In an effort to effectively meet the basic needs of the most vulnerable sectors of society - poor women and children ages five and under - WRC has recently integrated income generation and health education where possible. During this time, WRC has continually developed its technical capacity to administer the programs.

The methodology chosen to implement the income generation programs is CB. In the CB model, groups of 20 to 40 persons are formed, which are then the media through which basic services are delivered such as credit, savings mobilization, community organization and other interventions such as health education or literacy training.

1.2 Project Context

The MG provides two kinds of support for WRC's counterparts: 1) primary, which includes technical and financial assistance, to three country programs -- Honduras, Burkina Faso and Mozambique; and 2) secondary, which includes technical assistance only -- to three countries in the three regions of the primary countries. Funding outside of the MG is sought for financial assistance for the latter. The MG also provides support for WRC's microenterprise development (MED) technical team based at headquarters in Wheaton, Illinois.

Honduras, one of the poorest countries in the Western Hemisphere, has an annual average per capita income of \$900. Honduras' infant mortality rate is 66/1000 and its average life expectancy is 66 years. The literacy rate for women is 59% (source: World Bank 1991). According to a baseline survey of a World Relief Honduras (WRH) child survival program in the same area as the income generation program, 28% of all the children under 5 are malnourished. The Honduran Ministry of Health requested that WRH provide income generation activities to marginal areas in and around the capital of Tegucigalpa as well as in other areas in the country.

Burkina Faso is one of the poorest countries in the world, with an annual average per capita income of \$320. The infant mortality rate is 135/1000. Average life expectancy is 48 years and the literacy rate for women is 13%. While 87% of the population of Burkina Faso is involved in agricultural activities, these activities contribute only 14% of the country's annual GDP (source: World Bank 1991). Since 1973, desert encroachment has gradually impoverished the land. This has created climatic uncertainties which hamper crop production and create food insecurity. In order to survive, many people have moved to the urban areas and have entered the informal commercial sector.

Mozambique has recently been through 15 years of war and a recent drought has compounded the country's problems. The Population Crisis Committee, Washington, has ranked Mozambique as having the highest human suffering index in the world on the basis of such indicators as: access to clean water, infant immunization, per capita income, life expectancy and school enrollment. Per capita income is \$80, infant mortality is 137/1000 and average life expectancy is 49 years. The adult literacy rate for females is 22% and the population is largely rural (74%) (source: World Bank 1991). Since the MG proposal was written and peace has returned to the country, tens of thousands of refugees have returned into the project area, increasing the need for support for income generation activities.

1.3 Project Funding

Funds provided by the MG are used to improve WRC's capability to provide technical support to its counterparts and to strengthen the ability of selected WRC counterparts to develop income generation programs. Local sources of funding for income generation programs are difficult to access until a program is well established. Our experience has been that once a program is viable, local and/or other international sources of funding become available, thus allowing funding received through the MG to be leveraged.

2. PROJECT METHODOLOGY

2.1 Project Goals and Strategies

The goal of this project is to increase disposable income among the poorest populations in selected countries of Central America and Africa in order to improve the health and welfare of their families.

The purposes of this project are: 1) To develop self-sustaining microenterprise credit programs in three primary countries with MG funds and three secondary countries with non-MG funds; 2) To provide training and financing to CBs serving target populations composed of primarily poor women in order to help them achieve self-sufficiency; 3) To expand the capacity of WRC to evaluate, monitor and extend its successful microenterprise methodology to other countries; and 4) To enable WRC counterparts in six countries to improve the health and well-being of children.

As briefly mentioned above, the methodology and strategy used in this program is that of providing technical and financial resources to six counterparts to develop their capacity to implement CB programs. The program includes direct implementation of income generation activities in three primary countries and training and technical assistance to develop programs in three secondary countries.

Training is carried out by the WRC Microenterprise Development Coordinator and the Assistant Coordinator located at WRC headquarters and by two regional MED technical specialists. This training focuses on enabling counterparts to form self-sustaining CBs, establish effective credit policies and procedures, develop program-monitoring and evaluation systems and integrate health training and other interventions into the CB programs.

Financial assistance for the primary countries covers start-up operating costs, initial capitalization of the revolving loan fund (LF) and technical assistance. At the end of the program, ongoing operational costs will be covered by interest income received from the revolving loan funds.

2.2 Comparison of Proposed and Actual Accomplishments

WRC headquarters planned to achieve the following major accomplishments during the first year of the MG:

- Hire a MED assistant coordinator.
- Hire two regional MED specialists.
- Develop a management information system that is appropriate for each program.
- Hire a CB program director and health coordinator and start-up the program in Mozambique.
- Expand the on-going programs in Honduras and Burkina Faso.
- Train counterpart staff.

Actual headquarters accomplishments during the first year of the MG are as follows:

- The MED Assistant Coordinator was hired during the first month of the grant year.
- The Mozambique Program Director began work during the first quarter, promoters were brought on and initial loans were disbursed during the second quarter. The Program Director is also serving as the Southern Africa Regional Technical Specialist. The health coordinator was also hired during the first quarter and health education lessons commenced shortly thereafter.
- A decision was taken to delay the hiring of the West Africa Technical Specialist.
- The management information systems have been designed and are in place. These include computerized LF monitoring systems that provide information on the loan portfolio and individual banks.

- Expansion of the existing programs continued at or above expected levels.
- Training of counterpart staff accomplished during field visits.

Specific planned and actual accomplishments in each country program were as follows:

Table 1 - Program Summary

Indicators:	Honduras		Burkina Faso		Mozambique	
	Planned	Actual	Planned	Actual	Planned	Actual
No. of Promoters	7	14	8	8	2	4
Addition to Loan Fund	151,000	213,000	143,000	63,800	12,000	6342
New Groups Established	30	59	24	27	12	15
Members Receiving Loans	2820	7410	2400	1,903	360	508
Size of Loan Fund	301,000	314,000	318,000	104,000	12,000	6,342
Repayment Rates	100%	100%	90%	93%	96%	100%
Member Savings	386,000	326,000	289,000	27,000	5,000	2,434
Program Self-sufficiency	100%	100%	80%	5%	15%	1%

As noted elsewhere, women make up 100% of the CB membership in Honduras, 83% in Burkina Faso, and 90% in Mozambique. The program directors in both Mozambique and Burkina Faso are women. All promoters in Burkina Faso and two of the four in Mozambique are women. Unfortunately, due to security concerns in Honduras (threat of banditry) and the need to carry relatively large amounts of cash to/from isolated areas, WRH management has felt the need to field a promoter staff composed almost entirely of men.

Although it was not programmed until later in the grant, WRC provided initial technical assistance to develop an income generation program in Liberia as part of the West Africa extension. That program is expected to begin in early FY95 with funding from sources outside the MG. In addition, WRC staff initiated exploration for possibly starting a CB program in Haiti.

3. MONITORING AND EVALUATION

3.1 Baseline Data

Baseline data are gathered on an on-going basis through the use of the case study method. Basic data are collected from approximately 10% of the program participants who are randomly chosen. The types of information sought vary from country to country in order to reflect the different emphases of each program, but generally consist of socio-economic data related to individual households. In some cases, health data on children under 5 years of age is also included. The same information will be gathered on an annual basis in order to monitor program impact.

During the program's first year, the case studies have been refined in order to more accurately monitor changes in the well-being of the household. It was found that the tool was not sufficiently sensitive to changes in household income or wealth and was difficult to implement in areas experiencing high membership turnover. The revised tool is currently being tested.

3.2 Targets

In general, the actual targeted outputs do not vary from the proposal except for the adjustments in Honduras and Burkina Faso due to variances between projected and actual starting levels (number of banks, size of loan fund, etc.). An exception to this would be in Mozambique where it was decided to adjust some of the health interventions. Outputs related to the use of clean water and latrines, recognition of signs and symptoms of pneumonia and the prevention of AIDS were dropped and growth monitoring for children 0-2 years old was added. The first output was dropped since a complementary WRC well-drilling and sanitation program was begun in the same target area. The need to focus the health messages and the program's emphasis towards assisting mothers with young children resulted in the other adjustments. The only other major change is that only six countries will be targeted through the grant. The original proposal had included a seventh, Nicaragua, as a primary country but it was not included in the final approval.

4. COUNTRY REVIEW AND ANALYSIS

4.1 Honduras

World Relief Honduras (WRH) is an indigenous PVO with all national staff. WRH began the CB program in June of 1991 in the Department of Olancho. It has since extended to the Department of Paraiso and to marginal communities in and around the capital of Tegucigalpa. At the time the proposal was written, 64 CBs were projected to be functioning at the beginning of the grant. However, there were actually 92 CBs in

operation by then.

4.1.1 Planned and Actual Accomplishments. The WRH income generation program has organized a total of 151 CBs. Fifty-nine of those have been organized during the first year of the current MG. 100% of the members in the banks are women. The following table summarizes the planned and actual accomplishments of some of the key indicators.

Table 2 - WRH Program Summary

INDICATOR:	PLANNED	ACTUAL
New Groups Established	30	59
Total Active Groups	94	151
Members Receiving Loans	2,820	7,410
Number of Promoters	7	14
Size of Loan Fund	301,000	314,000
Member Savings (Balance)	386,000	326,000
Repayment Rates	100%	100%
Program Self-sufficiency	100%	100%

In addition to the above outputs, training for the CB members was provided by the program promoters. The training consisted of CB management, technical training and a limited amount of health training. There were 418 short courses with almost 7,000 participants, all of whom were women.

Also accomplished during the year was an evaluation of the administrative capacity of the program carried out by PYME (Programa de la Pequeña y Microempresa), a local MED umbrella group interested in supporting the income generation program. PYME recommended that a locally developed LF monitoring and accounting system be used instead of the WRC standardized system. WRH accepted this recommendation and is in the process of converting to this system.

4.1.2 Explanation of Variances. As can be noted above, almost all of the indicators exceeded the planned accomplishments. Funding from non-grant sources became available which allowed for an increased rate of expansion. Another factor that has significantly influenced some of the indicators is the fluctuation, or turnover in CB

membership. This turnover has reduced the average loan size and the amount of member savings. Of the 7,410 members receiving loans during this year, only 4,980 are currently active. This means that roughly 33% of the members became inactive during the year and were replaced by new members at lower loan levels with no savings. A random sample of ten of the older banks found that an average of 20% of the membership left the bank each cycle. The number of new members in this sample exceeded the number of departed members, which resulted in an overall net growth in membership.

The actual number of active groups exceeds the planned by 60%. The number of individuals receiving loans during the year is 160% more than planned. To reach this increase in membership, the number of promoters was increased to 14 instead of to the planned 7. In part this was also due to opening up the program in a new area. In spite of these accomplishments, the size of the LF is only 4% over the planned amount and the net amount of savings is 15% lower. In short, the program is reaching many more women than expected, but working with them for a shorter period of time with fewer loans given to each member.

There are several reasons for the turnover in bank membership, both negative and positive: 1) some members are expelled by the CBs for reasons such as poor attendance or poor individual repayment records; 2) some move from the area where the bank is located; and 3) some discontinue their business activity. Perhaps most important for our planning is the 4th reason: many reach their goals in terms of savings and the amount that they want to borrow, and they "self-graduate" from the bank before reaching the program maximums. When this occurs, their "spots" are opened up for new members. As a result, the program reaches more beneficiaries than was original theorized.

WRC has recently implemented a monitoring tool that will provide on-going information regarding bank membership fluctuations and the reasons why members become inactive. This membership turnover phenomena has a major impact on the concept of bank graduation and will be followed closely.

All loans have been completely repaid by the end of the loan cycle, although some of the payments have been in arrears during the cycle. The new LF monitoring system will provide detailed information on the latter. The program has reached 100% operational self-sufficiency this year. Interest income for the year is estimated at \$130,000, as compared to a planned income of \$85,491. At present, there have been no financial costs associated with the LF since all monies in the fund have been granted. The program expects to borrow funds at cost for on-lending during this next year and will be able to cover those financial costs as well.

4.1.3 Effects on Target Groups. Baseline information was collected on a sample of the active members as well as on the groups (CBs) themselves.

BANKS: As the groups were formed, a measurement of the group's management capacity was taken with the following results:

	POOR	MODERATE	GOOD
Ability to do internal accounting	52%	43%	5%
Ability to do minutes of meetings	55	39	6
Ability to do weekly reports	27	57	16
Ability to manage internal funds	59	34	7
Ability to make decisions	53	31	16
Ability to undertake community activities	40	41	19

The groups will be monitored on an annual basis in order to measure changes in their abilities.

MEMBERS: The baseline/case study information that was gathered on individual members consisted of household assets, income and health indicators. As mentioned previously, the instrument has been adjusted to more accurately reflect changes in the indicators. One indicator that has been applied both as a baseline and again recently was weight gain for children under the age of 5 years. Data were gathered at the beginning and again at the end of each four-month cycle. The first cycle data showed 69% of the children gaining weight during the cycle and 31% not gaining. In the most recent cycle, the number gaining weight had increased to 84%.

4.1.3 Problems Encountered/Actions Taken and Concerns/Plans for the Future. No major problems were faced during the year. As mentioned earlier, WRH decided to use a locally-developed computerized LF monitoring system used by PYME-associated credit programs rather than the WRC-standard system. Implementing this system has taken longer to get in place than expected. The system will be supportable locally and also has the advantage of being tied into the financial accounting system, which will save computer entry duplication and use of computer time. The latter is necessary due to recent problems of electrical supply. In the last year, Honduras has suffered regular blackouts in which electricity is cut for at least 5 hours during the working day.

When the MG proposal was written two years ago, one of the objectives was bank graduation. However, if current trends continue, this indicator would be dropped from the monitoring system. As mentioned, individual members leave, or "graduate" from the program and new members join. Also, there are a number of members that are interested in having their businesses grow beyond the credit limits currently set by the program. The PYME evaluation recommended that WRH develop a system that would continue to service the growing credit needs of the members. With commercial funding available to the program, WRH is considering developing a separate line of credit that would serve the micro-entrepreneur (above the \$300 loan level).

4.2 Burkina Faso

Like WRH, World Relief Burkina Faso (WRBF) is an indigenous PVO with an all-national staff. Likewise, WRBF's CB program was started in 1991 as part of WR's USAID MG of 1987 to 1992. Initial banks were started in the capital city, Ouagadougou and additional banks have been created in the provinces of Sissili, Boulkiemde and Mouhoun.

4.2.1 Outputs. The stated objective for WRBF in the MG proposal is to enable WRBF to develop a self-sustaining, replicable CB program by:

1. Adding 156 banks to the 55 that existed at the beginning of the MG; and by
2. Increasing the loan fund from its beginning level of the U.S. dollar equivalent of \$175,000 to \$440,000.

The following summarizes planned and actual accomplishments toward meeting these and other objectives.

Table 3 - WRBF Program Summary

INDICATOR:	PLANNED	ACTUAL
New Groups Established	24	27
Total Active Groups	80	65
Members with Loans	2400	1,903
Number of Promoters	8	8
Size of Loan Fund	318,000	104,000
Member Savings (Balance)	289,000	27,000
Repayment Rates	90%	93%
Program Self-Sufficiency	80%	5%

In addition to the above outputs, program promoters provided training in CB management. There were 54 short courses with more than 900 participants, of which more than 90 percent were women.

4.2.2 Explanation of Variances.

TOTAL ACTIVE GROUPS, & MEMBERS RECEIVING LOANS:

On paper, there were 58 groups at the start of MG, and 27 were added during the MG first year, resulting in a total of 88 (vs. 80 planned). However, 20 of these groups were actually inactive and were declared in default during the year. Thus, there were really only 38 active groups at the beginning. Note that almost all of the loans declared in default were disbursed during the first few months of the program, in 1991. Declaring them in default was an accounting procedure to "clean the books", and thus does not really reflect the performance of the program during the MG period.

After the initial problems, WRBF revised its policies and practices to avoid such bad loans, and has seen very good repayments from thereon. As an example, initial experience showed that almost all repayment problems occurred with banks in urban areas. For this and other reasons, all but one of the 27 banks started by WRBF this year were in rural areas. Finally, the lower actual number of members receiving loans is directly related to the lower number of active groups.

SIZE OF LOAN FUND & MEMBER SAVINGS: The LF, in U.S. dollar terms, is drastically lower than the amount originally projected in the MG. However, in CFA terms, it is actually higher than the revised projections at the start of the MG.

The MG proposal, written in October, 1992 and using data from the first year of the WRBF CB program (through June 30, 1992), stated that the LF would start at \$151,000 on October 1, 1993, the beginning of the MG. However, as mentioned in our DIP of 2/94, this in itself was actually incorrect and should have read "\$175,000" (DIP, p.13).

Nevertheless, due to a number of factors, including slower growth in loan demand, longer cycles (six months rather than four), etc., the actual value of the Fund on 10/1/93 was only \$75,290, nearly \$100,000 lower than what was projected for the start of the MG. Thus, the objective stated in the proposal of increasing the LF from \$151,000 (or \$175,000) to \$440,000 was reduced in our DIP to the starting and ending figures of \$75,290 and \$335,000 respectively.

In addition, the amount of LF Injections (called "Addition to LF" in the MG proposal) called for \$143,000 during the first year, but this was revised downward to \$104,000 in our Field Trip Report of 11/93. Thus, with a starting LF of \$75,000 and an additional \$104,000 projected to be added, the revised projection for the end of the year was \$179,000, in U.S. dollar terms. In CFA terms, the LF value rose as expected and even surpassed the revised level projected. If the major devaluation of the CFA had not occurred, the year-end CFA LF of 58 million would have had a value of \$223,000. Instead, at the new rate of 560/1, its dollar value fell to \$104,000.

Similar and related factors affected the accumulated savings figures also. Despite growth in accumulated savings in CFA during the year, the dollar value of such actually fell, from \$38,000 at the beginning of the year to \$27,000 at the end. Other factors also accounted for low savings, such as the change from three cycles/year to two as well as the simple fact that many members saved less than the recommended minimum.

4.2.3 Effects on Target Groups.

Gender: 83 percent of bank participants are women. Since the occurrence of the initial problems in the program, many of which were originated largely by male members, WRBF has increasingly emphasized participation by women. Of the 974 members currently in cycles 1-3, 87% are women, vs. only 75% of those in cycles 4-7. An all-female promoter staff has been one measure which has encouraged this trend. This emphasis has increased the overall percentage of women in the program from 78 percent on 10/1/93 to its current level.

Baseline data on group management and member socio-economic levels are beginning to be collected, using the revised case study system.

In addition, anecdotal evidence gathered during monitoring and evaluation visits by both WRBF staff and by WRC personnel showed significant impact at all levels, ranging from the individual entrepreneurs' income, to group organizational ability. This information was gathered by the MED coordinator and assistant coordinator, a team of evaluators who did an in-depth study of the entire WRBF program, a team from the WR resource development department, and WRC's president and two board members.

4.2.4 Problems Encountered/Actions Taken and Concerns/Plans for the Future.

DEVALUATION: The major problem which the program, as well as the people of Burkina, faced during this period, was that of adjusting to the CFA devaluation. For several decades, the Central African Franc (CFA) was supported by France at a rate of 1 French Franc (FF) = 50 CFA. The relative stability of the FF to the US\$ allowed the CFA to remain stable. However, in recent years especially, the support resulted in an overvalued currency. This was corrected finally in mid-January, 1994, with a 100 percent devaluation, lowering the CFA from 270/1 USD to 540. The current rate, in July, 1994, is 560/1.

Nationally, prices of inputs for CB entrepreneurs have increased dramatically, doubling or nearly doubling in most cases. Thus, entrepreneurs need larger loans in order to purchase the same quantity of business inputs, not to mention in order to be able to achieve the higher nominal profits needed to maintain the same standard of living.

In response to this problem, WRBF, raised the maximum initial loan size from 25,000

CFA to 50,000 CFA (maintaining dollar value of maximum initial loans of under \$100). LOWER-THAN-EXPECTED INTEREST INCOME: Interest income was expected to meet nearly 36 percent of the FY94 budget, or \$85,214 of \$238,740. However, only \$5,500 was earned, due to, inter alia: the lower-than-projected LF and smaller number of active banks initially (due to the number of banks in default), payments in arrears, an initial lower-than-projected interest rate, etc. As discussed above, the CFA devaluation also created a somewhat understated savings figure, in US dollar terms. See the WR field trip report of 11/93 for a detailed discussion of this.

In response, WRBF made a major mid-year increase of interest rates (from 12% per year to 30%). This change in the terms of credit more accurately reflects the inflationary environment and was identified by the WRC evaluation team as one of the most important issues facing the program. The increase in maximum initial loan size will also result in higher interest income for the program.

In addition, WRC staff have made recommendations to WRBF of ways to increase loan demand growth, and thus, interest income. As of year end, these recommendations are being considered and should, in some form, be implemented in the beginning of MG Year Two.

LITERACY: The MG proposal called for adding a literacy component to the CB program. The CB methodology involves periodic (in the case of WRBF, monthly) meetings during which repayments are made, business discussions are facilitated, etc. WRBF planned to integrate the social component of literacy into these, and other, meetings. However, the planned vehicle for such, the GOBF literacy program, did not prove conducive to the CB structure. Thus, additional local funding for the literacy component was sought, but has not, to-date, been obtained.

4.3 Mozambique

The income generation program in Mozambique was started during the first year of the MG and was designed to enable the development of a self-sustained CB program by creating 84 CBs in five years amongst the very poor living in rural towns and villages in Mozambique's Gaza Province. The program was proposed to directly benefit 2,520 entrepreneurs and indirectly benefit 12,600 of their family members.

The program activities for Mozambique include mother/child health education lessons that are linked with CB meetings.

At the start of the program period, potential sites for the initial project areas were analyzed. The most appropriate area was determined to be the town of Chokwe in the Limpopo Corridor of the Gaza Province. It was concluded that some areas identified in the original MG proposal may not be appropriate for the CB model.

4.3.1 Planned and Actual Accomplishments. Since Mozambique's program was started this year, start-up activities dominated much of the first months. As a whole, actual activities and accomplishments occurred as planned.

CB formation started in February and the first loans were disbursed in early April. As can be seen below, repayment to-date has been 100%:

Table 4 - WRM Program Summary

INDICATOR:	PLANNED	ACTUAL
Number of Active Groups	12	15
Number of Active Members	360	508
Size of Loan Fund	12,000	6,342
Loan Repayment Rate	96%	100%
Member Savings	5,000	2,434
Program Self-Sufficiency	15%	1%
Number of Promoters	2	4

In addition to the above outputs, the following activities were conducted:

Training courses for the CB members were provided by the program promoters. The training consisted of CB management and health training. There were 45 short courses with more than 1,075 participants, of which 90 percent were women.

The CB Program Director and the Health Education Coordinator were recruited in the first quarter. The Program Director was assigned from a position within World Relief Mozambique (WRM) and the Health Education coordinator was assigned on a part-time basis from a National health-related PVO. Both are South African citizens.

In November, 1993 the WRC MED Coordinator and Assistant Coordinator visited Mozambique and assisted in identifying the target area, revising the project design, setting initial policies and procedures, adapting monitoring and evaluation systems and training the CB coordinator and initial promoters. The WRC assistant coordinator followed up this visit with visits in March, '94 and July, '94 to conduct additional training and to assist with initial program adjustments and fine-tuning.

The financial information systems at all levels were developed in co-operation with the promoters. Some of the initial systems were simplified to make them more appropriate

for the Mozambique context.

As mentioned in Section 3.2 (Monitoring and Evaluation - Targets), health interventions were adapted somewhat to address more closely maternal/child issues. The new list of interventions includes the following, which are taught by the health promoters during the weekly CB meetings:

- Oral rehydration therapy and the prevention of diarrhea
- Vaccination of women and children
- Breast feeding through the 18th month
- Child spacing
- Growth monitoring for children 0-2 years old

The Health Education coordinator developed the training curriculum and has provided all training and supervision for the health promoters.

4.3.2 Explanation of Variances:

In general, the outputs in terms of number of banks started, number of members, staff size etc., is slightly above the projections. However, given that the program got off to a later start than that which was planned, the actual rate of achieving outputs during the short period of operation during the year was significantly higher than the rate projected. In only six months, 15 banks composed of more than 500 members were started by four promoters.

With the program staff and management showing the abilities to grow the program at such a rate, future growth will need to be monitored to determine whether the growth is too fast (given LF constraints) and/or to determine whether additional local funding should be sought to accommodate potential growth.

The only indicators showing major difference are those of the size of the LF and the accumulated amount of savings, which are each roughly half of the levels projected in the MG proposal. However, these projections were revised in 10/93 to reflect changes in program design, such as lower initial maximum loans (\$25 vs. \$50), smaller groups (25 members per group vs 30), etc. The revised projections were as follows: LF - \$6,000; and Member Savings - \$1,025. Thus, the actual levels achieved equalled the revised projection of the LF and vastly exceeded the revised Savings.

In fact, members saved nearly 240% in six months of what was projected to be saved in a full year. This indicator certainly augurs well for the future health of the program in terms of repayment, but it could result in higher LF growth than expected.

4.3.3 Effects on Target Groups. Since the initial banks are only now reaching their second cycles and most have not been in existence for more than 4 months, it is difficult to quantify the effect on the target groups. However, initial anecdotal evidence, plus the indirect evidence of impact shown by the high repayment and savings rates, indicate significant levels of socio-economic and health impact.

90% of the current members are women. Some of the CBs specified in their by-laws that they would allow female members only.

4.3.4 Problems Encountered/Actions Taken and Concerns/Plans for the Future. Although no major problems are being experienced with the repayments of the loans, there is some concern amongst program staff and management as to member compliance with certain program norms. Attendance at the weekly meetings, for example, has been inadequate. Administrative committees are also failing to take their appropriate leadership roles and are looking too much to the promoters for assistance. WRM staff are giving attention to these initial problems and hope to resolve them shortly.

5. MANAGEMENT REVIEW AND ANALYSIS OF HEADQUARTERS SUPPORT

5.1 Project Planning and Management Activities

When the MG began on October 1, 1993, two of the three programs had been already operating for more than two years whereas the third program began with the new grant. The Honduras program began in June of 1991. As of September 30, 1993, there were 92 community banks operating. The Burkina Faso program started in November of 1991 and had 58 CBs formed by September 30, 1993, of which 38 were active.

The Mozambique program was developed this year. The income generation program director was contracted in October of 1993 and the MED Coordinator and Assistant Coordinator made a two-week training visit in November to help develop a detailed plan of action for the start-up of the program. The program benefitted greatly from the systems that had been developed and tested in Honduras and Burkina Faso as well as from WRC's experience in income generation in Cambodia. Many of the economic and political conditions are similar in the latter to those in Mozambique.

The MED Coordinator made one visit to Burkina Faso and Mozambique and two visits to Honduras during the year. The Assistant MED Coordinator made one visit to Honduras, two visits to Burkina Faso and three visits to Mozambique. Also, headquarters staff provided technical assistance in the development of income generation programs in Liberia and Haiti as part of the initial process of developing additional programs in the regions where the programs are operating.

Attention was given to improving the instrument used to measure baseline and impact data. The previous instrument was not sufficiently sensitive to adequately measure changes in income or wealth. Also, due to the turnover in CB membership, the sampling

procedures used in applying the instrument needed to be adjusted. Under the new system, all the members in 10% of the CBs are interviewed when they join the program and again each year thereafter, rather than 10% of the members of all the banks.

Since we include all members of a CB in this sampling, we also use the opportunity to apply the group organization monitoring tool, which measures changes in group organization ability. The need to monitor the ability of groups to manage their internal affairs is even more critical now as the fluctuation in membership will affect the groups' capacity to manage.

WRC has also begun to strengthen its overall management information system (MIS) capacity. An MIS headquarter's team of four is in place that provides assistance in both hardware and software systems. The team provides support for the internally developed computerized monitoring system as well as for other needs. The income generation program has been able to up-grade and standardize its systems at both headquarters and field levels.

During FY94, an overall evaluation of World Relief Burkina Faso was carried out by a team of three evaluators. One segment of the evaluation was devoted to the Burkina Faso income generation program. It provided some timely recommendations regarding community bank formation, selection of the target population and financial management, especially regarding the LF.

5.2 Staff Resources

WRC's MED Coordinator has been in place for five years. With the funding of the current MG, it was possible to hire an assistant coordinator. This took place during the first month of the grant. His most recent experience was 5 years in Mozambique.

In addition, the grant provides for two technical specialist positions as well. The Mozambique Program Director was designated to serve concurrently as the Southern Africa Technical Specialist. The technical specialist for West Africa has not been hired to-date, for a couple of reasons: 1) since Burkina Faso's program director has been in place since the beginning of the CB program three years ago, the need for an additional specialist is not critical until we expand income generation activities further in that region; and 2) since the specialist position will work not only with new programs but will also support the Burkina program, the leadership of WRBF must play a large part in the hiring decision. At present, a change in the counterpart structure is taking place, with WRBF being converted into an autonomous indigenous PVO. It is felt that certain questions re the new WRBF staffing structure need to be answered before making further hiring decisions.

Both program directors in the programs existing before the MG have led the respective programs since their beginnings. Two of the three directors are women.

WRC's evaluation specialist has been with us for more than six years and accepted the

current position about two years ago. The Vice-President for International Programs is responsible for over-all programming and has been with the organization for twelve years.

WRC is a member of the SEEP Network and Interaction. We obtain a wide variety of income generation materials from GEMINI, SEEP, Accion International and other organizations working in the field. Pertinent materials are shared with the field programs while others are used in the development of training materials.

5.3 Training

Intensive training of program staff took place in all of the counterpart agencies as well as at headquarters. The MED Coordinator attended a number of SEEP conferences and working group sessions where he contributed information and expertise and also gained from hearing the experiences of other agencies. The Assistant Coordinator traveled with the Coordinator to each of the three fields as part of his orientation and training to the program. He also attended the "Tools and Techniques for Enterprise Development" week-long workshop held in Zimbabwe sponsored by The Gemini Project, SEEP, Opportunity International (OI) and OI's counterpart, The Zambuko Trust. He was accompanied by our Mozambique Program Director/Southern Africa Technical Specialist. The Program Coordinator and Assistant Coordinator and all of the counterpart program directors are planning to attend the International SEEP Conference on Poverty Lending to be held in November in Guatemala.

As mentioned previously, headquarters staff made two field visits to Honduras and Burkina Faso and three visits to Mozambique. Training was provided to all levels of the field staff during these visits. In addition, field management staff received training in all aspects of the program. The Honduras project director participated in a three-month USAID sponsored entrepreneurial training program. The promoters in the Honduras program received 5 courses which included small business management, credit fund management, business promotion and planning and training methods. All but one of the 14 promoters in the Honduras project are men.

Training for CB participants took place in all fields as discussed in the individual country sections. In Honduras, 418 courses with 6,963 women participants were carried out. Major themes covered were: 1) organization and management of the community banks and 2) small business management. 54 training courses were given in Burkina to 945 participants, of which more than 90% were women, and in Mozambique, 45 courses were given - 15 for CB members, 15 for their respective administrative committees, and 15 in health education. Women made up 90% of the 525 trainees.

5.4 Project Fund Raising and Marketing

WRC's resource development department has focused many of its mailings and

publications on the income generation projects during this year. Resource development staff visited the programs in Honduras and in Burkina Faso and developed several human interest stories on the participants and staff. Many of these have been incorporated into the mailings for WRC's various audiences.

Funding was secured from two sources to expand the program in Honduras beyond the MG capacity. Tear Fund-Belgium provided \$15,000 in support for the program's LF. PYME also provided both technical and financial support for the expansion of the program. As noted in the country report, the Honduras program was able to expand much faster than originally projected, in part due to this additional funding.

The Burkina Faso program was able to secure funding for expanding its income generation program into a new area. Word and Deed, a European based NGO provided support for the LF.

5.5 Role of Board of Directors

WRC's board of directors is made up of a combination of church leaders and professionals. The board meets three times a year. One-third of the board members are part of the International Program sub-committee which analyzes in further detail program issues that come to the board. The board reviews and approves the annual budget. Two board members visited the program in Burkina Faso during the year.

5.6 Development Education

The MED Coordinator has worked closely with members of the Resource Development Department in developing improved information systems. This has provided Resource Development with improved information related to the income generation program. Recent literature has addressed the advantages of including MED in our international programs, including the long-term sustainability of such activities and the self-reliance on the part of the participants.

6. FINANCIAL REVIEW

6.1 Proposed Budget Compared with Actual Expenditures

A Project Financial Overview and an Organizational Financial Overview may be found in Attachments 9.1 and 9.2. It is estimated that the expenditures for the first project year will be \$ 293,672 for the USAID share and \$ 407,884 for the WRC share. Of the latter, \$136,200 comes from interest income from the loan portfolio. This compares to the budgeted amounts of \$411,809 and \$586,506 respectively. Total estimated expenditures are thus \$701,536, about a 30% underspending from the original budget of nearly one million dollars.

Attachment 9.1 breaks program costs into seven expenditure categories. Salaries and

benefits are underspent due to various factors among them: 1) many of the Mozambique program staff did not start until the second quarter of the year and the health coordinator was hired part-time instead of the full-time budgeted; 2) the West Africa Regional Technical Specialist was not hired this year; 3) the Mozambique Program Director and the Southern Africa Regional Technical Specialist positions were consolidated into one position for now; and 4) in some countries, salaries are lower than budgeted.

The sub-contracting line item was also underspent since no consultants were hired except in Honduras where it was a local hire. Travel and transportation is also underspent due to the lack of a need for travel for sub-contracting and the fact that there were no overseas relocation expenses incurred for staff (the Mozambique Program Director/Southern Africa Regional Technical Specialist is a local hire and the West Africa specialist was not hired as yet).

The Other Direct Costs line item includes in-country operating costs as well as additions to the LFs. As indicated in the country reports, the size of the loans are smaller than projected due to various factors. Also, in mid-year when we realized that the programs would not graduate CBs, an adjustment was made in the LFs that were sent to Honduras and Burkina Faso since a greater amount will be needed in the second year of the project than was projected. \$30,000 for each of the two countries was deferred in this way until the second year. Finally, an additional \$40,000 in LFs budgeted for WRBF were not needed due to lower loan demand and were thus deferred until Year Two. Without these deferments totalling \$100,000, this line item would have been very close to budget.

Local income is the monies received from interest charges on the loans. Overall, this is about 22% under budget. In Honduras, interest income is about 53% over budget while in Burkina Faso and Mozambique, it is under budget due to the reasons given in the country reports.

Indirect Costs are under budget due to the overall underspending during the first year. It is expected that during the second project year the program will make-up for some of the underspending in the first year. E.g., the \$100,000 LF additions deferred until year two will be made.

6.2 Letter of Credit Procedures

Approved Letter of Credit (Year 1) \$400,000

Draw-downs to Date

11/17/93	\$ 5,000
12/17/93	5,000
01/26/94	20,000
02/28/94	20,000
04/29/94	70,000
06/06/94	80,000
07/20/94	35,000

Approved Letter of Credit (Year 2) \$325,000

Draw-downs are normally done on a monthly basis. Draw-down requests usually cover expenditures already made but occasionally include a portion of estimated expenditures for the coming month.

6.3 Fund-raising Plans

WRC has a constituency made up of church denominations, individual churches, individual donors and foundations. General mailings are targeted to each of the first three groups. Regional representatives have personal contact with any major donors from these groups. The income generation program seems to have basic appeal to the donor groups and funding for the program has presented no major problems.

6.4 Cost-Sharing

WRC's portion of the cash injections to-date is slightly under the projected 50% (this does not include, of course, WRC contributions via interest income). This is due in large part to the decision to defer \$100,000 of the LFs to the second project year, as mentioned above. A large majority of the LF is budgeted as a WRC contribution. Therefore, it is expected that WRC's share of the expenditures will reach or even surpass the 50% level in the second year.

7. LESSONS LEARNED AND LONG-TERM PROJECT IMPLICATIONS

7.1 Effectiveness of Community Banking Model

Perhaps most noteworthy as a lesson learned, or, at least, as a preliminary "conclusion drawn", is that the CB model works, even in "difficult" countries. WRC's CB programs, both in the MG and outside of it, have been primarily in relatively unstable, "basket-case" countries. Since WRC works not only in development, but in relief also, its CB programs often follow closely on the heels of disaster response efforts. The programs help rehabilitate economic activity in areas recovering from emergency situations.

With the exception of Honduras, all of WRC's CB programs have been started in such areas, including Cambodia, Mozambique and Burkina Faso. The latter two countries are often ranked 1-2 on lists of the world's poorest countries and on "suffering indices". All three of the latter countries are recovering from years of misguided Marxist-Leninist economic policies as well.

Given these problems and the aid mentality and dependence created during years of emergency relief in these countries, government and PVO leaders have expressed great skepticism and, in some cases, outright resistance to the CB programs proposed by WRC. Comments such as "It'll never work here...Mozambicans won't repay loans" and "such-and-such a PVO tried a credit program here and it failed miserably", were

common.

Thus, we are pleased to report that initial results in terms of repayment and savings and anecdotal evidence of impact show that, properly designed and implemented, the incentives built into the CB program result in a very high success rate. The program does indeed work, not only in countries with relatively stable economies and infrastructure such as Honduras, but in countries such as Mozambique and Burkina Faso as well.

7.2 Estimates of Project Costs and Benefits and Project Sustainability

A poverty lending program does not lend itself to a rigorous cost/benefit analysis since it is very difficult to measure incremental change in participant income. One indicator that we can use as to the financial viability of the activities in which the participants are engaged is their savings. As noted earlier, savings has been quite strong in both Honduras and Mozambique while being somewhat lower than projected for Burkina Faso. Repayment rates also demonstrate the health of members' businesses. They also have been excellent in Honduras and Mozambique and have improved significantly in Burkina Faso during the first year.

WRC has attempted to reach the very poor with its credit programs. Because of the target population chosen, we believe that one of the more efficient models for credit delivery is the Village Bank (also know as Community Bank) model pioneered by FINCA. This model places a great deal of emphasis on the organization of groups (from 20-40 participants) that can perform many of the functions necessary for the normal operations of a credit program. With the loans being very small (initially between \$25 and \$100) little technical assistance is provided to the participants.

Each program has developed a financial viability projection. The Honduras program has been able to reach operational self-sufficiency this year with a LF of about \$315,000. The annual effective interest rate for that program is about 36% and the loan terms are from four to six months. The Burkina Faso program has fallen behind the scheduled projections for reaching operational self-sufficiency, as evidenced by the self-sufficiency ratio reaching only five percent this year, vs. a planned level of 80 percent. The basic reasons are smaller loan sizes, lower than projected interest rates, and higher than projected arrears rates.

Since the Mozambique program has just begun, it is difficult to predict how well it will follow projections. However, initial indications are that given 1) the projected low loan sizes; 2) the high costs of operating relief and development programs in Mozambique (relative to other countries); and 3) the inclusion of a health education component which is not able to practice cost-recovery, complete operational self-sufficiency may be difficult to achieve in Mozambique. Only one percent of costs were covered this year by interest income, vs. 15% planned.

7.3 Institutional Development

The present MG has provided WRC with the opportunity to strengthen its capacity at headquarters to manage MED programs. An assistant to the MED Coordinator was hired during the first month of the grant. This has allowed for a regular program of field visits and training.

Two of the counterparts working with the MG are in the process of becoming independent PVOs. This is a process that WRC has encouraged. WRC is committed to strengthening these institutions and believes that it provides a number of advantages for the implementation of an income generation program:

1. This strategy provides strong impetus for local initiative and avoids the tendency to impose external initiatives that are difficult to sustain over the long term.
2. It is cost-effective and can contribute to the self-sufficiency of the program.
3. An indigenous PVO can judge most accurately what techniques are most appropriate to the culture.

Our experience has also shown some constraints to this strategy. WRC does not have the same direct control over the project. We can have considerable influence over decision-making, but at the same time we try to ensure that those decisions are fully owned by counterpart staff.

7.4 Benefit Distribution

As mentioned previously, 100 percent of the beneficiaries in Honduras, 90% in Mozambique and 83% in Burkina Faso are women. Burkina Faso's program began with a higher percentage of men, but repayment became a problem, especially among the men, and the program decided to focus on women. The beneficiary population is basically urban and semi-urban (ranging from national capital cities to district capitals and market towns).

The programs lend to the CBs who in turn on-lend to the bank members. Almost all of the individual loans are under the \$300 level. Loans over \$300 exist only in Honduras where some of the banks are now in their tenth loan cycle and loan sizes have grown with the member savings.

7.5 Local Participation

The CB model lends itself to broad participation by the members. The original idea of the model was that each bank would eventually graduate from the program and be able to operate independently. However, the graduation concept is being questioned for a variety of reasons, as discussed in the country reports. With the fluctuation in membership that some of the programs are experiencing, more individuals are able to participate, but they are not participating for an indefinite time period as the model had envisioned. Therefore the program needs to continually train new bank leaders in

internal management which increases the work load of the promoters. In spite of this, the Honduras program has been able to reach operational self-sufficiency.

7.6 Leadership Development

Here again, the village bank model lends itself to leadership development within the local community. At this point, anecdotal information shows that women members are becoming involved in other community groups and are gaining self-confidence and respect. This is one of the areas that the programs are beginning to track through the revised group organization evaluation tool.

7.7 Innovation and Technology Transfer

WRC introduced computerized LF monitoring systems into each of the country programs. WRM and WRBF are using the WRC-developed system, and WRH, as mentioned previously, started to use the WRC system and then switched to the PYME-related system. Getting the systems up and running in the other countries has taken much longer than expected due to problems in the software. For that reason, it has been necessary to operate a parallel manual monitoring system until the computerized one has been fully tested.

7.8 Networking with Other Agencies

WRC has benefited extensively from the experience of other PVOs. Of special significance is the relationship with the SEEP Network and through that with GEMINI. Within the SEEP Network, a poverty lending group has been formed among interested organizations and WRC is active in that. The poverty lending working group has planned an international workshop for poverty lending practitioners that will be carried out in Guatemala in November, 1994.

7.9 Policy Implications and Replication Potential

WRC's relatively brief experience with focused poverty lending programs has shown the viability of the model in addressing the credit needs of the poor. The Honduran program is operationally self-sufficient after only 3 years of operation. A major limitation in the replication of this model in other countries is the availability of funding for the initial start-up of the program.

8. RECOMMENDATIONS

The project has shown the need to make sure that the information systems are well tested before introducing them at the field level. This has been a problem with both the baseline data gathering system and the computerized LF monitoring system and has caused some delays and duplication of effort.

Our experience with the Mozambique start-up indicates that well developed program foundations and initial training programs are well worth the effort. Even though the

start-up phase took longer than expected, the program was able to surpass the first year objectives.

In addition, we have seen the necessity of revising targets, especially in the cases of programs which exist before a MG starts. In the case of Burkina Faso especially, as seen previously, the starting numbers were far different than what had been projected more than a year before, when the proposal was written. When starting numbers are vastly different, then we must be even more flexible in adjusting ending targets.

We have also seen that major devaluations can skew targets and figures, especially after converting such to USD values. In such cases, positive growth in local currency terms can appear as negative growth after conversion to dollar values.

9. ATTACHMENTS

- 9.1 Project Financial Overview, FY94**
- 9.2 PVO Organizational Overview**
- 9.3 FY 94 Annual Program Costs**
- 9.4 Country Data Sheets**
- 9.5 Original Logical Framework**

WORLD RELIEF CORPORATION
 FINANCIAL PROFILE OF THE PROJECT
 USAID INCOME GENERATION MATCHING GRANT
 GRANT NO. FAO-0158-A-00-3076-00

PROJECTED ACTUAL COMPARED TO BUDGET
 FOR THE FIRST YEAR ENDED SEPTEMBER 30, 1994

PART I. TOTAL PROGRAM COSTS	USAID		WRC	
	BUDGET	ACTUAL	BUDGET	ACTUAL
SALARIES	\$159,000	\$111,103	\$169,000	\$112,225
BENEFITS	36,204	14,774	38,375	15,164
TRAVEL & TRANSPORTATION	18,882	8,969	49,751	32,928
SUBCONTRACTS	0	0	6,000	1,677
OTHER DIRECT COSTS	34,502	46,843	323,380	245,891
LESS LOCAL INCOME	0	0	(174,281)	(136,200)
INDIRECT COST FACTOR	163,221	111,983	0	0
GRAND TOTALS	<u>\$411,809</u>	<u>\$293,672</u>	<u>\$412,225</u>	<u>\$271,684</u>
PERCENTAGE OVER (UNDER) BUDGET		71%		66%

PART II. SOURCE OF FUNDS	
USAID - VOUCHERED TO DATE	\$252,056
USAID - TO BE VOUCHERED	41,616
TOTAL USAID	<u>293,672</u>
WORLD RELIEF - PRIVATE CASH	<u>271,684</u>
TOTAL FUNDS	\$565,357

WORLD RELIEF CORPORATION
FINANCIAL PROFILE
(IN THOUSANDS)

For the years ending September 30

<u>Program Expenditures:</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
Program Management	1,503	1,859	2,115	2,623	2,018
US Resettlement Services	5,951	5,351	6,006	6,913	7,483
Overseas Program Service	6,442	8,130	7,107	8,875	7,996
Education-Donor Public	512	431	420	332	214
Fund Promotion Costs	1,750	1,744	1,843	2,177	2,453
General & Admin Costs	1,060	1,011	1,106	1,151	1,473
Total Worldwide Program	<u>17,218</u>	<u>18,526</u>	<u>18,597</u>	<u>22,071</u>	<u>21,637</u>
<u>Source of Funds:</u>					
AID Income Generation	272	409	564	0	413
Other AID	2,702	3,512	2,500	2,807	2,735
Private Cash	6,871	7,219	7,476	9,404	9,612
Private In-Kind	29	0	0	936	0
Host & Other Gov't	1,006	513	208	347	356
Other US Government	6,513	7,310	8,348	8,979	8,486
Total	<u>17,393</u>	<u>18,963</u>	<u>19,096</u>	<u>22,473</u>	<u>21,602</u>
<u>Other AID</u>					
El Salvador DP	532	0	0	0	0
El Salvador Recon	1,711	3,113	1,998	838	0
Child Survival	401	367	345	570	959
Indonesia Block Grant	58	32	28	0	0
Cambodia Gateway	0	0	129	70	337
Nicaragua Ag	0	0	0	307	411
Mozambique Water & Ag	0	0	0	667	1,028
Moz OFDA Food Distribu	0	0	0	355	
Total	<u>2,702</u>	<u>3,512</u>	<u>2,500</u>	<u>2,807</u>	<u>2,735</u>

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT - WORLD RELIEF CORPORATION MATCHING GRANT

PERIOD: FIRST YEAR GRANT OCTOBER 1, 1993 - SEPTEMBER 30, 1994

REVISED: AUGUST 1994

PART I: TOTAL PROGRAM COSTS

COUNTRIES: FUNDING AGENCIES:	UNITED STATES		HONDURAS		BURKINA FASO		MOZAMBIQUE		TOTALES		TOTAL YEAR
	USAID	WRC	USAID	WRC	USAID	WRC	USAID	WRC	USAID	WRC	
PERSONNEL											
SALARIES	\$47,669	\$38,760	\$29,083	\$38,353	\$14,282	\$23,139	\$20,070	\$11,973	\$111,103	\$112,225	\$223,328
FRINGE BENEFITS	8,924	7,228	976	1,986	3,304	4,110	1,569	1,841	14,774	15,164	29,937
TRAVEL											
INTERNATIONAL	8,022	13,932	0	200	0	11,137	0	2,500	8,022	27,769	35,791
IN-COUNTRY	406	686	0	1,528	541	1,343	0	1,601	947	5,159	6,106
SUBCONTRACTS											
CONSULTANTS	0	0	0	1,677	0	0	0	0	0	1,677	1,677
EVALUATIONS	0	0	0	0	0	0	0	0	0	0	0
OTHER DIRECT COSTS											
OPERATIONS	0	4,923	0	34,158	0	4,279	0	20,092	0	63,452	63,452
LOAN FUNDS	0	0	25,667	112,367	21,176	32,682	0	8,779	46,843	153,828	200,671
PROCUREMENT	0	13,261	0	8,698	0	5,699	0	924	0	28,610	28,610
TOTAL DIRECT COSTS	\$65,021	\$78,818	\$55,726	\$198,967	\$39,303	\$82,389	\$21,639	\$47,710	\$181,689	\$407,884	\$589,574
LESS LOCAL INCOME	0	0	0	130,000	0	5,500	0	700	0	136,200	136,200
NET DIRECT COSTS	65,021	78,818	55,726	68,967	39,303	76,889	21,639	47,010	181,689	271,684	453,374
INDIRECT COST FACTOR	35,528		30,799		28,699		16,956		111,983		111,983
TOTAL MATCHING GRANT	\$100,549	\$78,818	\$86,526	\$68,967	\$68,002	\$76,889	\$38,596	\$47,010	\$293,672	\$271,684	\$565,357
TOTAL COUNTRY	<u>\$179,367</u>		<u>\$155,493</u>		<u>\$144,891</u>		<u>\$85,606</u>				\$565,357
PART II. SOURCE OF FUNDS											
USAID MATCHING GRANT	\$293,672										
WORLD RELIEF MATCH	<u>271,684</u>										
TOTAL	\$565,357										

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

OMB No. 0412-0530
Expiration Date: 09/31/89

FOR OFFICIAL USE ONLY

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

PROJECT INFORMATION (PRIMARY)

Name of Organization World Relief Corporation		Grant/Contract Number FAO-0158-A-00-3076-00
Start Date (MM/DD/YY) 10/01/93	End Date (MM/DD/YY) 9/30/98	AID Project Officer's Name Sally Jones

AID OBLIGATION BY AID-FY (\$000)

FY	AMOUNT	FY	AMOUNT

LOP

Activity Description: The matching grant focused primarily on microenterprise development with minor emphasis on health and literacy. Beneficiaries are the rural and urban poor in the countries where the program operates, currently in Honduras, Burkina Faso and Mozambique. The majority of the beneficiaries are women. The World Relief headquarter staff provides training and technical assistance to the respective counterpart organizations.

Status: All headquarter staff are in place. Extensive training programs have been carried out in the three primary countries and technical assistance has been given in two secondary countries where programs are in the development stage. The mid-term evaluation is scheduled for the third year of the grant.

August, 1994

COUNTRY INFORMATION (SECONDARY)

Country United States of America	Location in Country (Region, District, Village) Wheaton, Illinois, U.S.A.
PVO Representative's Name Bastian Vanderzalm	Local Counterpart/Host Country Agency

COUNTRY FUNDING INFORMATION (\$000)

YEAR	10/1/93-9/30/94			
AID \$	100,549			
PVO \$	78,818			
INKIND	--			
LOCAL	--			
TOTAL	179,367			

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

OMB No. 0412-0530
Expiration Date: 02/31/89

FOR OFFICIAL USE ONLY

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

PROJECT INFORMATION (PRIMARY)

Name of Organization World Relief Corporation		Grant/Contract Number FAO-0158-A-00-3076-00	
Start Date (MM/DD/YY) 10/01/93	End Date (MM/DD/YY) 9/30/98	AID Project Officer's Name Sally Jones	

AID OBLIGATION BY AID-FY (\$000)

FY	AMOUNT	FY	AMOUNT

LOP

Activity Description : The Honduran program is focusing its efforts on women's groups. The income generation program is using the community bank poverty lending model to assist poor women in providing supplementary income for their families. The program places a strong focus on group organization and provides the basic financial services of credit and savings. The program is operated by World Relief Honduras (WRH), a local PVO. The grant is assisting in strengthening the administrative and technical capabilities of WRH.

Status : A total of 2,410 women received loans during FY94. Fifty-nine new community banks were established to bring the total to 151. The loan fund has reached \$314,000 and member savings is at \$326,000. Repayment rates are at 100% and the program reached 100% operational self-sufficiency.

COUNTRY INFORMATION (SECONDARY)

Country Honduras	Location in Country (Region, District, Village) Departments of Olancho and Paraiso and the City of Tequigalpa and environs.
PVO Representative's Name Roberto Luiz	Local Counterpart/Host Country Agency World Relief Honduras

COUNTRY FUNDING INFORMATION (\$000)

YEAR	10/1/93-9/30/94			
AID \$	86,526			
PVO \$	68,967			
INKIND	--			
LOCAL	130,000			
TOTAL	285,493			

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Project Officer	Key 1	Key 2

PROJECT INFORMATION (PRIMARY)

Name of Organization World Relief Corporation		Grant/Contract Number FAO-0158-A-00-3076-00
Start Date (MM/DD/YY) 10/01/93	End Date (MM/DD/YY) 9/30/98	AID Project Officer's Name Sally Jones

AID OBLIGATION BY AID-FY (\$000)

FY	AMOUNT	FY	AMOUNT

LOP

Activity Description: An income generation program using the community banking (CB) model to organize groups of entrepreneurs who receive credit for small business activities, training in how to manage community banks and other groups and, in the near future, literacy training. Currently 1,900 CB members benefit directly, 83% of which are women, and nearly 10,000 of their family members benefit indirectly. Over the remaining four years of the MG, an additional 4,000 people should benefit directly and 20,000 indirectly. The low level of the initial loans (less than \$100) generally results in a self-selection of very poor, unemployed/self employed individuals. These people usually come from the lowest economic strata of a country rated on many scales as the second poorest in the world.

Status: The program is just finishing its third year, the last of which has been as part of the MG. During the year, 27 new banks were started, bringing the total current number of active banks to 65. Three promoters were added to the staff and two new areas of operation were opened. Repayment rates reached 93%, which exceeded the target of 90%. No formal evaluations of the program itself will be made until mid-term (April, 1996). However, an in-depth evaluation by V of the entire WRBF program looked closely at the CB program, and recorded testimonial and anecdotal evidence of significant impact on both individuals and the bank groups.

COUNTRY INFORMATION (SECONDARY)

Country Burkina Faso	Location in Country (Region, District, Village) Four provinces in Burkina Faso
PVO Representative's Name Moise Napon	Local Counterpart/Host Country Agency World Relief Burkina Faso

COUNTRY FUNDING INFORMATION (\$000)

YEAR	10/1/93-9/30/94			
AID \$	68,002			
PVO \$	76,889			
INKIND				
LOCAL	5,500			
TOTAL	144,891			

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

PROJECT INFORMATION (PRIMARY)

Name of Organization World Relief Corporation		Grant/Contract Number FAO-0158-A-00-3076-00
Start Date (MM/DD/YY) 10/01/93	End Date (MM/DD/YY) 9/30/98	AID Project Officer's Name Sally Jones

AID OBLIGATION BY AID-FY (\$000)

FY	AMOUNT	FY	AMOUNT

LOP

Activity Description: An income generation program using the community banking (CB) model to organize groups of entrepreneurs who receive credit for small business activities, training in how to manage community banks and other groups, health education and, possibly in the medium term future, literacy training. Currently, more than 500 CB members benefit directly, 90% of which are women, and 2,500 of their family members benefit indirectly. Over the remaining four years of the MG, an additional 2,000 people should benefit directly and 10,000 indirectly. The low level of the initial loans (\$25) generally results in a self-selection of very poor, unemployed/self-employed individuals. These people usually come from the lowest economic strata of a country rated on almost all scales as the poorest in the world.

Status: The program was started during the second quarter of the MG, with initial disbursements made in April of this year. During the year, 15 banks were started and the program was staffed with one program director, one health coordinator, three CB promoters and two health promoters. Repayment rates of 100% to-date have been very encouraging, especially given the recent history of hand-out aid and resulting evidence of high dependency in Mozambique.

COUNTRY INFORMATION (SECONDARY)

Country Mozambique	Location in Country (Region, District, Village) Chokwe District, Gaza Province
PVO Representative's Name Trudi Schwartz	Local Counterpart/Host Country Agency World Relief Mozambique

COUNTRY FUNDING INFORMATION (\$000)

YEAR	10/1/93-9/30/94			
AID \$	38,596			
PVO \$	47,010			
INKIND	---			
LOCAL	700			
TOTAL	85,606			

**WORLD RELIEF CORPORATION
MATCHING GRANT PROPOSAL
LOGICAL FRAMEWORK**

	INDICATOR	MEANS OF VERIFICATION	ASSUMPTIONS
<p>GOAL</p> <p>To increase disposable income among the poorest populations in selected countries of Central America and Africa in order to improve the health and welfare of the family.</p>	<p>Family Wealth Indexes and/or growth charts of children under five years of age.</p>	<p>Baseline and final sample population surveys.</p>	<p>Relative political and economic stability in target countries.</p>
<p>PURPOSE</p> <ol style="list-style-type: none"> 1. To develop self-sustaining microenterprise (MED) credit programs in four countries with matching grant (MG) funds and three other countries with non-MG funds. 2. To provide training and financing to community banks (CBs) serving primarily poor women in order to help them achieve self-sufficiency. 3. To expand the capacity of World Relief to evaluate, monitor and extend its successful microenterprise methodology to other countries. 4. To enable World Relief counterparts in seven countries to improve the health and well-being of children. 	<ol style="list-style-type: none"> 1. Four country programs operating with MG funding (Honduras, Nicaragua, Burkina Faso and Mozambique). 2. Three country programs initiated by and receiving technical assistance from the MG program with program funding from non-matching grant sources. 3. An established in-house impact evaluation capacity for MED programs. 4. Level of participation in primary health care programs. 	<p>Annual Reports Mid-Term and Final Evaluation Program Records</p>	<p>Key technical staff are in place with minimal delays.</p>

	INDICATOR	MEANS OF VERIFICATION	ASSUMPTIONS
<p>OUTPUTS</p> <ol style="list-style-type: none"> 1. CB programs will be initiated in 2 MG countries. 2. Four MG programs will establish 548 CBs. 3. 20,100 individuals will receive loans through CBs. 4. Members will save an equivalent of 15% of each loan they receive. 5. CBs will be able to function on their own after participating for four years in the program. 6. 2,000 women will be trained in key health practices. 7. 2,300 people will be trained in functional literacy. 8. The four MG programs will reach operational self-sufficiency with respect to the credit program within the LOP. 9. WR counterparts will have the capacity to effectively monitor the programs. 10. The three non-MG programs will have begun implementation of MED programs. 	<ol style="list-style-type: none"> 1. No. of MG country programs operating. 2. No. of CBs operating. 3. No. and amount of loans provided. 4. Amount of savings. 5. CBs' ability to function independently. 6. No. of women trained in key health interventions. 7. No. of women trained in literacy. 8. Level of operational self-sufficiency for the credit programs. 9. Regular reports received for the key outputs from each counterpart. 10. No. of non-MG countries with MED programs. 	<p>Project records and financial reports</p>	<p>Economic climate for the participants is conducive for business activities.</p> <p>No major disasters affecting project areas.</p>
<p>INPUTS</p> <ol style="list-style-type: none"> 1. 4 loan program coordinators 2. 40 promoters and 15 support staff 3. 3 regional MED specialists 4. WRC MED specialist and evaluation specialist 5. Funds for revolving loans 6. Training of counterpart staff by WRC staff and consultants 7. Vehicle, motorcycles, and office equipment 8. Training of WRC staff through seminars and workshops 9. Operating funds 	<p>Budget expenditures by category</p>	<p>Financial reports and project records</p>	<p>Host government approval for program implementation granted.</p> <p>Annual funding commitment by USAID met for LOP.</p>