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El Salvador

Final Report

**Microenterprise Innovation
Project**

Agreement No. 940-04-06
External Evaluation

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GLOSSARY OF ABBREVIATIONS

CAM	Centro de Apoyo a la Microempresa (Microenterprise Support Center)
CONAMIS	Comision Nacional de Microempresarios (National Microentrepreneurs Commission)
CONAMYPE	Comision Nacional de la Micro y Pequeña Empresa (National Commission for Micro- and Small Business)
CRS/sv	Catholic Relief Services of El Salvador
EAP	Economically Active Population
EEC	European Economic Community
EIP	Economically Inactive population
EIS	Evaluation of impact system
FINCA/El Salvador	Fundacion Integral Comunitaria El Salvador (Integral Community Foundation of El Salvador)
FOMMI II	Programa de Fomento a la Microempresa II (II Program for Fostering Microenterprise)
HPI	Human Poverty Index
MIP	Microenterprise Innovation Program
MSE	Micro- and Small Business
OEF/El Salvador	Organizacion Empresarial Femenina de El Salvador (Feminine Enterprise Organization of El Salvador)
SNF	Secretaria Nacional de la Familia (National Family Secretariat)
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

The Microenterprise Innovation Project (MIP) was financed by the Agency for International Development (USAID) mission to El Salvador, through Agreement No 940-04-06

The purpose of the project was to provide funds to conduct an assistance program for the improvement of services for the clients of credit projects in El Salvador. The project was implemented by the following agencies: Catholic Relief Services (CRS) El Salvador, Centro de Apoyo a la Microempresa (CAM), FINCA El Salvador, Secretaria Nacional de la Familia (SNF), Asociacion para la Organizacion Empresarial Femenina (OEF), all of which are dedicated to the area of micro-financing. The project was designated towards the coordination effort among these agencies.

The present document corresponds to the final evaluation of the project contracted by CRS and represents a requested requirement of USAID in the agreement. It was conducted by a team of external evaluators and was based on the review of documents generated in the project execution process and interviews with project personnel and with the agencies' directors.

The evaluation methodology was oriented towards measuring the level of fulfillment of the activities, components and the impact at the level of project purpose and overall project goal.

The project execution period was from September of 1995 to September 1998.

The project contemplates three components:

- Information and control systems
- Research and studies
- Coordination, interchange and technology transfer

Among the principal results attained are the following:

- Software that collects the information of delinquent clients (credit bureau database) of the organizations
- The organizations received support to buy equipment and develop software for credit control. To date, the organizations have shown improvement in regards to credit control.

- Software for evaluation of impact is being implemented by the agencies
- The following studies were carried out
 - ⇒ A study of credit demand
 - ⇒ Sector studies of the following sub-sectors dairy products, bakeries, and processed meats
 - ⇒ A feasibility study for the implementation of a meat processing plant
 - ⇒ A feasibility study to convert wood-burning ovens to liquid gas ovens in small bakeries
 - ⇒ A financial sustainability study of the agencies
- Meetings were held for interchange, information transfer, forums and training seminars on software management and a national conference on Salvadoran microenterprise
- Bulletins for information exchange were produced
- There is a Documentation Center
- During the carrying out of the project three other agencies became involved Programa de Fomento de la Microempresa en las Zonas Marginales (FOMMI), CARE El Salvador and Programa Generacion de Empleo en el Sector Informal de El Salvador (GENESSIS)

Among the principal conclusions and recommendations that the evaluation can indicate are the following

Conclusions

- 1 The coordination effort has been successful in the production of the components contemplated in the cooperation agreement, but priority needs to be given to the implementation of the study results and products in order to succeed in achieving the purpose of the project

- 2 In a coordination effort with important production components as is the case of the MIP Project, linking the coordinating body with the operative or executive part of each MIP institution is required, otherwise, the effort and the products do not succeed in impacting the level of service to the clients, as is outlined in the project
- 3 The diversity of interests of the agencies means that the products do not have the same priority for all the organizations, which affects the level of implementation of some of the results, a typical result of these kinds of efforts
- 4 One of the principal achievements of the project has been the creation of coordination bodies among agencies which one way or another were seen as competitors
- 5 In regards to the purpose and objective of the project, it is worth mentioning that it is not possible to adequately quantify its contribution in relation to improving client services, since the project proposal did not take into account quantitative indicators tied to the impact of improved services

Recommendations

- 1 It is considered of great importance the financing of a second stage of the MIP Project. Within this second stage, the priorities are considered the search for self-sustainability in the coordination process, the consolidation of the credit bureau database and the implementation of the results of the studies
- 2 The strategic component should be considered in future coordination efforts in order to strengthen the leadership of the participating agencies, the operative part of the coordination effort should be delegated to the coordination so that the decision-making body does not tire in investing energies and time in aspects which could be assumed by the coordination

PRESENTATION

While the international market has been transformed as a product of globalization strategies, micro and small enterprise (MSE) struggles for survival, seeking a space in local markets

Development organizations, which offer services to this sector, are faced with the strong threat of their permanence in the market, a product of the changes in international financing policies which are obliged to reconvert their services as a strategy to achieve self-sustainability

The Microenterprise Innovation Project can be distinguished as a leading initiative in the field of strategic alliances in the development organization sector which has broached the substantive points of recent research¹ on financial services to microenterprise that has been shown to be priority. Among them are included **the systematic flow of information on technology on attention to the credit sector, articulation strategies among diverse agencies and efficiency in information channels**

The project represents a concrete experience that responds to the guidelines that the research shows as priority for the strengthening of the sector

This report constitutes the final evaluation of the Microenterprise Innovation Project (MIP). The evaluation, just as it has been outlined, emphasizes the achievements gained and the aspects that can be seen as obstacles of a greater scope of the project. This evaluation presents great relevance since the successes and failures in this process can be converted into lessons that can be replicated in other Central American and Latin American countries

The report has been structured in the following way. The first chapter reports on the antecedents, objectives and characteristics of the evaluation. The second chapter makes reference to the setting of the project, presenting a brief description of the most relevant aspects on the economic level of El Salvador and a characterization of the micro and small enterprise sector (MSE). The third chapter describes the most relevant aspects of the Microenterprise Innovation Project and explains a brief characterization of the member organizations of MIP, reports a brief characterization of the MIP member organizations and describes the administration and coordination process of the project

¹ Microempresa Servicios Financieros y Equidad en América Central. Facultad Latinoamericana de Ciencias Sociales (FLACSO) Costa Rica - Academic Headquarters - San José Costa Rica, 1997

The fourth, fifth and sixth chapters present the evaluation of three principal components of the project, that is information and control systems, research and studies, and training, interchange, information and methodologies transfer. The seventh chapter presents an analysis of the level of purpose and overall goal of the project.

Finally, conclusions and recommendations are presented of the evaluation process, as well as some annexes that complement the evaluation.

I ANTECEDENTS, OBJECTIVES AND CHARACTERISTICS OF THE EVALUATION

In 1994, a coordination effort started in El Salvador among diverse agencies that offer credit services to the sector of micro- and small enterprises (MSE)

The effort of "Inter-Agency Coordination Services and Support to the Informal Sector of El Salvador" was conceived by five agencies that are working in the microenterprise sector and represents a coordination effort to raise the level of **efficiency and effectiveness**, improving the administrative capacity and avoiding the duplication of efforts

The participating agencies since the beginning of the project are

- FINCA El Salvador
- OEF El Salvador
- CAM
- Secretaria Nacional de la Familia
- Catholic Relief Services (CRS) El Salvador

Through coordination meetings, they developed strategies, goals and objectives, which form the heart of the **Microenterprise Innovation Project (MIP)**

A OBJECTIVES

In accordance with the **terms of reference**, the complete text of which is found in Annex 1, this evaluation seeks

- To evaluate the idea and design of the project, considering as the basic objective the coordination effort or closeness among organizations linked to credit, in order to avoid the duplication of efforts and to improve the individual and collective capacity to benefit the microenterprise sector
- To measure the results of the project in accordance with the range of objectives and goals programmed, evaluating the products developed
- To evaluate the processes of establishing the project, to try to review the quantitative and qualitative aspects of the products developed
- To evaluate the supervisory process of the project

- To suggest follow up actions to the innovative effort

B CHARACTERISTICS OF THE EVALUATION

The evaluation concerns an external evaluation solicited by Catholic Relief Services, which acts as the Project counterpart to USAID. Said evaluation was carried out in final phase of the Microenterprise Innovation Project. The evaluation is a requirement solicited by the Agency for International Development of the United States (USAID) in the financing agreement.

The evaluation will consider the products, as a means of evaluating the fulfillment of the project objectives and the form in which it has affected improving the capacity of each organization of the MIP network, and consequently, of the services offered to the MSE sector.

Moreover, an analysis will be made at the level of the effects or results in the utilization of the products. The analysis of the effects will be done through the decisions made related to the implementation of the results of the products.

Based on the analysis formulated, conclusions will be posed concerning the validity of the objectives, strategies and results.

This evaluation has emphasized the results of the actions of the Microenterprise Innovation Project (MIP), as well as its future application, with the objective of being able to estimate its impact or the potential impact.

C METHODOLOGY

1 Referential theoretical framework for the evaluation process

The tool of Logical Framework constituted the referential theoretical framework for the evaluation process.

Logical Framework is an instrument used to formulate and evaluate projects. This instrument organizes the information in such a way to facilitate the process of evaluation and permit the identification of the successes and failures of the project.

To facilitate the evaluation process, a summary of the project was drawn up through the elaboration of the intervention logic, utilizing the Logical Framework Matrix.

To draw it up, the information contained in the project document and the agreement signed with USAID was used as a reference. Some of the means of verification were drawn up by the evaluation team, as these were not contemplated in the project document.

It is worth mentioning that the description of indicators was adjusted to those set forth in the project document and the indicators at the level of Goal and of Purpose were those suggested by the directors of MIP in the validation workshop that is mentioned later on within the methodological process.

Likewise, the classification of products, activities, indicators and means of verification correspond to the interpretation of the evaluators according to objectives, activities and indicators formulated in the project document.

In Annex 2, a synthesis of the project is presented, utilizing the Logical Framework Matrix.

2 Description of the methodological process

a) Review of secondary sources

Among the secondary sources, priority was given to the review of

- Agreement
- Project Document
- Work Plans
- Progress Reports
- Meeting Minutes
- Studies
- Training Events
- Technical Manuals

In Annex 3, the documents consulted are presented in detail.

b) Information gathering from primary sources

Interviews were carried out with key informants, including the following

- MIP Project Directors

- Ex-coordinator
- Coordinator
- Information Systems supervisors
- Portfolio supervisors or financial administrators
- Representative of the Agency for International Development (USAID)
- MIP Technical Team

In Annex 4, a list of the persons interviewed is presented and in Annex 5 a semi-structured interview guide

c) Direct verification of the products

As part of the evaluation process, the team carried out an inspection of the products, principally of

- Documentation of the studies
- Documentation Center
- Software developed in the organizations
- Credit bureau database (Central de Riesgo)
- Information system of impact evaluation
- Software of the Documentation Center

d) Validation of Indicators Workshop

As part of the methodology, a workshop was developed on validating indicators, primarily on the level of Purpose and Overall Goal of the Project. In this workshop, a summary of the project was presented, utilizing the logical framework matrix and raising the need to have indicators at the level of Purpose and Goal of the Project to be able to have elements that will facilitate the evaluation process.

e) Systematization of the evaluation results

The systematization of the results was done on the basis of each one of the components of the project, taking into consideration the fulfillment of the objectives, the effects or results in the utilization of the products and analyzing aspects related to the impact at the agency level.

The systematization contemplates an analysis from the perspective of gender in the different components of the project.

II PROJECT SETTING

A THE NATIONAL CONTEXT

The Microenterprise Innovation Project (MIP) was executed in the Republic of El Salvador, Central America. Its central offices are located in the city of San Salvador, in the offices of Catholic Relief Services, 73 Avenida Sur No. 221, Colonia Escalon, San Salvador.

According to the United Nations' report on human development,² El Salvador is considered a partly-developed country. The human development index measures what a country has achieved in terms of life expectancy, educational gain and real adjusted income. Tables 1 and 2 show the place El Salvador occupies with respect to the neighboring countries, according to the human development index and the human poverty index, respectively.

TABLE 1

HUMAN DEVELOPMENT INDEX, UNITED NATIONS, 1997
Place in world of 1 to 175

HIGH HUMAN DEVELOPMENT		MEDIUM HUMAN DEVELOPMENT	
Costa Rica	33	El Salvador	112
Panama	45	Honduras	116
		Guatemala	117
		Nicaragua	127

TABLE 2

HUMAN POVERTY INDEX, UNITED NATIONS, 1997
Place in world, 1 to 78

CATEGORY ACCORDING TO HUMAN POVERTY INDEX	
Costa Rica	5
Panama	9
Honduras	24
Nicaragua	34
El Salvador	36
Guatemala	46

² 1997 Human Development Report. United Nations Development Program.

The human poverty index (HPI) measures privation as far as human development in terms of the percentage of the population that is expected to die before the age of 40, the percentage of adult illiteracy, and the economic supply in terms of percentage of the population without access to health care, drinkable water and the percentage of children younger than five years old with insufficient weight

The **territorial expanse** of El Salvador is approximately 20,742 km³ As far as **the demographic aspect**, El Salvador has a estimated population of 5,047,925 inhabitants, with an urban population of 2,552,525 inhabitants and a rural population of 2,495,670 inhabitants The population of the metropolitan area is 1,447,766 inhabitants The most important cities are Santa Ana, San Miguel, Ahuachapan, Sonsonate and Usulután

With respect to the **economic structure** of El Salvador, the *Libro Blanco del Microempresa*⁴ outlines the effects that unequal development has left on the country having provoked the definition of a series of heterogeneous segments, where two clearly differentiated sectors are highlighted One is the so-called modern sector, which is characterized by the high level of concentration, the facility of access to resources and goods, the levels of organization and the possession of political power In the second group are located the sectors that face restricted possibilities of access to productive and financial resources, with difficulty of access to information, the level of organization and the level of political influence are low The sector of small and microenterprise is located within this second group

In the document cited, it is posed that the existence of the situation described above has brought serious repercussions in terms of the functioning of the economy, that it has been conducive to a greater concentration of wealth and has hindered the adequate distribution of the fruits of economic growth

B CHARACTERIZATION OF THE MICROENTERPRISE SECTOR OF EL SALVADOR

It is worth emphasizing that different from other Central American countries, El Salvador has good study and research records that facilitate characterizing the sector and permit the definition of its contribution to the country's development In order to do

³ Source Internet page of Raul Barrientos 108-59 Roosevelt Ave Corona NY 11368

⁴ *Libro Blanco de la Microempresa* El Salvador C A

the following characterization, primarily two bibliographies were consulted, one of them is the *El Libro Blanco de la Microempresa (The White Book on Microenterprise)* and the other, *La Encuesta de la Microempresa Salvadoreña (The Survey of Salvadoran Microenterprise)* Both documents are cited below

In El Salvador, given the present economic conditions, microenterprise has constituted a concrete mechanism that makes self-employment and the quick generation of income possible, for which reason a good part of Salvadoran women seek refuge in this sector, especially in subsistence microenterprise. One of the most felt problems in Salvadoran society is the high unemployment rate in both rural and urban realms. According to FIDA data, at least 60% of rural families do not have permanent employment nor have sufficient income to satisfy basic food needs. Part of this population launches itself into the informal sector, emigrating to the urban area and under-employing themselves in the selling of some final product which can sell easily and which will leave them some margin of profit.

Basically, during the last years, there has been a favorable evolution in the surroundings of the microenterprise sector. One of the most important measures taken on the governmental level has been the reactivation of the National Commission for Micro- and Small Enterprise (CONAMYPE), which has the visibility and intention of forming policies that will positively influence in the development and potentiality of the sector in the social and economic realms. In this way the organizations who support microenterprise play an important role in the sense of accompanying the CONAMYPE role and pushing for key concrete actions that will determine the **position and recognition** of this sector in the national economy.

Upon reviewing the occupational structure in El Salvador⁵, the working-age population is estimated at 10 years-old and up. It is emphasized that 52% make up the economically-active population (EAP) and 47.5% of the economically-inactive population (EIP). The analysis of EAP by sex shows that 62.9% are men and 37.1% are women.

Microenterprise activity is considered as an important source of self-employment, employment and under-employment of low quality. The relationship between the number of jobs generated and the total number of microentrepreneurs is 52 per enterprise.

⁵ *Libro Blanco de la Microempresa* El Salvador CA 1997

The contribution of the microenterprise sector to the gross national product (GNP) is estimated at 24 - 36%

It is estimated that the microenterprise sector in El Salvador has 382,539 businesses of less than 10 employees and 376,296 of less than five employees. Of the businesses with less than 10 employees, 67.32% are located in the urban area and 32.68% in the rural area. Of the businesses with less than five employees, 67.86% are located in the urban area and 32.14% in the rural area.

The distribution of branches of activities among the businesses are: trade 49%, industry 28%, services 15%, construction 4%, transportation and communication 4%.

The generation of employment in the sector is significant, 40% of the employed in the urban area work in the urban informal sector. The percentage of men employed in the urban informal sector is 32% and of women, 49%.⁶

In regards to occupation by gender, there exists a clear difference between eminently masculine occupations and those of women. Among these masculine occupations are emphasized construction, metal products, electricity repairs, automobile and motorcycle repairs, carpentry. Among the feminine occupations are mentioned clothes washing and cleaning, production of food and drinks, beauty salons.

In regards to the level of education, the level of illiteracy is 10%, and 48% have not finished primary school.

The form of ownership is almost totally individual. The majority of the microentrepreneurs are single persons who work with the assistance of an unpaid family member.

The salaries in the sector vary from ¢4 daily for laundering and cleaning and ¢47 for auto and motorcycle repair, with an average of ¢19 daily.⁷

Among the support received by the microenterprise owners, credit is the most relevant, because credit institutions are the most used.

C CONTEXT SURROUNDING THE EMERGENCE OF THE MICROENTERPRISE INNOVATION PROJECT (MIP)

⁶ FOMMI *Encuesta de la Microempresa Salvadoreña* San Salvador July 1995

⁷ IDEM

Upon signing the Peace Accords in El Salvador, an important affluence of resources for the microenterprise sector was presented, since this is visualized as a way of contributing to the economic growth of the country. Credit initiatives were expanded, presenting a high concentration in the semi-urban areas.

The need for coordination of efforts was evident, nevertheless the post-war climate limited the possibilities for information interchange, in addition, the self-sustainability demands were visualized as incompatible with inter-institutional coordination.

Coordination intents were suspended and the results were the duplication of efforts in credit as well as training and the loss of opportunities for coordinated work.

In 1994, CRS/El Salvador took on the commitment to revive the coordination effort and began it with those organizations that worked in training and credit with microentrepreneurs. All the agencies that initiated the process were interested in the effects of credit and training duplication. They were committed to improving services and had the will to share information and methodologies to raise project funding efficiency levels.

In 1995, they elaborated objectives, goals and strategies that were converted into the Microenterprise Innovation Project (MIP) document.

III THE MICROENTERPRISE INNOVATION PROJECT (MIP)

A GENERALITIES AND FUNDING SOURCES

The Microenterprise Innovation Project is an inter-agency coordination effort, conceived by five financial agencies that work with the micro- and small enterprise sector

The project activities were formulated for three years (September 28, 1995 to September 28, 1998) and are concentrated in three areas

- Information and control systems
- Research and studies on sustainability, marketing, demand and sectors
- Training, interchange, information and methodologies transfer

The agencies involved in this coordination effort are committed to sharing the research results with their clients, donors and the business community. Disseminating the results and sharing best practices form part of the project objectives

The overall goal of the project is **"to better services to clients of credit projects in El Salvador"**, through the different project activities that will overflow into⁸

- Increasing institutional capacity for providing efficient financial services
- Improving monitoring, information and impact systems
- Locating and exploiting new microenterprise markets

After the project activities, the following results will be fulfilled

- Loan delinquency among the clients of each agency will be controlled and lowered through the credit bureau database
- The information and monitoring systems of socio-economic and financial impact will be operating in all the agencies

⁸ CRS/ El Salvador Inter Agency Coordination Services and Support to the Informal Sector of El Salvador Project No 732-95-002 Proposal June 1995

- The coordination and interchange of information will be made concrete among agencies that work with credit
- The participating agencies will reach higher levels of sustainability
- The agencies will have improved to be able to satisfy national credit demand
- Market research will be carried out and the results will be implemented in each agency
- The agencies will have improved their capacity to provide financial services
- The information resulting from the research will be disseminated

The Microenterprise Innovation Project (MIP) was financed by the United States Agency for International Development (USAID) under the agreement No 940-04-06

The amount of financing reaches US\$ 600,000 which was granted to Catholic Relief Services (CRS) to conduct an assistance program to improve services for clients of credit projects in El Salvador Table 3 presents the overall project budget

TABLE 3
OVERALL PROJECT BUDGET
PERIOD OF SEPTEMBER 28, 1995 TO SEPTEMBER 1998
(US \$)

COMPONENT	USAID	CRS MONETARY	FIVE AGENCIES	TOTAL PROJECT
1 Operation costs	253 456 00		35 000 00	288 436 00
2 Overhead	56 896 00	65 030 00		121 926 00
3 Consultancy services	155 104 00	56 896 00		212 000 00
4 Capital for equipment	66 303 00			66 303 00
5 Other direct costs	43 261 00			43 261 00
4 Evaluation	25 000 00			25 000 00
TOTAL	600 000 00	121 926 00	35 000 00	756 926 00

B PROFILE OF THE ORGANIZATIONS PARTICIPATING IN THE MICROENTERPRISE INNOVATION PROJECT (MIP)

The agencies that began the MIP Project are the following

1 Secretaría Nacional de la Familia (SNF)

The Secretaria Nacional de la Familia is a decentralized government agency that operates through community banks. It began operations in 1990 and develops its actions on both rural and urban levels. It has a total of 11,739 active clients, an average portfolio of 10,130,094.00, 85% of the clientele attended to are women and the delinquency rate is 4.85%⁹

2 FINCA/El Salvador

FINCA/El Salvador has been working independently of FINCA International since January 1989. The mission of FINCA is to provide financial and technical assistance services to poor communities in rural and urban areas as a way of improving the standard of living of the clientele attended to.

Presently, FINCA faces serious loan default problems and according to information provided by the director, practically 100% of the portfolio is found in a state of delinquency and investments have been suspended temporarily. Efforts are being made to recuperate part of the portfolio through legal channels. FINCA is executing a housing program.

The director of FINCA has formally expressed withdrawal from MIP. As stated, because of no longer giving credit he considers not continuing participation in the project.

3 Catholic Relief Services

CRS/El Salvador began to administer credit programs in El Salvador in 1991, through local institutions. CRS/El Salvador is an office of Catholic Relief Services, whose main office is located in Baltimore, MD. The efforts of CRS on a worldwide level are oriented towards alleviating poverty and suffering based on needs, without taking into account creed, race or nationality. CRS/El Salvador administers projects in the areas of agriculture, health and microenterprise.

CRS/El Salvador has been operating a pilot public banking "window" of credit since September of 1997 with the purpose of forming a short-term financial institution but since September of 1997 a public "window" has been opened in Apopa.

⁹ Information supplied by the MIP coordination

The methodology used combines communal banks with solidarity groups, granting of credit and training users for the improvement of these through introductory talks

According to the information provided up until June 1998, the number of CRS clients is 6,122 and the size of the portfolio is of ¢6,301,721 32 Portfolio delinquency is at 39% and the percentage of women attended to is 82 6% In the case of the banking window, the number of clients is 875, the portfolio is ¢875,481 30 and the percentage of women is 84 68%

4 Centro de Apoyo a la Microempresa (CAM)

CAM has been operating since 1991 It works with the Community Banks methodology and is supported technically by FINCA International CAM has 16,000 active clients According to the last reported data that corresponds to December 31, 1997, the number of active credits is 1,315, the present portfolio is ¢11,800,000, reported delinquency is at 4% and the percentage of women attended to is 84%

5 OEF/El Salvador

OEF/El Salvador began its operation in August 1985 with the support of OEF International After the dissolving of OEF International, OEF/El Salvador operates as a local office The geographic location of the project is in San Vicente, La Paz, Cuscatlan, Cabañas, La Libertad, Chalatenango, and the outlying areas of San Salvador The methodology of work is primarily individual credit and 5% solidarity credit

OEF, has a well-organized training program and sells training services to other institutions

According to information supplied by OEF, the active credit portfolio is ¢4,226,398 00, the number of active credits is 1,073, delinquency rate is 29 39% and the percentage of women attended to is 83 22%

Among the other organizations that have incorporated themselves into MIP are CARE, GENESSIS AND FOMMI

6 CARE

This program was established in 1994, and works with financial and non-financial services. Within the non-financial services are training, institutional strengthening for non-credit services, technology and training workshops.

The credit program is concentrated in the municipal market with 70% of the trade activity. The program is carried out by CONAMIS. The work model is on an individual level.

The active clients, according to information provided by the MIP project, are 663, the active credits 526, and the present portfolio is \$538,725, delinquency is 10.74% and the percentage of women attended to is 88%.

7 Fundación GENESISS

The Fundación GENESISS began operations in 1996 with the support of GENESISS. Their work methodology is based on individual credit. Their activities are developed in 17 municipalities and the segment of the market attended to is constituted by marginal zones of extreme poverty. Their activities are oriented towards micro-credit financing of primarily trade activity.

According to the information supplied by the 1997 annual minutes, the number of credits invested reaches 2,713 and the portfolio amount is \$23.9 million. Of the total credit granted, 62% is concentrated in trade, 28% in manufacturing and 9% in service. The total portfolio as of April 30, 1998 was \$10,880,300.33 and the number of active clients is 971. The level of financial delinquency is 6.33%.

8 FOMMI¹⁰

The Programa de Fomento de la Microempresa, FOMMI II, has a financing agreement between the European Union and the Republic of El Salvador.

The mission of FOMMI is the strengthening of microenterprise to achieve generating wealth and employment. According to the definition used, FOMMI works with the microenterprise sector of low accumulation of capital, that is, where the business activity generates income to cover the costs without reaching surplus to allow for investment and growth. Also in the high accumulation segment, which is defined as that which offers the possibility for a substantial increase in income and in the

¹⁰ FOMMI II Labor minutes 1997

generation of employment, it is where the business begins the evolution towards growth

FOMMI develops its activities through four components: development of production, credit, marketing and associating, and research and development

The objective of FOMMI in the area of credit is to find permanent and sustainable solutions for which to transfer specialized micro-credit technology to intermediaries fundamentally from the formal financial sector and financial resources. In this way FOMMI operates as a second-level financial body. The intermediaries selected are eight credit institutions, a non-governmental organization and two banks in the system.

C ORGANIZATIONAL AND FUNCTIONING STRUCTURE OF THE PROJECT

1 Project coordination

There is a Coordinating Board of the Microenterprise Innovation Project (MIP), which is made up of two representatives per agency: one titled and one substitute. The CRS representative functions as the Board coordinator.

Among the basic responsibilities of the Coordinating Board, the following are pointed out as priority in the bylaws¹¹

- Analyze, approve and evaluate the project and coordinator's action plans
- Give follow up and review the fulfillment of activities
- Endorse the terms of reference and the contracting of consulting services
- Guarantee and support the implementation of systems in the organizations
- Share experiences, methodologies and information on credit programs
- Review, approve and collaborate in the editing of bulletins, training processes, and in conferences
- Guarantee the carrying out of monthly activities
- Evaluate the performance of the coordinator

The Coordinating Board meets once a month and holds special sessions when the circumstances merit.

The project has a support team made up of a coordinator, an information systems specialist, and a secretary. It corresponds to the team to give follow up to the

¹¹ Microenterprise Innovation Project (MIP) Internal Bylaws of the Coordinating Board 1996

Coordinating Board's agreements and support the implementation processes of the project activities

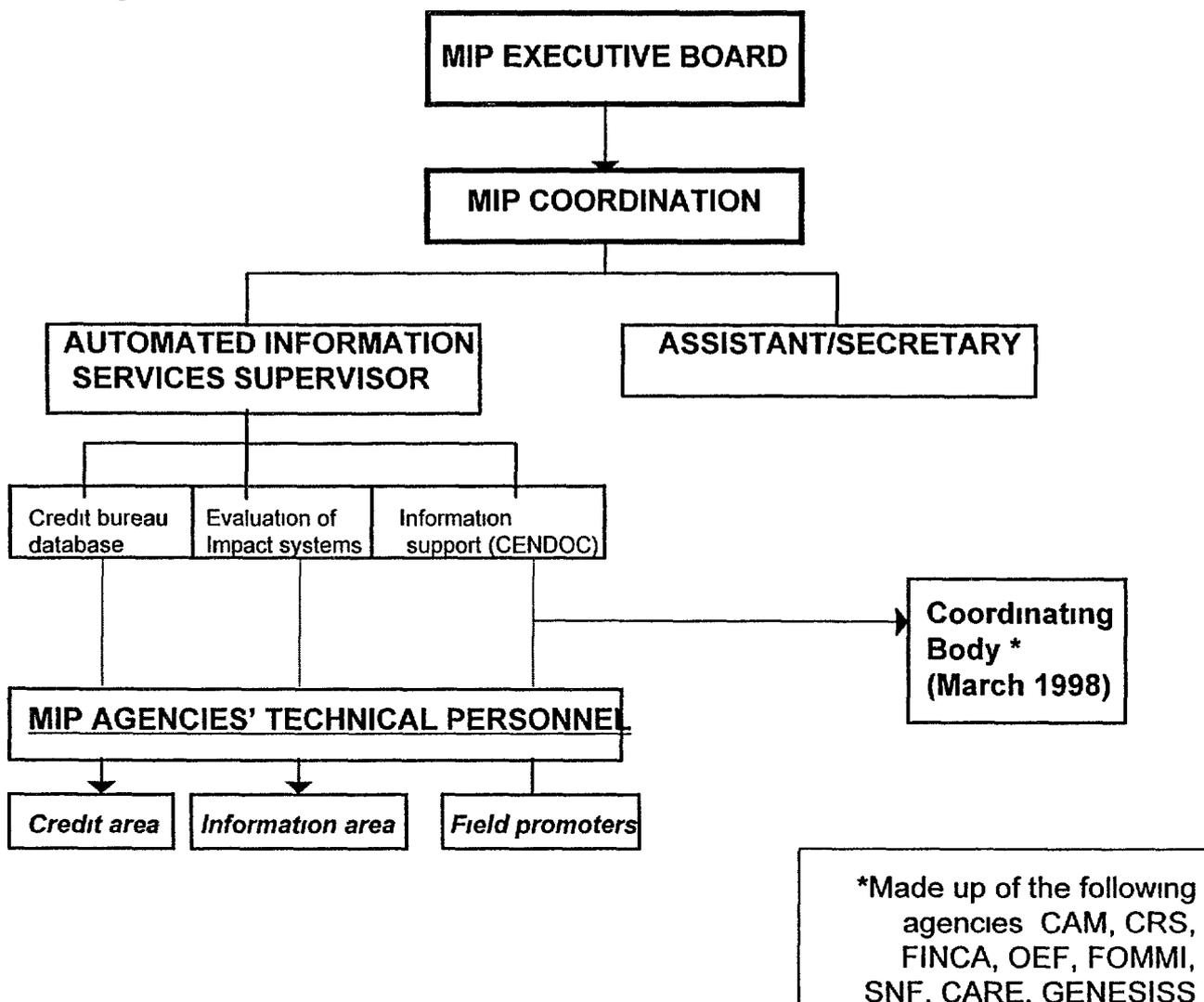
The project coordination is who elaborates the proposed agenda and calls the meetings, and the directors can include those points considered opportune. The board decisions are made by consensus.

A representative of USAID participates in the board meetings as an observer.

The board has sub-commissions that support, give follow up and carry out specific activities.

The following is an interpretation of the organizational structure of MIP, based on the information gathered in the evaluation process.

◆ Organic Structure



2 Project administration and execution

The administration of funds corresponds to CRS. The purpose of the cooperation agreement is to provide funds to conduct an assistance program for the improving of services to clients of credit projects.

It corresponds to CRS together with the other four participating agencies, among other things, the following

- To name a program coordinator
- To supply oral and written reports referring to the progress of the activities
- To supply financial reports
- To monitor low performance of the agreement and ensure that the time lines are fulfilled
- To provide trimester reports with information about the advances of the principal components
- CRS will contribute a part in cash of \$56,896, a portion of the costs of operation and \$35,000 will be administered in-kind by the participating organizations
- Follow up to the counterpart contributions corresponds to CRS
- The counterpart contribution reports should be supported by auditable records
- Trimester reports should be supplied on the counterpart contributions
- A final evaluation of the project should be carried out

The evaluation should prove the level of fulfillment of CRS as an administrative body in 100% of the acquired commitments. Documentation exists on all the procedures. The decisions have been made by majority and there are minutes of proceedings to back up all the meetings of the coordination team.

In regards to the counterpart contributions that the agencies should give each trimester, the agencies report the detail of the contribution, as does CRS.

In Table 4 the counterpart contribution detail until June 1998 is observed, where the pending monetary total observed is US\$ 43,331 08, which represents 31 64% of the budgeted amount. In reference to the in-kind contribution, the additional contribution is appraised at US\$ 3,334 96.

In regards to the execution of the budget, Table 5 shows that on July 30th, 1998, 66.66% of the overall budget has been executed, and the sum of US\$ 200,021.19 (33.34%) is pending.

In regards to the amount to execute, it is worth mentioning that at the date of the evaluation, some of the products of the project were in the process of being elaborated. In addition, the execution of two months of the project are pending. Another important aspect is that the project is in the process of transaction of a three-month project extension, which will be financed with the available resources.

TABLE 4
COMPARATIVE TABLE OF COUNTERPART CONTRIBUTIONS
SEPTEMBER 1995 – JUNE 30, 1998

DESCRIPTION	PLANNED IN US \$	ACCUMULATED SUPPORT IN US \$	TOTAL IN US \$
Cash by source of Catholic Relief Services contribution	56,896.00	42,667.84	14,228.16
General expenses (CRS)	65,030.00	32,050.40	32,979.60
Five participating agencies	15,000.00	18,876.68	(3,876.68)
Subtotal of counterpart contributions, monetary	136,926.00	93,594.92	43,331.08
In-kind by nature Catholic Relief Services	4,000.00	4,078.70	(78.70)
Five participating agencies	16,000.00	19,256.26	(3,256.26)
Subtotal in-kind counterpart contributions	20,000.00	23,334.96	(3,334.96)
TOTAL COUNTERPART	156,926.00	116,929.88	39,996.12

Source: Own construction based on information provided by MIP Coordination.

TABLE 5

**MICROENTERPRISE INNOVATION PROJECT (MIP)
PROJECT No 732-95-002, USAID RESOURCES 806**

**INTEGRATION AND EXECUTION OF PROJECT BY LINE
SEPTEMBER 1995 TO JULY 30, 1998**

Component	Budgeted US \$	Spent US \$	% Execution	Balance to Execute US \$	% to be Executed
Operation expenses	253,436 00	210 985 35	83 25	42 450 65	17 70
General expenses	56,896 00	36 781 04	64 65	20,144 96	35 41
Consulting services	155,104 00	81,039 18	52 24	74 064 82	47 76
Equipment	66,303 00	54,958 82	82 89	11,344 18	17 10
Other direct costs	43,261 00	16,214 42	37 48	27,046 58	62 52
Evaluation	25,000 00	0 00	0 00	25,000 00	100 00
TOTAL	600,000.00	399,978.81	66.66	200,021.19	33.34

Source Own construction based on information provided by MIP Coordination

3 Appraisal of MIP Functioning

According to the study realized, the most relevant estimations given by the key informants about the functioning of MIP are determined as the following

Through the inter-institutional coordination process, mechanisms have been facilitated for technology and methodological transfer. On an operational level an efficient and transparent management of funds is set forth.

A relevant point to consider is that in the coordination process a diversity of institutions are presented, which represent a variety of approaches, methodologies and objectives for which it is fundamental to consider which are the common interest points to give priority in the coordination process, in order to achieve greater satisfaction levels of the members. The need for MIP to adapt itself more and more to the changes in surroundings and in the institutions is emphasized as a way of guaranteeing the level of interest of the participating institutions.

There exists little agility in decision-making, provoked primarily by the limited decision-making power of the project coordination which obliges the decisions to be

made at the level of the MIP Coordination Board. In addition to the above, the participation of the executive levels of the board are affected by the rotation and in-attendance at meetings and the different levels of decisions of some representatives.

There exists a tendency to give priority to the commitments acquired in the project document and the commitments acquired with USAID, leaving aside some of the strategic aspects of the coordination process and the implementation of a part of the efforts realized.

In spite of the advances of the inter-institutional coordination processes, greater efforts are still required to avoid duplication and achieve taking greater advantage of the coordinating body, which has given guidelines for presenting a second phase of the MIP Project.

In addition, in regards to the observations of the evaluation team the following is outlined. As in all coordination processes and in the case of MIP, achieving greater effectiveness depends on the work of the technical teams of the MIP agencies, especially in the components of Credit bureau database, Evaluation of Impact, and Implementation of study results. As a result of the above, it is concluded that the effectiveness of the project understood as implementation and use on behalf of the agencies of the specific results of said components depends on the will of the executive levels of the agencies in issuing the pertinent instructions so the corresponding actions are implemented, which has been done in some measure. In this sense, it is worth mentioning that it is necessary to contemplate within the strategies of the MIP Project extension an implementation plan of the results of the coordination effort inside each agency which should be reviewed and validated within the MIP Board, with the objective of strengthening alliances among the participating institutions and taking advantage in an optimum way of the different MIP products, taking into account its possibilities and priorities.

It is fundamental to give a more active decision-making role to the project coordination, focusing the MIP Board's efforts towards a vision of strengthening the coordination process on the medium- and long-term. Responding to the changes in the surrounding context is visualized as priority with the objective of maintaining the interest of the participating agencies in the process. It is convenient to contemplate the possibility of negotiating some of the project components with the financing agency in order to be able to respond to the changes in context and the priorities of the agencies.

Among the recommendations to improve the functioning of MIP, the following are presented:

- ⇒ Define the executive and operational role of MIP
- ⇒ Strengthen commitments of the participating agencies for the development of the project
- ⇒ Design a strengthening strategy of the facilitating team of MIP
- ⇒ Strengthen interchange and evaluation spaces of the MIP project members
- ⇒ Review the operative structure of MIP and the implementation strategies according to the project components, seeking contemplation of the different program areas

IV INFORMATION AND CONTROL SYSTEMS COMPONENT

A COMPONENT DESCRIPTION AND EXPECTED PRODUCTS

The Information and Control Systems component corresponds to objective one outlined in the project document

The evaluation within the development of the vigilance of information systems management has placed special attention on programs of the **evaluation of the organization, operation and control in the systems areas** in the controlling institution and its member entities

The institutions that make up MIP carry out a major part of their operations by computer, processing great volumes of information which assumes an evaluation of their processes and procedures, their controls and the legality of the implied electronic operations

The evaluation process of information and control systems takes into account the base organization, in addition to the evaluation of software directly related to the MIP project as in the case of the credit bureau database (Central de Riesgo) and its updating and operational structures, and the Evaluation of Socio-economic Impact in aspects such as

- Functionality
- Variables
- Information input
- Information output
- Updating level
- Input agility
- Use of the information in decision-making
- Contributions to the improvement of client service
- Amount of investment
- Maintenance costs
- Level of user satisfaction
- Beneficiaries of the service
- Investment
- Costs of the service
- Sustainability level of the service
- Expansion opportunities of the service
- Technical evaluation

- Development tools
- Existing documentation
- Interface
- Verification of the level of mastery and knowledge of the software
- Verification of the idle time of installed capacity
- Software development
- Client satisfaction
- Contributions to improve the service
- Gender component in the systems

In addition, an evaluation of the advancement of information systems in each of the organizations in relation to the contribution that the project has fulfilled for them

An evaluation of the internal control systems was contemplated in the area of Systems, application of procedures, adjustment of work roles, review and evaluation of administrative controls, of applications, of processing and of backing up of transactions and information

OBJECTIVE 1

- Improve the capacity of the five organizations participating in the project to monitor and evaluate the social and financial impact of credit programs

EXPECTED PRODUCTS	
1	Support of monitoring systems of the financial (credit) information in each organization
2	Databases installed in all the agencies and design of a system to control delinquency (credit bureau database)
3	A methodology for the evaluation of socio-economic impact designed, approved and applied

B EVALUATION OF ACHIEVEMENTS

- 1 Support of monitoring systems of the financial (credit) information in each organization**

To evaluate the support given to the financial information monitoring system in each organization, visits were made to the organizations that received support from the project and a review was made of the developed software. An interview was carried out with the persons responsible for the information systems in the agencies

With the purpose of measuring achievements a comparative analysis was made between the situation of each organization before and after the project. The results of the analysis are shown in Table 6

TABLE 6
COMPARATIVE ANALYSIS, BEFORE AND AFTER THE PROJECT AND
ITS CONTRIBUTION PER ORGANIZATION

INSTITUTION	BEFORE	MIP CONTRIBUTION	AFTERWARDS
OEF	Worked manually making it difficult to control credit per client	<ul style="list-style-type: none"> • 1 Programmer • 1 Computer • Improvement of computer network bringing 4 machines up-to-date • VISUAL FOXPRO training three modules 	<ul style="list-style-type: none"> • Credit program aligned with the needs • Good use of the data of the credit bureau database • Equipment • Use of the credit bureau database • Use of the Evaluation of impact system
CARE	This institution because of its philosophy primarily has collaborated and not participated with direct benefits of this component	<ul style="list-style-type: none"> • VISUAL FOXPRO training only the first module 	<ul style="list-style-type: none"> • No changes
CRS	Manual system	<ul style="list-style-type: none"> • US\$ 4 000 unused • VISUAL FOXPRO trainings • 1 MIP programmer and information services supervisor 	<ul style="list-style-type: none"> • Lotus spreadsheet • Partial use of credit bureau database • Use of Evaluation of Impact system • This institution should look for a way to do macros to supply data to the credit bureau database since this is of major importance for its functioning
CAM	Credit control in its own system	<ul style="list-style-type: none"> • 1 programmer • 1 computer • Improvement of computer network • VISUAL FOXPRO trainings for MIP programmer 	<ul style="list-style-type: none"> • Continue in the stage of changing their credit system • Partial use of the credit bureau database
FINCA	Did not have a system to facilitate control of credit	<ul style="list-style-type: none"> • 1 computer • Development of 	<ul style="list-style-type: none"> • This institution is in a critical stage and has

INSTITUTION	BEFORE	MIP CONTRIBUTION	AFTERWARDS
		<ul style="list-style-type: none"> credit program 1 programmer (however in this institution there were different persons so the resource was not taken advantage of presently there is no one) 	<ul style="list-style-type: none"> withdrawn from MIP Presently no loans are given so the program is not used very much No credit bureau database use because of factors unrelated to the project
SNF	Credit control programs integrated in the network with limitations in historic data	<ul style="list-style-type: none"> 3 computers 1 programmer Use of credit bureau database Use of Evaluation of Impact systems VISUAL FOXPRO trainings 	<ul style="list-style-type: none"> Use of credit bureau database The systems have improved
FOMMI	Own credit and impact evaluation systems Personnel training in VISUAL FOXPRO	<ul style="list-style-type: none"> No support was given in information systems was not within the agreement 	
GENESSIS	Own credit systems	<ul style="list-style-type: none"> No support was given in credit control systems 	<ul style="list-style-type: none"> Are found in a stage of changing credit system Partial use of credit bureau database Are participating in the Evaluation of Impact system
MIP COORDINATION	Did not exist	<ul style="list-style-type: none"> Systems engineer Credit bureau database Evaluation of Impact System Documentation system VISUAL FOXPRO training in three modules 1 Pentium 166 MHZ 32 RAM server 2 Gigabytes for credit bureau database FOXPRO software for UNIX 	<ul style="list-style-type: none"> Technical support for the credit bureau database, Evaluation of Impact System and the Documentation Center Systems monitoring

As inferred in Table 6, the five organizations contemplated in the project received equipment support and technical assistance to improve their credit control systems

Presently they have a system that facilitates the control of the clients In order to evaluate this component, the following indicators were taken into account

- Each organization generates information per client
- Up-to-date data per beneficiary
- Complete and installed databases

Based on the indicators it is possible to point out that the organizations achieved the improvement of their information systems Nevertheless, it is also convenient to indicate that the improvement of these information systems is a process and the organizations still require accompaniment in implementation to raise the efficiency levels and maximize the utilization of resources The majority of the agencies continuing making efforts to better their credit control systems Among these organizations are GENESS, CAM, OEF, FOMMI, CRS and SNF

The organizations that received technical and financial support are making use of the developed software, only one organization is not using the software, due to the fact that presently, because of administrative problems, they are not granting credit and a great part of their portfolio is in a legal recuperation process

It is worth mentioning that one of the organizations stated that it sold the developed software for US\$ 5,000 to another organization

Of the five participating organizations in the project, four (CAM, SNF, OEF, CRS) stated that they have absorbed the costs of the payment of the programmer which to date MIP has covered, which guarantees the sustainability of the assistance offered

In relation to the present state of the programs used by each of the institutions to control its credits, the following can be indicated

a) Organización Empresarial Femenina de El Salvador (OEF)

Their credit program is developed with FOXPRO for DOS, according to the statements of the supervisor, the credit supervisor and the Executive Director The program is filling the requirements of the organization

Upon carrying out a review of this software in the central offices, it locked up a few times while trying to see the information, such that it is still necessary to clean it up a bit

According to the statements of the credit supervisor, there should be improvements in the generation of consolidated reports

b) Catholic Relief Services (CRS)

This institution keeps its credit control system in a series of LOTUS spreadsheets where the management and control of all the operations are kept. It is important to emphasize that this situation can generate problems for them with growth or if the length of time of the credit increases and surpasses 30 payments, this would require a series of modifications by the person who developed it.

It is important to mention that Catholic Relief Services is working on developing a financial information system that will consider characteristics required by the Superintendency of Banks.

c) Centro de Apoyo al la Microempresa (CAM)

This institution's credit system is found in a state of change to accommodate the new requirements of the institution and to then afterwards to make the addition to link up to the credit bureau database.

d) Secretaría Nacional de la Familia (SNF)

They have a credit system developed by themselves on FOXPRO, which meets all the requirements of the institution in managing credit. The fundamental contribution of MIP for this organization was the economic support for the upgrading of the computer equipment.

e) GENESSIS

This institution recently acquired a credit program which is considered rigid in its way of charging and calculating delinquency. Presently, they are adjusting the program to the needs of the organization. They hope to overcome the obstacles and integrate it into the accounting system over the mid-term.

2 Databases installed in all agencies and loan delinquency control system designed (credit bureau database)

This component has software that permits all the MIP organizations access to control delinquency.

a) Evaluation report of specific controls for each application

In the case of the **credit bureau database** software, the following is evaluated

⇒ **Functionality**

This software originated in the first phase, where only the MIP coordination kept the control, such that they made duplicate reports and sent them to the different offices, only an identification card and name was requested

In the second stage called "Phase II", which presently is functioning, the following fields are requested

- Name
- Identification Card
- Institution
- Date of last loan paid
- Amount of last loan paid
- Total in arrears
- Judgment of risk of paid credit
- Original amount
- Sex

Optional Data

- Tax Identification Number - NIT
- Number of late payments
- Name of debtors
- Identification card of debtors
- Risk category

With this system it is possible to obtain a series of reports, such as delinquency reports by geographic location, by stratification of total in arrears, by stratification of amounts per institution, by category of risk/institution, by number of payments, by sex/institution and the summary "statistic" report of the portfolio in arrears, in addition to direct database consultation and on-line updating

Even when the software is totally functional for its created purpose, some adjustments should be made for purposes of control and improvement For example, a

database of access and types of consultations should be developed in order to keep statistical control of these by types of consultations and to know the kinds of obtained results, such as in the case of person who already exist in the data base and who have a type B category, etc

It is recommended to create a routine by which the organization is updating the data directly with on line system (very useful, but used very little), the computer generates a file of errors found in the data and returns it to the institution, such that it can be corrected and resent so that the institution can maintain data complete and consistent with that of the organizations. Otherwise, the quantity of data sent by the institution with errors will be lost and generate inconsistencies

Quality control should be carried out so that the information is complete and error-free

The system has a list of which can be downloaded by telephone line, called the "black list", which can be very useful to the institutions, since they can incorporate it into their own credit systems, very carefully updating it frequently so that it is not out of date

⇒ Variables

Among the variables used, it is recommended to clarify with all the institutions that the "total in arrears" should only correspond to the capital plus normal interest overdue, the amortization that the person has overdue in each of the payments in arrears

⇒ Information input

One of the most important factors that is causing obstacles in the credit bureau database is the fact that all the organizations do not constantly update, so there exist very out-of-date data that can take away credibility from the rest of the information, which would not be suitable nor truthful

It is important that the management level of the organizations give direction in the sending of information to the system in a systematic way and on exact dates, such that the reports that are obtained from the data correspond to the reality at a determined time

It is recommended and a stated need of the users that the data base should be broadened to all the beneficiaries, so that it functions as a real filter of knowing if the

person already has credit in one of the other organizations and in this way avoid giving credit that can exceed the client's capacity of paying. In the same way, delinquency indicators can be shown per institution.

⇒ Information output

The system shows the person who is consulting, the data on the persons who are in arrears with another organization, with the name of the organization and the basic credit information and the category in which they are found.

⇒ Updating level

This is a very important aspect which should be reconsidered on the policy level of the highest representatives of the organizations if the success of this system is desired. Presently, the most important limitation is that data is found on different dates as seen in the following table¹²

ORGANIZATION	UPDATE
SNF	07/21/98
OEF	07/21/98
CARE	07/17/98
CREFAC (CRS4)	07/15/98
GENESSIS	03/03/98
PROCOMES (CRS12)	03/03/98
CAM	02/20/98

Source: MIP Coordination records

There are organizations whose updates fall before this last date with considerable volumes of data. This clearly indicates the need for a re-establishment of the operative part of the credit bureau database.

⇒ Input agility

The credit bureau database access, the NETCOM, S A company, has 40 modems, so according to the questions asked to the company's operator, line availability is good, since the normal work load is between 16 and 25, and the installed

¹² Source: Credit Bureau Database System provided by MIP officials

capacity is sufficient to attend to the needs of the credit bureau database. Once on line, obtaining data is immediate.

⇒ **Use of the information in decision-making**

The obtained information can be very useful in making decisions since credit can be withheld that would exceed the specific person's capacity to pay and consequently not pay the lending institution. It represents an effective mechanism for those institutions that consult the database in order to stop the granting of loans to clients in arrears.

⇒ **Contributions to the improvement of customer service**

With the rapid access to information on clients in arrears, the organization can be sure that the person is not in arrears with another institution in the sector, which can mean a greater agility at the time of granting the credit. It is worth mentioning that the greatest need posed by the users is the urgency of up-to-date databases of all the persons who make up the portfolio.

⇒ **Amount of investment**

Computer Pentium 166 MHZ, 32 RAM, 2 gigabytes	US\$ 2,850	¢24,500
Installation (license and equipment configuration)	3,495	
Total	US\$ 6345	

⇒ **Maintenance costs**

Maintenance NETCOM	US\$ 17,500 annually
MIP systems engineer	US\$ 8,280 annually
Total	US\$ 25,780

⇒ **Level of user satisfaction**

Of the interviews carried out, the level of satisfaction is good, but upon analyzing the log sheet of the credit bureau database movements, the following information is obtained:

ACCESS TO THE CREDIT BUREAU DATABASE
February to July 1998

INSTITUTION	FEB	MAR	APRIL	MAY	JUN	JULY	TOTAL
CAM	3	0	0	5	0	1	9
CRS	31	11	2	22	5	13	84
FINCA	7	1	0	2	0	4	14
FOMMI	2	4	1	3	0	0	10
GENESSIS	1	0	0	0	0	4	5
OEF	12	27	6	43	26	18	132
SNF	2	0	0	1	0	3	6
TOTAL	58	43	9	76	31	43	260

*/ CARE did not request connection to the credit bureau database

Source MIP Coordination records

The above table shows the times that the institutions have accessed the credit bureau database during the period of February to August 1998, as can be seen, in the months of February and May a greater quantity of system's entries are reported of 58 and 76 respectively

Moreover, we can see that in certain months not all the institutions have taken maximum advantage of the credit bureau database services, although, as stated, some organizations are solving internal problems, others use other consultation sources, one is not granting credit, another considers that its clientele is not included in the data base and find it difficult to access because of work areas (no telephone)

⇒ **Beneficiaries of the service**

The beneficiaries of the service, in addition to the organizations, are the users, now that with this rapid search, the organization can have more confidence at the time of granting credit

⇒ **Sustainability level of the service**

Even though the actual service is totally paid for by MIP, it would be entirely feasible to have the institutions assume part of the costs if the database would manage up-to-date and complete information and, in addition, would try to incorporate the database in other organizations. According to the market study done by the technicians, there is a potential market willing to buy the credit bureau database services

⇒ Expansion opportunities of the service

The service is perfectly expandable to other organizations such that the more organizations that incorporate themselves in the credit bureau database the better, since it would provide more information, provided that the information is up-to-date and trustworthy. In this aspect, a decision on behalf of the MIP Board is urged.

⇒ Technical evaluation

Technically, the database functions well, but sending and receiving of information tests should be done from the organizations as a way of testing and training. The log sheet shows that in the months of June and July the data base called the "black list" was downloaded once by CRS and OEF has done two information sendings (on-line updating). The major part of system's updating has been done by electronic mail.

It should be added that in order for the controls of the kinds of system input to be technically acceptable, it is necessary to keep control of the different types of consultations for the purpose of reports of control of access.

⇒ Development tools

The development tool used is FOXPRO for UNIX.

The organizations, in general, have used FOXPRO for the development of their applications, even though this does not effect the use of the credit bureau database.

⇒ Existing documentation

- Technical manuals
- Users' manuals

A procedure manual should be defined in which are detailed procedures for correcting errors, direct updates and other points not contemplated in the technical and users' manuals.

⇒ Interface

The interface is simple and does not require a high knowledge level so it is useful for the majority of persons with basic knowledge of the system

⇒ **Verification of the level of mastery and knowledge of the software**

The MIP system's engineer knows the credit bureau database system very well and participates actively in the training courses. Presently, the engineer is finishing module three of programming, therefore, his knowledge is sufficient for present and future demands

In regards to the programmers in the different organizations, they are systems users and are not in direct relationship with this software, but because of the training received, it would not be a problem for them to understand these programs

Training is required in the use of the credit bureau database, primarily in reference to transmitting and receiving databases from the credit bureau database

⇒ **Verification of idle time of installed capacity**

Having so few consultations to the system per month – 74 in the months of June and July - it can be inferred that there is much idle time in the equipment installed in the credit bureau database

⇒ **Software development**

The software is developed in FOXPRO for UNIX and in FOXPRO for DOS

⇒ **Contributions to improve to service**

The most important factor for improving the service is to maintain the information up-to-date, trustworthy and complete, which means an effort to attempt to have the member organizations systematically contribute their data and, at the same time, download the information that will be useful to them. To improve the service, the following is required

- Maintain the information up-to-date
- Have the organizations contribute their data
- Add to the data bases 100% of the affiliates' portfolio

⇒ **Gender component in the system**

A gender focus is contemplated in the data base and in the reports

In Annex 6 a report of the evaluation of the general controls is presented which should be taken into account for the development of the area of information systems

⇒ **Credit Bureau Database SWOT**

Table 7 shows the results obtained from the interviews with the directors of the respective agencies in regards to the strengths, opportunities, weaknesses and threats of the credit bureau database, considered as relevant aspects to measure satisfaction levels

TABLE 7
CREDIT BUREAU DATABASE SWOT

STRENGTHS		OPPORTUNITIES	
● General information on delinquency is obtained	● The financial information system contributes to improving clientele service	● Improve the information systems	● Ability to be the references for giving information on the microenterprise sector within the country
● Work is done more quickly	● Delinquency is controlled with the generated information	● The extension of the project	● USAID s facilitation of the project execution
● Efficiency of credit recovery can be measured	● It is a useful tool	● Certainty exists for international financing institutions	● There is a great quantity of NGOs, possible users
● Some common interests exist	● The target group is different which generates richness	● Seek specialization areas	● Existence of marketing/selling the service
● Credibility has been created in the MIP organizations	● Technically what was started with has been surpassed	● Existence of the NGO sector and the bank	● Access the formal system
● The very creation of the database	● The diversity allows for being able to constitute uniform institutions	● Incorporate more institutions	
WEAKNESSES		THREATS	
● A weakness is maintained in the system related to information	● Because of information system changes information is frozen in the credit bureau database in some institutions	● Sharing clients is risky, they may not return	● Lack of participant interest to add to the database

- | | |
|--|--|
| ● It was difficult to have an ideal person to design software | ● The existence of bad coordination, continues with lack of interest |
| ● Fear of falling into a defaulted portfolio | ● Leadership of some strong organizations |
| ● Not having all the information service | ● Different levels of power and sizes of NGOs |
| ● No policies for human resource development | ● NGOs exist with no clear vision of occupation |
| ● The existence of NGOs that do not have the capacity to give information on delinquency in a mechanized way | ● The ending of MIP and no continuity in the development process |
| ● No position within the financial market | ● Existence of similar projects |
| ● The information is disperse in regards to the market criteria | ● To not achieve the possibility of being sustainable |
| ● The members have not added to the structure, it is underutilized | |

b) Evaluation of the level of component fulfillment in relation to project outline

If the component is evaluated with respect to the indicators formulated in the project, the level of fulfillment can be seen as satisfactory. The database is complete and installed in all the organizations. The agencies' data can be received, although for diverse reasons the level of updating shows an average delay of two months.

In regards to duplication, it is worth mentioning that the database permits the detection of duplicate entries.

Another indicator to evaluate this component is the dissemination of the information in the agencies. In this aspect it should be emphasized that the information has been disseminated according to what was agreed in the Agreement.

The indicator of lowering delinquency and default nationwide is considered not met, primarily due to the fact that the credit bureau database implementation is found in a process of growth and the indicator was posed in a very general way. For this reason, it is convenient to limit the indicator to measuring delinquency in the organizations which are implementing the project.

In reference to the actions taken with clients in arrears, it is important to point out that the organizations that are consulting the database have made decisions to not grant credit to clients in arrears.

3 Methodology for the evaluation of socio-economic impact designed, approved and applied in each organization

a) Evaluation report of specific controls for each application

In regards to the Evaluation of Impact System software, the following applies

⇒ **Functionality**

The evaluation of impact program was begun to be tested recently. In the visits made to the organizations, the technicians were of the opinion that in general the software functioned well with the data that was entered from the surveys from the first stage. For the data from the second stage, the system is prepared to receive data and print a report of absolute and relative variations, just as the consultant proposed in the evaluation of impact study.

⇒ **Variables**

The variable considered in the program are those proposed in the study carried out by the consultant and in general have the corresponding entry validations.

⇒ **Information input**

The entering of information in the system has been without errors and with the corresponding validations. A limitation is that if an error was entered it is not possible to return to the former page, it only allows entering forward. If working on a screen, it only allows a correction when finished entering all the data on that screen. These problems mentioned cause the program to not be flexible in the entering of information, so it would be of great help to be able to correct to prevent errors in the moment of entering without having to reenter the records to change them. This means a longer process and, of course, with a greater possibility of errors existing without correction.

At the moment of the evaluation, there are 36 surveys entered and the second entries are waiting to be made three months after the first.

⇒ **Information output**

The program information output basically consists of the printing of already-entered data solicited in the survey and the report named "Statistical Report for

MIP's Evaluation of Impact System " In this report it is convenient to consider at least a series of filters to know different situations, according to the requirements of the evaluator For example activity, geographic location, institution, range of ages, educational level, sex, etc This information cannot be obtained in the way it is programmed

Within the data entry the devaluation of currency variable is not considered, contemplating expressed values of money and comparing them at different times is of vital importance

It should be remembered that the evaluation of impact has meaning when two points in time are evaluated, therefore, the devaluation of currency is a very important factor to consider when it tends to be accelerated If it is evaluated today and afterwards a year later, the second evaluation can show higher amounts but only because of the devaluation effects and not because of direct project impact

The evaluation of impact on a person is not only carried out from one trimester to another as is in the proposal but can also be done from one year to the next, such as the 0 (initial) state with the 4th state, which would be a year if trimesterly evaluations have been done

On the other hand, rigid variable correlations appear (for example Point 59 that says "Relation between women who have administrative responsibilities/total of businesswomen," "Relation between those who increased their sales/ total of those who received technical assistance," etc) There should be a bit more flexibility with only permitting the entering of filters, such as being able to filter for economic activity, per training received, etc This would permit a wide range of views of the information for analysis' sake To resolve this problem it is recommended that a statistical package be acquired to do the information intersections of the evaluation impact, such as SPSS

⇒ **Updating level**

In this aspect there are not yet any problems, since it is in the first stage of taking information and problems would arise after the first year if the information was not taken down on appropriate dates for the persons who did the survey the first time and for the new companies that are included

⇒ **Use of the information in decision-making**

This information will be of great help in the making of decisions if some statistical package is used to analyze the data. Up until now no decisions have been made because the implementation of the system is very recent.

⇒ **Contributions to the improvement of client service**

To date it is not possible to evaluate improved client service, but in the opinion of the evaluators, this is a very useful resource for the organizations who would decide to use it.

Improved service can be given indirectly to the clients according to the results that are analyzed from the evaluation of impact survey and the decisions that are made.

⇒ **Amount of investment**

According to the signed agreements the amount of investment in direct costs to implement the evaluation of impact system reaches US\$ 14,616 71.

⇒ **Maintenance costs**

The maintenance costs are given by the computer personnel of MIP and the surveyors who each trimester should go out to carry out the surveys.

In this regard it is worth mentioning that according to the opinion of the MIP directors, the cost is very high for the quantity of questions and for not having personnel to carry out this function.

⇒ **Level of user satisfaction**

Based on the interviews carried out with the MIP administration, the following is a presentation of the principal appraisals of the evaluation of impact:

- The evaluation of impact permits an adjustment at the institutional level by means of the evaluation of the work carried out with the entrepreneurs.
- Provides information in order to make quick decisions.
- The evaluation of impact will improve the distribution of credit.
- Quantifying development is very significant.

- Through the evaluation of impact one measures and knows personnel output
- The impact of credit contributes to measuring significant aspects by area, gender, amount
- Opportunities for measuring impact and monitoring have not been taken advantage of
- Has been of little use to some institutions because it does not respond to their program objectives
- Good ideas exist for EIS but its application and follow-up continue to be unknown
- No culture exists of what an impact evaluation is
- In spite of being a valuable instrument, it has not been implemented
- A more complex training about what an evaluation of impact is, is lacking
- It can offer basic information to orient new projects
- Impact can be known through the continuation of credit so an evaluation of impact is not necessary

⇒ **Beneficiaries of the service**

The agencies are the direct beneficiaries and the users of the agencies' services are the indirect beneficiaries of the system

⇒ **Technical evaluation**

Technically, the program functions even though there are some problems at the time of entering which could generate errors. For example, if upon finishing a screen the typist forgets to return to correct an error and even more so when the screen changes. The only way to correct is entering to modify the record, and even though the system permits the correction, this is technically unacceptable because of the

quantity of errors that it could cause. For this reason, this problem should be corrected.

In the same way, the program does the corresponding validations of the fields and permits the consecutive entering of trimester evaluations. It could be said that this complies with the capturing of data in the different periods but the aforementioned aspect and the problem of the devaluation of currency should be considered as indicated earlier.

⇒ **Development tools**

The program is developed in FOXPRO. This constitutes a tool which can cover the requirements for the quantity of data that is being managed and for some two more years.

⇒ **Existing documentation**

- Technical manual
- User's manual

⇒ **Interface**

- Windows type

⇒ **Verification of the level of mastery and knowledge of the software**

In general the software is simple to use, so the persons who have used it have not had any problems and know the tool well.

⇒ **Verification of idle time of installed capacity**

The installed capacity is sufficient for several years since the data bases are small and do not require much hard drive space. The equipment that MIP possesses has sufficient storing and processing capacity for present and future demands.

⇒ **Software development**

- In FOXPRO

⇒ **Contributions to improve the service**

Use of statistical packages to obtain the results of the surveys

⇒ **Gender component in the systems**

A gender focus is contemplated in the data bases and in the reports. With the information that the system generates, it is possible to consider gender aspects in the evaluation.

b) Evaluation of the level of component fulfillment in relation to the project outline

The indicators outlined to evaluate this component are test developed of the instrument and the instrument implemented in all the institutions. In relation to the described indicators it is worth mentioning that the instrument test was done in the month of July 1997 and that the software is installed in the agencies. Nevertheless, the agencies are in the stage of collecting information so the organizations have not added to the software with the required information.

In Annex 6 an evaluation report is presented of the general controls that should be taken into account for the development of the information systems area.

V RESEARCH AND STUDIES COMPONENT

A COMPONENT DESCRIPTION AND EXPECTED PRODUCTS

The research and studies component corresponds to objective two posed in the project document

OBJECTIVE 2

- Conduct research to locate and exploit new microenterprise markets, identify the demand for rural credit and evaluate the capacity of the organizations to administer sustainable and efficient credit programs

EXPECTED PRODUCTS

- 1 A national study of demand
- 2 Two sub-sector analyses
- 3 Two seminars to share results and develop a coordinated plan to undertake the identified interventions
- 4 A market study
- 5 A global sustainability study

B EVALUATION OF ACHIEVEMENTS

1 National demand study

a) Elaboration process of study

According to the work plan, the national demand study was accomplished from September to December of 1996, as backed up by a consultant's contract signed by CRS and the INSIDE company, responsible for the study

The contracting of the company was done following the administrative guidelines defined by the program and with the MIP directors team's participation in decision-making, who participated in the selection of the consultant and in the definition of the terms of reference as can be established in the Board of Directors' meeting records

b) Relevant study results

According to a review of the Demand Study document, the following are pointed out as relevant results

- The total amount of unsatisfied demand for credit was estimated at 580 million colones. The demand for credit for microenterprise was estimated at 457.1 million colones and for the self-employed sector or independent workers at 122.9 million.
- The unmet demand is estimated at a total of 97,193 microentrepreneurs.
- The demand shows a concentration in amounts less than 10,000 colones.
- The study results show that there are conditions and a market to expand supply in the credit market.
- The educational level of the microentrepreneurs per years of passed grades is concentrated in the early levels. The illiteracy rate is 9.6% in men and 11.6% in women.
- The great majority of the microentrepreneurs, close to 80%, are not subject to credit.
- Seventy percent of the microentrepreneurs do not have salaried employees.
- The greatest concentration of microentrepreneurs are in the departments of San Salvador, Santa Ana, San Miguel, and La Libertad. These departments have 74% of the demand for credit nationwide.
- In relation to the demand per type of activity, 71% of the amount is demanded by the commercial sector, 16% by the industrial sector and 13% by the service sector.
- Upon separating out the demand by sex, the study reflects that 47.8% (208.6 million colones) correspond to the needs of male microentrepreneurs and 52.2% (238.5 million colones) to female microentrepreneurs. In the case of women, the demand is greater for commercial activities and in the case of men, for industry and services.
- The study clearly reflects the greater vulnerability of women, placed in the subsistence sector and concentrated in the retail commercial activity. In the

higher accumulation segment, women tend to be a minority because of a lower level of schooling

c) Relevant recommendations of the demand study

- The need to divide up the market and differentiate among the interventions
- In the subsistence sector the intervention should be done with economic and social vision
- The need is outlined for integral intervention together with the social policies of the government
- The need is outlined for banking spaces for the sector
- The development institutions that work with micro-credit programs should seek self-sustainability through efficiency
- Development of a credit strategy, taking into account concentration of the demand, periods of time and collateral. The study shows discrepancies between the present supply and the demand. The amount granted is below the demand
- Investment in human development is indispensable

d) Knowledge of and decision-making based on the study results

Upon exploring the level of knowledge of the study, it was found that the study results are not profoundly known, only one person manifested knowing the details of the study and two organizations manifested having made decisions with the results

It is worth mentioning that an executive summary of the study was disseminated in the MIP bulletin and on the web site

2 Two sub-sector analyses

The studies made within this component are

a) Sub-sector analysis for the food processing and sales sector

Within the food sub-sector the following branches were studied

- Dairy Products (cheese and cream)
- Bakeries
- Processed Meats

I) Elaboration process of study

According to the work plan, the sub-sector study was carried out in May to July of 1996, according to the consulting contract signed between CRS and the consultants responsible for the study

The contracting of the consultants was done following the administrative guidelines defined by the program and with the MIP directors team's participation in decision-making, who participated in the selection of the consultant and in the definition of the terms of reference as can be established in the Board of Directors' meeting records

For the contracting of the consultants, respective terms of reference were drawn up where the following is described the objectives, expected products or results, requirements for the presentation of offers and an estimated time length of the study

The study was done using a methodology developed by AID for sub-sector studies called GEMINI "Instruments for Microenterprise Programs," which consists of the elaboration of in-depth interviews with experts in the studied sectors and with entrepreneurs. The studies were done on two levels: on the level of the activity branch and on the level of the micro-industry within it

ii) Relevant study results

The following can be cited among the relevant study results

⇒ Dairy products sub-sector

- The bulk of the companies in the dairy products sub-sector are micro- and small artisanal centers. These process half of the national supply
- The dairy sub-sector has not been subjected to regulations by the state relative to hygiene norms

- The sector is confronted with a threat in case the law passes to prohibit the production and selling of cheeses and creams made without pasteurized milk. It is foreseen that the implementation of the legislation is eminent.
- The need for fixed capital investment and working capital for the artisanal production process is estimated at \$6,250.00.
- The businesses in this sector face various problems with the flow of key raw materials, mainly because of seasonal availability, price and quality.
- The existence of appropriate technology options at the artisanal level was established for the sector.

⇒ **Bakery sub-sector**

- The bakery sub-sector has a good level of growth and represents a good business for the sector.
- There is a low level of specialization in the sector.
- There is sufficient installed capacity.
- There is a lack of trained bakers.
- Wood should be substituted because of the cost of acquiring it and for ecological considerations.
- The businesses that best survive are subsistence ones because of their location in the immediate surroundings of their clientele. Nevertheless, their income is estimated to continue being marginal because of low entrance barriers to a broader market.
- The level of association in the sector is low.
- There are metal - mechanic workshops that produce bakery equipment at accessible prices for the microentrepreneurs.

⇒ **Processed meats sub-sector**

- This sub-sector presents a good growth level and is considered, according to the consultants, a good business for the micro and small enterprise sector
- In this sector there is sufficient installed capacity
- The step from artisanal to industrial is blocked by the amount of investment required
- There is a lack of a training system in this sector
- The state of cleanliness and hygiene is not considered optimum and to improve it implies important investments in installations, equipment and training
- The diversification possibilities are in ham because of level of yield
- The level of formation of professional associations in the sector is low

iii) Relevant recommendations from the sub-sector study

⇒ **Dairy products sub-sector**

- Organize a program of technology development for the pasteurization of milk on the artisanal level
- Create contact points between suppliers and demanders and devise the establishment of an experimental workshop
- Create a credit line adapted to the cash cycle of the businesses
- Research and select a heating prototype and analyze the amount of investment to then promote it among the entrepreneurs
- Detect needs for technical assistance and facilitate technological adaptations and improvements
- Develop an awareness program oriented towards showing the advantages and conveniences of hygienic dairy products

⇒ **Bakery sub-sector**

- Accompany the process of changing from wood burning to gas
- Do a feasibility study to create one or more experimental centers for self-managed production
- Promote the establishment of a network of relationships among the micro-bakeries and the metal mechanic sector which works at producing the ovens and mixers
- Lend special attention to the French bread bakeries who have the intention of diversifying their product line with sweet bread
- Facilitate the change and adaptation process of the sweet bread bakeries who want to specialize themselves and who have the intention of entering into the cake-making market

⇒ **Processed meats sub-sector**

- Facilitate the necessary financing to obtain electric meat grinders
- Design and organize an experimental program oriented towards the diversification of the artisanal production
- Do a feasibility study that permits determining if it is viable to organize an assembly center where all kinds of processed meats could be produced
- Promote or organize a cost reduction program in the micro-meat processors, through the distribution of technologies that use high-yield ingredients

b) Knowledge of and decision-making based on the study results

Among the concrete actions that have been taken with respect to the studies are the following

- A feasibility study to convert artisanal wood-burning ovens into liquid gas ovens in the micro- and small bakeries

- **Signing of a participation agreement among AMPES, CARE, CIS, FOMMI, MIP, REDES and Tropigas in the Technology Reconversion in Bakeries in El Salvador Project** The project will last for one year and the principal purpose is "to promote the conversion of wood-burning ovens to propane gas ovens in bakeries located in El Salvador"¹³

In the agreement document the organizations commit themselves to supporting the conversion process through training sessions, forming of trade organizations in the sector, organization of business networks, promotional campaign of the project, technical and production trainings in the bakeries, financing and dissemination of the advances and results

A coordinating body will be created for the execution of the project, whose headquarters will be located at CARE International, Micro-Programs. A rotating coordination is defined

⇒ **Feasibility study for the implementation of a meat processing plant**

As part of the follow-up to the sector study recommendations, a feasibility study for the implementation of processed meats plant was carried out in the northern zone of El Salvador

According to the results of the study, the investment amount is \$1,886,370 and the internal yield rate of the project is 42.21%

The break-even point is achieved with a sales level of \$1,490,459.00. According to the sensibility analysis, the project supports a variation of 20% in market coverage and a price diminution of 11 to 25% in the different products

The project proposes covering for the first five years a market niche equivalent to 7.49% of the estimated demand

In the implementation of this project, it is worth emphasizing the linking strategy that is proposed. To this respect, it is important to underline that this has been a factor of failure in other similar experiences developed in Central America. Also, one must be careful of the administrative structure, which the study does not cite

¹³ Promotion and Technology Transfer in Bakeries in El Salvador Agreement

3 Two seminars to share results and develop a coordinated plan for undertaking the identified interventions

The accomplishment of seminars to undertake the interventions was not shown, but seminars to share results were carried out (see Chapter VI)

4 Market study

a) Elaboration process of study

The market study has not yet been carried out, according to the work plan facilitated by the MIP coordinator this study will be done in the next few months of the project extension. Presently, they are in the process of contracting a consulting company and have the terms of reference for the realization of the study.

According to the work plan the market study will be done during the second semester of 1998.

Among the objectives stated in the terms of reference are following¹⁴

- Assess and measure the market problems of a group of microentrepreneurs
- Design and implement a methodological proposal for market systems
- Assist the entrepreneurs, starting from the established market systems
- Identify useful strategies for the microentrepreneurs

5 Global sustainability study

a) Elaboration process of study

The financial sustainability study was carried out in the beginning of 1998. A team of consultants were contracted from the Asociacion de Consultores Pro Desarrollo Integral of Honduras (ACPRODIH) to do the study. The selection process, contracting and definition of terms of reference were done according to the guidelines defined in

¹⁴ Terms of Reference for the realization of a Market Study of Salvadoran Microenterprise

the project and with the participation of the MIP directors in the decision-making process. Documentation exists to back up the whole process.

The study contemplated the collection of primary information of the MIP agencies in relation to credit policy, work methodology, financing sources, goals, objectives, success, failures and organizational level. Also, it contemplated an analysis of the Financial Statements of the MIP institutions and the measuring of some financial indices.

The selection of the consulting team was done following the MIP coordination's own process such that the decisions made were founded in the coordination team's meetings.

There is a document called "Financial Sustainability Study for the MIP Network."

b) Relevant study results

Among the relevant aspects of the study are following:

- Systematizing of the different methodologies used by the group of MIP agencies
- Characterization of the organizations making up the MIP network
- Analysis of some financial indicators of the agencies that facilitated financial information
- Support of a theoretical model that can serve as orientation for the analysis of self-sustainability and definition of a strategy

Among the **weaknesses of the study** detected by the evaluation team, the following are emphasized: the absence of team work with the agencies' personnel, the lack of strategies that can orient the search for self-sustainability on behalf of the different agencies, the absence of a theoretical referential framework to facilitate the location of key variables in each organization for the search for self-sustainability, and an orientation to the work of collecting data on a primary level (survey) which did not achieve forming concrete actions for the achievement of self-sustainability.

It is worth mentioning that the analysis model that is used on the financial level does not respond 100% to the needs of the development organization sector. For

example, in the organizations that have subsidized funds, it is fundamental to measure the protection of these funds from the inflationary effect. Other priority aspects to measure in a search process for self-sustainability are the yield of the fund, the operative costs and unrecoverable losses.

In Annex 7 a specialized bibliography is presented on the theme for the purpose of the team's broadening their understanding of the topic.

On the other hand, the realization of the study has represented for the MIP directors team a high level of frustration which has prevented them from delving into the topic and recovering some positive aspects which the study offers.

c) Relevant recommendations of the sustainability study

Among the recommendations relevant to the study it can be pointed out that the study does not report on relevant conclusions for the financial self-sustainability search process. It only limits itself to show some results around methodologies used and shows the results of some financial indices without concrete recommendations.

d) Knowledge of and decision-making based on the study results

No decision was made based on the study results due fundamentally to the level of dissatisfaction with the obtained results.

Within the programming for the second semester of 1998 a workshop on financial sustainability is projected to be held.

C OPINION OF EVALUATION TEAM IN REGARDS TO THE COMPLETED STUDIES

The evaluation could prove that in general, the studies realized by the MIP project are of a good technical level and contribute important elements to improve service to the clients. It is important to point out that in order to achieve a greater impact, it is necessary to reinforce the dissemination of the study results and to design an implementation plan within each of the MIP agencies, to which the MIP Board should give follow-up, so that the coordinating body is strengthened.

The evaluation was able to prove that not all the directors deeply know the study results and that the results implementation level is limited.

VI TRAINING, INTERCHANGE AND DISSEMINATION PROCESSES COMPONENT

A COMPONENT DESCRIPTION AND EXPECTED PRODUCTS

The training, interchange and dissemination component corresponds to objective three in the project document, which consists of

- Coordinate the project activities and improve the knowledge base of credit agencies in El Salvador through interchange and transfer of information, technologies and methodologies

The evaluation of the training, interchange and dissemination component emphasizes evaluating the structural process, operating mechanisms, control and expansion and sustainability strategies of the components

EXPECTED PRODUCTS	
1	Give training sessions to agencies and clients on the topics of <ul style="list-style-type: none"> ● Administration of systems ● Delinquency and default ● Financial administration and budgets ● Technical training for clients ● Holding of conferences
2	Institutional coordination
3	Development of trimesterly pamphlets
4	Organization of Documentation Center

B EVALUATION OF EXPECTED PRODUCTS

Among the training and technical assistance events are found the following

1 Trainings sessions for agencies and clients

a) Technical trainings

Technical-level trainings have been offered on the following topics

- Diagnostic assessment and conceptualization of the problems of the information systems on credit and delinquency records
- USAID Resource Management (liquidation procedures) and in-kind counterpart contribution reports
- Visual FOXPRO program
- Credit bureau database management

b) Forums

- National Forum on Microenterprise Credit
- Forum on Marketing Systems for Micro and Small Enterprise in El Salvador

c) Seminars/Workshops

- Credit demand study
- Impact-measuring systems
- Feasibility study for the conversion of wood-burning to gas ovens
- Bakery feasibility study

d) Technical/executive personnel participation in various events

- Micro-credit summits
- Regional consultation forum on microenterprise
- Inter-American forum on microenterprise
- Design of training session on high impact
- Micro- and small enterprise symposium
- MIP personnel English course
- Interchange tours to other countries (Bolivia)

e) Conferences

- National Microenterprise Conference

TABLE 8
AREA OF TRAINING AND TECHNICAL ASSISTANCE
EVENTS DEVELOPED DURING THE MIP PROJECT
SEPTEMBER 1995 – JULY 1998

No.	NAME OF EVENT	DATE CARRIED OUT	LEVEL OF PARTICIPANTS	LENGTH	NUMBER OF PARTICIPANTS
01	Diagnostic assessment and conceptualizing of information systems problems in credit and delinquency records	Jan 25 1996	Information Systems supervisors	08 00 a 16 00	6 Institutions
02	USAID Resource Management (liquidation procedures) and counterpart contribution reports	Jan 9 1996	Supervisors of the finance/accounting area		8 Participants
03	National Forum on Credit for Microenterprise	Feb 2 1996 May 9-10 1996	Bank cooperant agencies NGOs and entrepreneur representatives		114 participants (from 62 organizations and 8 entrepreneurs)
04	Forum on Marketing for Micro- and Small Business in El Salvador	July 5 1996	Reference document could not be located		
05	Handing over presentation and discussion of <i>Libro Blanco</i>	Dec 11 1996			
06	Seminar/ Workshop on Credit Demand Study	Jan 21 1997	MIP organization representatives		52 participants
07	Seminar on Impact Measuring Systems	Jan 28 1997		08 30 a 16 00	14 participants
08	Microcredit Summit in New York	Feb 2 4 1997	MIP Coordinator		1 Participant
09	National Study on Credit Demand	March 12 1997		15 00 a 17 30	25 Participants from 19 Institutions
10	Participation in Regional Consultation Forum on Microenterprise	May 8 9 1997	MIP Coordinator		No reference of the event

No.	NAME OF EVENT	DATE CARRIED OUT	LEVEL OF PARTICIPANTS	LENGTH	NUMBER OF PARTICIPANTS
11	Presentation of Advances of Feasibility Study for Converting Wood-burning Ovens to Gas in Micro- and Small Bakeries	Aug 29 1997		08 00 a 11 30	11 Participants from 6 Institutions
12	Training on Credit Bureau Database	Oct 19		08 00 a 11 30	17 participants
13	National Microenterprise Conference	Novt 4 1997			
14	Presentation of Bakery Feasibility Study	Nov 28 1997			22 Participants from 7 institutions
15	Evaluation of Impact Systems	Jan 29 1998	MIP programmers credit technicians and promoters	4 hours	18 Participants 11 men and 7 women
16	Evaluation of Impact Systems	Feb 13 1998	MIP programmers, credit technicians and promoters	4 ½ hours	19 Participants 8 men and 11 women
17	Evaluation of Impact Systems	March 6 1998	Advisors to CRS credit	4 hours	7 Participants 3 men and 4 women
18	FOXPRO Visual program I and II	March 7 1998	MIP Programmers	18 hours per module for a total of 3 modules	10 Participants 8 men and 2 women
19	InterAmerican Enterprise Forum	March 25 28 1998	Agency director	120 hours	1 Person
20	InterAmerican Enterprise Forum and Field Visits	Aug 23 27 1998	Agency director	84 hours	1 person
21	High Impact Design Training	May 5-6 1998	Credit personnel of MIP institutions	12 hours	6 Participants 1 man and 5 women
22	Credit Bureau Database Training	May 20 1998	Credit analysts and CRS and MIP counterparts	3 hours	20 Participants 12 men and 8 women
23	II Symposium on Micro- and Small Enterprise	May 22 1998	MIP directors	8 hours	2 Participants 1 man and 1 woman
24	Presentation of Credit Bureau Database	Aug 28 1998	PROMICRO/OIT and groups from Central America and Ecuador	8 hours	24 Participants 19 men and 5 women

Final Evaluation Report of the Microenterprise Innovation Project (MIP)

Elaborated by Licda Iris Villalobos B, M B A with the assistance of Licda Ligia Orantes and Ing Erick Ulloa August 1998

f) Programming of events for 1998

- Training for MIP programmers
- Financial sustainability workshops
- Participation in two regional technical forums on microenterprise
- Preparation in-process for the second conference on microenterprise development

g) Appraisal by the MIP agencies' directors of support received in the area of training and technical assistance

Following are outlined some comments by the MIP directors related to the training events, technical assistance and forums organized or sponsored by MIP

- There has been access to the training events
- The training has not overflowed into some kind of change in the organization because of the time factor
- It is a good alternative to have the training reproduced
- Promoters have participated in the training events
- A convention was carried out, which did not have great impact
- MIP does not have convocation power
- High authorities are not invited to the forums
- There is much dependency on other organizations
- Channels of action are not re-oriented in relation to the studies
- Training is needed in impact measuring systems
- It is necessary to have events on microfinances

- It has been noted that the training processes do contribute to better services
- The design of a financial system with the regulations of the Superintendency of Banks would contribute much
- Support and orient the systems to the interchange of practical work (experiences)

2 Institutional Coordination

The central crux of the MIP project is the institutional coordination strategy, with the purpose of conducting an assistance program to improve services to clients of credit programs in El Salvador

Within the regulations of the MIP Coordinating Board, it is established that regular monthly meetings should be held and special sessions when convoke by at least two titled representatives and with at least three days notice

In regards to the **quorum**, the meetings are validated with a minimum participation of four of the six participating institutions of the project. One of the fundamental elements of the MIP project is the coordination of efforts among the five agencies involved in the project since the beginning and the three that became involved during the process. In that way, one of the priority activities is to hold monthly meetings of the representatives of all the organizations that make up MIP to coordinate project activities, share experiences, information and methodologies, as well as evaluate the processes developed to see successes and failures

a) Project implementation process and principal problems in implementation

According to the review of the documentary information and the interviews carried out with the directors, the implementation process and the principal problems detected were determined as

- Delays due to the slow process at the beginning of the project with the liquidation and issuing of the checks
- **Contracting of personnel** The planned personnel were contracted for the coordination of MIP for a total of three persons who filled the positions of a MIP coordinator, a Systems Information supervisor, and a

secretary/assistant In addition, the contracting of support personnel in information systems was considered in each of the institutions that received project funds SNF, OEF, FINCA, CRS, CAM

- **Purchase of MIP office equipment** The budgeted equipment was acquired photocopier, fax, telephone lines, scanner, furniture and equipment

EXPECTED PRODUCTS

- | | |
|---|---|
| 1 | Develop annual plans for project implementation |
| 2 | Trimesterly review of fulfillment of work plans and make readjustments |
| 3 | Develop agendas and records of proceedings of the monthly coordination meetings |

b) Achieved results

Three annual plans were accomplished during the project's execution period, fulfilling the proposed formulated goal at 100%, in regards to the work plans review and readjustments

There are technical/financial advancement reports sent to USAID, with the observation that this activity was done with more emphasis on compliance with commitments to the cooperation source that as an evaluation mechanism for advancement and readjustment of detected problems

In regards to the keeping of records of proceedings and trimesterly agendas, an orderly mechanism was followed for the dates of the meetings and documentation of the same The goal was to achieve monthly coordination meetings which were surpassed when counting at the time of the evaluation, with a total of 36 meetings correctly documented

Table 9 presents a comparative table of the meetings held annually and the number of participants in those meetings It is observed that on behalf of the organizations an average of five persons have participated, which shows much variation in their participation This element is fundamental for the inter-institutional coordination processes, since if there is a high level of decision-making within the coordination and participation in the carrying out of activities, the process is even more affected with the rotation of the participants and having the participation of different levels of power in the making of decisions

It is important to observe that a tendency has been shown towards the lessening of participation in six of the eight member organizations

TABLE 9
ANNUAL MIP COORDINATION MEETINGS

ANNUAL NUMBER OF MEETINGS	INSTITUCIÓN	ATTENDEES	ATTENDANCE NUMBER			%	
			1996	1997	1998		
1996	15	CRS	Walter Blake	11	14	08	92
1997	14		Miguel López	06	07	08	58
1998	07		Didier Thys	01	---		3
TOTAL	36		Amanda Fernández	07	09		44
			Ruth Junkin	---	01		3
		FOMMI	Haydée de Trigueros	09	10	03	61
			Yves Rambaud	05	---		14
			Roy Kesler	09	02		30
			Francisco Alvarado	06	03		25
			Enrique Escalante	05	01		17
			Mike Trank	04			11
			Moisés Alens	03		05	22
			Francisco Umanzo		02		5
			José María Garaizaba	01			3
		OEF	Idiko de Tesak	05	07		33
			Edma Dinora	04	02	07	36
			Rafael Sánchez	07	07		39
			Edwin Guardado	--	01		3
			Limby Nagata		01		3
		FINCA	Arturo Rosales	15	11	06	89
			Oscar Valle	04	01		14
			Manuel Balibrera	06	---		17
			Francisco Martínez	---	02		5
		SNF	Juan Héctor García	14	14	8	100
			Oscar Espinoza	02			5

ANNUAL NUMBER OF MEETINGS	INSTITUTION	ATTENDEES	ATTENDANCE NUMBER			%
			1996	1997	1998	
	CAM	▪ Ana Ingrid de Segovia	12	08	04	67
		▪ Rolando Alas	04	05	02	30
		▪ Morena Fuentes	02		01	8
		▪ Francisco Mejia				
	MIP	▪ Ricardo Cruz	14	15	04	92
		▪ Carlos Villalta	02	02	04	22
		▪ Cecilia de Rivas	07	--		19
		▪ Leslie de Reyes	02	13	08	64
		▪ Nelson Peresvalle	07	--		19
		▪ Nelly Moreno Shenk			05	14
		▪ Mari de Rodriguez	05	--		14
	USAID	▪ Michael Radman	01	--		3
		▪ Roxana Blanco	01	02		8
		▪ Sandra Lorena Duarte	01	09	07	47
		▪ Peter Gore	01	---		3
		▪ Julio Segovia	---	01		3
		▪ David Gardella	---	02		5
		CARE	▪ Cecilia Velásquez		03	
	▪ Javier Molina			05	07	33
	GENESIS	▪ Carmen Barrera		01		3
		▪ Francisco Cienfuegos		04	06	28
		▪ Ernesto Mancía		06		17
		▪ Josyanne Baucher		01	01	8
						3

The Coordination with CONAMYPE began with the effort of formulating the *Libro Blanco* in April of 1995. They participated as a part of the promoters' group on the topic of financing and credit. The MIP Project Coordinator, Ricardo Cruz, participated until February of 1998, presently, he is not participating. There are records of proceedings of the meetings held until July 1997.

3 Documentation Center

Among the project goals is contemplated the implementation of a microenterprise documentation center to be consulted at a national level, in addition to making a computer program for bibliographic reference for the MIP member agencies to consult

EXPECTED PRODUCTS	
1	A Documentation Center implemented in CRS with emphasis on microenterprise development
2	Computerized data base for reference to the center
3	Materials identified and requested for the center
4	Guides made for requests to borrow materials
5	Inform the agencies trimesterly through a pamphlet of materials received

a) Achieved results

The Documentation Center was created without specialized advisors to organize the information center on a technical level, for this reason the following classification of documents was designed

Code	Title	Author	Edition
------	-------	--------	---------

The topics and numbers of the documents are presented as follows

TOPIC	NO. OF DOCUMENTS
• Various	9
• Financing and credit	124
• Institutional publications	185
• Organizational development	12
• Studies	109
• Training/ personnel development	48
• Total documents	487

*/ By July 1998, there were 560 books

According to the analysis done on the levels of information updating in the Documentation Center, the growth level was determined of the numbers of generated documents obtained since the beginning of 1995. It was observed that there are few specialized documents on microfinancing topics. Annex 7 has a suggested bibliography on the topic. A list of existing documents in the Documentation Center follows

EDITION YEAR OF THE DOCUMENT	NO. OF DOCUMENTS	%
1977	1	0.2
1979	1	0.2
1984	2	0.5
1986	1	0.2
1987	2	0.4
1988	4	1.0
1989	2	0.5
1990	8	2.0
1991	7	1.7
1992	16	4.0
1993	35	8.6
1994	43	10.6
1995	72	17.7
1996	107	26.4
1997	104	26.0
TOTAL	405	100

b) MIP Directors' opinions in regards to the Documentation Center

During the interviews with the MIP directors the level of knowledge about the existence of the Documentation Center was investigated, as well as opinions on the Center and the level of use of the information. The principal results are shown as follows:

- Information about what is in the Documentation Center is known, thanks to the constant service of new documents lists
- Valuable information is found
- The information in the Documentation Center is unknown
- One can stay up-to-date with the Documentation Center
- The database is not very functional and is very small
- The Documentation Center was started as a good step, but lately it has not been given the attention it deserves

- It is an effort that must be maintained
- It is necessary to promote it and make it accessible
- The information bases are not functional

c) Users of the service

According to the records consulted in the project it was determined that in 1997 seven users utilized the Documentation Center and in 1998 only three users were recorded. The agencies that have used the Documentation Center are detailed as follows:

- USAID/ El Salvador
- ADEL/ Morazán
- CRS/ El Salvador
- INSIDE
- MIP

There are data that show that the loaning control mechanisms are deficient, for example, there are books lent out and not returned and books given to unknown persons. In light of the previous points, it is concluded that according to the project goal to establish a microenterprise information center with nationwide coverage, the desired impact has not been achieved.

d) Evaluation of the Documentation Center's software

⇒ **Functionality**

The Documentation Center's program generally functions well, but it has certain limits, such as the possibility to manage only one version of a document for its control. Up until now, it has given results due to the smallness of the Documentation Center, but if it grows, the controls should grow and preferably a tool for managing libraries should be acquired, such as MICROISIS, which is free software that can be obtained from the INTERNET.

⇒ **Variables**

A variable is required where a document summary can be kept.

⇒ **Information input**

The entering of information in the system has been done without errors and with the corresponding validations

⇒ **Information output**

- Information search by **Title, Name, Subject or Code**
- Lists of existing documents
- Reports on new books and loaned books

⇒ **Updating level**

Presently, there is some information lacking due to defects in the computer that was previously being used and to the lack of a back up at the moment of the crash

⇒ **Contributions to improved client service**

A data base was installed in each of the organizations that MIP attends to but this has not meant greater consultation on behalf of the agencies

⇒ **Amount of Investment**

The software was developed internally by initiative of the team, so that direct costs are not reported for the development of the software

⇒ **Maintenance costs**

The cost of maintenance is minimal

⇒ **Satisfaction level of users**

Up until now, it complies with the requirements, but the recommendation is made to use a specialized software

⇒ **Beneficiaries of the service**

The MIP team, as a tool for control of the documents in the library, and users from the agencies

⇒ **Technical evaluation**

Technically, the program functions well but it has some functional deficiencies such as not being able to manage more than one copy of each document and the lack of content summary. In addition, it does not manage inverted files, boolean operators, stoplist, boolean operations and others unique to library systems for an effective and efficient search for information, such as the case of software designed for operating textual variables

⇒ **Development tools**

- FOXPRO

⇒ **Existing documentation**

- User's guide

⇒ **Interface**

- DOS-type, easy management and consultation in graphic environment

⇒ **Verification of level of software mastery and knowledge**

In general, the software is simple to use and the persons who have used it have not had problems and know the tool well

⇒ **Contributions to improved service**

- Obtainment of a specialized package for libraries such as MICROISIS
- Training for project personnel in the management of information centers
- Assign funds for broadening the service (audiovisual materials)

VII ANALYSIS OF MIP PROJECT AND OVERALL PROJECT GOAL

A DIRECTORS' OPINION OF MIP CONTRIBUTION TO THE PROPOSED GOAL

The directors' perception about what the purpose of the project was is centered on coordinating actions and decreasing the duplication of efforts. The overall goal is perceived as strengthening the organizations' capacity to offer services.

To this respect it is convenient to point out that the organizations who afterwards became involved in MIP visualized in the project a more strategic role in terms of the changes in the context and the innovations that requires.

Upon asking what the problem was that MIP proposed solving, these were some of the answers:

- Duplication of efforts of credit organizations due to lack of coordination
- To prevent the duplication of work through a coordinating body
- To be able to control loan delinquency of persons who were obtaining credit from different organizations
- Unite bonds for technology transfer and sharing methodologies
- The basic point stop being antagonistic. We all knew that organizations existed and we realized that we were enemies
- What motivated the creation of MIP was facilitating information about lenders and creating a coordinating body on microfinancing
- Alternatives to take advantage of program resources
- How to coordinate efforts to obtain an improvement in giving credit
- Institutional jealousy among the organizations
- Deficiency in giving service
- Inefficient service

- The function of MIP should be innovation for microenterprise
- The idea was to coordinate

Based on the outline presented by the directors above it is observed that the purpose of MIP is inter-institutional coordination and the overall project goal is to diminish the duplication of efforts

B EVALUATION OF LEVEL OF FULFILLMENT OF PROJECT PURPOSE AND GOAL

The project purpose in the document is defined as increasing the capacity to provide services and the overall project goal as improving services to clients in credit projects

If the logic of the project intervention is analyzed, that is, the relationship between the fulfillment of the components, and if this effectively was to bring about the fulfillment of the purpose as a consequence, it can be observed that the elaboration of the products are necessary things but not sufficient to achieve the fulfillment of the purpose

It appears to be that the posing of the purpose resulted in being too broad in relation to the problem that existed in the moment, which can be summarized as **“duplication of efforts in microfinancing organizations ”**

This is a point for reflection because at the time of evaluating the level of fulfilling the purpose it is found that in spite of the developed activities, no direct impact on the purpose is observed. Precisely this is due to the posing of a very broad purpose and for which there is no direct impact from the actions. It should be remembered that from a methodological point of view, the purpose should respond to the central detected problem, and in this case, the central problem centers on duplication, and one of the principal causes, the lack of coordination. In the same way, among the strong consequences, loan delinquency, duplication of credit and efforts, in general

Taking into account that it is necessary to evaluate the level of fulfillment of the project in terms of the purpose and goal, and taking as a starting point the project document's stating of only one indicator to measure the fulfillment of the purpose, which

is 56,000 direct beneficiaries of the project, a validation of indicators workshop was held on the level of goal and purpose ¹⁵

The indicators agreed on by the MIP directors team were number of clients, level of delinquency and size of portfolio

Table 10 presents a comparative table of the present state of the organizations and at the beginning of the project To draw up the table only those variables were taken into account of which information is available and only the organizations that began the coordination process

TABLE 10
COMPARATIVE TABLE PER ORGANIZATION
COMPARED BEFORE AND AFTER THE MIP PROJECT

INSTITUTION	CAM		CRS		OEF		SNE		FINCA	
	BEFORE	AFTER	BEFORE	AFTER	BEFORE	AFTER	BEFORE	AFTER	BEFORE	AFTER
Number of clients	30 000	16 000	4 220	6 999	1 600	1 073	6 000	11 739	663	***
% of women	80%	***	85%		80%	83 22%	80%	85%	84 08%	***
Delinquency	3%	2%	5%	39%	***	29 39%	5%	4,85%	0%	100%
Average loan in colones	831	737 5	1 285	1 014	2 000	3 939	1 422	862 94	3 778	***
Present portfolio (Colones)	2 850 285 71	1 348 571 43	909 600	810 874 06	***	505 874 06	594 285 71	1 157 725 02	286 273 02	***
Present portfolio US\$ ****	29 940 000	11 800 000	7 959 000 000	7 096 203		4 426 398	5 200 000	10 130 094	2 504 889	

Source Own construction based on project information and statistics provided by the MIP coordination

- * This organization does not report up-to-date information because of serious loan delinquency problems and has withdrawn from MIP
- ** The CRS data include the public banking window and CRS financing of intermediaries
- *** Information not available
- **** Exchange rate US\$ 1 x ¢8 75

From Table 10 we infer that the organizations' portfolios have experienced significant changes in each organization, which cannot be attributed exclusively to MIP

In the case of FINCA, which is an organization that is presently in a stage of crisis, a high level of loan delinquency and default is observed In the case of CAM, a decrease in the present portfolio is observed in relation to the portfolio reported at the beginning of the project In CRS, a reduction of 1 08% in the size of the portfolio is

¹⁵ Validation of Indicators Workshop celebrated on July 28 1998 in San Salvador

reflected and in the Secretaría Nacional de la Familia a 94 80% growth in the present portfolio is observed In OEF there are no data for the portfolio at the beginning of the project, but in relation to the number of clients a decrease of 32% is observed and in relation to the average credit an increase of 96 95%

In reference to loan delinquency, there are also some significant changes CAM reports a decreased number of delinquent loans of one point, CRS shows an increase in delinquency of 34 points, the Secretaría Nacional de la Familia shows a slightly decreased number of loan delinquency and in the case of FINCA, a grave problem of delinquency is shown of 100% In regards to the number of women attended to by the organizations, it is observed that all the organizations are attending to a significant number of women, over 80%

In regards to the recorded changes in relation to the loan portfolio and the levels of delinquency, the evaluation team does not have information to go into depth about the causes that generated the changes This aspect was not considered a priority in the meeting on validating indicators held with the MIP Board

TABLE 11

**PRESENT SITUATION OF THE MIP MEMBER ORGANIZATIONS
PORTFOLIO REPORT**

MICROENTERPRISE INNOVATION PROJECT

INFO	INSTITUTIONS								
	CAM	CARE	CRS	WINDOW CRS	FOMMI	GENESSIS	OEF	SNF	TOTAL
No of Active Clients	16 000	633	6 124	875	2 063	1 055	1 073	11 739	39 562
No of Active Credits		528	6 124	875	2 071	1 127	1 073	11 739	23 535
Present Portfolio In ¢	11 800 000	538 725	6 301 721 32	794 481 30	2 687 160	11 044 019	4 226 398	10 130 094	57 522 599
Present Portfolio In US\$	1 348 571	61 569	720 197	90 797 86	1 449 961		483 017	1 157 725 03	3 963 266
Average Credit in ¢		1 708	88	907 98	6 897		3 939	862 94	1 454
Average Credit in US\$		195	10	104	809		450	98 62	166
Delinquency Rate	2%	10 74%	39%	16 72%	28%		29 39%	4 85%	
Percentage of Women Attended		88 00%	82%	84 68%	56%		83 22%	85 %	
No of Communal Banks	750								750

Source Information supplied by the MIP Coordination

* Data supplied by the GENESISS Credit Supervisor, corresponding to April 1998

** Exchange rate US\$ x ¢8 75

NOTES

The information reported by CAM, CRS, FUNDACION GENESISS, OEF, and SNF are up to June 30, 1998

The information reported by CARE and FOMMI is up to December 31, 1997

There is no information reported by FINCA, because of their withdrawal from the MIP Coordination as of April 30, 1998

*/ The information is estimated

From the information supplied in Table 11, it is inferred that the clients attended to by the MIP member organizations reaches 39,562 which reaches 70% of the proposed goal. The overall portfolio reaches ¢57,522,599

It is the opinion of the evaluation team that the achievements gained by MIP in the present moment do not offer a panorama of whether or not they contributed to the achieving of the purpose of the project as it is stated in the project document

Upon investigating with the MIP director the level of contribution of the project to the solution of the problem, it was established that the level of contribution perceived by the directors is related to the fact that MIP has provided a space for closeness and interchange among the diverse agencies. There is consensus that MIP forms part of a process and that aspects still persist that should be reinforced in regards to the coordination and interchange of experiences. It is emphasized as relevant the exchange of experiences, the recognition given to MIP and to the participating agencies by other institutions, and the level of trust that has been generated among the participating institutions

The opinions of the directors in one way or another outline the achievements, but once again on the level of the coordinating body and not in relation to the increased capacity to offer financial services and improved credit services. This aspect motivates one to think that the purpose and overall goal posed in the project document are too broad in relation to the products generated by the project

It is important to mention that the above point is an aspect that has been reflected as well in the approach of the evaluation process, since it has been reiterated to the evaluation team that the impact of MIP is on the level of the agencies and not necessarily on the level of the users

C EVALUATION OF THE PROJECT IDEA

Within the terms of reference the carrying out of an evaluation of the project idea is posed. To evaluate this point, two aspects are taken into account:

1. Conditions which surrounded the context of the project
2. Opinions about whether or not the project should continue in a second stage

In regards to the conditions which surrounded the context, the following aspects are found as relevant:

- The existence of two strong ideological currents, one formed by the group in power and the other integrated by members of the ex-guerrilla
- Expansion of credit initiatives
- The inter-institutional coordination was visualized as incompatible with the self-sustainability search processes
- Duplication of efforts that had loss of resources as a consequence
- Post-war atmosphere that translated into mistrust and little willingness to share strategies
- Lack of trained personnel to manage credit programs
- Lack of a culture of credit
- Concentration of the credit activities in the semi-urban areas
- Strong support on behalf of micro-credit cooperation organizations for the business sector and institutions that were starting up and did not have experience
- Tendency to place organizations, groups and persons in one political group or another
- Lack of competent personnel to manage credit and no management systems

- No serious studies that allowed quantifying the demand
- Not even minimum coordination

From the previous information, it is implied that the priority at that time was to coordinate efforts to achieve a greater strengthening of the organizations that were working in the area of credit and that is precisely what the MIP project proposes. In relation to this point it is important to point out that these are the achievements that the directors attribute to the project and that are described above. In such a way that the project idea was well-formulated and responded to a felt problem in this moment.

In regards to whether a second stage of the MIP project is considered necessary, all the directors considered that a second stage is necessary and a profound reflection on what the MIP mission should be is proposed as a starting point.

The following is a synthesis of the MIP directors' answers in regards to the second stage and aspects to be considered:

- The consolidation of areas is necessary because the project offers great potential
- The second stage should contemplate
 - ⇒ Strategic planning based on the quantifiable results per objective, the problem, and the achieved successes
 - ⇒ The rural area
 - ⇒ Evaluate objectives
 - ⇒ Due to the existing changes in the socio-economic surroundings, it is convenient to declare a mission
 - ⇒ The leadership of MIP should be maintained
- It is necessary to generate lobbying around the new law
- It is necessary to make adjustments when involving the rural areas

- Broaden MIP to all the organizations that are said to participate in projects financed by USAID and CEE
- Reconsider the review of information systems
- Make the credit bureau database (Central de Riesgo) a priority

D ASPECTS TO CONSIDER FOR A SECOND STAGE OF MIP

Among the most relevant opinions on the adjustments that should be made in a second phase of MIP are

- MIP's being an important base for the strengthening of an integration strategy for the sector of development organizations, a specialized advisorship should be offered to the technical committees of the MIP Board on the different critical points of work prioritized by the project to better take advantage of these committees, as they should delegate and clearly define the operative part of the strategy
- A greater space for exchange of negative and positive experiences should be given and for technology transfer among the MIP members and other bodies of the sector, which would enrich the coordination processes
- It is necessary to consider the heterogeneity of the member organizations in order to respond to the diverse needs and interests that are represented, through consensus identify new lines of shared action and have the necessary flexibility to put them in practice
- The strategic role of MIP should be reinforced to respond to the changes in context and in the sector of the organizations that it represents
- It is necessary for the MIP Board to have permanent and profound reflections and evaluations which permit the identification of priority interests, their advances and the making of opportune re-orientations in the coordination process, and the permanent search for effectiveness in the work that is done
- The determination of a manual of functions to carry out a review process of the functions of the present MIP organizational structure is considered fundamental, and making the pertinent adjustments in order to respond to the

desired results. It is necessary to give priority to the separation of the purely operative functions from the executive functions. In this process it is convenient to delegate to the MIP team the making of decisions on technical aspects. It is recommended, in addition, that the support and coordination of the technical personnel and the MIP agencies be strengthened.

- It is priority to evaluate the economic feasibility of MIP and to design a strategy for the search for self-sustainability
- Among the most relevant topics to be considered in a second stage of MIP, the topic of micro-credit finances, the self-sustainability of the process and MIP agencies, the implementation of the study results, and the consolidation of the credit bureau database are outlined
- A strategic plan for MIP which provides medium-range project phases should be carried out

It is important to mention that all the key informants and the evaluating team consider it necessary to carry out a second phase of MIP to consolidate the coordination process begun and to incorporate the recommendations for the coordination.

CONCLUSIONS/RECOMMENDATIONS

A INSTITUTIONAL COORDINATION AND ADMINISTRATION

Conclusions

- 1 The coordination effort has been successful in the production of the components and the activities contemplated in the cooperation agreement, but priority needs to be given to the implementation of the study results and products to succeed in achieving the project purpose
- 2 In an effort of coordinating important production components, such as is the case of the MIP Project, the coordinating body needs to be interwoven with the operative or administrative part. Therefore, this connection must be permanently strengthened with the objective of significantly impacting the level of service to the clients, as outlined in the project
- 3 The diversity of interest in the agencies mean that the products do not have the same priority for all the organizations, which effects the implementation level of some results, which is typical of this kind of effort
- 4 In order for a coordination effort to be successful, the existence of leadership is required from the project administration body, if not, the risk exists of institutional interests being favored over the strategic objectives of the coordination. In the case of MIP the existence of leadership is noted in CRS which is a factor that facilitated the development of the coordination process. In the process the role of trustworthiness, credibility and respect among the different actors towards CRS is emphasized as relevant and the advances that have been gained among the other agencies on this point
- 5 The main achievement of the project has been to create a coordinating body among organizations that one way or another visualized themselves as in competition
- 6 In relation to the purpose and overall goal of the organization, it is worth mentioning that it is not possible in the present moment to quantify its contribution in regards to improving services to the clients. If the project is visualized as a process, all of the components point towards services that have been improved on different levels

- 7 A gender focus is contemplated in all the MIP project components, and the participation of women on the level of MIP Board and in the technical components is observed
- 8 In the MIP Board, a mixture of operative and strategic executive functions are observed which could tire the coordination effort due to the excess of functions
- 9 In the surrounding context, accelerated changes have happened which have not been incorporated in the same way in the coordination and this has caused a loss of interest of some MIP agencies
- 10 The organizations show a tendency to consider that in a second stage the priority should be the consolidation of the credit bureau database

Recommendations

- 1 The strategic component should be contemplated in the coordination effort, due to the transformations happening in the surrounding context, so considerations of flexibility is of vital importance in the components to be able to adjust them to the changes in context
- 2 The strategic aspect of the coordination should be reviewed and reformulated since certain indicators of mistrust persist among the agencies that could effect the coordination effort
- 3 It is necessary that the decision-making body assumes as priority the strategic role and delegates to the coordination the operative part so that the coordination effort does not wear out
- 4 The actions tending to implement the project results must continue This is an aspect that should be reinforced in a second stage
- 5 The coordination effort should continue seeking making operative this effort in concrete actions that guarantee the fulfillment of the purpose and overall goal of the project (impact on service and in the realm of the final user)
- 6 A determining aspect for developing and consolidating the coordination process is the necessity for strategic alliances among the MIP organizations

to guarantee its feasibility as an institution in light of the conditions of the surrounding context

- 7 The accelerated processes that prevail of seeking self-sustainability should be channeled in the MIP coordination towards the creation of strategic alliances among its members
- 8 It is necessary to carry out a strategic planning process to guarantee the sustainability of the coordination process
- 9 The process of incorporating new agencies should be reviewed in light of MIP's strategic objectives
- 10 It is necessary to stop on the way and review what the mission of MIP is
- 11 In order to consolidate the work already done, a second stage is required, which should be oriented towards a consolidation of products and the process, thinking of self-sustainability. Once consolidated, the model could be transferred to other Central American countries
- 12 The financing of a second stage of the MIP Project is considered of great importance. Within this second stage, the priorities considered are the search for self-sustainability in the coordination process, the consolidation of the credit bureau database, and the implementation of the study results

B INFORMATION AND CONTROL SYSTEMS

Conclusions

- 1 Software is used that collects the information on clients in arrears (credit bureau database) of the participating organizations and it is projected selling this service to other agencies
- 2 Evaluation of impact software is owned that is being implemented by the organizations
- 3 The organizations were helped in buying equipment and developing software on credit control. To date, the organizations have shown improvement in relation to credit controls. The systems developed by MIP, although they

present some weaknesses pointed out in this document, are functioning satisfactorily and fulfill the requirements for which they were designed

- 4 The systems of the different organizations that make up MIP present different internal management problems which are being solved ,and results are hoped for in the short-term with which conditions will exist to supply the information on time to the credit bureau database (CRS, CAM, GENESSIS, CARE, FOMMI)
- 5 In reference to the credit bureau database, support is required on behalf of the institutions so that the credit bureau database has complete and oportune information The existence of mistrust for supplying information is observed It should be kept in mind that the functionality of the central depends on the quantity and quality of the supplied information

Recommendations

- 1 It is priority to lend special attention to the general controls in the area of information systems, as described in Annex 6
- 2 It is priority to introduce controls in the consultations of the credit bureau database so that the frequency, users, types of consultations and others are known in order to have a database for doing analysis The way it is done presently is not very rapid and is of high cost (counting by hand)
- 3 It is necessary to correct the existing problems with the credit bureau database in relation to sending information directly so that the errors found in the information be returned for correction
- 4 More training is recommended on the different aspects of the credit bureau database such as on-line updating, downloading the blacklist, use of different kinds of consultations such as by telephone line, electronic mail (e-mail) and by Internet
- 5 It is a priority to make the decision to consolidate the credit bureau database in the MIP agencies and, in addition, to increase its services to other agencies before making new investments
- 6 In relation to the evaluation of impact, the possibility of contracting an expert in statistics should be considered to carry out the analysis of the information

with specialized software, and at the same time, give shape to the most important correlations of variables and the most relevant statistics

- 7 It is necessary to add to the Evaluation of Impact System information and to attempt to obtain information from the annual evaluation to rigidly evaluate so that the evaluation is real and in the originally-outlined terms
- 8 It is necessary to make the suggested changes in regards to the evaluation of impact software to avoid possible errors upon using it massively
- 9 In regards to the Documentation Center it is recommended to attempt to obtain specialized software for managing libraries

C RESEARCH AND STUDIES

Conclusions

- 1 The studies programmed in the project were carried out
- 2 The studies show important information that can be shaped into improved service for the credit users. To achieve this, it is necessary to give priority to the dissemination and implementation of the results
- 3 It is convenient that the MIP Directors evaluate the possibility of implementing in a second stage the development of a central control of financial indices. This mechanism has been developed in other countries in Central America on a manual level and has permitted the improvement of the financial position in the participating organizations. MIP has the necessary infrastructure to implement this system and it would constitute a mechanism for strengthening the self-sustainability processes

Recommendations

- 1 It is necessary to reinforce the dissemination process of the different study results on the level of the MIP directors as well as inside each MIP agencies and other development organizations
- 2 A plan for making the study results operative should be implemented according to the interests of each agency

D TRAINING, INTERCHANGE, TRANSFER OF INFORMATION TECHNOLOGIES

Conclusions

- 1 Meetings for exchange, information transfer, forums and training seminars on software management were held
- 2 There is a Documentation Center

Recommendations

- 1 It is recommended to structure the Institutional Strengthening area through developing training and technical assistance processes that take into account from the beginning the following aspects
 - A scaled sustainability strategy for the events in accordance with the possibilities of the participating institutions
 - Elaboration of a training and technical assistance program with a medium-range vision which would include events in the technical, administrative, financial, management realms which would be based on the search for specializing technical and executive personnel in the MIP agencies
 - Strengthen the area of training and technical assistance through the training of a supervisor in effective development of training and technical assistance processes
 - Develop a data bank of consultants on training activities and institutional strengthening processes developed in the MIP agencies, for the purpose of taking advantage of the installed capacities in the diverse organizations
- 2 A review of the internal bylaws of the Coordinating Board is recommended as a result of the present project changes (growth in number of involved agencies and concrete experience with the attendance problems and decision-making power)

- 3 It is necessary to strengthen the moments of experience interchange and transfer
- 4 For the expansion of the project, it is convenient to consider as an important element in the process of interchange and technology and training transfer the strengthening in an effective way of the microenterprise information center, through improving the classification, control, promotion, diversification and specialization systems in the information center
- 5 It is recommended to train a person in the effective management of documentation centers. Among the alternatives is the MICROISIS program, which offers free assistance for its installation. The Documentation Center services need to be diversified, since it is important to have documents, educational materials, videos, etc., which the MIP organizations and other institutions related to the micro-finance area possess, which would permit increasing services and facilitating a gradual self-sustainability strategy for the center.

ANNEXES

ANNEX 1

TERMS OF REFERENCE EVALUATION OF THE MICROENTERPRISE INNOVATION PROJECT- MIP

ANTECEDENTS

The proposal of the Inter-Agency Coordination Services and Support to the Informal Sector of El Salvador was conceptualized by five agencies that are working in the microenterprise sector in El Salvador, and who began in December 1994 an effort for informal coordination to improve the administrative capacity of the credit projects and avoid the duplication of efforts

Through coordination meetings, the five agencies that manage loans for the poor (FINCA/El Salvador, OEF El Salvador, CAM, the Secretaria Nacional de la Familia, and CRS/El Salvador) developed strategies, goals and objectives for the coordination, which form the heart of the Microenterprise Innovation Project

According to the objective to broaden coordination actions with new institutions and programs that offer support to microenterprise, during the second trimester of 1997, the Programa Generacion de Empleo en el Sector Informal de San Salvador (GENESIS) and CARE El Salvador incorporated themselves in the MIP project

The project activities were defined for three years September 1996 to September 1998, and are concentrated in three areas information and control systems, research and studies, and training, exchange, and information transfer

These activities are grouped in the following objectives and goals programmed in the project

- ◊ Increase the participating organizations' capacity to monitor and evaluate the social and financial impact of their credit programs
 - ⇒ Support the establishment, monitoring and evaluation of the monitoring systems of financial information of each organization (Credit Information Systems)
 - ⇒ Control national levels of loan delinquency and default and avoid duplication of efforts among agencies working in credit through conceptualization,

- installation and monitoring of a credit bureau database in all the organizations (Central de Riesgo)
- ⇒ Design, test and apply a methodology to assess the socio-economic impact of national microenterprise development projects, and evaluate methodological strengths and weaknesses of each agency (EIS)
- ◇ Conduct research to locate and exploit new microenterprise markets, identify rural credit demand and evaluate the capacity of the organizations to manage sustainable and efficient credit programs
 - ⇒ Conduct a national study to identify geographical locations where microenterprise demand is not being met
 - ⇒ Develop two sub-sector analyses to identify possible interventions that will have that highest impact
 - ⇒ Conduct marketing studies to assist microentrepreneurs in diversifying existing products and markets and to identify potential strategies which will increase efficiency and sales
 - ⇒ Conduct a global sustainability study of all participating organizations to identify weaknesses, strengths and opportunities for reaching higher levels of financial and programmatic sustainability
- ◇ Coordinate project activities and improve the knowledge base of credit agencies in El Salvador through the interchange and transfer of information, technologies and methodologies
 - ⇒ Develop global training sessions for the implementing agencies and their clients
 - ⇒ Disseminate information and best practices gained from research, information sharing and training through the holding of conferences and the development of quarterly newsletters
 - ⇒ Develop a national documentation center in CRS/El Salvador for participating agencies of information related to poverty lending and microenterprise development

- ⇒ Conduct monthly meetings with representatives of all organizations to coordinate activities of the project, and to continue to share experiences, information and methodologies

II OBJECTIVES OF THE EVALUATION

- 1 Evaluate the idea and design of the project, considering its basic objective as the effort of coordination or closeness among organizations tied to credit, with the purpose of avoiding duplication of efforts and improving individual and collective capacity in benefit of the microenterprise sector
- 2 Measure the project results according to the scope of the programmed objectives and goals, evaluating the developed products
- 3 Evaluate the implementation processes of the project, attempting to review the quantitative and qualitative aspects of the developed products For example

Credit Bureau Database

- * Consultations or uses
- * System functioning
- * Quality of the information

Evaluation of Impact Systems

- * Quality of information
- * System functioning
- * Methodology in the establishment process of the system

- 4 Evaluate the project supervision process on all levels financial technical control, monitoring of establishment, and the interactive processes in the carrying out of the project (participation levels, coordination, information management, etc)
- 5 Suggest actions to continue in the innovative effort and organizational strengthening for the extension of the MIP project to contribute to generating the expected impact of the project

III SCOPE

In the foreseen period for the project evaluation (June - August) the final activities that the project contemplated during the third year will be carried out In this sense, the type

of evaluation should limit itself to results and performance, endeavoring to measure effectiveness and efficiency, emphasizing at least the following

- 1 Evaluation of results what was done, fulfillment of immediate goals and objectives

Expected results

- a) See if the member institutions of the network have increased their institutional capacity to provide efficient financial services
- b) Evaluate if the monitoring, information and impact systems have improved
- c) Evaluate if new microenterprise markets have been located and exploited
- d) Evaluate if the outlined programmed objectives respond to the needs of the sector and of the institutions coordinating in the network
- e) Evaluate the gender perspective in the MIP project actions

The heterogeneity of the MIP institutions should be contemplated, recognizing the diversity of efforts in each institution

- 2 Evaluation of performance

- The efficient use of resources
- The execution of planned and unplanned activities
- Times in activities and goals
- Work procedure and methods, coordination and organization

IV METHODOLOGY

The methodology developed will be the proposal of the consultant, considering the objectives and the scope outlined in this document

V REQUIREMENTS FOR THE PRESENTATION OF AN OFFER

The offer of consulting services should contain the following aspects

- 1 Curriculum Vitae of the consulting firm and consulting team that will carry out the study, which should contain and support experience in evaluating microenterprise support programs
- 2 Presentation of the technical proposal for the carrying out of the evaluation
 - ⇒ Proposal content
 - ⇒ Objectives and scope
 - ⇒ Methodology
 - ⇒ Evaluation indicators
- 3 Presentation of the economic offer, separating out detailed costs of the service (honorariums, trips, etc)
- 4 Time line of foreseen activities for the carrying out of the evaluation (field visits, interviews, etc)

The structure for the evaluation content is flexible, however, it should agree with the evaluation objectives and scope

The consulting service to be contracted may be national or international, resolving to accomplish a closed competition to ensure the quality of the evaluation. In the annex the selection criteria and the slate of consultants to participate in the present terms are presented

VI CALENDAR OF ACTIVITIES

Activities	Time
1 Selection of consultants	2nd week of June
2 Subscription of agreement	3rd week of June
3 Carrying out of evaluation	6 weeks (June-July)
4 Presentation and evaluation of results	1st week of August

ANNEX 2

MIP PROJECT SUMMARY
LOGICAL STRUCTURE

<p><u>OBJECTIVE</u></p> <p>Service to clients of credit projects improved</p>	<ul style="list-style-type: none"> • 56,500 Clients attended to 	<ul style="list-style-type: none"> • Portfolio Reports from the agencies • Interviews with the directors • Comparative analysis 1995-1998 	
<p><u>PURPOSE</u></p> <p>Increased institutional capacity to provide financial services</p>	<ul style="list-style-type: none"> • Increase in credit portfolio • Increase in clients • Delinquency 	<ul style="list-style-type: none"> • Portfolio Reports • Comparative analysis 1995-1998 	<ul style="list-style-type: none"> • The agencies maintain credit as a priority

<u>COMPONENTS</u>			
<p>Objective 1 Improved financial information systems</p>	<ul style="list-style-type: none"> • Each agency generates information per client • Up-to-date data per beneficiary • Databases completed and installed 	<ul style="list-style-type: none"> • Portfolio Reports • Comparative analysis 1995-1998 	
<ul style="list-style-type: none"> • Installed credit bureau database 	<ul style="list-style-type: none"> • Databases completed and installed in all the organizations • Agencies' data received • Diminished duplication • Information generated by the system disseminated to the agencies • National delinquency controlled • Actions taken on clients in arrears 	<ul style="list-style-type: none"> • Observation, software • Interviews with credit supervisors • Database reports • Duplication reports • Reports handed in to the agencies • Loan delinquency reports • Interviews with fund supervisors and directors 	
<ul style="list-style-type: none"> • Evaluation of impact methodology 	<ul style="list-style-type: none"> • Instrument test developed • Instrument of socio-economic impact implemented in all the institutions 	<ul style="list-style-type: none"> • Documentation • Visits to organizations • Database 	<ul style="list-style-type: none"> • The agencies maintain interest in evaluating impact

<p>Objective 2</p> <ul style="list-style-type: none"> ● National Demand Study carried out. 	<ul style="list-style-type: none"> ● Potential demand located and exploited 	<ul style="list-style-type: none"> ● Places identified ● Interview directors ● Markets exploited 	<ul style="list-style-type: none"> ● The agencies maintain interest in penetrating other markets
<ul style="list-style-type: none"> ● Two sub-sector analyses realized. 	<ul style="list-style-type: none"> ● Sectors clarified by the agencies ● Results documented and shared ● Coordination of planned interventions 	<ul style="list-style-type: none"> ● Study documents ● Interviews with directors ● Sectors exploited 	
<ul style="list-style-type: none"> ● Market Studies carried out. 	<ul style="list-style-type: none"> ● Location of potential markets ● Products diversified 	<ul style="list-style-type: none"> ● Study document 	

<ul style="list-style-type: none"> ● Sustainability Study done. 	<ul style="list-style-type: none"> ● Study designed and implemented ● Strategies defined 	<ul style="list-style-type: none"> ● Study document ● Interview with directors 	
<p>Objetivo 3</p> <ul style="list-style-type: none"> ● Training sessions for agencies and clients implemented 	<ul style="list-style-type: none"> ● Trainings given to agencies and clients on <ul style="list-style-type: none"> ✓ Systems administration, ✓ Delinquency, Financial Administration and Budgets ● Technical training for clients in the agencies 	<ul style="list-style-type: none"> ● Attendance lists ● Evaluation reports ● Training plan ● Training modules 	
<ul style="list-style-type: none"> ● Improved knowledge of the credit agencies. 	<ul style="list-style-type: none"> ● Comparative analysis 95-98 ● 12 pamphlets published in 3 years 	<ul style="list-style-type: none"> ● Interview with directors ● Interchange sessions ● Pamphlets 	<ul style="list-style-type: none"> ● The agencies maintain a willingness to share experiences
<ul style="list-style-type: none"> ● Documentation Center implemented in CRS with emphasis on Microenterprise Development 	<ul style="list-style-type: none"> ● List of documents ● Consultations of the agencies 	<ul style="list-style-type: none"> ● Consultation reports ● Interviews with directors ● Database 	
<ul style="list-style-type: none"> ● Monthly meetings held. 	<ul style="list-style-type: none"> ● Meeting attendance ● Decision-making ● Number of meetings 	<ul style="list-style-type: none"> ● Meeting records ● Action plans ● Attendance lists 	

<ul style="list-style-type: none">• Two regional technical forums on microenterprise• 12 interchange bulletins.	<ul style="list-style-type: none">• Convocation• Themes developed• 12 bulletins• Interviews with directors• Support material• Bulletins

ANNEX 3**DOCUMENTS CONSULTED**

- 1 Feasibility study for converting artisanal wood-burning ovens to liquid gas ovens in micro- and small businesses
- 2 *Libro blanco de la microempresa (White Book for Microenterprise)* El Salvador 1997
- 3 EIS Monitoring and Impact Measuring System
- 4 Survey of Salvadoran microenterprise
- 5 Characterization of microenterprise in El Salvador
- 6 Situational diagnostic assessment of microenterprise and general guidelines for the definition of an integral development strategy for the sector
- 7 Fundacion GENESISS Meeting records 1997
- 8 Participation contract of AMPES, CARE, CIS, FOMMI, MIP, REDES, TROPIGAS, in the promotion and technology transfer project for bakeries
- 9 CAM/CRS/SU agreement
- 10 Sub-sector studies on dairy products, bakeries and processed meats
- 11 Terms of reference for carrying out a sub-sector analysis study of the processing and sale of food products sector
- 12 Technical and economic feasibility study of the project "Processing Plant for Meat", March 1998
- 13 Internal bylaws of the Coordinating Board, 1996
- 14 Financial sustainability study for the network, MIP, February 1998
- 15 Terms of reference for carrying out market study of Salvadoran microenterprise
- 16 FOMMI II Work minutes, 1997
- 17 National study on Credit Demand in Microenterprise December 1996
- 18 Cooperation agreement signed between CRS/SV and USAID

- 19 Annual work plans
- 20 Document "Inter-Agency Coordination Services and Support to the Informal Sector of El Salvador" 132-95-002 June 1995
- 21 Terms of reference for carrying out the financial feasibility study
- 22 Agreement between SENIA and CRS/SV for preparing a measuring of impact study
- 23 Agreement between CRS/SV and Consultoria Empresarial, S A , Design of MIP Evaluation of Impact
- 24 Agreement between SENIA and CRS/SV for technical supervision of design and validation of an impact measuring system
- 25 Agreement between CRS/SV and HECO consulting for the carrying out of 32 surveys
- 26 Agreement of the National Demand Study, CRS/SV and INDE

ANNEX 4

PERSONS INTERVIEWED

INSTITUTION	NAME	POSITION
CAM MICROENTERPRISE SUPPORT CENTER	LIC ANA INGRID DE SEGOVIA ING ROLANDO ALAS MRS FRANCISCA MEJIA	DIRECTOR INFORMATION MANAGER MIP PROGRAMMER
CARE EL SALVADOR	LIC JAVIER MOLINA CECILIA VELÁSQUEZ	PROJECT MANAGER INSTITUTIONAL DEVELOPMENT (telephone conversation)
CRS CATHOLIC RELIEF SERVICES	MR WALTER BLAKE MR MIGUEL LOPEZ DAVID CONTRERAS	DIRECTOR MICROENTERPRISE PROGRAM MANAGER MIP PROGRAMMER
FINCAL EL SALVADOR INTEGRAL COMMUNITY FOUNDATION	LIC ARTURO ROSALES	DIRECTOR
FOMMI PROGRAM FOR MICROENTERPRISE PROMOTION IN MARGINAL ZONES	LIC HAYDEE DE TRIGUEROS LIC JOSÉ MARÍA GARAIZABAL	NATIONAL CO-DIRECTOR EUROPEAN CO-DIRECTOR
GENESIS EMPLOYMENT GENERATION PROGRAM IN THE INFORMAL SECTOR OF EL SALVADOR	LIC ERNESTO MANCIA	NATIONAL DIRECTOR
GENESIS FOUNDATION	LIC FRANCISCO ANDRES CIENFUEGOS CESAR MARQUINA	DIRECTOR
OEF ASSOCIATION FOR THE ORGANIZATION OF FEMININE BUSINESS	LIC EMMA DINORA MENDEZ MR RAFAEL SANCHEZ ELMER RODRIGUEZ ORSI BOLAINES	CENTRAL OFFICE DIRECTOR SAN VICENTE OFFICE MANAGER MIP PROGRAMMER (telephone conversation) MIP ADVISOR
SNF NATIONAL FAMILY SECRETARIAT PROGRESS BANKS UNIT	ING JUAN HÉCTOR GARCIA MELIDA HERRADOR RODRIGO VÁSQUEZ	DIRECTOR FINANCIAL ADMINISTRATION DIRECTOR MIP PROGRAMMER
USAID EL SALVADOR	LIC SANDRA LORENA DUARTE	PROJECT MANAGER
MIP MICROENTERPRISE INNOVATION PROJECT	LIC NELLY MORENO SHENK ING CARLOS VILLALTA LIC RICARDO CRUZ	PROJECT COORDINATOR MIP PROGRAMMER MIP PROJECT EX- COORDINATOR

ANNEX 5

PROJECT EVALUATION MICROENTERPRISE INNOVATION PROJECT (MIP) EL SALVADOR

SEMI-STRUCTURED INTERVIEW GUIDE

PERSONS TO INTERVIEW Directors

I PROJECT OUTLINE

- A What was the central problem intended to be solved through the MIP project?
- B How did the MIP project contribute to the solution of the problem?

II EXECUTION

- A If there were some limitations in the carrying out of the MIP project, what were they?
- B How were they overcome?
- C If there was something that facilitated the carrying out of the project, what was it?
- D How would you evaluate the interchange of experiences among the MIP organizations?

Excellent Very good Normal Bad

- E From your point of view, what have been the principal successes of the MIP coordination process?
- F If there have been failures in the process, what are they?
- G How would you evaluate the MIP inter-institutional coordination in terms of effectiveness and efficiency?
- H How would you evaluate the results of MIP in regards to your institution's expectations?

III FINANCIAL INFORMATION SYSTEM

- A What is your opinion of the support received from MIP for the development of a credit information system in your institution?

- B Is the information system useful for decision-making?
- C Has the system contributed to improving services to the clientele?

IV CREDIT BUREAU DATABASE (CENTRAL DE RIESGO)

- A What does the credit bureau database offer to your institution?
- B What are the strengths of the CBD?
- C What are the weaknesses of the CBD?
- D What are the threats?
- E What are the opportunities?
- F Would you be willing to pay for access to these services?

V EVALUATION OF IMPACT

- A What information do you expect the evaluation of impact system to provide you?
- B Do you think that this system will contribute to improving services?

VI DEMAND STUDY

- A How would you evaluate or qualify the credit demand study?
Excellent Very good Normal Bad
- B Could you enumerate the most important results for your institution?
- C What decisions were made based on those results?

VII SUSTAINABILITY STUDY

- A How would you evaluate or qualify the sustainability study?
Excellent Very good Normal Bad
- B Could you enumerate the most important results?
- C What decisions were made based on those results?

VIII SECTOR STUDY

A How would you evaluate or qualify the sector study?

Excellent Very good Normal Bad

B Could you enumerate the most important results?

C What decisions were made based on those results?

IX MARKET STUDY

A What information do you hope the market study will provide?

B Have you thoughts about how to make operative the study results?

C How?

X DOCUMENTATION CENTER

A Do you know of the existing information in the MIP Documentation Center?

B If the answer is **yes** Has it been useful? If the answer is **no**, why not?

XI TRAINING ACTIVITIES

A Have there been changes on an institutional level as a result of the MIP training activities?

B If the answer is **yes**, what?

C Have you participated in training processes or events supported by MIP?

D If changes have taken place due to the trainings or events, what are they?

E In general, do you consider that the training or participation in events has contributed to improving services to the clientele?

XII RECOMMENDATIONS

A Do you think a second stage of MIP is necessary?

B In a second stage, what should be considered priority?

- C Using the way that the project has operated as a reference, do you think that adjustments should be made?
- D If the answer is **yes**, what?

ANNEX 6

EVALUATION REPORT OF GENERAL CONTROLS

In this section some administrative controls will be evaluated which are necessary for the good development of the information systems component, which are

- Acquisition controls
- Organizational controls
- Development controls
- Operational controls
- Documentation controls
- Security controls

⇒ Evaluation of acquisition controls

Before acquiring hardware or software, a proposal is made by the MIP team which is reviewed and approved

In the same way, before acquiring, no feasibility study was done with an cost/benefit analysis of the alternatives

Some documents exist that reflect the need for a feasibility study and some technical and market studies have been done by the project technicians. However, there is not a clear outline from the coordination team in regards to the strategies to follow with the project about feasibility

In the opinion of the evaluators in this phase and taking into account the development and under-utilization level of the installed capacity, more than a feasibility study, the MIP Board is urged to make a decision about opening up the use of the database to other interested organizations. According to the market investigation, a potential market exists for the service, which is recommended to be exploited

⇒ Organizational controls

In the area of controls it is important to have, in the first place, a plan of the systems area. This plan should be made in accordance with the published policies and with the short and long-term plans for the MIP Board

To develop the plan the following aspects should be taken into account

- The organization's strategic plan, such that the plans on the information level are reconciled with that

- Policies that establish objectives, roles and responsibilities in the systems area and the related functions
- For the sustainability of the project an adequate planning process for the information resources should exist for the short and long term. The responsibility for resource planning should be clearly defined and communicated
- The long-term plan should contain aspects such as the forecast for changes in requirements and technologies, identification of alternatives, approval of changes in the use of information resources and proposed objectives that are measurable
- The short-term plans should be developed according to what is foreseen in the long-term plans and should be consistent with the information policies of the organization
- The updating procedures of the plans about information resources should be coordinated with other long-term planned activities of the organization
- The use of electronic data processing resources should be supervised, costed and reported. To implement these controls it is necessary to have systems that report the use of the resources given by MIP, such as the case of the credit bureau database. In this it is recommended to include a way of controlling access and categorizing the kinds of consultations in order to be able to focus development efforts according to the kinds of consultations, and in addition, to specify quality standards for these services. The standards should be documented and communicated to the users
- It is recommended that the organization monitor the quality of the products and services offered by the information resources
- It is recommended that the organization calculate costs of each kind of service, locating the costs per project and per user, accumulating the total information costs. The costs should be reported to the different users and to management, with the goal having clear knowledge of the actual costs and of its use, so that in the near future a price for the services offered can be established
- It is recommended to contemplate within the system of routine reports maintaining management informed about the performance and

productivity and the use of the information resources through which the scope of achieve goals can be reviewed

- A Systems Committee exists which promotes and approves the information policies and plans It is recommended to keep meeting records of the commission and control of the agreements made
- It is recommended to consider criteria that will allow measuring the performance of the systems area officials, and their evaluation should be carried out periodically with the goal of measuring the level of advantage taken of the resources had
- A possibility should exist for carrying out periodic systems audits to look out for efficiency in the use of available information resources and to establish accountability in regards to the functioning of the information system

⇒ Evaluation of development controls

Applications should be developed according to the organization's information policies and the short and long-term plans, which should be revalidated periodically

- The organization should have an information policy that establishes objective, roles and responsibilities for the information applications and related functions
- It is recommended to restore an appropriate process for applications planning on the short and long term
- The responsibilities for applications planning should be clearly defined and documented
- Technically, it is recommended that the organization base its developments on a methodology selected by the information committee that should contain planning, development, implementation and evaluation of all the systems
- The updating procedures of the information applications plans should be coordinated with other long-term planned activities in the organization and should be communicated to all the users
- The information applications should be periodically reviewed to evaluate the level of satisfaction of the users' needs

- The systems developed should possess technical documentation, as well as users'
- The administration should ensure that the users formally accept the new systems or modifications to the systems, that they receive adequate training and that their roles and responsibilities in the production are clearly defined
- Keeping a record of all the changes in the system applications is recommended
- Technically, it is recommended to do functioning tests of all they systems with test data from each one of the participating institutions to make sure that everyone the software is to used, it is functioning correctly and without delays caused by preventable errors

⇒ **Evaluation of the operational controls**

The information resources are operated in such a way that the stored information is protected and control is provided on access and modifications, mainly for purposes of the credit bureau database

Nevertheless, it is recommended that the following aspects be taken into account

- Prepare and periodically test contingency and disaster plans that assure the continuation of applications processing
- Implement procedures for the initial acceptance and subsequent alterations of the applications
- Establish procedures that insure integrity, security and authorization in data entry in the computer processing
- Implement procedures for reporting and following up operational problems and damage control
- Have an annual operations systems budget
- Include in the general work plan the periodic maintenance of the equipment
- Have an exact record of the performance of each and every one of the jobs processed on the computer

- Assign responsibilities and persons in charge of data storage in each one of the organizations

⇒ **Evaluation of documentation controls**

The application systems are totally documented

The applications documentation is adequate although in the technical manuals it would be preferable to link the entity diagrams related to the applications

Preferably, standards should be established for the documentation duly-approved by the existing information committee and the administration

- The changes in applications should stay totally documented from the time of the request that originated the change
- Access to the applications documentation should be restricted to authorized personnel

⇒ **Evaluation of security controls**

Responsibilities should be assigned on control of access and physical security of the information area

- Access to the computer center should be restricted to authorized personnel
- Access to the libraries and terminals should be controlled
- The computer archives should be protected against accidents, destruction and use by unauthorized personnel
- The computer area personnel should be trained in applying security controls and procedures

ANNEX 7

SUGGESTED BIBLIOGRAPHY FOR THE TOPIC OF SELF-SUSTAINABILITY AND FOR THE DOCUMENTATION CENTER

- 1 InterAmerican Development Bank Microenterprise Unit *Guia tecnica para el analisis de instituciones financieras microempresariales*, November 1995
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