



AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES OF AMERICA A I D MISSION
TO EL SALVADOR
C/O AMERICAN EMBASSY
SAN SALVADOR, EL SALVADOR C. A.

PD-ABQ-692
98542

PD-ABQ-692 JA

ACTION MEMORANDUM FOR THE MISSION DIRECTOR

FROM: MARY OTT, SO1 TL *sg*
SUBJECT: Project Assistance Completion Report of the Small Enterprise Support Activity, No 519-0387, implemented by PROPEMI/FUSADES

In accordance with ADS 203, Managing for Results Monitoring and Evaluating Performance, and USAID/El Salvador policy (MOM 680 and 770), attached is the Project Assistance Completion Report (PACR) for the Small Enterprise Support Activity, No 519-0387

The goal of the activity was to increase employment and income opportunities for Salvadorans from lower socio-economic groups, especially in National Reconstruction Program Areas (NRP)

The purpose of the activity was to promote the development of small enterprises with emphasis on NRP zones, through the provision of credit, training and technical assistance

The activity included five major components Non-NRP Revolving Credit, Non-NRP Non Credit Assistance, Project Management, NRP Program and Evaluation

The Cooperative Agreement defined four specific goals, which were reviewed and analyzed through an evaluation upon completion of the Agreement (1) Average income increase for firms assisted, in excess of 30%, (2) Average employment creation of one job by each firm assisted for a total of 7,363 new jobs during the life-of-project, (3) Higher percentage of credits placed in areas of influence of the NRP, and (4) Higher percentage of beneficiaries in areas determined to be ex-conflictive, with 4,417 jobs created during the life-of-project

The activity closed December 31, 1996, extending it to May 31, 1997, the sole purpose of performing the final evaluation and closing activities

The PACR summarizes accomplishments of the activity It includes Conclusions and Recommendations

Attachment I to this Memorandum contains updated information gathered after the evaluation took place and the PACR was submitted to USAID The information reflects modifications to the sections entitled "Project Summary", "Summary Project Financial Status", "Major Lessons Learned", "Audits" and "Post-Project Monitoring and Follow-up Actions" of the PACR prepared by Desarrollo, Investigación y Consultoría, S A de C V (DEICO), the evaluation firm

Pending Activities Close-out actions to Audit Report by KPMG
Any action resulting from the audit of FUSADES funds regarding this project will be followed up through Mission's MCRC

RECOMMENDATION That you approve the attached Project Assistance Completion Report

APPROVED J. C. Ellis

DISAPPROVED _____

DATE 14 August 1998

ANNEXES

- I- Commodities Transfer to FUSADES
- II- Counterpart Contribution Report as of December 31, 1997
- III- Project Assistance Completion Report by DEICO
- IV- Evaluation Summary
- V- Project's Final Evaluation

Drafted by SLDuarte, SO1 sd In draft date _____

Cleared by CADams, CONT _____ In draft date _____
ACMejía, SDO _____ In draft date _____
CJennings, SDO sd In draft date _____
LPizarro, OCG sd In draft date _____
DMcFarland, DDIR sd In draft date 8 13 98

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RECOMMENDATION That you approve the attached Project Assistance Completion Report

Approved _____
Disapproved _____
Date _____

Revised

ANNEXES

- I- Commodities Transfer to FUSADES
- II- Project Financial Status Report as of December 22, 1997
- III- Project Financial Status Report as of March 5, 1998
- IV- Counterpart Contribution Report as of December 31, 1997
- V- Project Assistance Completion Report by DEICO
- VI- Evaluation Summary
- VII- Project's Final Evaluation

Drafted by	SLDuarte, SO1 <u><i>sld</i></u>	date	<u><i>In draft</i></u>
Cleared by	CAdams, CONT <u><i>CA</i></u>	date	<u><i>6/18/98</i></u>
	ACMería, SDO <u><i>AM</i></u>	date	<u><i>6/19/98</i></u> <i>w' correction 1st page</i>
	CJennings, SDO <u><i>CJ</i></u>	date	<u><i>3/15/98</i></u>
	LPizarro, OCG <u><i>LP</i></u>	date	<u><i>7/8/98</i></u>
	DMcFarland, DDIR <u><i>DM</i></u>	date	<u><i>7/12/98</i></u>

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Office of the Controller
REVIEWED *6/18/98*
[Signature] *4/18/98*
DATE *6/18*

ATTACHMENT I.

Project Assistance Completion Report (PACR) of USAID Activity No 519-0387-A-00-3233-00 SMALL ENTERPRISE SUPPORT was submitted to the USAID/El Salvador Mission by the consulting firm "Desarrollo, Investigación y Consultoría, S A de C V (DEICO)

* Page I, Section I, PROJECT SUMMARY (b) Project Components should read The project included five major components Non-NRP revolving credit (Non-revolving credit fund), Non-NRP non credit assistance, Project Management, National Reconstruction Program (NRP) and Evaluations

* The chart on Page 2, Section II SUMMARY PROJECT FINANCIAL STATUS, should be substituted by the following chart

II. SUMMARY PROJECT FINANCIAL STATUS

Element Description	Obligations	Expenditures	Deobligated
- NON-NRP Revolving Credit	1,818,765	1,818,765	
- NON-NRP NON Credit Assistance	530,200	530,200	
- Project Management	69,222	67,892	
- NRProgram	2,549,524	2,549,524	
- Evaluation	32,289	31,706	
TOTAL	\$5,000,000	\$4,998,087	\$ 1,913

Total counterpart was \$2,349,080 representing 32% of the total funding

*** MAJOR LESSONS LEARNED**

The institutional, credibility, image and presence of an organization that promotes and develops projects for the small and microenterprise sector contribute to its success

The short-term operating and financial sustainability of promotion and development programs for small and microenterprises do not guarantee their long-term sustainability

The design, development and implementation of management information systems are indispensable to guaranteeing timely and transparent registries for administering financial programs efficiently

For marginal sectors work, identifying and characterizing target groups and providing the human resources to work with them is essential to achieve the goals and purpose

The success of microenterprise development programs does not depend on the gender assisted both have the same participation levels and development potentials

The financial success of credit promotion and development program are related directly to both its personnel's stability and the integration of the credit component with training and technical assistance

• **AUDITS**

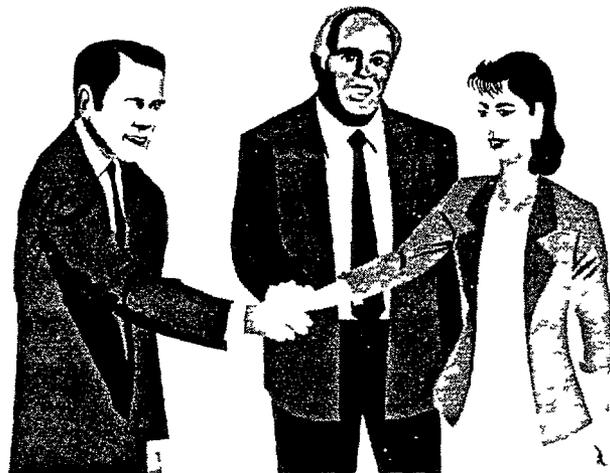
RIG approved release of the audit report by Peat Marwick on February 20, 1998 There are two recommendations that will be closed by the Mission and FUSADES

• **POST-PROJECT MONITORING AND FOLLOW UP ACTIONS**

No further monitoring by USAID is foreseen

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PROJECT ASSISTANCE COMPLETION REPORT



MAY 1997

SAN SALVADOR, EL SALVADOR, C.A

I PROJECT SUMMARY

A Goal and Purpose of the Project

The goal of the project was to increase employment and income opportunities for Salvadorans from lower socioeconomic groups, especially in National Reconstruction Program Areas (NRP)

The purpose was to promote the development of small enterprise in El Salvador, especially enterprises located within NRP zones, through the provision of credit, training and technical assistance

B Project Components

The project included five major components: Revolving credit fund, Non-credit assistance for credit recipients, Project management, NRP and credit

The revolving credit fund maintained a flexible interest rate policy, taking into account the maximum rate of interest allowed by the banking system. Lending criteria for small enterprises were based on

- Priority for enterprises in the manufacturing and services sectors as they tend to generate more employment than the commercial sector
- A majority of the firms to be located in NRP areas
- Firms were required to meet the "beneficiary profile" indicated in the cooperative agreement

The Non-credit assistance and NRP components included training for individual enterprises in areas related to accounting, cost management, administration, marketing and sales, investments, production quality control and financial analysis, as well as specially tailored courses in enterprises creation. Seminars were offered in general interest issues of relevance to project areas. Finally, the project provided pre-and-post credit technical assistance to the borrowers

The research and development was comprised of activities designed to gather and analyze information. The implementing agency carried out a study to identify the characteristics of the project's target population and to define their credit needs. And, a management information system was established to allow for project monitoring and evaluation

Under the project management component, the implementing organization was required to establish a research and development unit responsible for carrying out the preliminary work and conducting the credit demand and target population study. This component also included funding for institutional development

A monitoring plan was implemented to ensure adequate oversight and follow up. FUSADES and USAID project managers monitored two broadly defined aspects of the project: inputs and outputs. Inputs consisted of TA and training, logistics, program costs, research costs, and audits. Outputs were defined as services delivered - these included the number of beneficiaries receiving credit, number of employees in firms assisted and graduation rates, number of women benefited and number of research studies completed. Monitoring was facilitated by the development of a management information system (MIS).

A single project evaluation was conducted, before the PACD, to assess the Project's impact on small Salvadoran enterprises.

Under the audit component financial monitoring of the revenues and expenditures was reviewed on a monthly basis. On a yearly basis, a complete financial audit was conducted by external auditors, contracted by the implementing unit.

In addition, USAID, at its discretion, retained the right to contract financial management services to include financial monitoring of transactions carried out by FUSADES or concurrent audits.

During the final six months of the project, a complete evaluation of the financial status and goals was conducted by external project evaluators.

II SUMMARY PROJECT FINANCIAL STATUS

Element Description	Obligations	Expenditures	Total Counterpart
non NRP Revolving Credit	1 818 764	1 818 764	2 327 934
non NRP non Credit Assistance	530 200	530 200	
- Proj Management	69 222	67 892	21 147
NRProgram	2 549 524	2 549 517	
- Evaluation	32 289	31 705	
TOTAL	4 999 999	4 997 878	2 349 081

III EVALUATION AND AUDITS

A Project Accomplishments

Rotating Credit Lines

The records show that 52.2% of the original funds were assigned to clients within the PRN and 47.8% to non-PRN clients. However, of the total loans awarded during the life-of-project, 43% were made to microentrepreneurs residing in the zones classified as PRN and 57% to enterprises in non-PRN areas. Geographical coverage shows 47% of the loans were made by the agency in San Salvador, 38% by that of San Miguel and 15% by that of Santa Ana. Based on the value of funds disbursed, 46%, 39% and 15% went to San Salvador, San Miguel and Santa Ana, respectively. The majority of borrowers were located in the larger cities of the zones served, or nearby, specifically those classified in the PRN. This achieved one project objective.

The global goal for loans was achieved by issuing a total of 1,507 loans, for an approximate value of \$ 6,425,787. Of this total, 43% were made in areas included within PRN zones, 43.1% were for small and microentrepreneurs located in PRN zones, and ninety-eight percent of those were made to microenterprises with assets of under \$11,500. Among these, in terms of the number of loans - men received 56% and women 44%, and in terms of their value - men received 64% and women 36%. As assigned by sector, trade received 45% of loans made by number and 47% by value, and industry and services received 55% by number and 53% by value.

The evaluation confirmed that 100% of PROPEMI S clients were the direct owners and/or administrators of their companies, financed with their own capital. Ninety-eight percent of the companies assisted were small or microenterprises with assets under US \$11,500, and 80% percent of the initial loans were made for amounts of US \$1,150 or less. For those who received additional loans, 94% of the loans ranged US \$1,150 and US \$11,500. This shows that subsequent loans tended to be larger.

The businesses that received loans generated and/or strengthened 6.1 jobs per loan. Overall, the project generated and/or strengthened a total of 9,144 jobs, exceeding its goal by 24%. Of these jobs, 33% were new and 48% were obtained by women. This increased employment and income opportunities for Salvadorans of low income and those in PRN zones. In PRN zones, 3,036 jobs were generated and strengthened corresponding to 71% of the total goal. This result in turn helped generate better quality incomes for entrepreneurs who received loans and

their employees. This underscores the success of microenterprise development projects and the generation of employment for relatively disadvantaged populations.

The project activities promoted the development of small businesses in El Salvador, especially in those areas classified in the PRN. Thus, the clients experienced improvements to their standards of living, levels of savings, business assets, as well as their income. Moreover, the majority of businesses that participated in this evaluation, evidenced characteristics for growth potential such as showing changes in their assets, savings level and increases in their number of employees.

The total portfolio as of December 1996 showed US \$96,083 in overdue payments (outstanding debt), equal to 4.3% of the portfolio. San Salvador has overdue payments amounting to US \$50,050 (4.1%), San Miguel US \$14,142 (4.8%), and Santa Ana US \$31,890 (4.6%). Hence, outstanding debt for overdue payments (4.3%) does not appear to represent a significant risk for PROPEMI's total portfolio. However, since the affected outstanding portfolio is 18.1% of the total, it is a matter of concern if the proper measures for its recuperation are not taken, or the affected portfolio more than 60 days overdue is not analyzed.

The evaluation verified that the use of credit reflows was related positively to larger rotation, improved portfolio health, strengthened enterprises and more selective placement in non-PRN zones. However, in PRN zones credit was made to entrepreneurs with greater geographic mobility, at longer terms, and to weak enterprises with poor entrepreneurial organization.

The study confirmed that PROPEMI maintained a flexible interest rate during the life-of-project. It ranged between 20% and 23%, which is similar to that of the commercial/financial system. PROPEMI's policy of having a flexible interest rate allowed it to maintain a loyal clientele. At present, the rate may be negotiated between the client and PROPEMI subject to the former's credit history.

Impact by Gender

The impacts observed by gender are noteworthy, 40% percent of the loans granted and 36% of the funds disbursed during the life of the project went to entrepreneurs. Entrepreneurs also received 44% of the project training provided and, as noted previously, obtained 48% of the jobs created.

It appears that women-owned businesses have the same growth potential as others provided they receive similar technical and financial assistance. Change was observed between the financing received from the first and last loans. For the first

loan, 80% received credits for amounts under US \$1,150, while with the last loan, 94% received amounts for between US \$1,150 and over US \$11,500. This is comparable to the overall rates discussed earlier. Furthermore, the evaluation unearthed no evidence of restriction to women's access to and participation in project activities, including the submission and processing of their credit applications, their participation in training, or the required assessment(s) of their businesses. Moreover, women's non-payment rate on loans totaling US \$725,748 was 4.2%, which mirrors that of the PROPEMI agencies in the three regions. This suggests that factors other than gender determine repayment rates.

The field investigation showed that in businesses owned by men, 53% of the wives/life companions participated in the activities of the business, 29% provided funds to initiate the businesses, 53% participated in making decisions for the business, and 45% participated in the administration of the business. In contrast, men's participation in businesses owned by women was minimal.

Training

The data shows that 7,912 beneficiaries have received some type of training, of whom 75% reside in non-PRN areas and the remainder (2,009) in PRN zones, and of whom 779 were women. The discrepancy is understandable when taking into account the difficulties the majority of PRN microentrepreneurs face by leaving their businesses to receive specific. Still, the results highlight the support given to small and microentrepreneurs in ex-conflictive zones included in the PRN.

The results among Project clients indicated that 73% of those surveyed did not receive any training from PROPEMI. However, of those who did, 88% indicated the training has helped them to improve communications with their employees, the organizational capacity of their business and relations with clients as well as their own families. Fifty-three percent indicated they paid for the training themselves, and 87% are ready to pay for future training. One hundred percent rated the training between good and excellent, 77% are interested in receiving further training, and 97% recommend PROPEMI's training.

PROPEMI's income from training totaled US \$124,304. These resources have contributed to the achievement of PROPEMI's operational sustainability.

Technical Assistance

The training and credit assessments offered have been key in maintaining the minimizing the portfolio's outstanding debt. PROPEMI offered 5,390 credit assessments, 40% conducted before credit was extended and 60% after.

Of the PRN s portfolio, an average of five visits per loan were made, because the majority of clients were unfamiliar with credit transactions and the correct use of resources obtained through a loan. Average visits to non-PRN clients were 2.5. Of the total assessments, 544 (10%) were received by businesswomen. To follow-up on the loans, 5,390 credit assessments were made, of which 3,245 were for PRN clients. This achieved the projected goal.

Of those surveyed, 48% of respondents participated in loan assessment briefings, 69% said the assessment was useful to determine the need for the loan, 75% considered the assessment necessary for entrepreneurs, 85% rated the assessment received from good to excellent, and 71% said that the assessment had helped them to improve the administration of both their business and the loan funds.

Income received as commissions from credit administration during the period 1993-1996 amounted to US \$204,315. These resources contributed toward the operational sustainability of the institution.

Investigation and Development

Under the Cooperative Agreement, the Project conducted a study that identified various characteristics of the Project's target population, defined their credit, assessment and training necessities. The study also obtained information from the PRN municipalities required for the implementation of the Project, and ascertained the infrastructure and conditions under which the economic activities of existing businesses would occur. The study made basic information available for each of the selected communities addressed by the Project.

The Project also conducted a survey to obtain information on credit, technical assistance and training for small and microentrepreneurs. Within this component, PROPEMI participated actively in the "Libro Blanco" initiative, which diagnosed the small and microenterprise sector at the national level and generated a proposed framework to support the work developed by the Comision Nacional de Micro y Pequeña Empresa.

Project Management

In terms of organizational structure, PROPEMI had the required human, financial and technical resources to maintain the quality of the services offered to its clients. They designed and implemented a Portfolio Management System with Project resources, which gave the program the necessary registries to provide information in a rapid, timely and transparent manner. The system includes statistics of balances and amounts (per time period), source of funds, and general data on

approved loans Through this system, one can obtain current reports by region, zone and the portfolio situation A complementary Program Management System provided financial reports by region and cost center, and budgetary reports by month and cumulative reports by cost center and region

These systems have provided PROPEMI with the essential basic registries of any financial institution supervised by the Superintendency of the Financial System, PROPEMI is installing two other systems an improved and expanded Portfolio Management System, and PROPEMI's Financial Information System with FUSADES The latter will allow the handling of financial information by program/cost center, surpassing the global form in which it is currently handled

PROPEMI leads its peers among programs and organizations implementing projects related to the promotion, instigation and development of the small and microenterprise sector Their leadership could contribute to this sector by PROPEMI sharing its experiences with similar organizations

Another fundamental element of the evaluation was to determine PROPEMI's level of financial and operational sustainability The analysis of its financial situation based on information provided for the 1994-1996 period, showed that the program has achieved its operational and financial sustainability However, this sustainability cannot be guaranteed in the long run if PROPEMI does not receive sufficient financial support to allow for the growth of its present portfolio Thus, discussions are being held with various banks --- Multisectorial de Inversiones, Centroamericano de Integracion Economica and FOMMI/UE -- to consider the possibilities of access to fresh resources

The funds assigned for FUSADES/PROPEMI's operating costs were expended in fixed assets and PROPEMI's institutional strengthening Funds assigned by USAID were reportedly used to administer the Project and to conduct the evaluations

B Conclusions

Project goal and purpose

- The Project has become one of the most effective means to make available training, assessment and credit services to small and micro entrepreneurs located in communities included in the Programa de Reconstruccion Nacional and to other zones where the level of poverty is very high
- Among beneficiaries, monthly income increased by 38% as a result of the loans received This surpasses the established growth goal of 30%

- Through the loans awarded, it was possible to generate more than 1 job (1.2 jobs) per loan, surpassing the goal of one job per loan
- 52.2% of the approved loans from original funds disbursed were for businesses located in the PRN areas
- 54% of the approved loans from funds disbursed were for industrial and services activities
- The beneficiaries were businesses owned by the person requesting the credit. They received an average loan of US \$4,250 per business
- For the clients, the project provided a real opportunity to access a loan
- 48% of the businesses attended contribute 100% to meet their daily household needs
- The loans contributed to assist the benefitted businesses improve the value of their assets, increase their savings level and improve their cash flow
- The majority of businesses were strengthened
- Even though the project had as its target group small businesses, 72% of those attended are micro enterprises
- The results from the survey indicate that living conditions of the persons benefited with the loans, improved in terms of food, housing, clothing, education, and recreation
- The approved loan amounts, in most cases, were for the amount requested and were awarded in a timely manner without excessive prerequisites

Institutional Sustainability

- PROPEMI applied a flexible interest rate which ranges between 20% and 23%. This has kept it within the range of rates of the banking system
- PROPEMI's final intermediation margin is acceptable and it presents an increasing trend. This favorable result is due basically to the fact that the entity presents a low level of financial costs

- PROPEMI's capital profitability is acceptable and surpasses the inflation rate by 4.56 percentage points which reflects an increase in the value of the enterprise due to good administrative and financial work
- PROPEMI is a sustainable institution both operationally as well as financially. Until 1996, it had the capacity to absorb operating expenses, which represented around 40% of total income and to generate profits which increased by 73% for the period 1994-1996. Currently, it has sufficient resources to absorb its own operating expenses.
- If PROPEMI becomes a financial institution it will have access to financing sources such as loans from the BMI and IDB. It will also be able to obtain resources from savings and term accounts once it becomes regulated by the Superintendency of the Financial System.
- The resources provided by the Project have enabled PROPEMI to strengthen its short and medium term operating and financial sustainability.
- A credit technology has been developed to facilitate adequate selection of clients and to carry out an efficient administration of the loan portfolio.
- Efforts for loan recuperation have been very effective. As of 12-31-96, 83% of the funds disbursed had been recuperated.
- Management information systems have been designed enabling the institution to establish records of all its administrative and financial transactions, with the same characteristics for systems required by the Superintendency of the Financial System.
- The training and enterprise assessment guaranteed the health of the loan portfolio.
- Organizations related to PYME believe that PROPEMI should become a financial institution specialized in attending small and micro enterprises.

Gender

- The funds effectively reached the level of the micro businesswomen. 40% of the total loans awarded were received by businesswomen, especially those in PRN zones.

- Training and technical assistance are more necessary to businesses owned by women because the participation of their husband/companion in their activities is very limited

C Recommendations

Project Goal and Purpose

- For its sustainability, PROPEMI relies on funds generated by interest earned from loans and commissions on credit assessments
- If it becomes a financial institution, it should consider contracting training and technical assistance services with specialized companies
- PROPEMI should share the lessons it learns with other organizations that have a similar target group

Institutional Sustainability

- PROPEMI should define its institutional position, whether it continues operating as a promotional program for small and micro enterprises or becomes a formal financial institution subject to the regulations of the Superintendency of the Financial System
- For PROPEMI to maintain long-term sustainable growth, its portfolio must increase sufficiently to reach a larger clientele
- To obtain better results from its resources, PROPEMI should invest liquid excesses in low-risk, easily-recoverable bonds such as those issued by the Central Reserve Bank of El Salvador and the Ministry of Treasury as long as it does not violate any regulations
- In order to obtain the financial resources needed to expand its loan portfolio, PROPEMI should open agencies in the main cities of the country's interior, especially where there are no formal banking institutions
- The management information systems should be adequate for the demands of the Superintendency of the Financial System
- Install PROPEMI's Financial Information System with FUSADES as soon as possible, so that PROPEMI does not depend upon the centralized information system it has

- Install the Information System (SINFIN) to handle financial information by program/cost center

Gender

- PROPEMI must design methodologies for attention of family enterprises, especially those administered by women
- Training and technical assistance must be offered according to the needs and education level of women



AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES OF AMERICA A I D. MISSION
TO EL SALVADOR
OFFICE OF CONTRACTS AND GRANTS

Annex I

16 April 1997

Mr. Alvaro Ernesto Guatemala
Director PROPEMI Program
FUSADES
Edificio FUSADES
Blvd. y Urb. Santa Elena
Antiguo Cuscatlán

Subject: Cooperative Agreemen. No. 519-0387-A-00-3233-00

Dear Mr. Guatemala:

As of the date of this letter title to property of items that have an appraised value of \$1,000 or more, which have been acquired with USAID funds under the above numbered Cooperative Agreement, vests in FUSADES. The list of these items is attached.

As stipulated in the Standard Provisions governing the Cooperative Agreement, FUSADES agrees to use and maintain the property for the purpose of the Agreement. If the property is used for purposes other than those of the agreement or is sold or leased, USAID shall be reimbursed unless the Agreement Officer authorizes otherwise in writing.

Should you have any question, please contact Mrs. Marielos de Quiñónez.

Sincerely,

Leonel T. Pizarro
Agreement Officer

PROPEMI
INVENTARIO DE ACTIVOS FIJOS (Muebles)
Adquiridos con Fondos Convenio AID 519 0387 A 0033
(mayores de US\$ 1,000.00)

NOMBRE DEL ACTIVO
NOMBRE DEL ACTIVO
FOTOCOPIADORA
COMPUTADOR PC-NOTEBBOOK EXPLORER
COMPUTADOR, MONITOR Y TECLADO
COMPUTADOR, MONITOR Y TECLADO
COMPUTADOR, MONITOR Y TECLADO
IMPRESOR MATRICIAL 533 CPS S 136
COMPUTADOR, MONITOR COLOR Y TECLADO
IMPRESOR A COLOR
TELEVISOR DE 25"
COMPUTADOR MONITOR Y TECLADO
COMPUTADOR MONITOR Y TECLADO
RADIO PORTATIL 16 CANALES S/TECLADO
RADIO PORTATIL 16 CANALES S/TECLADO
RADIO PORTATIL 16 CANALES S/TECLADO
TOTAL

MODELO	SERIE	MARCA	MEDIDAS	VALOR / ADQ.
MODELO	SERIE	MARCA	MEDIDAS	VALOR / ADQ.
5050	N 81966591	XEROX		82,318.35
486SX-25		AST LAPTOP		17,500 00
PS/1-486-SX		IBM	6400032	14,740 00
PS/1-486-SX		IBM	6500019	14,740 00
PS/1-486-SX		IBM	6500019	14,740 00
2381	11-36 401	IBM	CH-6500035	16,304 46
F-1177		PACKARD BELL		22,900 00
	JPFD 120640	HEWLET PACKARD		70,512 00
25 FM 100		SHARP		8,998 00
PS/1 2155 H7		IBM	6400032	14,740 00
PS/1 486 SX		IBM	6400032	14,740 00
VISAR	720AUGO3005Z	MOTOROLA		9,658 00
VISAR	720AUN2812Z	MOTOROLA		9,658 00
VISAR	720AUQ3012Z	MOTOROLA		9,658 00
TOTAL				321,206.81

C:\INVENT WBI

19

QUARTERLY REPORT ON COUNTERPART CONTRIBUTION
FOR THE QUARTER ENDING (IN COLPES)

USAID LOP 43,700,000
COUNTERPART LOP 10,925,000
TOTAL PROJECT 54,625,000
% COUNTERPART _____

DATE PREPARED _____
PROJECT NAME _____
PROJECT NUMBER _____
FACD _____

1. INTENTIVITY

BEST AVAILABLE COPY

DESCRIPTION	(1)	(2)	(3)	(4)	(5)
	PLANNED LOP	COUNTERPART ESTIMATED TO DATE	ACTUAL COUNTERPART QUARTER	COUNTERPART TO DATE	(1)-(2) ESTIMATED <SHORTAGE> OR EXCESS
Cash by Source of Contribution	10,925,000				
Fondos Propios			504,377.00	3,380,570.00	
Participación de Usuarios			746,387.00	16,988,837.00	
Subtotal of Cash Counterpart				20,369,407.00	
In-Kind by Nature					
Reuniones				185,039.00	
Subtotal of In-Kind Counterpart				20,554,446.00	
TOTAL COUNTERPART				20,554,446.00	
Counterpart as a Percent of LOP Planned Counterpart				(Col 4 / Col 1)	(Col 5 / Col 1)
Counterpart as a Percent of To Date Planned Counterpart	10,925,000	(Col 2 / Col 1)		(Col 4 / Col 3)	(Col 5 / Col 3)

Comments

The undersigned certifies:

- (1) that the expenditures and in-kind contribution information reported herein has been verified in accordance with USAID guidelines
- (2) that contributions being reported were made in accordance with the agreement
- (3) that all supporting documentation will be maintained in our files and will be furnished upon request of USAID or its representatives for review or audit and
- (4) that if at the end of any year (or funding period) the grantee has expended an amount of counterpart contribution less than the agreed-upon percentage of total expenditures and no waiver has been granted, among the remedies available to USAID is to apply the difference to reduce the amount of USAID funding the following year or the difference may be refunded to USAID


Grantee's Signature

31 de Diciembre de 1996
Date

Annex IV

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A EVALUATION SUMMARY - PART XID-ABQ-692-A 92543

1 BEFORE FILING OUT THIS FORM READ THE ATTAC INSTRUCTIONS
 2 USE LETTER QUALITY TYPE NOT DOT MATRIX TY

IDENTIFICATION DATA

A Reporting AID Unit Mission or AID/W Office <u>EL SALVADOR</u> (IES# _____)	B Was Evaluation Scheduled in Current FY Annual Evaluation Plan? Yes <input checked="" type="checkbox"/> Stopped <input checked="" type="checkbox"/> Ad hoc <input type="checkbox"/> Evaluation Plan Submission Date FY <u>0</u>	C Evaluation Timing Interim <input type="checkbox"/> Final <input checked="" type="checkbox"/> Ex Post <input type="checkbox"/> Other <input type="checkbox"/>
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D Activity or Activities Evaluated (List the following information for project(s) or program(s) evaluated if not applicable list title and date of the evaluation report.)

Project No	Project /Program Title	First PROAG or Equivalent (FY)	Most Recent PACD (Mo/Yr)	Planned LOP Cost (000)	Amount Obligated to Date (000)
USAID No 519-0387-A-00-3233-00	Small Enterprise Support	Sept 1993	May 1997	\$5 0M	\$5 0M

ACTIONS

E Action Decisions Approved By Mission or AID/W Office Director Action(s) Required	Name of Officer Responsible for Action	Date Action to be Completed
NONE		

(Attach extra sheets if necessary)

APPROVALS

F Date Of Mission Or AID/W Office Review Of Evaluation (Month) (Day) (Year)

G Approvals of Evaluation Summary And Action Decisions

	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
Name (Typed)	Sandra Lorena Duarte	Ana Cristina Mejia	Kenneth Ellis	
Signature	<i>Sandra Duarte</i>	<i>Ana Cristina Mejia</i>	<i>Kenneth Ellis</i>	
Date	<u>12-27-97</u>	<u>12/30/97</u>		

ABSTRACT

H Evaluation Abstract (Do not exceed the space provided)

The project aims to increase employment and income opportunities for salvadorans from lower socio-economic groups especially in National Reconstruction Program (NRP) areas. The project was implemented by the small and micro-enterprises promotion program of The Salvadoran Foundation for Economic and Social Development (PROPEMI/FUSADES). This final evaluation (march 31- may28/97) was conducted by Desarrollo, Investigacion y Consultoria S A de C v (DEICO) teams on the basis of (1) survey to 111 credit clients/users, (2) project documents provided by PROPEMI/FUSADES, and (3) appraisals of officials and persons directly related to the project. The purpose was to promote the development of small enterprises, specially those located within NRP zones, through the provision of credit, training and technical assistance. The major findings and conclusions are:

- This well-managed project became one of the most effective forms to carry out training, assessment and credit services to entrepreneurs located in zones where the level of poverty is very high
- The implementing agency after the project is a sustainable institution
- The quality of human resources is one of the strengths that has identified the implementing agency with its clients
- The training and enterprise assessment guaranteed the health of a loan portfolio

The evaluators noted the following "lessons"

- The institutional, credibility and presence of the implementing organization contributed to its success
- The short-term operating and financial sustainability of promotion and development programs for small and microenterprises do not guarantee their long-term sustainability
- The development and implementation of management information systems are indispensable to guaranteeing timely and transparent registries for administering financial programs efficiently
- The financial success of credit promotion and development programs are related directly to both its personnel stability and the integration of the credit component with training and technical assistance

COSTS

I Evaluations Costs

Name	1 Evaluation Team	Affiliation	Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (U S \$)	Source of funds
Héctor Armando Maldonado Carlos Arturo Flores Raúl Antonio Montesinos Carlos Antonio Zavala José Eduardo Navarro		Team Leader	519-0387-0-00 -7053-00	218,216 00 (\$25,522 33)	Activity Funds 519-0387 Element VI
2 Mission/Office Professional Staff			3 Borrower/Grantee Professional		
Person-Days (Estimate) _____			Staff Person-Days (Estimate) _____		

A.I D EVALUATION SUMMARY - PART II

SUMMARY

J Summary of Evaluation Findings, Conclusions and Recommendations (Try not to exceed the three (3) pages provided) address the following items

- | | |
|--|--|
| <ul style="list-style-type: none"> • Purpose of evaluation and methodology used • Purpose of activity(ies) evaluated • Findings and conclusions (relate to questions) | <ul style="list-style-type: none"> • Principal recommendations • Lessons learned |
|--|--|

Missions or Office

Date This Summary Prepared

Title And Date Of Full Evaluation Report

USAID/EL SALVADOR

September 30/97

October 17, 1997

The purpose of the project was to promote the development of the small enterprise with an emphasis on National Reconstruction Program (PRN) zones through providing credits training and technical assistance. The project defined four specific goals: (1) Average income increase for firms assisted, in excess of 30%; (2) Average employment creation of one job by each firm assisted for a total of 7,363 new jobs during the life-of-project; (3) Higher percentage of credits placed in areas of influence of the PRN; (4) Higher percentage of beneficiaries in areas determined to be ex-conflictive, with 4,417 jobs created during the life-of-project.

The evaluation included a review of major project activities: rotating credit line usage, non-credit training activities, technical assistance, investment and development; and project management, supervision and evaluation.

The evaluation was conducted within the framework of project goals and achievements, project impact at the client/beneficiary, institutional, managerial, financial and technical levels, the financial situation in relation to its financial and operational sustainability; and, the project's impact by gender.

The methodology used was to conduct and analyze a survey among 111 credit clients, review documents provided by USAID and implementing agency and data collection from officials and persons directly related with the project.

Findings and Conclusions

ROTATING CREDIT LINES

The records show that 52.2% of the original funds were assigned to clients within the PRN and 47.8% to non-PRN clients. However, of the total loans awarded during the life-of-project, 43% were made to microentrepreneurs residing in the zones classified as PRN and 57% to enterprises in non-PRN areas. The majority of borrowers were located in the bigger cities of the zones served or close to them, specifically those classified in the PRN. This achieved one project objective.

The global goal for loans was achieved by making a total of 1,507 loans with a total value of \$6,425,787. Of these loans, men received 56% and women 44% in terms of the number of loans, and men received 64% and women 34% in terms of their value. By sector, trade received 45% of loans made by number and 47% by value, and industry and services received 55% by number and 53% by value.

It was confirmed that 100% of PROPEMI's clients were the direct owners and/or administrators of their companies, financed with their own capital. 98% were small or microenterprises with assets under US\$11,500, and 80% percent of the initial loans were made for amounts of US\$1,150.

The businesses that received loans generated and strengthened 6 jobs per loan. Overall, the project generated and/or strengthened a total of 9,144 jobs exceeding its goal by 24%. Of these jobs, 33% were new, and 48% were obtained by women. In PRN zones, 3,036 jobs were generated and strengthened, corresponding to 71% of the total goal. This underscores the success of microenterprise development projects and the generation of employment for relatively disadvantaged populations. Thus, the clients have experienced improvements to their standards of living, levels of savings, businesses assets as well as their income.

The total portfolio as of December 1996 showed an amount of US\$96,083 in overdue payments (outstanding debt) equal to 4.3% of the portfolio. Hence, outstanding debt for overdue payments (4.3%) does not appear to represent a significant risk for PROPEMI's total portfolio. However, since the affected outstanding portfolio is 18.1% of the total, it is a matter of concern if the proper measures for its recuperation are not taken.

The use of credit reflows was related positively to the larger rotation, improved portfolio health, more solid enterprises and more selective placement in non-PRN zones. However, in PRN zones credit was made to entrepreneurs with a greater geographic mobility at longer terms, and to weak enterprises with poor entrepreneurial organization.

The study confirmed that PROPEMI maintained a similar commercial/financial system interest rate during the life-of-project.

IMPACTS BY GENDER

The impacts observed by gender are noteworthy. Forty percent of the loans granted and 36% of the funds disbursed during the life of the project went to women-owned businesses. These women also received 44% of the project training provided and obtained 48% of the jobs created.

Change was observed between the financing received. With the first loan 80% received credits for amounts under US\$1,150 and with the last, 94% received loans for amounts between US\$1,150 and over US\$11,150. Further, the evaluation unearthed no evidence of restrictions to women's access to and participation in project activities.

In businesses owned by men, 53% of the wives/life companions participated in the activities of the business, 29% provided funds to initiate the businesses, 53% participated in making decisions for the business and 45% participated in the administration of the business.

S U M M A R Y (continue)

TRAINING

The data show that 7 912 beneficiaries have received some type of training

Project clients indicated that 73% of those surveyed did not received any training from PROPEMI. However, of those who did, 88% said that the training has helped them to improve communications with their employees, the organizational capacity of the business and relations with clients as well as their own families

TECHNICAL ASSISTANCE

The training as well as the credit assessment offered have been important in maintaining the portfolio's outstanding debt at a relative low level. Of the PRN's portfolio, an average of five visits per loan were made. Average visits to non-PRN clients were 2.5. To follow-up on the loans, 5,390 credit assessments were made

INVESTIGATION AND DEVELOPMENT

The project conducted a study that identified information from the PRN municipalities considered in the implementation of the Project, and ascertained the infrastructure and conditions under which the economic activities of existing businesses would occur

PROJECT MANAGEMENT

In terms of organizational structure, PROPEMI had the required human, financial and technical resources to maintain the quality of the services offered to its clients. It designed and implemented a Portfolio Management System, which gave the program the necessary registries to provide information in a rapid, timely and transparent manner. This system includes statistics of balances and amounts, sources of funds and general data on approved loans. Through this system, one can obtain current reports by region, zone and the portfolio situation. A complementary Program Management System provide financial reports by region and cost center, and budgetary reports by month and cumulative reports by cost center and region

The analysis of its financial situation based on information provided by the institution for the 1994-1996 period showed that the program has achieved its operating and financial sustainability. However this sustainability cannot be guaranteed in the long run if PROPEMI does not receive sufficient financial support to allow for the growth of its present portfolio

MAJOR LESSONS LEARNED

- 1 The institutional, credibility, image and presence of an organization that promotes and develops projects for the small and microenterprise sector contribute to its success
- 2 The short-term operating and financial sustainability of promotion and development programs for small and microenterprises do not guarantee their long-term sustainability
- 3 The design, development and implementation of management information systems are indispensable to guaranteeing timely and transparent registries for administering financial programs efficiently
- 4 For marginal sectors work, identifying and characterizing target groups and providing the human resources to work with them is essential to achieve the goals and purpose
- 5 The success of microenterprise development programs does not depend on the gender assisted, both have the same participation levels and development potentials
- 6 The financial success of credit promotion and development program are related directly to both its personnel's stability and the integration of the credit component with training and technical assistance

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S U M M A R Y (continue)

Recommendations

Project Goal and Purpose

- For its sustainability, PROPEMI relies on funds generated by interest earned from loans and commissions on credit assessments
- If it becomes a financial institution, it should consider contracting training and technical assistance services with specialized companies
- PROPEMI should share the lessons it learns with other organizations that have a similar target group

Institutional Sustainability

- PROPEMI should define its institutional position, whether it continues operating as a promotional program for small and micro enterprises or becomes a formal financial institution subject to the regulations of the Superintendency of the Financial System
- For PROPEMI to maintain long-term sustainable growth, its portfolio must increase sufficiently to reach a larger clientele
- To obtain better results from its resources, PROPEMI should invest liquid excesses in low-risk, easily recoverable bonds such as those issued by the Central Reserve Bank of El Salvador and the Ministry of Treasury as long as it does not violate any regulations
- In order to obtain the financial resources needed to expand its loan portfolio, PROPEMI should open agencies in the main cities of the country's interior, especially where there are no formal banking institutions
- The management information systems should be adequate for the demands of the Superintendency of the Financial System
- Install PROPEMI's Financial Information System with FUSADES as soon as possible, so that PROPEMI does not depend upon the centralized information system it has
- Install the Information System (SINFIN) to handle financial information by program/cost center

Gender

- PROPEMI must design methodologies for attention of family enterprises, especially those administered by women
- Training and technical assistance must be offered according to the needs and education level of women

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ATTACHMENTS

K Attachments (List attachments submitted with this Evaluation Summary: always attach copy of full evaluation report even if one was submitted earlier, attach studies, surveys, etc., from "on-going" evaluation, if relevant to the evaluation report.)

Project Assistance Completion Report
Final Report (English)
Final Report (Spanish)
Annexes (English)
Annexes (Spanish)

COMMENTS

L. Comments By Mission, AID/W Office and Borrower/Grantee On Full Report

PROPEMI is one of the best financial NGO's in El Salvador; an effort that maybe USAID should promote as a success story. This is an NGO that took the challenge of starting provision of credit in areas considered "High Risk Areas". Through the use of the right methodology, highly qualified personnel, development of proper management information systems, etc they were able to achieve the goal of successfully giving small and micro credits in the ex-conflictive zones.

According to their financial balances, they have reached sustainability and they are covering all their costs. Additional funding may be appropriate to expand their portfolio due to the increasing demand for its services. This may help them reach a long-term sustainability, avoiding the risk of leaving the institution on their own before this situation is permanent.

They are still to decide if they will keep on being a financial program under the FUSADES structure or if they are interested in becoming a formal financial institution. Should they choose the second option, they have enough capital to do so.

FUSADES had no additional comments to the final report of the evaluation.

As a recommendation, in future Cooperative Agreements the difference between creating and strengthening jobs should be clearly made and the gender issue should be discussed since the beginning stages of design.

No further assistance to FUSADES is foreseen at the moment.