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*of World Relief Corporation*

Income Generation Cooperative Agreement

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## List of Acronyms

1. CFA F (or F) Franc of the Communauté Française de l'Afrique (monetary unit of Burkina Faso--\$1 = 500 CFA F)
2. CREDO Christian Relief and Development Organization
3. CWE Credit with Education
4. FFH Freedom from Hunger
5. FY Fiscal year
6. Lps. Lempiras (Honduran currency--\$1=11.11)
7. PDO Private Development Organization
8. RCPB Réseau des Caisses Populaires du Burkina Faso
9. SEEP Small Enterprise Education and Promotion (network)
10. USAID United States Agency for International Development
11. WRC World Relief Corporation (headquarters)
12. WRH World Relief/Honduras

EV

## **Executive Summary**

World Relief Corporation (WRC), with headquarters in Wheaton, Illinois, is the international assistance arm of the National Association of Evangelicals, itself a part of the World Evangelical Fellowship. Since its founding in 1941, WRC has worked through this church network to alleviate human suffering worldwide.

By the mid-1980's WRC had taken the decision to focus its humanitarian activities on child survival, health education, and microenterprise development. In 1987 WRC received the first of two matching grants for income generation projects in poor communities. After 1990, WRC reoriented its program to depart from traditional, welfare-oriented, small projects toward a disciplined, village banking model capable of moving to large scale and achieving operational and financial sustainability. The second matching grant began in 1993, with the objective of consolidating this evolution to large-scale village banking.

After 2 1/2 years of implementation of the second matching grant, this evaluation was commissioned by USAID and WRC to assess progress and make recommendations for mid-course corrections. The evaluation was conducted jointly with the mid-term evaluation of a similar matching grant to Freedom from Hunger.

A joint evaluation was undertaken in order to compare and contrast four country programs, two in Honduras and two in Burkina Faso. In each country FFH and WRC have a village banking program which began in the early 1990's. The four programs not only represent two distinct cultural contexts for village banking, but also permit a comparison of WRC's straight village banking with the FFH model of village banking known as Credit with Education (CWE). WRC's partner organizations are World Relief/Honduras (WRH) in Honduras and CREDO in Burkina Faso. FFH's partners are FAMA in Honduras and Reseau des Caisses Populaires du Burkina Faso (RCPB) in Burkina Faso. Fieldwork occurred in two phases between April and July, 1996.

The results of this joint evaluation are presented in both comparative and program-specific form, but each matching grant constitutes a separate report. The most general conclusions are that basic grant implementation for both US PVO's has occurred on schedule and without mishap, and all four village banking programs have been successful, although some are progressing more rapidly than others toward operational and financial sustainability. Program assumptions have generally remained valid, but high membership turnover in Honduras and substantial illiteracy of members in Burkina Faso have hindered loan growth, health message assimilation, and self-management, leading to the virtual abandonment of bank graduation.

Departing from the same village banking model introduced in Latin America by FINCA in the mid-1980's, all four programs have introduced distinct innovations, some more successful than others. In three of four programs, graduation of banks has been abandoned. In only one program do men still belong to village banks, and this has been problematic. Turnover of members within banks and single female membership are much greater in Honduras than in Burkina Faso. Bank member savings policy is probably the most variable component of these programs, ranging from minimal and voluntary to substantial and obligatory, with member ability to withdraw savings from cycle to cycle varying from total to nil.

The CWE model is being successfully implemented, with minimal changes to FFH education materials. In the absence of comparative impact studies, jointly scheduled by WRC and FFH for late 1996, it cannot yet be determined whether CWE confers significantly improved welfare impacts, particularly for infants. Moreover, the relationship between women's increased income and health education remains to be determined, since several of the key messages do not require increased income for their adoption.

Relations between WRC and FFH and their implementing partners in the field are cordial and generally collegial. Three of four partnerships are between the US PVO and former subsidiaries, and relations are close. The most innovative, and in many ways most difficult, partnership was established between FFH and RCPB, a rapidly growing federation of credit unions in Burkina Faso. While satisfied with the education component of the CWE model, the RCPB has wished to introduce modifications to the banking model to bring its policies into line with the needs of its credit union movement.

WRH is the most successful village banking organization of the four evaluated, having surpassed operational sustainability and approached financial self-sufficiency. CREDO, on the other hand, requires some assistance in direction setting, beneficiary definition, bank operations policy, and promoter workload projections. The problems are not severe, but they must be dealt with promptly.

Common to all programs is the need to increase loan size and the number of village banks served, in order to progress to operational and financial sustainability. In some cases, particularly FAMA in Honduras, the number of members per bank should be raised. Increasing loan size to banks and bank members depends on reducing member turnover, discouraging the use of internal fund lending, and uncoupling loan size from amount of savings. Key to the cost-effective expansion of the village bank portfolio is moving from four-month cycles with weekly reimbursement of interest and principal to six-month cycles with biweekly or monthly repayment meetings. This will allow promoters to handle a greater number of village banks.

Several of the recommendations of this evaluation focus on the need to deepen technical support to partners, especially in sociological analysis and impact evaluation. WRC may also wish to deepen its technical capacity in these areas in its Wheaton headquarters, as well as developing a capacity in the French language. While the basic financial problems of village banking are now fairly well understood by practitioners, including an appreciation of how to move toward operational and financial sustainability, the sociological and micro-economic dimensions of village banking are largely unknown. A precise appreciation of how women's businesses generate income, how this income is reinvested or consumed, and how consumption is directed to human needs is still lacking after nearly a decade of village banking.

The evolution of village banking from group lending to loans to individuals or small, solidarity groups appears to be an inevitable trend. Both WRH and CREDO have launched such programs, and WRH appears ready to experiment with other modalities. While there are dangers to cost containment in such labor-intensive efforts, experimentation with next steps for credit to women entrepreneurs is both warranted and inevitable.

## I. INTRODUCTION

World Relief Corporation (WRC), with headquarters in Wheaton, Illinois, is the international assistance arm of the National Association of Evangelicals, itself a part of the World Evangelical Fellowship. Since its founding in 1941, WRC has worked through this church network to alleviate human suffering worldwide.

By the mid-1980's WRC had taken the decision to focus its humanitarian activities on child survival, health education, and microenterprise development. Currently, child survival and microenterprise are about equal parts of the development portfolio, although child survival takes a larger budget share. Microenterprise programs are currently functioning in seven foreign countries, child survival in four. WRC also engages in disaster response activities.

In 1987 WRC received the first of two matching grants for income generation projects in poor communities. After a somewhat critical mid-term evaluation in 1990, WRC reoriented its program to move away from traditional, welfare-oriented, small projects toward a disciplined, village banking model capable of moving to large scale and achieving operational and financial sustainability. The second matching grant for income generation began in 1993 with the objective of consolidating and extending the gains of the first grant.

After 2 1/2 years of implementation of the second matching grant, this evaluation was commissioned by USAID and WRC to assess progress and make recommendations for mid-course corrections. The evaluation was, however, conducted jointly with the mid-term evaluation of a similar matching grant to Freedom from Hunger of Davis, California. Four country programs were examined, two in Honduras and two in Burkina Faso. In each country FFH and WRC have a village banking program, which began at about the same time in the early 1990's. The four programs not only represent two distinct cultural contexts for village banking, but also permit a comparison of straight village banking with the FFH model of village banking, known as Credit with Education (CWE).

CWE requires considerable village banking expertise as well as key health messages focused on the five topics of infant diarrhea, breast feeding, nutritional foods, vaccinations, and birth spacing (family planning). A comparison of FFH and WRC village banking programs therefore involves considerable attention to the functioning and potential sustainability of basic village banking, as well as to the usefulness of CWE. WRC has, in fact, adopted a variation of the CWE model for a village banking program in Cambodia

Each evaluation constitutes a separate report, but each will be preceded by the same comparative summary of key issues treated and lessons learned. Following this section and a brief program description, each report contains sections on conclusions and recommendations. A final chapter on detailed country findings may be consulted for considerable, supplementary detail.

There are various potential audiences for this mid-term evaluation report: USAID, World Relief Corporation, World Relief/Honduras, CREDO, and microenterprise practitioners in general. Because this is, strictly speaking, an evaluation commissioned and funded by the Office of Private and Voluntary Cooperation of USAID, the first audience must be those officers charged

with supervision of the matching grant. For this reason, a large amount of detail is produced here with which the partner organizations are probably all too familiar. Nevertheless, for both USAID and general practitioners of village banking, this detail will be useful in understanding the characteristics, dynamics, and issues inherent in the World Relief programs examined.

Both World Relief Corporation and its partner organizations, World Relief/Honduras and CREDO (Burkina Faso), will look to this evaluation for assistance in achieving a more objective view of the progress of their programs. The value of an external evaluator for them lies in his or her ability to view the programs in comparison to others, to rise above the daily immersion in the details of making village banking work to honest appraisal of successes and shortcomings.

For those audiences seeking the details of these programs, enough should be available here. For those seeking the "so what" of this detail, this report also contains appropriate analysis, conclusions, and recommendations for change during the remainder of the matching grant period.

## **II. COMPARATIVE ISSUES AND LESSONS LEARNED**

Four distinct village banking programs were examined in this joint evaluation of Freedom from Hunger and World Relief matching grants. While each program is unique, three fundamental comparisons were intended: village banking with and without health education; village banking in Latin America and sub-Saharan Africa; and village banking with implementing partner organizations chosen for their financial and credit management skills and those partners whose mission has been recast from child survival, natural resource management, or disaster relief.

Each of the four programs has modified the original FINCA village banking model to suit its taste and realities. Most of this innovation has come from the implementing partner, and there are cases of relative success and failure. Clearly, innovation is necessary and should continue in these programs, and lessons learned should be exchanged for the good of all. Although the basic village banking model, now rapidly expanding cross-culturally after little more than a decade of existence, is capable of reaching large numbers of poor women in a financially sustainable manner, there is danger that it may remain marginalized within national economies and poorly understood as a socio-cultural phenomenon.

The following represents a summary of key comparative issues gleaned from the joint evaluation. While each program is unique, some experiences and lessons learned may be recommended between programs.

### *Fundamental Comparisons*

#### **1. Credit with Education (CWE) and Village Banking**

There is yet no detailed impact study available for the two CWE programs examined in this evaluation. Studies had been planned to this end, but they were postponed until late in 1996. Available evidence is thus anecdotal or impressionistic.

The CWE model developed by Freedom from Hunger is both simple and finely tuned. The education component represents considerable experience and effort by technical staff of the FFH International Center. It is certainly the least modified component of the CWE program introduced by FFH to its implementing partners in Latin America and Africa.

The CWE objective of imparting key health and nutrition messages to women during regular village bank meetings is being reached, although the time involved in these education sessions is about twice that envisaged by the model. There is also some loss of content when bank groups conduct these lessons themselves, without the assistance of promoters.

CWE is reaching women with its key messages, but KAP studies in both Honduras and Burkina Faso indicate that women are already partly familiar with these messages before CWE is introduced. They receive this knowledge from independent child survival programs, health ministry information activities, special vaccination campaigns, and from the media, primarily radio.

In CWE programs there is also the problem of key message fatigue, particularly as messages are reintroduced in later credit cycles. This is partially compensated by the high turnover in some contexts and by variation or reduction of health messages in older bank groups. The problem remains that CWE is logically more cost effective in the first two years of village bank operation, during which time five topics are covered in some depth, since only one topic is treated in the 16 weekly meetings of the cycle. Moving village banks to longer loan cycles with biweekly or monthly meetings after one or two years of successful operation may not only reduce promoter workloads, but render CWE less repetitive.

The close link between supplementary income generated by village banking and women's increased expenditures for children's food, medicines, schooling, and clothing is evident from interviews with bank groups in all four programs. The pattern of expenditures is remarkably similar between Honduras and Burkina Faso. CWE, however, probably has its greatest impact in those areas less related to increased disposable income: diarrhea treatment, breast feeding, vaccinations, and birth spacing (family planning). The payment of school fees and the purchase of school supplies, children's clothing, and many already appreciated foods, such as meat, fish, and legumes, largely depend on increased income and may not require a CWE program.

In contrast, breast feeding practices, weaning foods, treatment of infant diarrhea, proper sequencing of vaccinations, and birth spacing techniques certainly require health education. The lifesaving impact of these health messages justifies their introduction into women's group activities, even if they do not necessarily depend on increased disposable income for their implementation. The caveat is that these messages must remain focused, finely tuned, clearly communicated, participatory, and short. The evaluation revealed that CWE education sessions in both Honduras (FAMA) and Burkina Faso (RCPB) are generally too long and insufficiently participatory.

The joint evaluation also revealed that organizing women's groups for village banking or CWE activities not only provides a forum for the introduction of key health education messages, but establishes an effective vehicle for women's empowerment. The experience of participating in a

disciplined credit program is uplifting for women's groups, regardless of the degree to which they can sustain the activity without significant promoter assistance. Moreover, these largely uneducated women take pride in the skills and new knowledge they acquire, whether these concern managing their loans, running their businesses, or improving the health and well-being of their families.

Regardless of the extent of additional health and welfare impacts CWE may promote beyond those of the straight village banking practiced by World Relief partners, health education sessions are appreciated by women's groups and do not appear to hinder credit activities. Although it is credit availability that draws women to organize themselves and participate in regular meetings over time, the acquisition of new knowledge, particularly that which focuses on women's roles as caretakers of small children, will generate behavior change. While not necessary to conduct successful village banking activities, CWE can have important welfare and empowerment impact for women's groups with additional costs estimated by FFH at no more than 3%. In order for this to remain true, education sessions must be held to 15 to 20 minutes, not always the case currently.

It seems reasonable to suggest some form of health education program for all women's village banking groups. Both World Relief partners, WRH and CREDO, may wish to examine this possibility. Some degree of basic business management and economics education, as currently practiced by FFH partners FAMA and RCPB, could also be usefully introduced to World Relief partner programs in both Honduras and Burkina Faso.

## **2. Cultural Context: Central America and West Africa**

There are four factors which stand out most in comparing the village banking programs of Honduras with Burkina Faso. The first is the high-level of membership turnover in Honduras (20% per year) compared to Burkina. The second is the extremely high level of illiteracy and resulting promoter dependence of women's banks in West Africa compared to Central America. Third is the relatively high rate of loan delinquency within the loan cycle in Honduras compared to Burkina. A fourth contrast is the large percentage of women in Honduras who are single heads of families (nearly 1/3), a social situation quite rare in Burkina.

Socio-cultural factors are largely responsible for these four, sometimes striking contrasts. There is a high level of population mobility in Honduras, involving whole families in rural to rural and, especially, rural to peri-urban migration, compared to Burkina Faso where migration is more limited to male household heads in search of seasonal agricultural income. Where rural to urban migration does occur in Burkina, as into peri-urban areas of Ouagadougou, some of the same signs of social instability common to Honduras have been noted.

Beyond population mobility and general rootlessness, both high membership turnover and single-parent status are promoted in Honduras by the pervasive machismo of Central American men. Young men, particularly in peri-urban areas, tend not to seek family stability but move from one woman to another, often deserting children in the process. Again, the ability to avoid domestic responsibilities is enhanced in a relatively mobile and rootless Honduran society.

High membership turnover and a significant level of late repayment of individual loan installments within cycles testify to the poor functioning of solidarity groups in Honduras, compared to their very real role of social suasion in Burkina. The lack of effective solidarity groups, particularly in peri-urban Honduras, is largely a function of Honduran social structure, while effective solidarity groups in both RCPB and CREDO programs reflect the powerful forces of kinship and village in rural Burkina.

High illiteracy in Burkina (85%), roughly the converse of that in Honduras, condemns Burkinabe women to continued dependence on promoters in managing village bank transactions. This is the single greatest barrier to organizational sustainability of village banking in West Africa. On the other hand, high turnover in Honduran banks is largely compensated by a core of better educated leaders, who hold the bank together through significant change in membership over the course of a few years. While bank officers in Burkina are also strong leaders who tend not to be replaced over time, they are overwhelmingly illiterate and consequently incapable of taking charge of credit disbursement and collection activities.

In spite of these socio-cultural differences between Central America and West Africa, many striking similarities occur in the banking programs. Women's roles and responsibilities within households are very similar, and this is also true of their income-generating activities. The latter overwhelmingly consist of food processing and small-scale peddling activities, often the purchase of commodities in bulk and selling in small quantities. In West Africa most selling occurs in one or more periodic markets, while in Central America selling is often door-to-door. In all programs bank members engage in their customary income-generating activities, rarely diversify their activities, do not join economically with other bank members, and employ few others, with the exception of occasional unpaid family members.

The uses of village bank income, as reported by bank participants, are also quite similar between Honduras and Burkina Faso, focusing on household needs, primarily children's food, health, and clothing. The high value women place on this supplementary income, and the great difficulty, if not impossibility, of securing it from other sources, is common to all four programs evaluated.

### **3. Organizational Context: Efficiency of Implementing Partners**

The results of this evaluation confirm what many already sensed: those organizations which have converted their mission and personnel to village banking from disaster relief, child survival, sustainable agriculture, or other social welfare endeavor have more difficulty in maintaining cost effective and financially sustainable programs than those which have been formed expressly for village banking activities or have proceeded to banking from related financial management experience.

The difficulty in converting an organization to the discipline of village banking lies primarily in its personnel and their organizational culture. This has affected both US PVO's of this evaluation, as well as one of their implementing partners in Honduras (FAMA) and Burkina Faso (CREDO). Changes of key personnel within both Freedom from Hunger and World Relief Corporation in the late 1980's permitted the launching of village banking in those partners (then subsidiaries) capable of adopting the new mission. WRH also made major shifts in personnel in

order to launch village banking in 1991, while RCPB came directly to village banking (1993) from substantial experience in building a credit union movement in Burkina Faso.

In 1991 both FAMA in Honduras and CREDO in Burkina shifted its mission and personnel to a major focus on village banking, while keeping some of their former interests and activities. They have been considerably less successful in avoiding problems and growing their programs toward operational sustainability than the more focused, more business-oriented organizations of the evaluation.

There seems little doubt that village banking requires a considerable degree of financial discipline, business orientation, focus on operational scale, and cost consciousness to be successful and eventually self-sustaining. Of the four programs evaluated, only WRH had a clear plan for operational and financial sustainability. The three other programs would do well to study its example.

### *Special Issues*

#### **1. Internal Fund Lending and Graduation**

Of the four programs examined during this evaluation, only one (FAMA) has continued to permit the use of the internal fund for intra-bank lending, although all but the newest program (RCPB) has experimented with its use. Internal fund lending is a key part of the original FINCA village bank model and is linked closely to the concept of bank graduation and continued self-sufficiency.

Just as the concept of graduation has been abandoned by all but one program (CREDO), in practice not even CREDO has graduated banks capable of maintaining their operations as before. After three years CREDO banks amass savings capable of serving as future loan capital, but bank members tend to appropriate these savings for their own needs. Only the older FAMA banks continue to make internal loans from this sometimes considerable fund, members often reducing their external loans to take advantage of internal loans with more generous conditions, such as lump-sum repayment for two to three-month loans within the four or six-month external cycle.

The use of the internal fund by bank members, coupled with lack of desire for bank graduation, means that external loan use in the FAMA program has stagnated, while promoters' workloads have increased due to the need to supervise both external and internal fund lending. When this is accompanied by the need to oversee CWE activities, as is the case for FAMA, the hope of operational sustainability fades.

The contradiction here is that management of the internal fund by village bank groups is highly empowering and instructional, but, in the effective absence of bank graduation, internal fund lending competes with the external fund managed by the NGO and whose interest revenue pays promoter salaries and office overhead. As the internal fund grows bank members need NGO financial resources less, but NGO operational sustainability depends on a growing external fund and interest revenues. To move toward operational sustainability FAMA will need to take a

decision either to graduate banks at some point or to reduce or eliminate internal fund lending. Another option would be to charge largely independent banks service fees for promoter oversight.

It is not recommended that any of the three implementing partners currently proscribing use of the internal fund change its policy to imitate the FAMA experience. FAMA itself is no longer allowing internal fund lending in its newer groups. Once FAMA has reached operational sustainability, it may then wish to experiment with moving some banks now practicing internal fund lending toward graduation.

## **2. Women's Empowerment and Male Bank Members**

Only one of the four programs examined (CREDO) contains banks with male members. In most cases men are a distinct minority within these banks, but there have been enough problems to warrant the recommendation that CREDO not allow mixed groups in future. While not all men pose problems for timely repayment and respect for bank by-laws, mixed groups reduce the empowering benefits of women's groups. Men tend to dominate meetings and to monopolize leadership positions within banks. This is partially due to their general educational superiority, particularly true in West Africa.

Creation of CWE banks also argues against the inclusion of men, since health messages are tailored specifically to women's needs. Men's roles in both Central America and West Africa preclude direct child care, and much of the educational content of CWE would be rendered ineffective.

It is not recommended that any of the three programs exclusively targeting women in their banks modify this practice to include men. On the contrary, CREDO should not encourage male membership in future groups, even if women so request. Even in the absence of CWE in CREDO groups, the objective of women's empowerment will suffer with the inclusion of men. Although inclusion of one or two men may not change bank group dynamics, this could lead to pressure for more male membership, with unpredictable consequences for female members. The simple presence of men in some banks can induce many husbands to resist their wives' participation.

## **3. Repayment Frequency and Loan Terms**

In all four programs evaluated village bank members sought longer loan periods, less frequent repayment installments, and greater flexibility in late payment. Only in the case of internal fund lending in some older FAMA banks are repayment installments less frequent than monthly, but such lending policy is considered to be the purview of the banks concerned.

Village banks in the CREDO program repay their interest and principal monthly. All village banks in the remaining three programs examined begin their activities with weekly repayment of interest and principal over a four-month loan term. All programs except CREDO provide for banks having perfect credit records to lengthen their loan terms and sometimes repayment frequency. Thus, RCPB moves banks after three four-month cycles (1 year) to six-month loan

terms, with biweekly meetings in the fourth cycle and monthly repayment meetings from the fifth cycle onward. The disciplined nature of Burkina groups and complete control by promoters make this possible.

All but a few of the oldest FAMA village banks have four-month loan cycles for their external loans with weekly repayment meetings. For the 10% of banks with six-month cycles, repayment is conducted biweekly.

WRH village banks remain on four-month loan cycles through the fourth cycle. During the fifth and sixth cycles the loan term is five months. From the seventh cycle onward, assuming no repayment problems, loans are given to banks for six months. Repayment installments remain weekly, regardless of the loan term.

The issue of loan term length and frequency of repayment installments is one of cost versus risk of default. Certainly all programs begin cautiously with the standard practice of 16 weekly repayment meetings over four months. While the original FINCA model prescribed nine successive four-month cycles over three years to constitute internal savings equal to the next expected external loan, in practice all programs of the joint evaluation have experimented with or adopted six-month cycles and biweekly or monthly repayment installments after an initial trial period. Even CREDO experimented with six-month cycles but found them risky.

Moving village banks with excellent credit standing to longer cycles and less frequent repayment meetings reduces loan servicing costs, primarily the promoter's salary and transportation costs. In this way, each promoter can handle a greater caseload, assisting the program as a whole to reach the scale necessary to generate operational sustainability. Financial sustainability, depending on the degree of portfolio value loss from inflation, is also attainable given sufficient scale, progression of loan size, and an appropriate interest rate.

The RCPB experience in moving its village banks to longer loan terms and less frequent repayment meetings has responded to the call by bank members for more time to repay the total loan with less frequent installments. Since most women are unable to visit more than one, local market held every three days, family emergency or other illness can result in loss of one or more market visits during a given week. This risk is mitigated, if more time is given to bank members to repay their loan. Longer loan terms also encourage women to attempt visits to other markets held on different days but located in the same region.

Another factor arguing in favor of greater time between repayment installments and of longer loan cycles is the fact that both in Central America and West Africa bank participants must, themselves, extend credit to many of their clients. Particularly in the early stage of loan repayment, women must sometimes use a part of the original loan to meet their reimbursement obligation.

Gauging the riskiness of lending at various rates, loan terms, and repayment frequencies is, of course, dependent on the local cultural and economic situation. Income-generating activities in one location can differ greater from those in another. With all appropriate caveats notwithstanding, it is possible to recommend that WRH consider moving some or all of its

groups with six-month loan terms to biweekly loan repayment meetings. One of the barriers to this is high membership turnover, with a constant influx of novices. Nevertheless, it may be possible to free some promoter time by scheduling less frequent bank meetings for more experienced groups. This is all the more necessary given the growing number of individual microenterprise loans being granted by WRH to its most creditworthy bank members, all of which are supervised by the same promoters as those assisting the village banks.

It can also be recommended that FAMA move more of its older banks to six-month cycles with biweekly repayments. CREDO should also follow suit, once the problem of savings redemption and false graduation of banks is resolved. Many of its rural banks suffer the same constraints as those of RCPB, with economic opportunities largely dependent on twice-weekly local markets.

#### **4. Interest Rate Policy and Sustainability**

Interest rate policy and operational sustainability are two areas currently creating some anxiety within implementing partners and between these and US PVO's. USAID is, of course, a key part of this tension, since it has chosen to focus nearly exclusive attention to financial and institutional viability of NGOs, before focusing on other issues, such as the nature and magnitude of the welfare impacts of increased income from micro-loans.

Village banking has the theoretical potential of being both operationally and financially sustainable. If interest rates are set high enough, overhead costs kept reasonable, and programs move to large scale, a financial break-even point can be surpassed. Such sustainability is certainly within reach of all programs of this joint evaluation. WRH is essentially already there with an operational sustainability ratio of 114% and a level of financial self-sufficiency of 95%.

One of the interesting socio-political findings of this evaluation is the sensitivity in Burkina Faso to the charge of usury. While charging 10% interest for a four-month loan appears to require 15% interest when groups move to a six-month cycle, a 15% interest charge appears usurious. Thus, when RCPB honored women's requests for more time to pay their 10% loan, it preferred not to increase the rate to 15% for six-month loans. The loss of income implied by a constant interest rate as groups move to six-month cycles appears to be more than compensated for by increased loan size. RCPB credit union clients have traditionally taken one-year loans at 10% annual interest, making the 30% real annual interest for village bankers appear usurious.

CREDO also charges 10% per four-month cycle but has recently launched a program of individual one-year loans for graduated bank members at 12%. Not surprisingly, demand for these loans is brisk. An interest rate above this level, however, bumps into usury ceilings established for commercial banks. One way to avoid this trap, should RCPB and CREDO feel the need, is to adopt the Honduran practice of a monthly interest rate. Certainly CREDO should avoid the labor-intensive management of individual loans, unless the interest rate can be set several times higher.

The individual loan program now growing rapidly among WRH's best village bank clients grants loans for one year at 36%, the same rate as for village banks. Given the much larger sums lent and the labor intensity of managing individual loans, it is recommended that WRH raise the

interest rate slightly to compensate for increased risk and promoters' service time. Although repayment is monthly and in the context of village bank meetings, a small rate premium rate is warranted, perhaps 1% per month (48% per annum).

Both World Relief partners have introduced individual loan programs, with WRH considerably more capable of managing such a credit facility, now serving about 5% of village bank members.

RCPB already has a program of individual loans distinct from its village banking program and granted through its network of credit unions. It is not advisable that FAMA introduce such a facility to its clients before reaching operational sustainability with its village banking program. CREDO, which does have an individual loan program, should hold back on expanding this program until it, too, has reached operational sustainability in village banking. As in the WRH program, loans should be made by CREDO only to individuals still active in village banks.

## **5. Savings Policy**

One of the areas of greatest variation within the four programs examined in this evaluation is that of savings policy. In two of the programs, WRH and CREDO, savings are mandatory, 20% of loan size per cycle for WRH and 10% for CREDO. These savings are, moreover, not redeemable until member withdrawal or bank dissolution. The inaccessibility of these savings contributes to membership turnover for WRH and to bank dissolution (graduation) after three years in the case of CREDO.

The FFH partner organizations, on the other hand, depart considerably from the village bank model for compulsory savings. In the case of FAMA, savings are now no longer mandatory. In newer banks members are encouraged to save at least \$2.90 per cycle, but other monies are raised for bank reserves (group fund) by solidarity group commercial activities. These activities involve all solidarity groups in turn during the loan cycle, and 3/4 of income generated by this collective endeavor is divided by members and 1/4 remains as collective savings and emergency reserve.

In the older FAMA banks bank reserves and additional member income is raised through interest on internal fund lending, 3/4 of which is taken as dividends by members at end of loan cycle with 1/4 left in the group fund as a loan loss reserve or as collective savings.

RCPB, newest (1993) of the programs examined, has not yet settled on a common savings policy for its various program zones. Although all members are required to save about \$3.20 per basic cycle, which they recuperate at end of cycle, each program zone has established a distinct policy for supplementary savings and constitution of the group fund. Thus, the village banks in one zone levy a 10% interest surcharge on themselves during a cycle, half of which is taken back as dividends at end of cycle and half remains in the group fund for emergencies. A second group follows the same practice with a 5% interest surcharge, while banks in a third zone levy a fixed surcharge of \$0.60 per cycle, none of which returns to members but goes to constitute the group reserve fund.

The great variety of savings practices, from minimal (or none) to substantial interest surcharges, contrasts with the conservation--at least for one year or so--of the basic model of four-month

cycles with weekly meetings. Savings, of course, were essential to the original graduation model of village banking, which assumed the constitution of internal savings capable of sustaining bank functions beyond graduation from the program. In the absence of graduation, now the norm within village banking, savings policy and practices have become largely the purview of bank members, who still value this facility, particularly if they can have access to their savings without quitting the bank.

Since bank members highly value the opportunity to save, a possibility rarely available to them in the absence of village banks, and given the fact that, beyond a reasonable group fund for emergencies, holding substantial obligatory savings for members may encourage early member withdrawal or even bank dissolution, it is recommended that savings remain voluntary, once the reserve fund is constituted. Moreover, the practice of linking loan size to savings plus previous (or original) loan size should be eased to encourage member's use of savings without penalty to loan size progression.

The flexibility of the two FFH partners with regard to savings policy should be emulated by other programs. In the case of FAMA, members withdraw and reimburse part of their savings over a loan cycle, in addition to the external and internal loans they may receive. Certainly, a version of the RCPB or FAMA group savings plus dividend distribution appears superior to a fixed percentage contribution which cannot be accessed until the member withdraws or the bank graduates (dissolves).

## **6. Solidarity Groups**

The use of solidarity groups to mutually guarantee member loans within village banks is much more highly developed in Burkina Faso than in Honduras. Traditional West African culture, particularly in rural areas where these programs have most of their village banks, heightens the effectiveness of small, group-guaranteed borrowing and saving activities. Loan reimbursement is conducted first within the 5 to 6-member solidarity groups in both RCPB and CREDO banks; group leaders then make payment to the village bank officers. Loan disbursement occurs in reverse order. Rarely do solidarity group members fail to cover for members unable to make a particular reimbursement obligation. Solidarity groups are key to the smooth functioning of Burkinabe village banks.

On the other hand, solidarity groups in the programs examined in Honduras, while existing on paper, do not function as guarantors of individual loans. FAMA uses groups in newer banks to contribute to the group fund and to generate member dividends each cycle. In WRH solidarity groups do not function at all, although it has been suggested they be reinforced to serve as intermediaries in loan reimbursement as in Burkina Faso. Repayment collections may be made within groups and deposited directly into commercial bank accounts for collection or consolidation by WRH promoters.

The use of solidarity groups to collect repayment installments and to deposit monies into commercial accounts can be useful to both FAMA and WRH as a means to overcome growing security risks to promoters and village bank officers alike. In this way, large sums of money will not accumulate in banks during loan cycles, tempting thieves and delinquents. This has been a problem for FAMA, where monies reimbursed from both internal and external loans are accumulated until end of cycle.

Solidarity groups may also have a future function in the inevitable diversification of lending modalities, once village banking has become operationally and financially sustainable. While individual loan programs are not to be discouraged, cost effectiveness can be increased by lending relatively large sums directly to small solidarity groups (2-4 members). An ancillary objective of such lending will be to encourage some women to enter into joint commercial activities over time, thus surpassing the current practice of wholly individual endeavors.

### *Whither Village Banking?*

The variety of practice and policy found in only four programs in two cultural areas testifies to the rapid evolution of the village banking model around the world. Such evolution of form and procedure is both normal and inevitable. Moreover, village banking can be expected to generate new, as yet unknown, loan modalities. Two of the four programs examined are experimenting with individual loan programs, one of which (WRH) already involves about 5% of village bank members. CREDO's program, while similar, is fledgling and is not linked to village bank membership. The advantage of individual loans lies in their much greater size (4 to 5 times the average village bank loan), but they may become overly labor intensive for promoters. Nevertheless, these microenterprise loans represent the first complementary program for bank members.

Such experimentation with new loan modalities should be encouraged by USAID and US PVO's, while implementing NGOs will need advice on experiences and lessons learned by US PVO partners in various culture areas. While care must be taken to respect local cultural dynamics and to involve members themselves in generating new modalities, the widespread success of the basic village bank model argues in favor of the generalized introduction of numerous innovations created in diverse country contexts. The fundamental similarity of poor women's roles and needs throughout the world, and their universal ability to organize well-functioning, dynamic, and relatively stable associations for mutual support of individual financial objectives, is the pillar upon which microenterprise credit programs can evolve.

### **III. WRC PROGRAM DESCRIPTION**

1. The program description of the matching grant (cooperative) agreement declares the **program goal** to be: "to increase disposable income among the poorest populations of Honduras, Burkina Faso and Mozambique in order to improve the health and welfare of their families."
2. The **program purposes** in the same document are stated to be:
  - "To develop self-sustaining microenterprise credit programs in Honduras, Burkina Faso, and Mozambique"
  - "To provide training and financing to community banks (CB's) serving primarily poor women in order to help them achieve self-sufficiency"

- "To expand the capacity of World Relief Corporation (WRC) to evaluate, monitor and extend its microenterprise methodology to other countries"
- "To enable WRC counterparts in 3 countries to improve the health and well-being of children"

**3. Principal activities** are also described in the program description of the grant agreement. These activities reveal the intended close linkage between microenterprise development and child survival objectives, the former seen as primarily a "vehicle through which program interventions are channeled to the participants." While termed "activities", several of these resemble requirements, admonitions, or program outputs.

Activities required by the grant agreement are:

- "The program will focus on populations served by child survival programs carried out by WRC or others."
- "Involvement in community banks will be used to motivate participation by community bank members in child survival activities."
- "Additional income earned through microenterprise development activities supported by the community banks will be available for use by mothers to purchase food and other items needed to improve the nutritional status and well-being of their children."
- "The community bank members will receive a series of small-scale, short-term loans to finance their economic activities."
- "A savings component will enable community bank revolving loan funds to increase to the point of self-sufficiency within 3 to 5 years."
- "The interest on loans will be set at market rates to protect the loan fund from inflation and to cover operating costs in each MG [matching grant] country by the end of the program."
- WRC will strengthen existing community bank programs in Honduras and Burkina Faso but will develop a new program in Mozambique.
- WRC will implement the matching grant program through the provision of training and financial resources to its local counterpart organizations (partners).
- Training will be provided by the WRC microenterprise specialist in headquarters and by three regional specialists located in the program regions.
- Training will "focus on program implementation issues and institutional development."
- "Program financial support will be used to cover start-up operational costs and initial capitalization of the revolving loan funds."

## IV. CONCLUSIONS

### General Conclusions

1. The Income Generation cooperative agreement with World Relief Corporation (WRC) is progressing successfully and satisfactorily. At the end of nearly three years of matching grant activity all program components are proceeding well toward the end-of-program status defined under program purpose. Success in reaching scale and operational sustainability has, however, much depended on the nature and background of the implementing partner.
2. The timing, nature, and level of spending of matching grant funds have varied somewhat from those planned, with overall spending about 25% behind schedule to date. This has resulted from changes in personnel levels in the field and at headquarters. In particular, the field-based regional advisors were never posted. Provision of required inputs to partners, however, has been fundamentally as planned in the cooperative agreement. CREDO in Burkina Faso, however, has been neglected, and requires some catch-up assistance in strategic planning, sustainability planning, and elements of program policy and planning. In spite of this lag, all evidence points to successful achievement of expected program outputs. The underlying assumptions of the matching grant, moreover, appear to be valid.
3. By means of this matching grant with USAID, World Relief Corporation has refined and disseminated its village banking experience to its partners. Major assistance to partners has been through careful monitoring of the credit portfolio, including periodic projections of key variables, provision of technical assistance to the field, and purchasing and forwarding of available resource materials.
4. The financial reporting system, both internal to the partner and externally from partner to WRC, appears satisfactory. Program reporting, however, is not well developed among WRC's partners. This activity has not been a focus of WRC technical assistance. The process of long-range (strategic) planning with annual action plans replete with objective indicators has been carried considerably further in Honduras than in Burkina Faso. However, the WRH current annual plan appears ambitious and may have to be revised at year's end. In the case of CREDO in Burkina Faso, planning seems to be carried out infrequently in one-day workshops which set directions and take key decisions. This is inadequate.
5. Staffing and support systems in WRC headquarters and in partner organizations appear adequate to continue successful implementation of the cooperative agreement. While technical quality of headquarters backstop personnel is high, they are few in number. This means overall depth of technical support is somewhat shallow in WRC headquarters, as reflected by the need to purchase and forward various resource materials, rather than produce them in WRC.
6. The ability of regional liaison personnel to monitor the details of partner operations is stretched, even with the addition of an Africa liaison person last year. The amount of face-to-face interaction between WRC representatives and partner executives should be increased. To be useful this will generally require increased field visits, particularly to Burkina Faso. There is also a weakness in knowledge of French, which no WRC headquarters staff know well as yet.

7. Promoter workloads are also heavy in most cases, particularly in World Relief/Honduras, where rapid expansion of the number of village banks is leading to increasing workloads. In Burkina Faso, CREDO promoters are also handling a heavy caseload of village banks, but workload problems will be related in future to the new program of individual loans.
8. Relations between partner organizations and WRC headquarters have generally been close and friendly. Visits to partners have occurred two or three times each year and this has been appropriate and sufficient in the case of World Relief/Honduras. CREDO in Burkina Faso has been somewhat neglected and requires more assistance and guidance from WRC.
9. The impact of village banking activities on bank members and their children has yet to be effectively measured. There is certainly much anecdotal and intuitive evidence suggesting that women's increased income from village banking credit is used for children's welfare, particularly better food, clothing, and medical care. World Relief partners in Honduras and Burkina Faso will soon participate in a Freedom from Hunger-initiated impact study, which is designed to compare credit with education impact to that of traditional child survival (Honduras) and CWE to village banking without health education (Burkina Faso). During the remainder of the matching grant, WRC may be able to validate its methodology with statistical results.
10. Major problems for the village banking programs of WRC partners differ between regions, although growing security concerns are common to both. In Honduras the major problems are high membership turnover, portfolio stagnation, heavy promoter workloads, and overwhelming lack of female promoters. In Burkina Faso the major problems are the virtual absence of literacy among bank members; bank group dissolution at the end of three years to redeem savings; an unclear village bank growth plan and lack of a sustainability strategy; existence of a labor-intensive individual lending program for "graduated" bank members; and lack of clarity concerning nature of the target group, where men continue to participate in some groups and in the new individual loan program.
11. The ultimate end of generating new income from village banking is to guide women's income into raising the health status and general welfare of the family, particularly for small children. WRC and its partners subscribe to these welfare objectives, which imply direct consumption of new income. This consumption objective, however, runs counter to the need for women to grow their enterprises, by reinvesting to achieve higher levels of production or operations.

#### **Key Findings and Conclusions--World Relief/Honduras**

1. The board of directors of WRH has been operating as a significant advisory body for the last three years. Its varied professional membership appears well suited to its advisory and decision-making roles. The significant representation of church leaders within the board of directors (3 of 5) underscores the social mission of World Relief/Honduras, which, while proud of its finely-tuned credit program, nevertheless feels its goal is to achieve increases in human welfare and well-being.

2. WRH has a fairly large and well-organized credit program, distinct, except for administrative oversight, from its child survival program. A credit director and two assistants supervise four regional offices and a total of 23 promoters, each responsible for up to 10 village banks and 50 individual loans. The largest concentration of promoters is in peri-urban Tegucigalpa.

3. The personnel of World Relief/Honduras appear to be highly competent and motivated. It is clear that program management, while lean, is competent, but technical depth is lacking. WRH speaks of hiring a sociologist, certainly an excellent investment. The administrative director and her staff appear highly competent, although the difficulty of retaining good accountants and financial managers has been a problem.

4. Only one of the generally high-school educated promoters (facilitators) is currently a woman, although village banks are composed only of women. WRH has been very aware of the problem. Two constraints for female facilitators are stated to be their reluctance to ride motorcycles and the danger of assault.

5. Training of bank members appears sufficient. Each new bank receives about 14 hours of training, given in two-hour segments in seven consecutive weekly sessions. New members to existing banks must also receive six hours of training prior to initiating their first loan.

6. Training of promoters and village bank members relies on a few basic materials, largely developed by World Relief/Honduras with assistance from WRC or the Covelo Foundation. These include a guide to bank creation, a credit monitoring tool, and a detailed set of credit regulations. Some microenterprise business advisory materials are available from other programs, but WRH does not offer such services to its banks.

7. WRC assistance brought World Relief/Honduras to the point where in 1993 it began to receive administrative and strategic planning consulting services from the ANDI-PYME program and its successor, Fundacion Covelo (USAID-funded). The first WRH strategic plan covered the period 1993-1995 and proved an excellent training experience. In 1995 World Relief/Honduras adopted a new five-year strategic plan (1996-2000) and an operational plan for 1996. Consultants from Fundacion Covelo again assisted in the elaboration of these plans.

8. Tracking of the credit program by the WRC microenterprise advisor is based on the monthly financial report sent to World Relief Corporation on the loan repayment situation, particularly the analysis of the aging of loans outstanding. WRH also provides detailed reporting on a quarterly basis to the USAID-funded Covelo Foundation. Covelo has assisted in installing a computerized system permitting the tracking of a host of variables all considered useful indicators, including impact information. WRC relies on part of this same information to track the progress of its partner organization.

9. In World Relief Corporation headquarters the microenterprise specialist maintains a Lotus projection tool which tracks and projects forward through Cycle 18 some 17 key variables, in addition to individual loan fund and group or bank loan fund projections. Beyond these data, the projection spreadsheet tracks and projects through Cycle 18 some 24 key program indicators. In a final section of this projection tool, field program expenses, including salaries, administrative overhead, loan funds, number of groups operating, income and expenses, savings, and percentage of self-sufficiency, are tracked and projected from 1992 through 1997.

10. World Relief/Honduras has already surpassed full operational sustainability--114%--by March, 1996 and is closing in on financial sustainability--95%. It is quite possible that full financial sustainability will be reached by the end of the five-year grant period. WRH is making superior progress toward reaching the program purpose of developing a self-sustaining microenterprise credit program in Honduras.
11. Partner relations between WRC and WRH are cordial and characterized by mutual respect. Both organizations are in a position to assist the other in many ways. WRC can rely on considerable field information from its partner in Honduras and is in a position to assist substantially through fundraising and expert technical advice from headquarters. This advice includes assistance in the area of measuring and evaluating impacts of village banking programs.
12. World Relief/Honduras has made significant progress in expanding its portfolio of village bank loans during the course of this cooperative agreement. Since the beginning of the agreement a total of \$3,029,932 have been lent to village banks, an increase of nearly six-fold over previous credit extended.
13. The number of loan recipients since the inception of the matching grant is 15,501. These village bank members have received an average of \$195 during the first 2 1/2 years of the current matching grant.
14. The number of members of the 198 active village banks totaled 6,780 on March 31, 1996, with an outstanding loan value of \$447,264 and an average loan value of \$66 per participating bank member. Average bank size is about 34 women. Since most bank members take about three loans per year, this would indicate that yearly credits per beneficiary are running about \$198. Members' savings balance at the end of January, 1996 was \$283,431, an average of about \$42 per bank member.
15. Village bank cycles begin at four months and continue at this rhythm through the fourth cycle. During the fifth and sixth cycles the loan term is five months. From the seventh cycle, assuming a perfect credit repayment record, bank groups move to a six-month cycle. Repayment of interest and principal and collection of payments by WRH is on a weekly basis for all groups.
16. The profile of village bank members reveals some interesting characteristics. Nearly half the members (49%) are between the ages of 15 and 34. Only 10% of members are over 54 years old. Nearly one-fifth of bank members (17%) are illiterate with no formal education, but about the same proportion of members (21%) have studied at the secondary level. The vast majority of members (88%) have dependent children. Nearly one-third (32%) of bank members are without a husband or male companion in their household and three-quarters of these have dependent children. Nearly two-thirds (64%) of members have never received any health training.
17. Village bank members use their small loans to increase the level of their customary commercial activities; few have diversified into new activities. While the vast majority manage to pay back their loans by the end of cycle and to meet the 20% savings target, the profitability of businesses ranges widely.

18. Loan recipients tend to engage in sales of merchandise, 36% of members resorting to door-to-door sales, while 27% sell from fixed sites (home, street, or marketplace). Nearly a quarter of loan recipients (23%) engage in food processing activities. Some 80% of bank members work from five to seven days per week. Women tend to work alone in their commercial activity, but nearly one-fifth (19%) of participants do report one or two employees. Nearly three-quarters (73%) of bank members claim not to engage in more than one economic activity. The profitability of these enterprises is unclear and must vary greatly. The village bank members also vary considerably in the degree to which they can distinguish profit from earnings.

19. Bank members spend their increased earnings primarily for food, health, education, clothing, and the house, in decreasing order of frequency. Only 6% of members surveyed indicate they use some of their profits for savings, reinvestment in their business, loans to others, or some other investment activity.

20. The ability to save is of most importance to the women of the village bank groups, perhaps more important than increased current consumption. Virtually none of the women had been able to save prior to joining the banks. These savings are kept in the group fund and are not relent to members. Internal fund lending had been tried previously and was found to be problematic.

21. The total amount of loans in arrears within village banks on March 31, 1996 was \$40,600. This represents all payments overdue by members within their loan cycles and constitutes 9.1% of the total of outstanding loans (\$447,264). Of this total 38% was in arrears from 1 to 15 days but is not considered in arrears by program management. On the other hand, 50.4% of this total was overdue from 16 to 30 days, and 11.5% from 31 to 90 days. No loans were in arrears over 90 days. Less than 6% of outstanding loans, thus, are considered truly overdue and technically at risk within loan cycles.

22. The loan loss reserve held by WRH is \$11,611, or 1.8% of the active portfolio of \$643,474, composed of \$447,264 to village banks and \$196,210 to 334 individual microentrepreneurs.

23. Only six village banks have ceased operations during the course of the matching grant. Three of the banks were closed, because of the great distance involved in servicing them. Three other banks were removed by WRH facilitators, who launched their own NGO; about \$3,150 have not been recovered from this last group of banks.

24. The leadership role and moral influence of the village bank officers who constitute the executive committee are crucial to the success of the banks. The leadership and continuity of these officers, many of whom stay in their positions for years, constitute a central reason why banks endure while turnover remains high. It is the largest banks that are most stable.

25. Membership turnover has been the greatest problem for WRH village banks, leading to a special study in 1995 to examine the phenomenon. For those banks having completed nine credit cycles, the average dropout per cycle was 22%. For those banks having completed six cycles, only 15% of current members had participated from the beginning of bank life. About 6% of current bank members had left the bank and reentered at some point during the six cycles. A convincing explanation or plausible solution for such turnover has not yet been found.

26. No true impact studies have been conducted by WRH on its population of village bank members. There have been, however, two attempts to establish a profile of this population, a baseline study of 10% of village bank members in 1993 and a study of all members of 10% of existing banks in 1995. The second study employed a case study questionnaire developed with the assistance of WRC. Its objective was to study the socio-economic status of participants' families, the organization and social reach of the banks, and banks' internal administration. While not actually measuring impacts on participants, the study is useful in evaluating the profile of bank members.

27. To examine village banking impacts, WRH plans a comparative study with the assistance of Freedom from Hunger. In this study, World Relief will compare a sample of WRH village banking members also exposed to a WRH child survival program with a sample exposed only to the WRH child survival program. The studies would last from one to two years with outcomes measured against a baseline. One of the more powerful statistical outcomes is hoped to be found in measurements of children under two years old. This study is on hold because of a delay in beginning child survival activities in the study area.

28. While a step in the right direction, such research, even if it yields statistically significant results, will still not reveal the intermediate steps between women's village banking activities and the use of marginal income to effect positive changes in children's nutritional standards.

29. WRH executives recognize the pivotal role of women in assuring household welfare and want to do more than simply increase disposable income. However, the organization feels that the introduction of health or child survival components to strictly village banking activities is not warranted at this time. With respect to assistance in general business practices, WRH does not foresee offering any advisory services. Instead, World Relief attempts to link village bank groups with other training sources.

30. Some 334 of the more capable village bank members have graduated to the level of individual microenterprise loans, a facility only recently created by WRH (July, 1995) to accommodate high credit needs for particularly able businesswomen. They must continue to remain members of their village banks, however. To date a total of \$199,253 have been lent out in 335 one-year loans averaging \$595 per loan. Repayment of interest and principal is monthly.

### **Key Findings and Conclusions--CREDO**

1. CREDO's 12-member board of directors has been strengthened through training and expansion over the last year. WRC provided the necessary training. Members represent a wide variety of professions from medicine through banking to social work. Two members are external and represent donor organizations, including WRC.

2. The relationship between World Relief Corporation and its former subsidiary, CREDO (World Relief/Burkina Faso) is excellent and enduring, in spite of full independence in October, 1995. Visits from WRC headquarters occur about twice a year, but language appears something of a barrier, since no one in WRC has fluent French. CREDO will need more assistance and some training from WRC over the remaining period of the matching grant. This may require using French-speaking consultants.

3. The financial reporting system from village bank to promoter to program director to CREDO secretary general appears well developed and capable of appropriate financial tracking of the portfolio and CREDO administrative expenses. In addition to internal reporting, a quarterly credit program report is also sent to World Relief Corporation headquarters (Wheaton), containing the following key information: number of active banks at end of current and previous quarter; number of active members at end of current and previous quarter; average loan size per member; current amount of savings; average savings per member; cumulative amount lent; and the on-time repayment rate. These allow tracking of the credit portfolio by the WRC headquarters staff. There is no narrative attached to these quarterly reports and no program reporting is apparently made.

4. Internal program reporting responds to annual plans for the program and for individual promoters. These plans are arranged by objective but do not correspond to an overall long-term strategic plan. Long-term planning is done about every two years in a "reflexion day" of all staff members. The final document of these day-long efforts are not true long-term plans broken into objectives, time periods, and indicators of achievement. True strategic planning should be conducted with the assistance of WRC staff.

5. The 11 CREDO promoters may have as many as 16 or more banks, although 12 would appear to be the average. New promoters begin with a small number of banks in a new zone and gradually extend their portfolio. Monthly meetings for all banks makes a load of 15 or more banks possible. In early recruitment CREDO hired more expensive university-level promoters; the policy is now to reduce costs by hiring promoters with a ninth grade level of formal education. This is the same level as that for the RCPB promoters.

6. Demand from would-be village banks is high and bank creation begins with extensive training of new members. In three successive weekly meetings of one to two hours each the promoter explains the basic organization and rules of the community banks, particularly the regulations surrounding credit activities. Roles and responsibilities of both CREDO and community bank are carefully discussed.

7. Community bank groups are ideally organized into five solidarity groups of six members each. However, some groups may have more members, and up to 40 persons per bank is deemed acceptable.

8. Members of the executive committee of each bank, one drawn from each solidarity group of four to six members, are then trained in two further sessions, the second of which corresponds to the first credit disbursement. The first training session is three days and covers all the essentials of managing a community bank. Refresher training for bank executive committees is held on an irregular basis, but generally about twice yearly.

9. The CREDO village bank interest rate is 10% for a four-month cycle, plus 10% mandatory savings during the same time. There are no six-month cycles, although this was tried and abandoned in the past. Reimbursement is monthly without a grace period and includes principal, interest, and savings. All monies must be paid by the end of four months or the community bank is sanctioned by withholding a future loan until the monies are paid. There are currently no banks in a state of sanction.

10. A fair amount of autonomy is granted to bank executive committees and solidarity groups after the third cycle (1 year) of activity. Promoters deliver the new credit to the committee, which divides and distributes the money to solidarity group leaders. These, in turn, distribute credits to group members. After the third cycle also, the bank president and treasurer deposit monies directly to bank or postal accounts, if such are available, except in Ouagadougou where they are delivered directly to CREDO headquarters.

11. The internal fund is not used by bank members. This fund consists of savings, which members may not touch until they complete three years of banking activity. At this time, they may remove all or a part of their savings.

12. Holding bank savings serves as a loan loss reserve for CREDO, and bank savings have been seized to cover defaulted obligations. There is no other fund to meet emergencies.

13. Banks are organized in nine zones (branches) in areas radiating out from Ouagadougou, but some as far as several hundred kilometers. The oldest banks are in their ninth and tenth cycles. Banks are generally situated in peri-urban zones of Ouagadougou and provincial towns and in nearby rural areas.

14. Male membership in banks has generally been a problem for CREDO, yet the organization has tended to allow men if women so desire. This policy is under study and it appears advisable not to allow mixed groups in future.

15. Membership turnover appears to be low in CREDO banks, at least compared to Latin American standards. Individuals are not tracked by CREDO, so that comprehensive data are lacking on membership of the community banks. However, bank members who withdraw appear to do so primarily to take possession of their savings after three years of banking activity.

16. At end of May, 1996, CREDO had 120 village banks with active loans and 9 others between cycles. The total number of members of the active banks was 3,191 with an average of nearly 27 members per village bank. Some 41 banks (34%) have male members, although males are only 12% of total membership. Total loan volume extended to these 120 banks was \$380,256, an average loan of \$3,169 per bank and \$119 per member. By July, 1996, the number of active banks had risen to 131.

17. Bank creation has been fairly rapid over the last fiscal year (October 1, 1995 to July 1, 1996), with a net of 25 community banks, an increase of 23% over the 108 banks existing at the beginning of the fiscal year. The number of new banks created was, in fact, 32, but seven banks were graduated or removed from the rolls. CREDO plans to add 35 new banks to their program next year.

18. A total of 135 banks have savings at present, although only 121 of these technically still exist within the system as eligible for loans. Some new banks do not yet have savings officially recorded, because they are not at end of cycle. The 135 banks have a total savings of \$84,057, yielding an average of \$618 per community bank, or about \$23 per member. Acting as a deposit facility for inactive banks is a policy which is under review and should not be encouraged.

19. The CREDO village bank program got off to a shaky start in 1991, because of 25 community banks carried over from previous programs. About 20 of these banks had to be closed in the early months of the present matching grant. As of June 1996, a total of 180 banks had been involved in the village bank program since 1991; of these 20 banks have defaulted and were shut down, while 31 others have been "graduated."

20. Graduation continues to occur for village banks having achieved three full years of activity, regardless of the number of cycles, but usually toward the seventh or eighth loan cycle. The term "graduation" in the CREDO context bears little resemblance to that of the original FINCA village banking model. Since saving is mandatory, after two years or more of activity members have accumulated a tidy sum and become anxious to redeem it, even though this means the end of bank activity in most cases. No banks continue to function as before, although some may reconstitute their membership and join CREDO in a new program.

21. According to CREDO no bank can withdraw voluntarily before three years of activity. Banks which have been dropped because of inability or unwillingness to reimburse their credit are removed from the program rolls, although their loan loss is not removed from the books by the accounting department until these banks are more than 12 months overdue at the beginning of a new fiscal year. These definitions of default need to be reconciled.

22. CREDO is facing the arrival of a number of banks to the end of their third year, at which time members will want their accumulated savings. A fledgling individual loan program created last year by CREDO will run directly counter to banks remaining intact to begin a new program, since the policy is for individual loan takers not to remain in their former banks. This policy will need to be modified, if CREDO is to retain a maximal number of banks, so necessary for operational and financial sustainability, now running at 73% and 60%, respectively.

23. An examination of average loan size by banks from their first cycle through a small number now in their eighth cycle of activity, reveals a pattern of fairly rapid initial growth, followed by stagnation and downturn in loan size. CREDO management feel that a certain fatigue sets in at about the fifth cycle and that members begin to feel the desire to pull out their savings. In anticipation of this event, loan sizes decrease significantly after the fifth cycle.

24. Two constraints to expansion of bank activities are lack of transportation by bank members to attend a wider range of periodic markets and high rate of illiteracy--probably 80% to 90%. Bank members have requested loans for bicycles or donkey carts, but this should not be undertaken as a separate activity by CREDO. Literacy training has been sought through separate funding but unsuccessfully so far. Executive committee members of village banks should be literacy trained, but 48 days of continuous training in the native language is the government standard. This appears ill-adapted to women's time constraints.

25. There has not yet been a formal study on impacts of the community bank program on its beneficiaries. CREDO does have a case study method of evaluating impacts on about one-third of its participants. In practice, only five to eight members per bank are being followed. No attempt has been made yet to consolidate and analyze results of these brief case questionnaires.

26. Together with Freedom from Hunger's partner in Burkina Faso, the Réseau des Caisses Populaires du Burkina Faso, CREDO will undertake an impact study in November-December, 1996. This three-week, collaborative study will compare the straight village banking model used by CREDO to the credit with education (CWE) methodology used by RCPB. Children under two will be weighed and measured and their mothers will respond to questionnaires. A control group will also be used.

27. Although not documented through rigorous survey, CREDO staff maintain that female bank members are being levered out of the vicious circle of poverty through use of this credit. Women have also learned the skills of managing property. In the past, they had little experience in saving, planning expenditures, or resisting family financial demands.

28. Observation indicates that female bank members have also learned basic business skills and something of the time value of money. Women are clearly responsive to price signals and shift activities accordingly. These skills are being honed through the continued use of village bank credit, basically unavailable previous to the program.

29. Women's income has resulted in greater family stability, as well as in welfare impacts, according to CREDO promoters. During the period of structural adjustment and devaluation in Burkina Faso over the last 7-8 years, many men lost their jobs and migrated to Ivory Coast or Ghana for wage work. Women's income compensated for this income loss and permitted many men to return home.

30. It is fairly clear that female bank members are spending their increased income on family consumption goods, particularly on food and medicines for children. They have also tended to place more children in school, although the exact impact has not been documented. Nor has it been determined if this increased ability to pay school fees has resulted in equal numbers of girls and boys added to school roles.

31. In the CREDO individual loan program to graduate bank members, there are currently five individual loans outstanding at 12% for a term of one year with the first payment deferred one month. These loans are in the peri-urban areas of Ouagadougou and are between \$400 and \$600. These are granted only to those bank members who have completed the three years of community bank activity. In order to be granted a loan, the borrower must have on deposit with CREDO a minimum of 50,000 F (\$100) and loans are a maximum of four times the value of savings. This program, as it expands, is certain to be overly labor intensive for CREDO promoters. Interest revenues are also certain to fall, since these loans are much cheaper than village bank loans (12% per year compared to 30% for banks). Such a loan program for individuals outside village banks should be kept restricted in future.

## V. RECOMMENDATIONS

### *World Relief Corporation*

1. WRC should deepen its technical capacity in its Wheaton headquarters unit, particularly its capacity to develop in-house technical assistance materials for its implementing partners. These materials should be translated into the various languages used by its partners. Other useful skills to acquire, whether through staff training or addition of new personnel, are sociological analysis and monitoring and evaluation of program impacts.
2. French should be mastered by one or more of headquarters staff, particularly if new village banking programs are launched in Rwanda and Haiti. The success of the Latin America advisor is due in no small measure to his solid command of Spanish and knowledge of Latin American culture.
3. WRC should support both WRH and CREDO in the greater development and analysis of mini-studies and case materials on beneficiary impact. Such technical capacity would be a worthwhile investment for Wheaton headquarters, since demonstrating livelihood impacts may be key to securing funding in future. Consultants may be used, if WRC feels it does not feel able to afford a full-time sociologist/evaluation specialist.
4. In view of the lag in matching fund spending, WRC should increase its level of support to the field, particularly technical assistance to CREDO in Burkina Faso. Should funds permit, another field program may be envisaged, possibly in Haiti or Rwanda.
5. Technical assistance to CREDO should focus on strategic planning, particularly the development of a growth strategy and sustainability plan, and on program development. A review of CREDO's program activities and policies will reveal some paths better avoided, such as the individual loan program and acting as savings repository for inactive village banks.
6. The amount of face-to-face interaction between regional and technical advisors from WRC and CREDO program and administrative officers should be increased. This will generally mean WRC personnel visits to Burkina Faso. Weakness in the French language should be addressed, either by intensive language training or use of consultants.

### *World Relief/Honduras*

1. The maintenance of all village banks on a weekly repayment schedule is very labor intensive for promoters, who also have an increasing number of individual loans to supervise. Groups on a six-month cycle should be moved to a biweekly, then monthly repayment schedule, assuming no problems arise in arrearage within groups.
2. Solidarity groups, which do not function effectively in WRH village banks, should be given life and should serve a stronger role in covering intra-cycle late payments. The strength of solidarity groups in Burkina Faso is closely related to on-time payments. The use of solidarity groups within village banks to collect monies on a weekly, biweekly, or even monthly basis for regular deposits to bank accounts should be encouraged.

3. Reasons given for high turnover in WRH village bank groups appear to stress intra-group conflict, population mobility, and inability to accept group rules, many of which are not changed over time as the composition of groups changes. The creation of strong solidarity groups within village banks may be a partial solution to this instability.
4. World Relief/Honduras should increase the number of female promoters significantly. Village bank members are all women, yet there is at present only one woman promoter. Previous attempts to hire female promoters have foundered over the issues of transportation by motorcycle and personal security. Yet, interaction between program promoters and women of the banks is too important for continued success to be derailed by fear of motorcycle use or security issues. There are female promoters who will use motorcycles, while male promoters also face risk. Visits to peri-urban areas can be made in tandem, while direct deposit of monies to accounts can reduce the frequency of visits by promoters.
5. WRH should add sociological depth to its headquarters personnel through training and the addition of a full-time staff sociologist. This will add technical depth to headquarters support of promoters and will assist WRH in going beyond minimalist credit and basic organizational services to its village banks. Empowerment of women and understanding the dynamics of turnover and loan stagnation can be promoted by this in-house sociological advisor. The advisor, however, should have field experience in the peri-urban areas serving as target zones for the village bank program.
6. A study of the profitability of enterprise types would be a worthwhile investment for WRH, now that it has examined membership dynamics in a recently completed report. The question of offering some business advisory services to women should also be considered. Loan stagnation is an indicator of constraints to enterprise expansion, many of whose causes can be elucidated by such a study.
7. A study of the profitability of the individual loan program, in which only 5% of women currently participate, should be undertaken. Loans in this program average \$595 compared to \$66 for village bank members. A comparison of business uses and profitability of these credits and the time it takes promoters to service the loans would be useful in examining the viability of this program. Grouping of individual loan recipients into small solidarity groups may be a good way to reduce transactions costs for promoters.
8. World Relief/Honduras can do more in support of impact measurement. Its participation in an upcoming survey with FAMA in El Paraiso department is a step in the right direction. WRH should undertake its comparative study of child survival and child survival with village banking, as soon as it has successfully begun these programs in the same zone. Beyond these efforts, case studies of women entrepreneurs would prove very useful. Both the dynamics of business success in the Honduran environment and the impacts of business profits need to be better understood. Case studies should go beyond developing a profile of participants, as in the past, and explore in some depth individual economic strategies and uses of credit-leveraged income.

9. The constraints surrounding moving women's economic ventures from very simple, subsistence activities to more productive enterprises should be examined at this juncture. Are individual working capital loans to women, singly or in solidarity groups the way to move many women forward, or are asset loans the key? Micro-lending organizations, including WRC headquarters and its partners, should now be thinking beyond village banking to that array of sustainable financial services they may offer, as village banking becomes operationally sustainable. It is clear that not all women will move from poverty loans to true business development loans, but some will. If only 10% of women in village banks achieve real business success, they will still have significant impact as role models and employers.

10. WRH should consider the use of matching grant funds for the individual loan program and other innovative financial services with which it would like to experiment in the search for next steps. Training in basic economics and business practices may also be offered to businesswomen, solidarity groups, or entire village banks. USAID project management should be approached under this grant to authorize innovations that may set the stage for a new matching grant in 1998.

### *CREDO*

1. CREDO needs to address the issue of its beneficiary focus. Currently about one-third of all banks have male members. The policy is to avoid male membership in new banks, but to allow such inclusion if women so request. It would be advisable to establish a uniform policy restricting membership to women in all new banks, since other than financial goals for banks members, such as empowerment, may suffer from the presence of men, however creditworthy they may be.

2. CREDO needs to establish clear policies with regard to the future of "graduating" banks. Since these banks are no longer able to function without assistance from CREDO when members redeem their savings, they do not, in fact, graduate, but dissolve. There are some exceptions to this, however, which should be examined as graduation models for groups desiring to graduate in future.

3. The practice of acting as a savings repository for inactive members should not be continued by CREDO. Although this money may earn interest and no interest is paid to savers, transactions costs of this service for an increasing number of former bank members are overly high. This is moving too far from village banking.

4. The option of extending individual loans to former bank members is also problematic. Not only does it contribute to bank dissolution, because of the great popularity of individual loans, but at 12% the interest charge is much too low compared to the 30% annual interest for village bank members (3 cycles at 10%). In addition, amounts equal to 25% of the loans are kept on deposit by CREDO. As the number of these loans grows, promoter workloads will become overly intensive. Before engaging in this program beyond a few experimental loans, CREDO must be sure it has the personnel and resources to assure its support to what should continue to remain for the foreseeable future a sideline to village banking.

5. CREDO should focus on convincing bank members to remain in their banks, while redeeming only a part of their savings. If all savings are taken, then enough monies should be left to constitute a loan loss reserve and group fund. CREDO should, thus, offer individual loans only to good credit risks who stay in their bank programs and should not take savings deposits from graduated members. CREDO should focus on building its bank portfolio and growing loan size. Graduation, as a concept, should be abandoned.

6. Related to growing loan size and number of banks is the drive toward operational and financial sustainability, concepts which should become the basis of new strategic planning and annual action plans. Progress has been made in recent years, but graduating banks in the next two years will stall progress and require renewed efforts to expand the loan portfolio.

7. The CREDO case study materials, currently gathered on a few members per bank, should be synthesized on a yearly basis. These case studies, although somewhat skeletal, may show some impact trends on beneficiaries. Their results should lead the way to a more comprehensive study in future.

8. Beyond participation in the joint impact evaluation with RCPB in late 1996, CREDO should plan similar efforts in future, especially if significant impacts are found. If it is discovered that impact on children is significantly increased by targeting health and nutrition messages to women, CREDO should consider introducing such a component to its minimalist credit activities.

9. Two issues requiring decisions by CREDO are what to do about the illiteracy of bank members and about continued requests for separate transportation loans, particularly bicycles and donkey carts. Launching into a literacy program, even if funded by separate grant, should be undertaken only if it can be streamlined enough to avoid constraining women's scarce time. Nevertheless, one or more members of each village bank should receive some level of literacy and numeracy training.

10. Developing a transportation loan facility for bicycle purchase may be possible as individual loans to bank members or as part of a regular village bank loan. This will have to be reserved for good credit risks and for those able to generate significant levels of additional sales through increased mobility.

## **VI. DETAILED PROGRAM FINDINGS**

### **A. HONDURAS**

#### **1. Nature and Quality of Staffing and Administrative Support**

##### *1.1. Governance*

1. Governance, which refers to the overall leadership of the board of directors and general assembly and their interaction with WRH executive officers, appears harmonious and well linked to its advisory and final decision-making roles. The twelve-member general assembly (asamblea

general) is currently composed of four church leaders (evangelical); two engineers; two physicians; one economist; one sociologist; one lawyer; and one bilingual executive secretary.

2. The board of directors (consejo de direccion y administracion) is elected once a year in December and consists of five members drawn from the general assembly. It has been operating as a significant advisory force for the last three years. The board contains a president, secretary, treasurer, and two members-at-large (vocales), who can substitute for the board's officers as needed. The president and treasurer are church leaders and the secretary is a bilingual executive secretary. The two members-at-large are a church leader and an economist.

3. The significant representation of church leaders within the general assembly, especially the board of directors (3 of 5), underscores the social mission of World Relief/Honduras, which, while proud of its finely-tuned credit program, nevertheless feels its mission is to achieve an increase in human welfare and well-being.

4. The board of directors normally meets twice a year in normal session: in June to approve the next operational plan and accompanying budget; and in December to elect new members. When decisions are needed for extraordinary expenses or situations, the board may meet at any time.

#### 1.2. *Organization of the Income Generation (Credit) Program*

1. World Relief/Honduras has two program areas, child survival and income generation (credit). Each of these programs is headed by its own director under the overall leadership of the executive director, Roberto Ruiz.

2. Vidal Saucedo, director of the income generation program, supervises the operations of four regional offices as well as the headquarters areas (greater Tegucigalpa). Saucedo has two assistants, who supervise the credit operations of the facilitators. The largest number of facilitators (10) is found in greater Tegucigalpa, where they are responsible for 88 village banks. Four facilitators each are attached to the regional offices of Catacamas, Juticalpa, and Danli and are responsible for 37, 32, and 36 banks, respectively. Each of these offices is headed by a regional coordinator. Finally, the new regional office in Talanga, supervised directly from Tegucigalpa, has one facilitator responsible for 10 village banks.

3. The administrative director, Sandra Chavez, and her staff (accountant and administrative assistants) are shared between the income generation and child survival programs. These activities are tracked separately, because they respond to distinctly different funding sources.

4. Each facilitator is currently supposed to supervise 8 to 9 village banks and about 50 individual credit loans. Interviews with the facilitators reveal that these targets are essentially being met, although at least four have 10 banks currently.

5. Village bank cycles begin at four months and continue at this rhythm through the fourth cycle. During the fifth and sixth cycles the loan term is five months. From the seventh cycle, assuming a perfect credit repayment record, bank groups move to a six-month cycle. Repayment of interest and principal and collection of payments by WRH continues to be on a weekly basis,

however. WRH experimented with biweekly repayment two years ago but found that the repayment rate fell significantly. A return to the weekly repayment practice was deemed necessary.

### 1.3. *Strategic Planning*

1. As early as 1993, in the first year of the matching grant but largely unrelated to assistance under that grant, World Relief/Honduras began a process of strategic planning with both technical and financial support from the ANDI-PYME program and its successor, the Fundacion Covelo (USAID-funded). The first plan covered the period 1993-1995 and proved an excellent training experience for WRH, which was able to improve the management and overall operation of the income generation program, while establishing at the same time the basis for its operational and financial sustainability.

2. In December, 1995 World Relief/Honduras adopted a new five-year strategic plan (1996-2000) and an operational plan for 1996. Consultants from Fundacion Covelo again assisted in the elaboration of these plans, while numerous discussions were held among WRH staff, notably in July and again in December, 1995.

3. The vision that World Relief/Honduras has set out for itself is stated in the new strategic plan to be the entrepreneurial and financial consolidation (strengthening) of the institution to carry out its objective of the integrated development of its target population--primarily women--through extension of credit, training, and reproductive health services.

4. The WRH mission statement is essentially the same as its vision: to contribute to the development of Honduran communities by means of reproductive health services and the extension of credit and training to small and micro-entrepreneurs. The overall objective of these services is the improvement of the general standard of living of families. In its mission statement, WRH stresses the fact that it will pursue its objectives using competitive and efficient mechanisms with a view to obtaining sustainability for itself and its clients.

5. WRH has laid out three strategic objectives over the next five years:

- Internal consolidation -- Consolidate the competitive position of WRH as an entity specialized in credit, training, and reproductive health programs.
- Expansion of services -- Expand credit and reproductive health services to include greater population coverage, wider geographic area, and more focal areas, including a clearer understanding and practice of a gender-linked focus.
- Systems improvement -- Develop complementary services, improve and expand service delivery mechanisms, be open to innovations responding to client needs, and promote the sectoral roles and responsibilities of private development organizations.

6. Twenty-two goals (metas) are stated in the strategic plan for achievement by the end of the year 2000, including 18 quantitative indicators for the credit (income generation) program. The latter are divided into impact (4 measures), financial (5 measures), and efficiency indicators (9 measures). Each indicator has a proposed value for each of the five years from 1996 through 2000.

7. The great majority of these strategic goals for the year 2000 (16 of 22) deal with internal WRH administrative, programmatic, and particularly financial efficiency. Two goals deal with training, and three concern programmatic expansion or innovation. A final goal contains the 18 indicators for the credit program with preliminary forecasts for each of the next five years.

8. Some expansion to nearby areas to the north and south is envisioned, although not detailed in the strategic plan. WRH wishes to remain concentrated to avoid dispersion and long lines of communication. The next regional office will be in Comayagua to the south, a city of 100,000 with much opportunity for village bank development. WRH will continue to avoid working in rural areas where there are no commercial banks, limited market opportunities, and potential security problems.

9. Again not stated explicitly in the strategic plan, WRH wants to expand its credit services to include small solidarity groups of entrepreneurs, where more productive enterprises and longer loans can be extended (as in the individual loan program now with its loan terms of one year and monthly repayments). In some areas around cities or towns, agricultural production may be possible, such as livestock raising and vegetable gardening.

10. While somewhat skeletal and notably short of even general prescriptions for reaching most objectives, the Strategic Plan 1996-2000 is, nevertheless, an excellent step forward in what should become an institutionalized process of strategic and operational planning and budgeting. Two of the goals for 2000, in fact, concern this institutionalization process.

11. Until the next strategic plan in 2000, it will be the role of the annual operational plan to set out the specific objectives each year and the actions by which these short-term objectives are to be achieved. The introduction to the 1996 plan underlines this commitment to operational planning, while apologizing for the possible faults of the present document.

12. The 1996 Operational Plan (plan operativo) sets out the same vision and mission statements of the Strategic Plan 1996-2000 and reiterates the three strategic objectives: internal consolidation, expansion of services, and systems improvement. Pro forma balance sheet and income and expense statements for 1996 are annexed. In a final section on definition of goals, 15 specific objectives, often stated quantitatively, are set out.

13. While somewhat ambitious, given the scarcity of available senior-level personnel to develop or oversee the implementation of these objectives, these year-end objectives are, nonetheless, clearly stated and highly informative of the way in which WRH management sees its evolution into the future. The 1996 objectives are congruent with the long-term goals stated in the strategic plan, but they may be more than the organization can achieve in one year. Should this be the case, goals for 1997 can be adjusted accordingly, and the personnel or consultant needs for achieving these objectives may be more realistically defined and budgeted.

14. The 1996 Operational Plan refers to the development of monthly, quarterly, and semestrial work plans for those charged with achieving the various annual objectives. Training of this personnel to do these short-term plans is to have occurred by the end of 1996. The development of personnel, management, and financial manuals is under way.

15. Some of the specific credit program objectives for 1996 are:

- Raise the number of active village banks to 222 by year's end with an active membership of 7,500, and a total number of loans granted during the year of 19,800.
- Increase the number of clients of the individual microenterprise development loans by at least 318 by year's end.
- Raise the level of the active loan portfolio to at least 6.3 million Lps. by the end of 1996 and achieve an overall WRH equity value of some 10.3 million Lps.
- Raise efficiency indicators to 84% for equity sufficiency, 52% for productive capacity, 52% for credit servicing, 29% for operational efficiency, 113% operational self-sufficiency, and 63% for financial self-sufficiency. As shown elsewhere, the proposed 1996 objective for operational self-sufficiency had already been achieved by March 31, 1996 (114%), while that for financial self-sufficiency had been significantly exceeded (95%).

16. Training for WRH personnel incorporating a gender-analysis focus has not yet occurred this year but is planned. In view of the fact the client population is entirely women in the credit program and the facilitators and management staff are overwhelmingly men, the need for gender analysis is critical. This should be a priority for 1996, as well as the hiring of new female facilitators for the expansion area referred to in the 1996 plan.

#### 1.4. *Personnel*

1. The personnel of World Relief/Honduras appear to be highly competent and motivated. It is clear that management is lean, with an executive director and two program directors, one for reproductive health and one for the credit program (income generation). In the credit program the director has two assistants to help with management tasks, one in charge of overseeing the village banks in Tegucigalpa, the other largely responsible for overseeing and coordinating credit operations in the field offices. These assistants may occasionally have direct facilitation responsibility for a few banks.

2. The administrative director and her staff appear highly competent, although the difficulty of retaining good accountants and financial managers, in contrast to bookkeepers, has been a problem.

3. The 23 facilitators (promoters) who work directly with the village banks have responsibility for from seven to ten banks each, most frequently ten. Each facilitator spends about two to three hours per week with each bank: attending the weekly meeting during which he assists with money collection and report preparation; and transporting payments (group savings and loan/interest repayment) to a commercial bank.
4. Facilitators have responsibility for training new village banks in the procedures and reports necessary for operations. Each new bank receives about 14 hours of training, given in two-hour segments in seven consecutive weekly sessions. New members to existing banks must also receive training prior to initiating their first loan. This six-hour training consists of three consecutive two-hour sessions.
5. Training of promoters and village bank members relies on a few basic materials, largely developed by World Relief/Honduras with assistance from WRC or the Covelo Foundation. The oldest of these materials is the "Guide for the Implementation of Village Banks" (September, 1993). This document covers all the basic information a promoter needs to set up a bank. A detailed nine-step program for bank creation and member training is presented in this document.
6. A second document consists of training materials for promoters in following the performance of village banks. It is entitled simply "Monitoring" (seguimiento). The document focuses on helping facilitators (promoters) to identify the strengths, opportunities, weaknesses, and threats to their banks. This methodology is also taught to village bank members and their administrative committees.
7. A more recent document was developed with the assistance from the Covelo Foundation, entitled "Credit Regulations" (reglamento de credito). This document defines and systematizes the various practices already under way in the WRH program. The various chapters cover: objectives and strategies of the program; users of the credit service; specific conditions to be a credit recipient; types of loans; loan terms and conditions; credit approval; types of credit guarantees; credit procedures; and loan formalization and disbursement.
8. Business training materials for use primarily to assist facilitators in being more effective in advising their bank groups have been obtained from the Fundacion Dominicana de Desarrollo. The three volumes of the series are entitled: "Course 1: Controls for Expanding the Enterprise"; "Course 2: Project Planning"; and "Course 3: Marketing." These documents are not used to train village bank members.
9. Facilitators meet once every two weeks for about 1 1/2 hours to exchange experiences and to make suggestions concerning innovations.
10. The educational level of facilitators is generally equal to high school completion, with a few promoters with university-level training. They are obviously young and dynamic and the 2,500 Lps. (\$225) seems a fair monthly salary for this level of education and activity. There is, however, a growing concern over promoter security, as even weekly repayment collection of relatively small sums may attract delinquents, if carried out on a predictable basis (as is the case now).

11. Only one of 23 facilitators is currently a woman, although all village banks are composed only of women. This was not raised as an issue by members, but WRH has been very aware of the problem. At least three previous facilitators have been women, but left their positions fairly quickly. Two constraints for female supervisors are stated to be their reluctance to ride large motorcycles and the danger of assault. Nevertheless, the limits of male facilitators in dealing with women's groups are recognized by WRH.

## **2. Nature and Effectiveness of Financial Monitoring and Reporting**

1. Monthly financial reports are sent to World Relief Corporation on the situation of the credit portfolio, called the Loan Repayment Summary (Resumen de Mora), sub-titled "Report on the Analysis of the Aging of Sums Owed" ("Informe de Analisis de Antigüedad de Saldos--Cuotas Acumuladas"). This report carefully tracks internal indebtedness of all village banks and allows WRH and the microenterprise specialist in WRC to keep a careful eye on patterns of repayment of individual loans to the village banks.

2. The Loan Repayment Summary details the state of village bank progress in loan repayment internally, although not by individual members. This last information is, of course, collected by the promoters to yield the collective results for each bank. The state of repayment is broken out by village bank loan size, geographic zone, and credit supervisor and shows the amount of repayments (cuotas) overdue compared to total loan amount (saldos) for periods ranging from current to more than 180 days delinquent.

3. The Covelo Foundation, a USAID-funded microenterprise consulting group in Honduras, requires detailed reporting on a quarterly basis. Covelo assisted in installing a computerized system permitting the tracking of a host of variables all considered useful indicators. This system includes in Section I on "impact indicators": number of clients and portfolio level by type of client; number and amount of loans by type of client; distribution of the number of loans according to size; distribution of the amount of loans by size; employment generated and sustained by gender. In Section II, termed "results indicators", information is reported on: basic financial information--state of accumulated results; and analysis of returns and the structure of costs. In Section III of the Covelo report, termed "financial indicators", one finds: basic financial information--general balance sheet; financial coefficients; and portfolio at risk and aging of the debt. In Section IV, "termed indicators of productivity", one finds: productivity by promoter and employee; and loan terms and credit policy.

4. The new individual loan program financial tracking system has not yet been installed in WRH, so that information supplied to Covelo Foundation is done so on Lotus spreadsheets.

5. In World Relief Corporation headquarters the microenterprise specialist (Graber) carefully maintains a Lotus projection tool which tracks and projects forward through Cycle 18 some 17 key variables, in addition to individual loan fund and group or bank loan fund projections. Beyond these data, the projection spreadsheet tracks and projects through Cycle 18 a total of 24 key program indicators. In a final section of the projection tool, field program expenses, including salaries, administrative overhead, loan funds, number of groups operating, income and expenses, savings, and percent self-sufficiency are tracked and projected from 1992 through 1997.

### 3. Nature and Effectiveness of Program Monitoring and Reporting

1. Program monitoring is based on the strategic planning documents, including the annual plan. These documents are discussed at length under strategic planning. These tools appear effective, although the annual plan is ambitious and will need revision at the end of 1996.

### 4. Characteristics of the Village Bank Groups

1. The following village bank groups were visited during the evaluation:

Village Bank	Members	Cycle	Location
Mana de Dios	23	4	Danli
Amor en Cristo	38	6	Danli
Bendicion de Dios	28	6	El Tablon
El Jordan	60	6	Comayaguela
Union de Mujeres	31	8	Tegucigalpa
Union y Esperanza #2	57	5	Tegucigalpa
Camino a la Superacion	36	11	Tegucigalpa

2. Village bank meetings appear orderly and disciplined, and it is clear that their members--all women--are proud of their organization and extremely pleased to be given this chance to prove themselves. Nevertheless, there is enough casual inference to conflict within groups by members and facilitators (promoters) that problems must occasionally arise.

3. Whether such intra-group conflicts are an essential cause of high membership turnover is not clear. Certainly, members themselves, while alluding to occasional conflict, do not stress conflict as a significant cause of the turnover they all recognize. Nor do the members appear to perceive this turnover as counter-productive to efficient group functioning. Members of the groups visited during the evaluation tended to mention high population mobility and lack of personal discipline as the most important reasons for membership withdrawal. There are clearly always new candidates ready for membership, who normally must attend a few weekly meetings before they are allowed to join the village bank group.

4. Membership turnover was studied by a WRH consultant, whose report was submitted in December, 1995 (see A. Eligia Murcia, 1995). A sample of nine village banks with 605 active members was examined for member turnover. For those banks having completed nine credit cycles, the average dropout per cycle was 22%. For those banks having completed six cycles, only 15% of current members had participated from the beginning of bank life, while 22% had participated in at least five of the last six cycles. On the other hand, 32% of current bank members had participated in only two or fewer cycles. About 6% of current bank members had left the bank and reentered at some point during the six cycles.

5. A number of reasons are given for withdrawal of members in the Murcia study, including:

- Weekly repayment of loans is onerous for many members
- Time spent each week in regular meetings and in special bank-related events constrains many women

- Bank rules and by-laws, as well as the need to guarantee other women's loans, the payment of fines, and contributions for group activities, all appear to constrain many members
- Use of loan funds for personal, rather than productive uses
- Falling behind in weekly payments and inability to cancel the final debt cause many members to withdraw
- The need to have access to savings for emergencies causes women to withdraw from their banks
- Occasional problems with facilitators, such as the problems in Juticalpa in 1994 where facilitators turned disloyal to WRH, can affect members' desire to remain in their banks
- The difficulty of finding a suitable meeting place has caused the withdrawal of some members
- The need for larger loans with longer repayment periods can lead to dissatisfaction with village bank activities
- Payment of interest on sums past due can cause serious dissatisfaction of members
- Health problems appear to cause frequent member withdrawal
- Turnover of founding or early members in the first three loan cycles has serious repercussions for later cohesiveness and morale
- Rules and by-laws established by founding members sometimes constrain members joining later.
- Lateness in repayment of loans within groups by some members takes a toll on the whole group

6. On the other hand, women of the village bank groups give a variety of reasons for participating in the WRH program. These are in order of frequency:

- Opportunity to increase earnings
- Opportunity to increase commercial activities
- Opportunity to save and learn saving habits
- Companionship and solidarity
- Increased social exchange in neighborhood
- Increased personal discipline and responsibility
- Greater appreciation of the value of prayer and moral values

7. With respect to the attractiveness of the program, women stress the low interest rates of the village bank loans (36% annually) compared to the 10% per day or week of local money lenders. Members also constantly refer to the need for oversight by WRH facilitators, whom they appear to appreciate almost as much as the availability of credit at affordable rates. Moreover, members do not appreciate a change of facilitators, although this has occurred several times for some groups. While some turnover of facilitators is unavoidable over time, WRH should take care to move facilitators as little as possible. In general, village bank members appear extremely pleased with the WRH program and often refer to its availability in their neighborhood as a "godsend."

8. Village bank members use their small loans to increase the level of their customary commercial activities; few have diversified into new activities. While the vast majority manage to pay back their loans by the end of cycle and to meet the 20% savings target, the profitability of businesses ranges widely. A handful of women (334) have graduated to the level of individual loans, a facility only recently created by WRH (July, 1995) to accommodate high credit needs for particularly able business women.

9. While women stress the value of increased disposable income as well as savings, facilitators tend to agree that the ability to save is of most importance to the women of village bank groups. Virtually none of the women had been able to save prior to joining the banks.

10. Up to about one year ago the savings of bank members (plus some fines and other levied fees), known as the internal fund, was used to extend loans to members beyond those received from WRH through the external account (the loan by WRH to the village bank). The practice had to be discontinued because of problems of delayed repayment within banks and of the very real risk to women's accumulated savings.

11. Very few women actually hire employees, although in some cases children may assist in marketing. Most marketing activities are from the home or door-to-door (ambulatory). In a few cases, women have set up a stall in the marketplace. Occasionally the husband may market the women's goods. Women tend to work alone in their commercial activity. Potential objectives of promoting group commercial activity or significant employment creation cannot yet be met by this level of income generation.

12. The most common forms of income generation for village bank members are: food processing (bread, pastries, tortillas, snacks); selling used clothing from the United States; selling new clothing; buying and selling other goods (kitchen ware, shoes); running a small grocery store (pulperia); making and selling clothing or bedspreads (sewing and weaving); making and selling shoes; buying and selling cosmetics; and buying and selling vegetables.

13. The profitability of these enterprises is unclear and must vary greatly. The village bank members also vary considerably in the degree to which they can distinguish profit from earnings. Sufficient study has not yet been conducted by donors to determine which activities are most profitable and which entrepreneurial characteristics are most correlated with high profitability.

14. Among the many constraints to women's time are domestic responsibilities, which are intensified for the nearly one-third of women who are single, often with children. Single women without children often were most mobile, traveling to Guatemala and El Salvador to purchase goods for resale in Tegucigalpa. On the other hand, single women with small children were clearly hampered in their time availability and mobility.

15. Women members do not mention constraints from husbands in meeting their weekly meeting attendance obligations. However, it is alleged that a major constraint to joining the groups is the husband's opposition. Men are stated to be jealous of women's mobility and independence and of the possibility they may encounter suitors. Thus, village bank members are generally women who have already experienced a fair degree of autonomy within the household, or who are single. It is not clear what proportion of neighborhood women are in fact prevented from participating in the village banks.

## **5. Nature and Progress of Program Outputs**

### *5.1. Progress of the Credit Portfolio*

1. World Relief/Honduras has made significant progress in expanding its portfolio of village bank loans during the course of this cooperative agreement. Since the beginning of the agreement on October 1, 1993, a total of 33,662,550 lempiras (\$3,029,932) have been lent to the village banks, an increase of 589% from total credit extended prior to that date--5,717,700 Lps. (\$514,644). Adjusting for the steadily declining value of the Honduran currency, World Relief/Honduras has since mid-1991 lent out a total of \$4,167,925.

2. The number of loan recipients (direct beneficiaries) since the inception of the matching grant is 15,501. These village bank members have received an average of 2,172 Lps. (\$195) during the 2 1/2 years of the current matching grant.

3. The number of members of the 198 active village banks totaled 6,780 on March 31, 1996, with an outstanding loan value of 4,969,108 Lps (\$447,264) and an average loan value of 733 Lps. (\$66) per participating bank member. Since most bank members take about three loans per year, this would indicate that yearly credits per beneficiary are running about \$198.

4. These figures reflect significant growth over the previous six months. At the end of September, 1995, there were 184 active village bank groups, up 33 from one year earlier. At the end of March, 1996, village banks numbered 198, with 23 new banks already launched this fiscal year.

5. Over the last six months the village banks have made some 9,580 loans for a total of 11,005,000 Lps. (\$990,549). Bank members receiving loans during the first half of FY 1996 number 8,481. This translates to an average loan size of 1,149 Lps. (\$103) and average total credit per beneficiary of 1.298 Lps. (\$117).

6. The microenterprise development loans, on the other hand, were only launched in July, 1995. To date a total of 2,213,700 Lps. (\$199,253) have been lent out in 335 loans averaging 6,608 Lps. (\$595). The number of individual beneficiaries of these loans is 334.

7. Bank member savings totaled some 7,595,717 Lps. (\$683,683) over the course of village banking activity from July 1, 1991 to January 31, 1996. The savings balance at the end of January, 1996 was 3,148,916 Lps. (\$283,431), down in dollar terms from September, 1995 (\$327,450). About 5% of this lesser value reflects the depreciation of the lempira with respect to the US dollar.

8. The average loan size of \$103 for the first six months of FY 1996, if continued for the remainder of the fiscal year, should yield an annual credit availability on average of about \$309. It is estimated that the activities engaged in by village bank members turn about 30% profit, roughly \$93 of new income per year. This is equal to about 16% of Honduran GNP per capita.

### *5.2. Village Bank Arrearage*

1. The total amount of loans in arrears within village banks on March 31, 1996 was 451,066 Lps. (\$40,600). This represents all payments overdue by members and constitutes 9.1% of the total of outstanding loans (4,969,108 Lps). Of this total 38% was in arrears from 1 to 15 days, 50.4% from 16 to 30 days, and 11.5% from 31 to 90 days. No loans were in arrears over 90 days.

2. Bank members' weekly reimbursements of interest and principal that are overdue less than 16 days are not considered at risk by World Relief. Village banks with member loans more than 15 days in arrears are considered to be at risk for partial loan capital loss. On March 31, 1996, 42 banks with 15.2% of outstanding loan capital were technically at risk of suffering some decapitalization. However, the fact that no arrears were outstanding beyond 90 days attests to the high likelihood of repayment of principal and interest by the village banks. On the other hand, the fact that 97 banks with 46.4% of the outstanding loan balance are affected by some degree of late repayment for up to 15 days indicates the need for careful attention to bank member reimbursement. While altogether 61.6% of total funds are thus affected by some arrearage and are technically at risk for incomplete reimbursement to World Relief, the actual amount truly in arrears is much smaller (9.1%).

3. The loan loss reserve held by WRH is 129,000 Lps. (\$11,611), or 1.8% of the active portfolio of 7,149,000 (\$643,474), itself composed of 4,969,108 Lps. (\$447,264) to village banks and 2,179,892 Lps. (\$196,210) to 334 individual microentrepreneurs.

### *5.3. Bank Closings*

1. Only 6 village banks have ceased operations during the course of the matching grant. Three of the banks were closed down because of the great distance involved in servicing them. Three other banks were taken away by WRH facilitators who launched their own NGO; about 35,000 Lps. (\$3,150) have not been recovered from these banks.

## 6. Nature and Magnitude of Program Impacts

1. WRH has twice attempted to study the socio-economic characteristics of program participants and likely impacts on their standard of living. The first attempt was in 1993, when 10% of village bank members were interviewed with a view to following their progress over time. Unfortunately, the high turnover of bank members left insufficient respondents for the follow-up study one year later. This approach was subsequently abandoned after the baseline, in favor of a sample of 10% of banks, all of whose members would be tracked over time.

2. While the 1993 baseline report, entitled "Socio-economic Report on the Beneficiary Population of the Income Generation Project ("Informe Socio Economico de Poblacion Beneficiada por el PGI"), did little to gauge true impact, it was useful in establishing a first profile of village bank participants. This is, of course, a solid first step in targeting program activities and hypothesizing potential impacts on households.

3. A second attempt to study beneficiary characteristics and impact was made in 1995. The report, entitled "Evaluation of Impact of the Village Banks" ("Evaluacion de Impacto de los Bancos Comunes"), used a sample of 17 banks (with 466 members) of the 174 active at the time. It employed a case study questionnaire developed with the assistance of Ken Graber from WRC. Its objective was to study the socio-economic status of participants' families, the organization and social reach of the banks, and banks' internal administration.

4. While not actually measuring impacts on participants, the study was found to be useful in evaluating the profile of bank members. Although somewhat short on text, the 55 tables of the report are quite eloquent. The most important findings of the study are:

- About two-thirds of bank members (68%) are in the first three loan cycles. Although 21% of banks are in Cycles 10 to 12, only 3% of members have reached this level.
- Nearly half the members (49%) are between the ages of 15 to 34. Only 10% of members are over 54 years old.
- Nearly one-fifth of bank members (17%) are illiterate with no formal education, 26% have had some primary education (without completing), and 36% have completed primary school. On the other hand, over one-fifth (21%) of village bank members have studied at the secondary level.
- The vast majority of members (88%) have dependent children. The number of women with children under five is not given. However, the 1993 survey reported that 66% of bank members have at least one child under five.
- Nearly one-third (32%) of bank members are without a husband or male companion in their household. Some 25% of members surveyed have dependent children but no husband or male companion.
- Nearly two-thirds (64%) of members have never received any health training.
- The vast majority of bank members have running water (82%) and electricity (89%) in homes they own (60%). This is a reflection of the urban location of WRH activities.

- Loan recipients tend to engage in sales of merchandise, 36% of members resorting to door-to-door sales, while 27% sell from fixed sites (home, street, or marketplace). Nearly a quarter of loan recipients (23%) engage in food processing activities. Some 80% of bank members work from five to seven days per week.
- The vast majority of members (80%) do not have employees in their small businesses. However, nearly one-fifth (19%) of participants do report one or two employees. Nearly three-quarters (73%) of bank members claim not to engage in more than one economic activity.
- Bank members spend their increased earnings primarily for food, health, education, clothing, and the house, in decreasing order of frequency. Only 6% of members surveyed indicate they use some of their earnings for savings, reinvestment in their business, loans to others, or some other investment activity.
- Some 40% of bank members claim that members do not tend to respect their bank's by-laws, and 28% have had to cover late loan repayments of other members.
- The vast majority of members (88%) claim their banks have neither engaged in wider community activities nor established linkages with other community groups.
- Nearly all members (97%) report that bank membership has increased their self-confidence and the confidence of their families in their activities.
- While less than half of bank members (46%) have held positions as officers of their banks, a significant number report holding positions of responsibility in other organizations: 37% in the Parents Association (for schools); 35% in churches; 20% in Homemakers' Clubs; and 18% in the Community Organization (patronato).

5. A third method currently employed by WRH to identify problems within village banks and to seek their solutions jointly with bank administrative committees has recently been launched (February, 1996). In a one-day session, Danli area facilitators used a questionnaire to explore satisfaction of 26 administrative committees (juntas directivas) with the WRH village bank program. Questions covered satisfactions, dissatisfactions, actions taken when a member is behind in repayments, difficulties in carrying out meeting agendas, participation by members in bank activities, weaknesses of the banks, means to avoid late payments, and suggestions for improvement.

6. An aide-memoir on the February session declared that administrative committees perceived the following strengths in the WRH village banking program:

- Acquiring the habit of saving
- Spiritual motivation given by facilitators
- Sharing with other bank members
- Opportunity for rising economically and socially
- Union and solidarity of bank members
- Learning to manage loans

7. Weaknesses of the village banks were also given by the members of the administrative committees:

- Lack of spirit of cooperation
- Apathy of members regarding participation in activities
- Lack of attendance at the weekly meetings
- Little interest by members in receiving training from WRH
- Tardiness at weekly meetings
- Weekly meetings are too short a time for loan repayments
- Lack of willingness to accept leadership positions
- Conflicts between members
- Occasional high number of members behind in their repayments
- Sending weekly repayments to WRH through a representative

8. Finally, members of the administrative committees identified a number of opportunities to bank membership and a few threats to the success of their activities. Among the opportunities learning to manage consecutive loans and to solve problems, personal growth, and training courses all were mentioned, while threats were identified as high turnover and a high degree of late repayment by members.

9. World Relief/Honduras, in conjunction with Freedom from Hunger and their affiliate FAMA, will begin true impact research beginning early in 1996, in El Paraiso department where both have programs. The idea in El Paraiso is to attempt to gauge the degree to which Credit with Education can serve as a proxy for direct child survival interventions without credit. World Relief began a straight child survival program in this area at about the same time (mid-1995) that FAMA expanded its credit with education banking system to areas surrounding Danli and El Paraiso town (late 1994). While useful for comparing child survival activities with FAMA's credit with key health messages, this design does nothing to assist WRH in understanding the impacts of village banking activities on their participants.

10. To examine village banking impacts, WRH plans another study in Francisco Morazan department, although this will have to wait until WRH can launch an appropriate child survival program in that zone. In this study, World Relief hopes to compare a sample of village banking members exposed to a WRH child survival program in the same area with a sample exposed only to the child survival program. A third, control group outside both village banking and child survival activities would monitor whether some change may occur for extraneous reasons altogether. The studies would last from one to two years with outcomes measured against a baseline to be conducted prior to the study period. One of the more powerful statistical outcomes is hoped to be found in measurements of children under two years old.

11. While a step in the right direction, such research, even if it yields statistically significant results, will still not reveal the intermediate steps between women's village banking activities and the use of marginal income to effect positive changes in children's nutritional standards. Whether such positive changes, if they do occur, can be explained by the economic and social empowerment of women, or by the existence of greater levels of disposable income, certainly remains moot. It should eventually be shown through this and other, more sophisticated studies, that positive changes do occur and that they occur because of an interplay of both factors. The

exact role of empowerment of women versus their marginal propensity to consume for household welfare purposes may yet be elucidated. For the moment village banking in Honduras and in other countries is largely operating on faith, in the absence of solid evidence of the welfare impacts all programs seek for very poor populations.

## **7. Progress toward Achievement of Program Purpose**

1. The goal of the World Relief/USAID matching grant 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 families."

2. The purposes of the matching grant given in the program description of the cooperative agreement are:

- "To develop self-sustaining microenterprise credit programs in Honduras, Burkina Faso, and Mozambique"
- "To provide training and financing to community banks (CB's) serving primarily poor women in order to help them achieve self-sufficiency"
- "To expand the capacity of World Relief Corporation (WRC) to evaluate, monitor and extend its microenterprise methodology to other countries"
- "To enable WRC counterparts in 3 countries to improve the health and well-being of children"

3. While only three countries are named in the matching grant contract, WRC has extended training and technical assistance to secondary countries, as directed by the agreement. The latter now include Liberia and Haiti.

4. The evaluation examined only the programs in Honduras and Burkina Faso, that is to say those programs already existing at the beginning of the grant agreement and which were considered to be "well-designed with potential for replication."

5. The World Relief/Honduras program has developed rapidly during the 2 1/2 years of the matching grant, starting with 92 banks on October 1, 1993 with 3,027 members, an outstanding loan balance of \$145,410 and accumulated savings of \$154,140 and rising by the end of March, 1996 to 198 banks with 6,780 members, an outstanding loan balance of \$447,264, and savings of \$283,431 (figure for January 31, 1996). In terms of bank creation and beneficiary number and benefits, WRH has clearly been fulfilling the program purpose.

6. The current dollar values for loan balance and savings understate the real (lempira value) increases since the beginning of the grant agreement by about 30%, due to the steady decline of the lempira vis a vis the dollar. There has thus been a 115% increase in the number of banks, a 124% increase in bank members, and nominal increases of 208% in outstanding loan balance and 84% in savings. In constant lempira terms (1993-1996) these last two percentage increases should be approximately 300% and 139%. Of course, the purchasing power parity of the lempira has dropped accordingly.

7. World Relief/Honduras has already surpassed full operational sustainability--114%--by March, 1996 and is closing in on financial sustainability--95%. It is quite possible that full financial sustainability will be reached by the end of the five-year grant period. WRH is making superior progress toward reaching the program purpose of developing self-sustaining microenterprise credit programs in Honduras.

8. World Relief Corporation through its affiliate WRH has provided significant training and financing to community banks serving poor women. WRC and WRH are clearly fulfilling this aspect of the program purposes in a more than satisfactory manner.

9. The WRH program has allowed WRC to refine its knowledge and methods in village banking and to refine its model for extension to other countries. Currently, it has begun similar programs in Liberia and Haiti and is planning a third activity elsewhere by the end of the grant period (1998). Part of the lessons learned in Honduras for WRC flow from the assistance provided by another USAID-financed project to WRH through the Fundacion Covelo. Considerable progress in strategic planning and financial monitoring have been realized in WRH through consulting assistance provided by Covelo. These in turn can be used by WRC in other country programs as appropriate. However, WRC has decided to use its CLAMS financial information system elsewhere, because of its perceived superiority to the Covelo-introduced system in Honduras.

10. The degree to which the village banking activities of WRH are benefiting the health and well-being of children is, however, not yet clear. While the objective of the grant agreement is to use village banking activities to "motivate participation of community bank members in child survival activities", WRC has shifted from an annual report statement focusing on health and welfare benefits for children (1994) to a health and well-being objective targeting women and family members (1995). Whether deliberate or not, this shift of language between the two annual reports does reflect the current inability to judge ultimate health and welfare impacts on female beneficiaries and other members of their household, particularly young children (under 5). It is thus premature to state that this aspect of the program purpose is being achieved, although future studies should assist in clarifying the degree to which this is true.

## **8. Effectiveness of the Program Sustainability Strategy**

1. World Relief/Honduras has made significant progress toward overall program sustainability. According to its calculations, over the period October 1, 1995 - March 31, 1996 the organization has achieved an operational self-sufficiency of 114%, up from 95% in the period October 1, 1994 - September 30, 1995. During the same six-month period, financial sustainability is estimated at 95%. The lack of 100% financial sustainability is due to credit portfolio inflation loss, which ran at 26% in 1995 and is about 20% annually for the first quarter of 1996.

2. The promise of eventual financial self-sufficiency, in addition to already achieved operational sustainability, has resulted in a further grant from Fundacion Covelo of \$200,000 interest free for two years. Support from this USAID foundation over the last three years has had much to do with WRH's close approach to overall sustainability. It appears that WRH is among the top stars of that small group of Honduran micro-credit NGOs that USAID/Honduras has chosen to assist. Of the six Fundacion Covelo clients, World Relief may soon be, if it is not already, the best performing micro-credit agency in the country.

## **9. Nature and Effectiveness of Non-Credit Components**

1. World Relief/Honduras has not attempted to link other components to its village banking activities, as do some other NGOs in Honduras, such as Project Hope and FAMA. This does not mean that there is total satisfaction within WRH with the minimalist, credit-only approach. World Relief/Honduras also engages in significant child survival activities, with much geographical overlap between village banking and maternal/child health activities. WRH senior management comes from a long background in refugee assistance and agricultural cooperative support and feel that their ultimate objective is to induce increases in family well-being, particularly that of children.

2. The first village bank groups were organized in Catacamas in 1991 within the existing structure of women's groups organized for purposes of a child survival project. There was thus an informal linkage between women's participation in CS activities and village banking. Moreover, in El Paraiso, where WRH child survival project activities are also occurring, the local health coordinators ("guardianas de salud") are often members of village banking groups. While not formally organized, these "guardianas" may offer health messages to their groups. There are also health coordinators in Tegucigalpa organized by block and ward, but it is not clear they offer significant health education to the other members of their village banking group. There may be something of a missed opportunity here.

3. WRH recognizes the pivotal role of women in channeling increased income to domestic uses, but they feel that the introduction of health or child survival components to strictly village banking activities is not warranted at this time. Rather, they seek to support and empower women and their banks through training and technical assistance in the management of their groups and group loans.

4. With respect to assistance in economic behavior, marketing, and general business practices, WRH does not foresee offering any business advisory services. Instead, World Relief attempts to link village bank groups with other training sources, particularly those which can improve the profitability of women's economic ventures.

5. The decision to avoid business advisory assistance was taken by WRH from the beginning of the village bank program (1991), because of the lack of success in providing such assistance to farmers receiving credit under a previous program. The idea has always been to work with women who are experienced in their own commercial endeavors, to let them use their credit as they see fit to expand or improve their activities.

6. While facilitators may give informal advice on marketing or credit management, they seek primarily to stimulate discussion within the bank groups. They hope to promote a "culture of self-expression" within and between village banks.

7. That promoting such group discussion of issues may go only so far is attested to by the fact that attempts to engage women in grouped commercial activities have proved fruitless. The women of the village banks resist working together in their enterprises. World Relief/Honduras feels the need to hire a full-time staff sociologist to investigate and advise on socio-cultural issues underlying women's commercial activities.

## **10. Relationship between Implementing Partner Organizations**

1. The relationship between World Relief Corporation and its former subsidiary, World Relief/Honduras is excellent and enduring, in spite of full independence in October, 1995. Even several years prior to this formal emancipation, WRH saw itself as largely autonomous and was registered as a Honduran private development organization (PDO).
2. Currently, WRC supplies administrative and loan fund monies from the USAID matching grant and from other sources and will continue to seek financial support for WRH in the future. In return, WRH submits monthly financial and administrative data to WRC and updates and summarizes this information in its primarily financial quarterly reports. In Wheaton, the microenterprise specialist/Latin America liaison (Ken Graber) closely monitors the financial and administrative data and is quick to point out problems or inconsistencies.
3. Graber makes one or two trips to Honduras each year to supply assistance in financial or portfolio matters, but does not become greatly involved in strategic planning, training, or expansion methodologies. He has, however, become involved in assisting WRH in planning its upcoming impact assessment to be undertaken jointly with FAMA and Freedom from Hunger. Graber remains an ex officio member of the WRH board of directors.
4. The rank and file of WRH seem greatly to appreciate the assistance given by Graber of WRC. Indeed, this financial and credit technical advice was probably crucial in raising World Relief/Honduras's performance to the point where it qualified for special technical support from USAID through Fundacion Coveló.
5. Graber's assistance to WRH is particularly appreciated because it is felt he knows the Latin American cultural context through his years in the field in Bolivia. WRH feels that he and WRC make appropriate decisions, avoid paternalism, and, in general, "speak the same language" as they do. It was Graber and WRC who encouraged WRH to launch its first village banks in July, 1991, with funds from a previous USAID matching grant.
6. Graber's assistance is valued for its technical quality, so that his monthly financial projections are highly prized. When WRH took the decision to establish a microenterprise development loan program for larger, individual loans, Graber was able to make financial projections for the program, which verified its fundamental viability.
7. Continuing salary and loan portfolio support from USAID/PVC channeled through WRC is not only effective, but it is carefully watched and efficiently channeled by WRC. This aspect of the matching grant strategy has been very successful.
8. The concept of partnership seems real in the case of WRH and WRC. Both organizations are in a position to assist the other in many ways. WRC can rely on considerable field information from its partner in Honduras and is in a position to assist substantially through fundraising and expert technical advice from headquarters. This advice includes assistance in the area of measuring and evaluating impacts of village banking programs.

## **B. BURKINA FASO**

### **1. Nature and Quality of Staffing and Administrative Support**

#### *1.1 Governance*

1. There are 12 members of the board of directors of CREDO. These have been elected from the general assembly and represent a wide variety of professions, including medicine (1), churches (3), education (1), banking (1), social work (1), government (3). Two members are external and represent donor organizations. David van Vuuren of World Relief Corporation (Wheaton) is one of these. One third of board members are women. Three board members live in program zones and head up zonal advisory committees.

2. Ken Graber of WRC conducted training for the board members in July, 1995. Training focused on roles and responsibilities of the members. The result is said to be a more active and influential body of members.

3. The heart of the new board is the Executive Committee, that half of the board (five members) who actually reside in Ouagadougou. Moise Napon, secretary general (executive director) of CREDO, will continue to act as secretary to the board until January, 1997.

#### *1.2 Organization of the Credit Program*

1. Once the future groups have been identified and the reconnaissance study has been performed, CREDO begins a rather intensive training of would-be community bank members. In three successive weekly meetings of one to two hours each the promoter explains the basic organization and rules of the community banks, particularly the regulations surrounding credit activities. Roles and responsibilities of both CREDO and community bank are carefully discussed. The normal sequence of these first three training sessions is:

Session 1: Information on the organization of the credit system.

Session 2: Analysis of income generating activities and introduction to solidarity groups.

Session 3: Structure of a community bank and its responsibilities.

2. Following the third training meeting the promoter lets two to three weeks go by before returning to the community for a decision by bank members. If members have accepted the ground rules, they divide themselves into six-person solidarity groups, each with its spokesperson.

3. In the fourth meeting, the various officers of the executive committee (comite de gestion) are chosen from among the heads of the solidarity groups. In CREDO groups these officers are: president, treasurer, associate treasurer, secretary, and associate secretary. The idea is to have each head of solidarity group have a position of responsibility within the executive committee of the overall community bank. Barring unusual circumstances, these officers do not change over the life of the bank. Internal bylaws are also established during this exercise.

4. Members of the executive committee of each bank are then trained in two further sessions, the second of which corresponds to the first credit disbursement. The first training session is three days and covers all the essentials of managing a community bank. The committee learns that the interest rate will be 10% for the four-month cycle, plus 10% mandatory savings during the same time. Reimbursement will be monthly without a grace period and will include principal, interest, and savings. All monies must be paid by the end of four months or the community bank will be sanctioned by withholding a future loan until the monies are paid. The second session corresponds to the first disbursement under the careful eye of the promoter.

5. Promoters continue to control disbursements and reimbursements for three cycles. During the first two cycles, the promoter counts the money to each member. For the third cycle, she will deliver a lump sum to the bank executive committee and watch them divide the money. After the third cycle (one year), the promoter will deliver a check or cash to the president and treasurer of the committee for later division among members. She will, of course, check bank records and quiz each member to determine that amounts delivered correspond to those recorded in bank books. Cases of discrepancy have arisen.

6. After the third cycle, promoters will also allow deposits by bank executive committees directly to an account, if such is available to the bank. This requires literacy of bank committees, as well as a location near urban areas. However, some committee members have been cheated by bank tellers. Even in Ouagadougou, committee members deliver their reimbursements directly to CREDO headquarters.

7. There are no formal manuals or guides for general training or for informing field agent operations. These should be developed. Some materials in French from the SEEP network in the United States have been sent to CREDO by WRC, and some materials are being developed by CREDO in Burkina Faso on gender and development. Generally, more documentation should be undertaken.

8. Refresher training for bank executive committees is held on an irregular basis, but generally about twice yearly. The committees of a particular zone are brought together for a seminar on gender, health, or other topics, and they are expected to pass on these messages to their members. This process begins with training of the promoters themselves, who then train the committee members. Refresher courses for promoters last three to four days.

9. The solidarity groups function well within CREDO banks, at least among the Mossi people. Other ethnic groups can pose problems for group solidarity and credit guarantee. The Gourounsi, for example, were never organized politically as were the Mossi and remain extremely individualistic to the present. It is difficult to get bank members to guarantee others' loans. The highest level of overdue loans by banks appears to occur in Gourounsi territory (Sissili province) to the south of Ouagadougou.

10. Community bank groups are ideally organized into five solidarity groups of six members each. However, some groups may have more members, and up to 40 for the whole bank is deemed acceptable. Beyond this number CREDO promoters attempt to organize two banks in the same location. New bank groups as small as 18 members also appear to exist.

11. The CREDO community bank program currently has 131 banks located in nine zones (branches): Koudougou (21 banks); Dedougou (20 banks); Bousse (19 banks); Sissili (18 banks); Ouagadougou (15 banks); Kombissiri (14 banks); Yako (10 banks); Po (7 banks); Ganzourgou (5 banks); and Kokologho (2 banks). The oldest banks are in their ninth and tenth cycles. Banks are located in peri-urban zones of towns and in nearby rural areas.

12. Community bank management committees (president and treasurer) deposit their reimbursements directly to the CREDO office in Ouagadougou or to a bank account in regional towns. Where this is not possible, the bookkeeper makes a collection of monies in a sweep of rural communities. He also disburses new loans at the same time. This is a costly and inefficient method of disbursing and collecting funds, but lack of literacy and distance from commercial banking sites makes it necessary at present.

13. The first objective of the community bank program was to graduate banks after three years of activity, corresponding to the original FINCA model. Thus, with an accumulation of 10% savings on each loan and each subsequent loan equal to the previous loan plus savings, after nine cycles, or three years, the members of the banks would have saved a capital equal to their initial loan. They could then become independent and continue banking operations with no further infusion of external capital. After three years they should have become adept at running their own banking operation.

14. Bank graduation, while occurring after three years, does not generally result in continued activity. Most banks reach three years, distribute their mandatory savings, and dissolve. An attempt is currently being made by CREDO to interest bank members in withdrawing only a part of their savings and remaining in the program.

### 1.3 *Strategic Planning*

1. There appears to be no long-range planning document, although the reports of two internal "reflexion days" indicate that, first in 1993 and then in 1995, staff addressed outstanding problems and how to resolve them in future. The themes of the February, 1993 "reflexion day", which included a number of interested outsiders, were: how credit may contribute to the expansion of the church; how to recover outstanding debt; and how to achieve the financial self-sufficiency of community banks.

2. The report of the March, 1995, "internal reflexion day", serves more the role of a proto-planning document, since a number of decisions were taken. The first theme, voluntary savings of the community banks, dealt with the question of how to continue to involve members of banks who want to withdraw their savings after the required three years of participation. Three possibilities are now presented to these members: deposit with CREDO all or part of their savings (minimum of 6,000 F); deposit savings (minimum of 50,000 F) to serve as partial guarantee for individual loans (maximum amount of 300,000 F), which cannot be more than four times savings; or continue community bank activity as in the past, which may involve reorganization of the members of the bank group to include old and new members to begin again at the first cycle.

3. The second theme for debate during this "reflexion day" dealt with the operational self-sufficiency of the community bank program. The balance sheet for fiscal 1994 (October 1, 1993 to September 30, 1994) was examined and revealed that the budget had been 87% financed from outside the country, principally by World Relief Corporation, and that the major cost was due to personnel (61% of expenses). Various means for reducing costs and increasing revenues were discussed and some of the important decisions taken were:

- Increase the number of loans to banks
- Increase the size of loans to banks (25,000 to 150,000 now)
- Increase the number of banks around existing branches, rather than establishing new branches (activity zones)
- Assure adequate training of the members of bank management committees by promoters
- Maintain the monetary participation of new banks to the cost of their initial training (10,000 F)
- Recruit volunteers to monitor new banks or create a local promoter from within a bank
- Decentralize disbursements and collections to each zone
- Undertake income generating activities to support the program

4. No schedule for implementing the decisions taken during the March, 1995 reflexion day is attached to the final report, but the interest in expansion of banks and loan amounts as the most important means to achieve operational and financial self-sufficiency is clearly announced. Success of implementation remains to be seen, overall budgetary dependence on outside sources fell to 50% in FY 1995.

5. Each quarterly activity report is accompanied by an action plan for the next quarter, although it is not clear where the commitments to be undertaken or continued have first been enunciated. The action plans indicate specific objectives, activities, responsibilities, timing, and indicators of success. The latter are generally simply outputs, rather than proxy measures.

#### 1.4 *Personnel*

1. Staff of the community bank program within CREDO total 18, divided into: director (coordinator), accountant (part-time), bookkeeper, computer specialist, secretary, driver, night watchman, and 11 promoters (promotrices).

2. Promoters may have as many as 16 or more banks, although 12 would appear to be the average. New promoters begin with a small number of banks in a new zone and gradually extend their portfolio. Monthly meetings for all banks make a load of 15 or more banks possible.

3. CREDO requires a level of formal education equal to the "brevet d'etudes", or a full nine years of formal schooling. However, some of the first promoters had more schooling, with two having had some university training.

## **2. Nature and Effectiveness of Financial Monitoring and Reporting**

1. The financial reporting systems begins, naturally, at the level of the community banks. The community bank has a *client credit sheet* (fiche de controle de credit du client) for each member. Information on the participant includes name and photograph, sex, age, marital status, number of dependents, number of children, economic activity, religion, and number of employees.
2. The community bank executive committee, often with the help of the promoter, uses the client credit sheet to record each payment of capital, interest, savings, and their total for the four-month cycle. To the left of these notations the committee officers or the promoter has written those payments due and their due date. Thus, the promoter and the program director can quickly compare payments due with payments made and their actual dates. Each cycle is recorded in turn on the form, so that the complete credit history of the person can be appreciated.
3. The calculations of interest and savings are facilitated by the constant interest rate of 10% for the credit and a required 10% for mandatory savings.
4. The client credit sheets for the whole community bank are held by the president and treasurer for the bank, but these may have to be filled in by the promoter if these officers are not literate.
5. The documents which are the responsibility of bank management committees are: credit distribution sheet for the solidarity group (records credit transactions of solidarity group members); credit distribution sheet for the community bank (record of credit transactions for all solidarity groups within the bank); the monthly credit report (fiche de rapport mensuel) for the solidarity group; and the monthly credit report for the community bank as a whole.
6. The promoter completes a *monthly activity report* (rapport mensuel d'activites), which contains a financial section. In this section the promoter indicates the total monies disbursed during the month for community bank needs, including credit advances and redemption of savings. The promoter also indicates work related expenses, usually for her motorbike (gasoline, oil).
7. The community bank program coordinator submits a monthly activity report to the secretary general of CREDO, which contains a review of credit disbursements and savings restitutions for that month.
8. The promoter is also responsible for completing the quarterly report (rapport trimestriel) which contains a financial section. This summarizes the three monthly credit reports.
9. Each quarter the director (coordinator) of the community bank program compiles the quarterly reports for the promoters in one report to the secretary general of CREDO.

10. A quarterly credit program report is also sent to World Relief Corporation (Wheaton), containing the following key information:

- Number of active banks at end of current and previous quarter
- Number of active members at end of current and previous quarter
- Average loan size per member
- Current amount of savings
- Average savings per member
- Cumulative amount lent
- On-time repayment rate

11. The *six-month report* (rapport semestriel) from the program coordinator to the head of CREDO contains complete information on all credit activity by branch during the previous six months. This information includes all monies due, amounts paid, savings generated, new loans extended, and savings returned to community banks.

### **3. Nature and Effectiveness of Program Monitoring and Reporting**

1. Promoters provide a monthly and quarterly activity report to the program coordinator in Ouagadougou. The *monthly activity report* reports activities undertaken for each objective indicated in the quarterly action plan. There is also a short section on project monitoring, with questions on problems encountered and their solutions past or future.

2. The promoters' *quarterly activity report* also reports on the status of objectives during the quarter. There is also a section on project impact during the quarter, which reads more like a list of outputs than real impact. On the other hand, this same section contains a personal impact story, describing the person's situation before the credit, her participation in the program, and the impact of the credit on herself and her family. Unfortunately, this anecdotal information is not very sophisticated. A final evaluation section deals with outputs not achieved during the quarter and why not.

3. The quarterly report merits more time by each promoter, since the level of response to questions on impact, while well intentioned, requires more development.

4. The program coordinator's *monthly activity report* to the secretary general of CREDO is brief. It covers objectives for the month and the status of their realization. The coordinator's *quarterly activity report* follows the same format as those for the promoters, summarizing those reports in one.

5. The coordinator's *six-month program report* to the secretary general reports on objectives for the fiscal year and their status of achievement. All activities are reported on, such as training and disbursements. Economic, social, and spiritual impacts on beneficiaries are briefly described. Economic impacts are primarily outputs of the program, such as number of new banks and direct participants, estimated number of indirect beneficiaries, new credit extended, savings returned to banks, and banks now independent of the program. Other impacts are anecdotal or impressionistic, although they may be accurate representations of people-level impacts.

6. The *annual program report* recapitulates objectives for the fiscal year, realizations for the organization of community banks, training, monitoring, financial situation of the banks, and other activities. Economic, social, and spiritual impacts are summarized. Difficulties and suggestions for the future are addressed briefly. The document provides a capsule view of the activities and achievements of the previous year.

#### 4. Characteristics of the Village Bank Groups

1. The following village bank groups were visited during the evaluation:

Village Bank	Members	Cycle	Location
Wend-Panga	35	8	Ouagadougou
Wend-Panga	31	7	Soala (Bousse)
Tega-Wende	21	n/a	Tanghin-Dassouri (graduated)
Noom-Wende	21	5	Kombissiri
Benkadi	30	4	Ouagadougou

2. CREDO does not undertake a formal KAP survey (knowledge, attitudes, practices) prior to beginning activities in a new village or zone. They do undertake a certain reconnaissance of the environment (*etude du milieu*) of the future community bank. While this is not a formal study, the program director accompanies the promoter to the site, where they speak with the local authorities, examine the possibilities for economic activities, speak with the women interested in forming the new bank, and consult with other community bank programs in the area, should this be the case. At the end of the reconnaissance, a decision is made by CREDO whether or not to launch activities in that place.

3. After experimentation with two six-month cycles in 1994, CREDO returned to four-month cycles. Loan sizes also vary from cycle to cycle, with members even opting out during the rainy season. Furthermore, even from the second cycle members began to take loans more than equal to savings plus original (or even previous) loan size. There has thus been no steady progression toward accumulation of savings equal to original loan size.

4. Because of these longer cycles, some bank members in the older groups have already reached three years of membership and are opting to take their savings and leave the group. This appears to be happening after the 7th cycle. Other members are removing their savings and remaining in the groups.

5. What has happened to CREDO banks is that members feel they have agreed to leave savings for three years, but they have not had a feeling that their bank as a whole should become independent. While members want their savings, they continue to ask for the organizational back-up that CREDO promoters provide. Given the lack of literacy in the groups and the organizational difficulties of acting independently, this is far from surprising.

6. As a consequence of this situation, banks tend not to graduate, but some members do. The situation where banks have graduated as a whole is unusual and requires examination (see section on bank graduation).

7. Members' use of their banks reflect seasonal conditions, economic opportunities, access to more than one marketplace, increased experience, and declining risk averseness. Some members take increasingly larger loans, while others fluctuate greatly in the sums they request. Many members opt out altogether during the agricultural season. Members who leave the groups appear to do so more from conflicting obligations (need to move away, illness, death in family) than from inability to abide by the group bylaws.

8. Community banks tend to meet twice monthly, once to reimburse loans and once for other matters.

## 5. Nature and Progress of Program Outputs

### 5.1 Progress of the Credit Portfolio

1. The status of the village banks is given in the following tables.

Village Banks with Loans	120
Members	3,191
Members per Bank	26
Banks with Male Members	41
Percentage of Male Members	12%
Loan Volume Extended	190,128,000 CFA F
Average Loan per Bank	1,584,400 CFA F
Average Loan per Member	59,583 CFA F
Savings	42,028,563 CFA F

*N.B. Data based on latest system update  
\$1 = 500 CFA Francs*

2. The total loan fund available at the end of May, 1996 was equal to 190,128,000 CFA F (\$380,256). From the beginning of the fiscal year (1996) this fund had been used to finance a loan volume of 285,000,000 CFA F (\$570,000). Larger loan sizes characterize the large peri-urban areas, with smaller loans in small towns and rural areas.

3. Some 25 community banks were carried over from previous programs in 1991, when the community bank program was started under the first USAID partnership grant. As of June 1996, the 180 banks that had ever been in the CREDO community banking program since 1991 could be broken down into the following categories:

Banks with loans	121 banks
Banks between loan cycles	8 banks
Currently sanctioned banks	0 banks
Graduated banks	31 banks
Banks closed (in default)	20 banks
<b>Total:</b>	<b>180 banks</b>

4. Over the last fiscal year (from October 1, 1995 through June 30, 1996), a net of 25 new community banks have been added to the active number of CREDO banks, an increase of 23% over the 108 banks existing at the beginning of the fiscal year. Actually, the number of new banks created was 32, but 7 banks have also been dropped from the rolls. While CREDO plans to add 35 new banks to their rolls next year, they may continue to be plagued by bank groups wishing to dissolve their banks, take their savings, and petition for individual loans. This could be problematical for bank growth and eventual increased operational sustainability.

5. The number of CREDO village banks, including those between cycles, has now reached 133. No further expansion of the number of banks is foreseen for the remainder of the 1996 fiscal year.

### *5.2 Village Bank Arrearage*

1. Of the 116,072,455 CFA F outstanding loan balance on May 31 1996--of a total of 190,128,000 extended--some 5,529,500 is overdue less than 30 days and is not considered a potential problem. On the other hand, 2,914,875 CFA F are overdue from 31 to 60 days, 474,875 from 61 to 90 days, and 6,955,625 over 90 days. Thus, a total of 15,874,875 CFA F, or 13.7% of the outstanding loan balance is overdue, but only that portion beyond 30 days is considered by CREDO to be truly overdue. That portion overdue beyond one month is equal to 10,345,375 CFA F, or 8.9% of the outstanding balance at the end of May, 1996. The rather large figure for amounts more than 90 days in arrears, 6,955,625 CFA F, equal to 6% of the total outstanding, may not be retrievable.

### *5.3 Bank Closings and Graduations*

1. Over the years a number of banks have been closed or have been allowed to pull out of the program in good standing. Those banks which functioned for a full three years are considered to have "graduated", although this term bears no resemblance to the concept of the original FINCA village banking model. According to CREDO, no bank has withdrawn voluntarily before three years of activity, the agreed upon period for bank life. Banks which have been dropped because of inability or unwillingness to reimburse their credit are removed from the program rolls, although their loan loss is not removed from the books by the accounting department until these banks are more than 12 months overdue at the beginning of a new fiscal year.

2. Defaulted banks may continue to reimburse their credit slowly over time and, if they do so completely, may be considered by some in CREDO management to have removed themselves from the status of default. There appear to be three banks in this category, neither graduated nor dropped through failure to repay the original loan. The value of this distinction is not clear and the categories of suspended, defaulted, and graduated banks are somewhat slippery and require more rigorous definition. The 17 defaulted banks, which are older banks and will certainly not pay back more of their early loans, are overwhelmingly constituted by the banks "inherited" from the earlier "urban ministry" program that CREDO had prior to launching the more disciplined community banking program. Since this time few of the new banks have truly defaulted, but many have stopped operation and withdrawn from the program in good standing. These graduated banks represent a loss to the program and a severe brake on achieving operational self-sufficiency.

#### 5.4 *Use of the Internal Fund*

1. The internal fund is not used by bank members. The whole fund consists of savings, which members may not touch until they complete three years of banking activity. At this time, they may remove all or a part of their savings.

#### 5.5 *Savings*

1. A total of 135 banks have savings at present, although only 121 technically still exist within the system as eligible for loans. The 135 banks have a total of 42,028,563 CFA F (\$84,057). This works out to 309,034 CFA F (\$618) per community bank. Savings generated by the banks since the beginning of fiscal 1996 (October 1, 1995) are equal to 15,899,115 CFA F (\$31,798).

2. The global savings of the community banks is kept in an account separate from others. A part of this, perhaps 5,000,000 CFA F will be blocked for a year, the remainder can be used to finance further banks.

3. There is no loan loss reserve in CREDO.

#### 5.6 *Membership Turnover*

1. Membership turnover appears to be low in CREDO banks, at least compared to Latin American standards. Individuals are not tracked by CREDO, so that comprehensive data are lacking on membership of the community banks. However, bank members who withdraw appear to do so primarily to take possession of their savings, which CREDO allows individuals or banks to do after three years of banking activity. Those banks examined during the evaluation had the following continuation rates:

- 20 of 30 (67%) in Wend-Panga (Ouagadougou) are still active in the 8th Cycle, most of those leaving having recently dropped out after three years to remove their savings. Five new members have been added over the years.
- 27 of 30 founding members (90%) are still active in Wend-Panga (Soala) in the 7th Cycle. In a neighboring bank with an equal number of starting members (30), only 18 founding members (60%) remained after 12 members removed their savings from the bank upon reaching the three-year mark after the 7th Cycle of activity.
- 21 of 30 founding members (70%) of Noom-Wende (Kombissiri) are in the 5th Cycle of banking activity, those leaving having (except one) voluntarily withdrawn through inability to make payments on time. No new members have been allowed into the bank group.

#### 5.7 *Loan Size Growth or Stagnation*

1. An examination of average loan size by banks from their first cycle through a small number now in their 8th Cycle of activity, reveals a pattern of fairly rapid initial growth, followed by stagnation and downturn in loan size. A final apparent upturn again in the 8th Cycle is based on only a few cases. The loan sizes by cycle are given on the following page:

<u>Cycle</u>	<u>Average Loan Size</u>	<u>Percent Change</u>
1	43,951 CFA F	--
2	48,781 F	+ 11%
3	59,140 F	+ 21%
4	67,548 F	+ 14%
5	68,261 F	+ 1%
6	56,677 F	- 17%
7	55,971 F	- 1%
8	68,775 F	+ 23%

2. A major event seems to occur to banks at about the 5th to 6th Cycles. This stagnation or fall in loan demand may reflect the advent--at about the 7th Cycle of activity--of the point at which members can withdraw their savings and attempt to secure individual loans from CREDO.

3. CREDO management feel that a certain fatigue sets in at about the 5th Cycle and that members begin to feel the desire to pull out their savings. In anticipation of this event loan sizes decrease significantly after the 5th Cycle. After the 6th or 7th Cycles, banks normally have completed three years of activity and members are allowed to redeem their savings. Following the withdrawal of such members, those electing to stay in banks may skew average loan size upward once more. This is what seems to explain the rise in loan size in the 8th Cycle.

### 5.8 *Individual Loans*

1. There are currently five individual loans outstanding at 12% for a term of one year, with the first payment deferred one month (due two months after loan is received). These loans are in the peri-urban areas of Ouagadougou and are between 200,000 F and 300,000 F (\$400 to \$600). These are granted only to those bank members who have completed the three years of community bank activity. Four persons have loans of 200,000 F and one of 300,000 F. In order to be granted a loan, the borrower must have on deposit with CREDO a minimum of 50,000 F. Loans can be a maximum of four times the value of savings.

### 6. **Nature and Magnitude of Program Impacts**

1. There has not yet been a formal study on impacts of the community bank program on its beneficiaries. CREDO does have a case study method of evaluating impacts on about one-third of its participants. With the creation of new banks, the promoter picks a number of persons from new groups (written instructions say eight persons per year or 5%, whichever is higher) and fills out a short questionnaire on each. The program coordinator claims that one-third of all new participants are to be followed in this manner. After the first three cycles of activity (one year) this questionnaire is filled out again for the same participants. After three years of activity, when in theory participants have reached the point of graduation, the questionnaire is once again completed. These results are not being systematically analyzed.

2. Case study (etude de cas) information is contained on a three-page questionnaire which contains general information (name of beneficiary and dependents or family members), level of education of all family members, description of housing, lighting, toilet, and distance to water supply, economic activities undertaken with credit, estimated family income, major assets owned (livestock, tools, house, bicycles).

3. A second case study questionnaire is aimed at group activities within the community banks. This, however, appears extremely rare, although one case of bank members all joined together and working as peanut hullers was reported.

4. Interesting anecdotal information on participants are added normally to annual reports. In general, such evidence of program impacts points to the use of new income for purchase of food, medicines, education fees, and clothing for children, in this order of priority. Income to pay educational fees is especially desired in the Ouagadougou area. In rural areas schools are simply not available. In the Ouagadougou area many bank groups have timed their loans to coincide with the fall school season. Evidence from case studies in Ouagadougou (1994) shows that 11 more children were able to go to school because of profits from loan activities than would normally have been able to do so. Children's health is claimed to be noticeably improved in families involved in CREDO community banks. Not only is diet improved, but medicines (even soap) can now be purchased.

5. Promoters are also achieving some success as role models for rural women. This is noticeable in bank member dress and appearance, as well as in aspects of empowerment.

6. According to CREDO, women of the bank groups have learned the skill of managing property. In the past, they had little experience in saving, planning expenditures, or resisting family financial demands.

7. Women have also learned basic business skills. They have learned more concerning the value of money. This includes a basic sense of the "time value" of money. Previously, without the ability to save or invest, such skills were rare. In addition, women are responsive to price changes and shift activities accordingly. These skills are being honed through this credit. This could be a major contribution to the process of development.

8. Women's income has resulted in greater family stability, as well as welfare, according to CREDO. During the period of structural adjustment and devaluation in Burkina Faso over the last 7-8 years, many men lost their jobs and migrated to Ivory Coast or Ghana for wage work. Women's income supplemented this income loss and permitted men to return home. Some women claim that income from the CREDO credit "saved their homes."

9. Women are being levered out of the vicious circle of poverty through use of this credit. Churches report to CREDO that their constituents, many often at their charge, now are financially independent and even make contributions to the churches.

10. It is fairly clear that women have spent their increased income on family consumption goods, particularly on condiments (all foods beyond basic grains) and medicines for children. They have also tended to place more children in school, although the exact impact has not been documented. Nor has it been determined if this increased ability to pay school fees has resulted in equal numbers of girls and boys added to school roles.

11. However, bank members continue to complain of lack of transportation. Bicycles or donkey carts would permit attending three regional markets, instead of just the local one. Instead of 10 days of commercial activity per month, the number of markets--and presumably profits--could be tripled to 30 days per month.

12. The village banking program has been good discipline for CREDO staff, who have a background and culture rooted in social work and concessionary assistance, rather than in the firmness village banking demands of promoters. It was difficult at first for promoters to address late payments from members.

13. CREDO has learned that it is the commitment of promoters and of bank members that make the program work.

14. Together with Freedom from Hunger's partner in Burkina Faso, the Réseau des Caisses Populaires du Burkina Faso, CREDO will undertake an impact study in November-December, 1996. This three-week, collaborative study will compare the straight village banking model used by CREDO and the credit with education (CWE) methodology used by the Caisses Populaires. A group of 80 women from CREDO and RCPB bank groups will be divided into two: a beginning group of 40 and another bank with about two years of experience in their respective programs. A group of 40 women in each program zone will serve as control.

15. Each of these women must have a child under two years old, who will be measured and weighed during the study. The women will also respond to a questionnaire.

## **7. Progress toward Achievement of Program Purpose**

1. The goal of the World Relief/USAID matching grant 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 families."

2. The purposes of the matching grant given in the program description of the cooperative agreement are:

- "To develop self-sustaining microenterprise credit programs in Honduras, Burkina Faso, and Mozambique"
- "To provide training and financing to community banks (CB's) serving primarily poor women in order to help them achieve self-sufficiency"

- "To expand the capacity of World Relief Corporation (WRC) to evaluate, monitor and extend its microenterprise methodology to other countries"
- "To enable WRC counterparts in 3 countries to improve the health and well-being of children"

3. While only three countries are named in the matching grant contract, WRC has extended training and technical assistance to secondary countries, as directed by the agreement. The latter now include Liberia and Haiti.

4. The evaluation examined only the programs in Honduras and Burkina Faso, that is to say those programs already existing at the beginning of the grant agreement and which were considered to be "well-designed with potential for replication."

5. The purposes of developing programs for poor women in counterpart countries and the extension of these programs to other countries have been achieved. A new program in Haiti or Rwanda is currently being considered.

#### **8. Effectiveness of the Program Sustainability Strategy**

1. As part of the reflexion concerning program autonomy (sustainability) it was decided to have management committees pay for their three days of training--7,500 F. This is accompanied by 10,000 F paid by the whole bank as a one day membership fee. Bank members thus can expect to pay a total of 17,500 in the launching of their community bank.

2. The idea of each bank undertaking a fundraising activity for the whole group is also popular with CREDO, but it is not clear that any banks have yet done this.

3. Current operational sustainability is at 73% and financial sustainability at 60% for the last eight months of operations (October, 1995 through May, 1996). This shows significant improvement over the past.

4. CREDO intends to add some 35 banks to its portfolio each year, but it does not have a sustainability plan. Nor does CREDO management know how to calculate the sustainability ratios, although the accountant can do so, when required. Current ratios have been calculated by the WRC microenterprise specialist (Graber) and the CREDO accountant.

#### **9. Nature and Effectiveness of the Non-Credit Component**

1. There is no education component in the CREDO program, although occasional seminars are held for bank executive committee members who pass on these messages to bank members. Topics range from women's empowerment to health messages. These seminars depend on the availability of personnel from other NGOs. There is no business advisory service provided to CREDO banks.

## **10. Relationship between Implementing Partner Organizations**

1. The relationship between World Relief Corporation and its former subsidiary, CREDO (World Relief/Burkina Faso) is excellent and enduring, in spite of full independence in October, 1995.

2. Visits from WRC headquarters occur about twice a year, but language appears something of a barrier, since no one in WRC has fluent French. CREDO will need more assistance and some training from WRC over the remaining period of the matching grant. This may require using French-speaking consultants.

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## Annex 2: Persons Interviewed

### WRC Headquarters

1. Ken Graber  
Microenterprise Development Coordinator and Latin America/Caribbean Regional Director, World Relief Corporation
2. Dave Larson  
Assistant Coordinator, Microenterprise Development Program, World Relief Corporation
3. Jim DeMol  
Co-director, Financial Services, World Relief Corporation
4. David van Vuuren  
Africa Regional Director, World Relief Corporations
5. Bas Vanderzalm  
Vice President, International Ministries, World Relief Corporation

### Honduras

1. Roberto Ruiz  
Director, World Relief/Honduras
2. Vidal Saucedo  
Director, Income Generation Program, World Relief/Honduras
3. Orestes Zuniga  
Director, Child Survival Program, World Relief/Honduras
4. Sandra Chavez  
Chief, Financial Operations, World Relief/Honduras
5. Hector Velasquez  
Field Office Operations Coordinator, WRH
6. Esther Calix  
Office Administrator, Danli Field Office, WRH
7. Carlos Mazzony  
Facilitator, Danli Field Office, WRH
8. Cesar Avila  
Facilitator, Danli Field Office, WRH
9. Nelson Fonseca  
Facilitator, Danli Field Office, WRH
10. Martin Zelaya  
Facilitator, Tegucigalpa, WRH
11. Fabio Anduray  
Facilitator, Tegucigalpa, WRH
12. Aldo Anduray  
Facilitator, Tegucigalpa, WRH

13. Heber Romero Facilitator, Tegucigalpa, WRH
14. Darry Borjas Facilitator, Tegucigalpa, WRH
15. Raul Donaire Facilitator, Tegucigalpa, WRH
16. Josias Nunez Facilitator, Tegucigalpa, WRH
17. Roger Zambrano Facilitator, Tegucigalpa, WRH
18. Alexis Canales Facilitator, Tegucigalpa, WRH
19. Jose Sandoval Facilitator, Tegucigalpa, WRH
20. Demetrio Valladares Credit Program Supervisor, Tegucigalpa, WRH
21. Ismael Rubi Credit Program Supervisor, Field Operations, WRH

Burkina Faso

1. Moise Napon Secretary-General, CREDO, Ouagadougou
2. Rachel Sawadogo General Accountant, CREDO, Ouagadougou
3. Phoebe Ouedraogo Director, Village Bank Program, CREDO, Ouagadougou
4. Jean Kientega Bookkeeper, Village Bank Program, CREDO, Ouagadougou
5. Ida Bayala Computer specialist, CREDO, Ouagadougou
6. Catherine Youma Promotrice, CREDO, Ouagadougou
7. Jeanne Lompo Promotrice in Ganzourgou, Zorgho
8. Catherine Yanogo Promotrice in Yako
9. Fati Sankara Promotrice in Kombissiri
10. Marie-Noelle Yameogo Promotrice in Bousse
11. Marthe Kiemde Recipient of CREDO individual loan
12. Pierre Sawadogo Recipient of CREDO individual loan

**Annex 3: Sustainability Calculations for WRH**

<b>WORLD RELIEF DE HONDURAS</b> <b>ESTADO DE RESULTADOS</b> Del 1 de Octubre, 1995 al 31 de Marzo de 1996 < cifras preliminares en miles de Lempiras >			
<b>INGRESOS DE OPERACION</b>			
INTERESES SOBRE PRESTAMOS	LPS.	1,362	
<b>TOTAL INGRESOS</b>			<b>LPS. <u>1,362</u></b>
<b>EGRESOS DE OPERACION</b>			
COSTOS FINANCIEROS	LPS.	265	
COSTOS OPERATIVOS	"	717	
PROVISIONES	"	129	
DEPRECIACIONES	"	<u>85</u>	
<b>TOTAL EGRESOS</b>			<b>LPS. <u>1,196</u></b>
<b>UTILIDAD</b>			<b>LPS. <u>167</u></b>
<b>AUTOSUFICIENCIA FINANCIERA</b>			<b><u>114 %</u></b>
<b>INGRESOS EXTRAORDINARIOS</b>			
DONACIONES	LPS.	0	
RECUPERACIONES CARTERA AFECTADA	"	0	
OTROS INGRESOS	"	<u>0</u>	
<b>TOTAL INGRESOS EXTRAORDINARIOS</b>			<b>LPS. <u>0</u></b>
<b>EGRESOS EXTRAORDINARIOS</b>			
COSTOS OPERATIVOS	LPS.	0	
CASTIGOS DE CARTERA	"	0	
PERDIDA POR INFLACION	"	240	
RESERVAS PATRIMONIALES	"	0	
OTROS EGRESOS EXTRAORDINARIOS	"	<u>0</u>	
<b>TOTAL EGRESOS EXTRAORDINARIOS</b>			<b>LPS. <u>240</u></b>
<b>RESULTADO FINAL</b>			<b>LPS. <u>(73)</u></b>
<b>AUTOSUFICIENCIA ECONOMICA</b>			<b><u>95 %</u></b>

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Annex 4A

Micro-credit Management Ratios: WRH

(October 1, 1995 -- March 31, 1996)

(\$1 = 11.11 Lps.)

Financial Sustainability Ratios

Ratio 1:	Return on Performing Assets	19.1%
Ratio 2:	Financial Cost Ratio	3.7%
Ratio 3:	Loan Loss Provision Ratio	1.8%
Ratio 4:	Operating Cost Ratio	11.2%
Ratio 5:	Imputed Cost of Capital Ratio	N/A
Ratio 6:	Donations and Grants Ratio	3.8%
Ratio 7:	Operating Self-sufficiency	113.9%
Ratio 8:	Financial Self-sufficiency	94.8%

Operating Efficiency Ratios

Ratio 9:	Cost/Unit of Money Lent (Lps.)	0.07
Ratio 10:	Cost/Loan Made (Lps.)	90.3
Ratio 11:	Number of Active Borrowers per Credit Officer	308
Ratio 12:	Portfolio/Credit Officer (Lps.)	283,182

Portfolio Quality Ratios

Ratio 13:	Portfolio in Arrears	0.8%
Ratio 14:	Portfolio at Risk	1.5%
Ratio 15:	Loan Loss Ratio	0
Ratio 16:	Reserve Ratio	2.1%

Annex 4B

Micro-credit Management Ratios: CREDO

(October 1, 1995 -- May 31, 1996)

\$1 = 500 CFA F)

Financial Sustainability Ratios

Ratio 1:	Return on Performing Assets	18.2%
Ratio 2:	Financial Cost Ratio	0
Ratio 3:	Loan Loss Provision Ratio	3.5%
Ratio 4:	Operating Cost Ratio	21.5%
Ratio 5:	Imputed Cost of Capital Ratio	5.3%
Ratio 6:	Donations and Grants Ratio	46.1%
Ratio 7:	Operating Self-sufficiency	72.8%
Ratio 8:	Financial Self-sufficiency	60.0%

Operating Efficiency Ratios

Ratio 9:	Cost/Unit of Money Lent (CFAF)	0.12
Ratio 10:	Cost/Loan Made (CFAF)	98,876
Ratio 11:	Number of Active Borrowers per Credit Officer	288
Ratio 12:	Portfolio/Credit Officer (CFAF)	10,353,860

Portfolio Quality Ratios

Ratio 13:	Portfolio in Arrears	8.7%
Ratio 14:	Portfolio at Risk	20.4%
Ratio 15:	Loan Loss Ratio	4.8%
Ratio 16:	Reserve Ratio	4.1%

Annex 5

WRC Technical Assistance to Honduras and Burkina Faso

(Period: October 1, 1993 through March 31, 1996)

Burkina Faso

- November 1-14, 93 Ken Graber and Dave Larson: Reviewed program status and gathered information for the development of the Detailed Implementation Plan. Also developed reporting procedures and gave training in use of CLAMS.
- April, 1994 Jim DeMol: Provided technical assistance to the accountant and assisted in reconciling the accounting records with the loan portfolio data.
- June 18-July 9, 94 Dave Larson : Included a document and systems review. Reviewed membership dynamics and saw little turnover. Reviewed loan policies and recommended adjustments.
- Nov., 94 Phoebe Ouadreago: Attended the SEEP Poverty Lending Conference in Guatemala and the World Relief workshop with all worldwide partners in Honduras.
- Feb. 23-Mar. 3, 95 Dave Larson and Bill Hampe: Conducted financial management information systems training and provided technical assistance and troubleshooting related to computer and communication issues.
- July 13-23, 95 Ken Graber: Program analysis, board training, staff training and signing of

a Cooperative Agreement between World Relief and CREDO.

- Oct.13-24, 95 Jim DeMol: Training for the accountant. Closing of the books for the fiscal year and reconciliation of accounts.
- Nov., 95 David Van Vuuren and Bas Vanderzalm: Institutional development and program review.
- Nov.-Dec., 95 Theo Lawson: Consultant hired to study the situation of loan stagnation.
- Feb. 19-26, 96 Dave Larson: Staff training in financial management and program monitoring.

### Honduras

- Jan. 5-13, 94 Ken Graber and Dave Larson: Review program status and projections for development of the DIP. Review critical issues and do staff training.
- June 8-21, 94 Ken Graber: Staff training. Detailed analysis of staff use of time. Reviewed and adjusted program growth projections and reviewed the concept of individual loans.
- Nov., 94 Vidal Saucedo: Attended the SEEP Guatemala Poverty Lending Conference. Ken Graber and Dave Larson met with staff from World Relief's world wide income generation programs in Honduras where we looked at common policy and reporting issues.
- Dec., 94 Lisa Saul (Accountant): Provided technical assistance and training to World Relief Honduras accountant. Assisted in closing the books and reconciliation of accounts.
- Oct. 7-14, 95 Ken Graber: Conducted program monitoring, especially of the newly begun individual loan program. Met with Freedom from Hunger staff to discuss possible joint research. Signed a cooperative agreement between World Relief Honduras and World Relief for the income generation program. Developed a Scope of Work for the consultancy to study membership Dynamics.
- Dec., 95 Eligia Murcia: Research work on membership dynamics to better understand the high turnover of members in the community bank program.
- March, 96 Lisa Saul: Installed an upgraded accounting system and provided additional training in accounting.

# WORLD RELIEF CORPORATION

## MATCHING GRANT RESOURCE MATERIALS

1993 - To Date

<i>TITLE</i>	<i>DATE PURCHASED</i>	<i>PUBLISHER</i>
The Set: Solidarity Group Experience Worldwide and the Solidarity Group Concept	1993	ACCION
Alchemists for the Poor: NGOs as Financial Institutions	1993	ACCION
What Microenterprise Credit Programs can Learn from the Moneylender	1993	ACCION
Strategic Planning and the Board	1994	"
What Makes Them Tick? Exploring the Anatomy of Major Microenterprise Institutions.	1994	ACCION
Ten Basic Responsibilities	1994	"
Helping Health Workers Learn	1994	Wheaton Col.
Tools for Communication	1994	PACT
Learning to Teach	1994	PACT
Nonprofit Governance Series	1994	NCNB
Dark Victory: The US, Structural Adjustment, & Global Poverty	1994	Food First
A Financial & Info. Mgmt. Manual for Village Banking	1994	CRS
Edificando "Juntas Directivas": Manual Para Miembros de Organizaciones Cristianas Sin Fines de Lucro	1995	CRWRC
Edificando "Juntas Directivas": Manual Para El Facilitador (Cuaderno de Trabajo)	1995	CRWRC
Beyond Strategic Planning	1995	NCNPB
Looking Back and Looking Forward	1995	PACT
Health Teaching for West Africa	1995	MAP Int'l
An Institutional Guide for Enterprise Development Organizations	1995	SEEP

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<b>The New World of Microenterprise Finance: Building Healthy Financial Institutions for the Poor</b>	1995	ACCION
<b>La Escalera Del Exito</b>	1996	ACCION
<b>Financial Ratio</b>	1996	PACT
<b>Controlemos Nuestro Negocio</b>	1996	ACCION
<b>Prosperemos Como Productores</b>	1996	ACCION
<b>Manual de Elementos de Analisis de Credito: Para Asesores de Programas de atencion a la Micro Y Pequena Empresa</b>	1996	ACCION
<b>Manual Operativo Del Asesor: De Programas de Credito a la Micro Y Pequena Empresa</b>	1996	ACCION
<b>Prosperemos Como Negociantes</b>	1996	ACCION
<b>Maximizing the Outreach of Microenterprise Finance: An Analysis of Successful Microfinance Programs</b>	1996	AID/DISC