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**MICROENTERPRISE INNOVATION PROJECT (MICROSERVE)**

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**EVALUATION OF THE PROGRAM TO STRENGTHEN HUMAN RESOURCES  
IN MICROFINANCE INSTITUTIONS (PRE 1998)**

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**February 1999**

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Microenterprise Development Office

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# **Evaluation of the Program to Strengthen Human Resources in Microfinance Institutions (PRE 1998)**

## **A. Executive Summary**

The Program to Strengthen Human Resources in Microfinance Institutions (PRE), Bolivia's first effort to institutionalize microfinance training, completed its pilot year of implementation in 1998. PRE received financial and material support from FUNDA-PRO, USAID and Plan International (PLAN). The program was administered by the Bolivian Institute for Business Studies (IBEE) and accredited with diploma status by the Catholic University.

Interviews with PRE students revealed a high opinion of PRE's program structure and academic content. Because the 22 students varied greatly in their educational backgrounds and professional responsibilities, not all courses were appropriate to all students. In the future, PRE organizers should consider offering elective courses as well as required core courses. This would allow students to take only the courses of interest and use to them. All the students were pleased that PRE had provided them with knowledge and practical tools, which they apply in their jobs.

According to students, the quality of instructors was of similarly high quality, with a few exceptions. The quality and effectiveness of teaching methodologies and materials varied among courses. Efforts to prevent this in the future should be made through a more pro-active role by PRE staff in: evaluating potential instructors and choosing them carefully; providing guidance to instructors with regard to curricula, teaching methodologies and materials, and subsequently requiring instructors to provide detailed information in these same areas; and, providing feedback to instructors in developing their teaching programs. Students expressed a strong preference for practical training exercises as opposed to theory. They also learned a great deal by interacting with their student colleagues. These facts should be considered in designing future programs.

The involvement by multiple institutions and individuals in assuring a successful PRE 1998 may have inadvertently detracted from the institutionalization process. PRE organizers compensated for IBEE's lack of technical capacity in microfinance by hiring an outside consultant to act as PRE Coordinator. They also became involved in technical issues, themselves. Furthermore, roles, responsibilities and reporting relationships were not clearly organized and defined among these institutions and individuals. This led to misunderstandings and significant tension among parties, especially between the PRE Coordinator and IBEE's General Manager. Problems such as these should be avoided in the future by taking an institutional approach towards implementation and by clearly defining roles and lines of authority and communication.

According to students, the only major problem with PRE 1998 was the frequent changes in dates and instructors. This problem worsened as the program progressed, and left a negative overall impression of PRE with a few of the students. Although many of the changes may not have been entirely preventable, efforts in the future can be made to limit them by: (1) securing more definitive commitments from instructors, (2) arranging for alternate instructors, and (3) announcing course dates and instructors on a semester or trimester basis.

IBEE and the PRE Coordinators carried out the logistics for individual courses adequately. The IBEE secretary, in particular, was successful in maintaining open lines of communication with and excellent service to the students. The IBEE classroom, complained students, was small and uncomfortable. Alternative classroom settings should be considered for future programs.

IBEE implements a wide variety of business courses, apart from PRE, with a small staff of seven. The functions of the two professional staff are mostly administrative. They lack the professional qualifications to manage a sector focused business-training program. For IBEE to competently manage PRE in the future, two major decisions are necessary: (1) the prioritization of microfinance among IBEE's principal institutional goals, and (2) the strengthening of IBEE's leadership and microfinance capacity.

## **B. Introduction**

PRE 1998 was an effort by several local and international institutions to provide middle and upper level managers of microfinance institutions with a wide base of knowledge in the microfinance field. The program ran from March through December 1998. This consultant was hired to:

- 1) Evaluate PRE's first phase in terms of organizational structure, academic content of the courses, quality of instructors and administration and support of program sponsors.
- 2) Design and complete national and international level market studies to be used in the planning of an expansion of PRE in Bolivia and Latin America.
- 3) Determine the mechanisms and scenarios for the financing of PRE and for the promotion of its services, and;
- 4) Prepare a proposal for the second phase of PRE.

This paper focuses on section (1) of the consultancy, and will be followed by a paper containing section (2) through (4).

PRE 1998 achieved its principal goal of implementing a high quality, diploma level training program in microfinance. This evaluation will address both the program's achievements and the areas for improvement, although the latter will be emphasized in order to provide PRE supporters with the information they will need to improve and solidify the program in the future.

## **C. Organizational Structure of PRE**

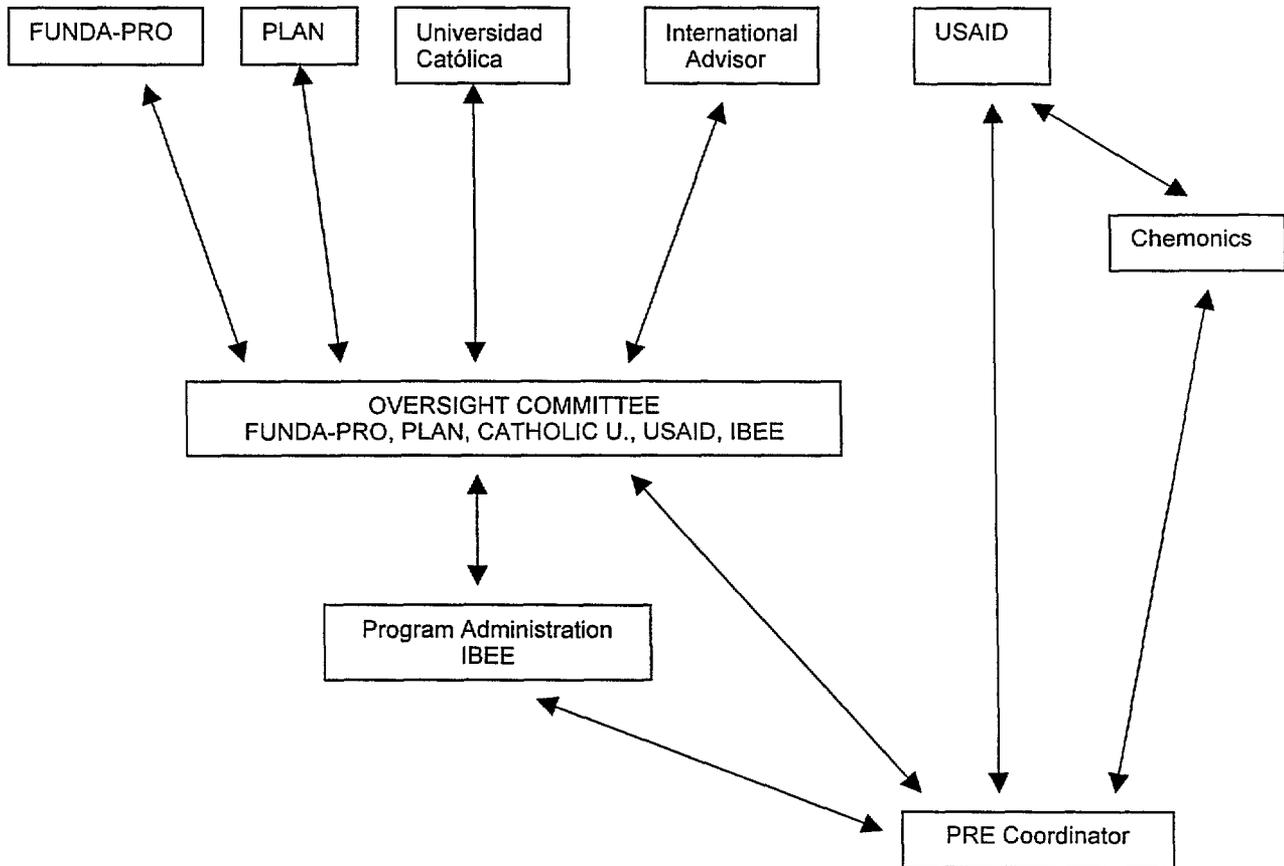
In 1997, three Bolivian institutions, FUNDA-PRO, CIPAME and FINRURAL, collaborated in developing the concept of institutionalizing a permanent, high quality microfinance training program. They drafted a short program description and issued a solicitation for proposals from potential implementing institutions.

Several proposals were received, among them proposals from PROCAF, a financial training institute, and IBEE, a business-training institute. Whereas CIPAME and FINRURAL favored the PROCAF proposal, FUNDA-PRO felt the IBEE proposal best fulfilled Bolivian microfinance institutions' needs. At that time the three founding institutions split: FUNDA-PRO decided to implement a microfinance training program directed primarily at middle and upper level managers through IBEE; CIPAME and FINRURAL decided to implement a microfinance training program directed primarily at loan officers through PROCAF. Both programs had international donor support. USAID and PLAN supported FUNDA-PRO, whereas the other program was supported by COSUDE, the Swiss bilateral development organization.

Six well established institutions participated in the development and administration of PRE. Some of these institutions played important roles throughout the program's duration. To properly evaluate the PRE program, an understanding of the roles these institutions played is critical. The following table lists the institutions and whether their roles were major or minor in the design and implementation of PRE.

	<b>Design</b>	<b>Implementation</b>	<b>Financial Support</b>
FUNDA-PRO	Major	Major	Yes
USAID	Major	Major	Yes
IBEE	Minor	Major	Through Student Fees
PLAN	Minor	Minor	Yes
Catholic University	Minor	Minor	No
Chemonics Corporation	None	Major	No

In its early design, PRE was primarily an initiative of FUNDA-PRO and USAID. These institutions recognized a weakness in the human resources of microfinance institutions, especially at the middle and upper management levels. Bolivia did not have a comprehensive, high quality-training program for the employees of these institutions. USAID, PLAN and FUNDA-PRO contributed to the high quality and relevance of the program's content. IBEE contributed to the program's structure, logistical design and marketing, while the Catholic University helped conform PRE to acceptable academic standards. Overall, the involvement of these five institutions strengthened the design of PRE. Further, the participation of two international donors, two local NGOs and Bolivia's most respected university gave instant credibility to PRE in the eyes of potential students and their institutional sponsors. Finally, the participation of an international advisor, Claudio Gonzalez-Vega, added value to both the program design and the program's credibility.

**Diagram 1 — PRE Institutional Structure and Relationships**

The organizational involvement of these institutions became more complicated during the implementation phase of PRE. Six institutions became involved in some way, while four played major roles in implementation. The diagram on the previous page depicts the organizational structure of PRE during the implementation phase.

### **C1. Oversight Committee**

The creation of an Oversight Committee was a logical way to consolidate the participation of five institutions into one body. The role of this Committee was to “supervise the development of PRE, evaluate progress and review academic content.” The Committee was not responsible for executing or administering the program.

The Oversight Committee met on a monthly basis or more often. High attendance by Committee members demonstrated the seriousness with which they regarded their participation in the PRE program. Meeting notes recorded by the Committee reveal that two operational themes occupied the majority of the Committee’s attention: (1) course scheduling and rescheduling, and (2) the contracting of instructors and replacement instructors. A number of Committee members even participated in the identification and negotiation of dates and terms of contracts with instructors.

The most active members of the Oversight Committee were from FUNDA-PRO and USAID. As early organizers and principal financiers of the program, their stakes in PRE were possibly the greatest. As a result, they became involved in both directive and operational aspects of the program. This involvement by its members in operational issues clearly went beyond the bounds the Committee's self-defined role.

## **C2. The Bolivian Institute for Business Studies (IBEE)**

IBEE, under the guidance and direction of the Oversight Committee, was responsible for administration of PRE. IBEE consists of eight full-time staff and a part-time accountant. Two professional level employees receive guidance and direction from the Board of Directors. The Board is largely responsible for developing the curriculum and identifying professors (IBEE's Academic Director is a Board member), while the two staff professionals are responsible for administering the courses.

Since being founded in 1985, IBEE has presented short courses and seminars to strengthen the middle and upper level management of Bolivian businesses, maintaining a core group of courses and professors over the years. In 1993, IBEE entered into an informal arrangement with FUNDA-PRO, USAID and PLAN to handle the logistical aspects of occasional microfinance courses and seminars. More recently, IBEE developed and implemented three diploma level courses accredited by the Catholic University, including the PRE program.

## **C3. PRE Coordinator**

Given IBEE's limited staff and limited knowledge of microfinance, it was agreed that USAID would finance the first six months of a full time PRE Coordinator's contract. The Coordinator's terms of reference made her responsible for leading all major planning and implementation aspects of the PRE, including:

- Development and revision of course content,
- Selection of professors,
- Program logistics,
- Marketing,
- Budgeting, and
- Evaluation of PRE.

## **C4. The International Advisor**

Claudio Gonzalez-Vega, an internationally renowned microfinance professor and researcher from Ohio State University, was hired as the PRE program's international advisor. His role was to (1) bring expertise to the design of the program including the identification and recruitment of instructors, and (2) participate as an instructor.

Although Dr. Gonzalez-Vega may not have fulfilled the first role as well as organizers would have liked, his participation as an instructor-added quality and substance to PRE. He participated in three events: as instructor of one diploma course and one complementary event, and as a speaker in the international seminar on rural finance.

## **C5. Chemonics Corporation**

A long-term contract between USAID and Chemonics Corporation was utilized to support the PRE program. USAID had agreed to finance six months of the PRE Coordinator's contract, but due to bureaucratic difficulties in hiring someone directly, Chemonics contracted the Coordinator. The value of this arrangement's expediency was to some extent undermined by the addition of another layer of bureaucratic reporting. The contract between USAID and Chemonics was also used to hire all the international instructors for PRE.

## **C6. How Well Did the Organizational Structure Function?**

Theoretically, the Oversight Committee was analogous to a "Board of Directors" for PRE, and IBEE was the "executing institution." According to an IBEE document on diploma course regulations, which the Oversight Committee, IBEE, approved was responsible for the academic and administrative aspects of all diploma programs, including PRE.

In reality, institutional and individual roles in the administration of PRE were murky. To begin with, the Oversight Committee became involved in operational matters and neglected to deal with medium and long-term matters such as program sustainability. The Committee also never dealt with a major, persistent conflict between the first Coordinator and IBEE staff.

While IBEE was under the impression that the PRE Coordinator was answerable to its General Manager, the PRE Coordinator's contract with Chemonics had her reporting to USAID. As Diagram 1 shows, the Coordinator reported to no less than four institutions (including the Oversight Committee).

The PRE Coordinator in conjunction with USAID, FUNDA-PRO, Chemonics and the Oversight Committee carried out the more technically challenging elements of PRE administration. These elements included the identification and contracting of professors, the coordination of course curricula and materials, and feedback from PRE students. IBEE's role in these substantive areas was limited. IBEE staff carried out program logistics, but it was often unclear who was supervising the effort, IBEE's General Manager or the PRE Coordinator. Although USAID and FUNDA-PRO's explicit roles were as members of the Oversight Committee, these two institutions became closely involved with technical and administrative aspects of PRE.

To repeat, PRE's organizational structure was largely undefined. Moreover, those aspects of the structure that were defined were often not respected. This ambiguity of roles and relationships undermined the institutional structure of PRE and eventually contributed to interpersonal conflicts and to a lesser extent to programmatic problems. While the contribution by people and institutions outside of IBEE with operational issues contributed to program quality, IBEE staff and board members felt it compromised the institutional integrity of the program.

Two forces contributed to the fact that IBEE did not take full responsibility for program administration. First, IBEE failed to exert leadership. Second, the sponsor institutions felt a need to compensate for a perceived weakness in IBEE's technical capacity by hiring the Coordinator

and by them becoming involved. It is difficult to point to the stronger of these forces, although clearly the two reinforced one another.

**Recommendation 1:** *Representatives from the institutions involved with PRE should meet to openly discuss and analyze the organizational structure of PRE 1998. This will help them identify weaknesses in the structure and correct them before the 1999 program begins. Most importantly, the roles, responsibilities and relationships among institutions and individuals should be clearly defined and well understood by everyone. Overlapping responsibilities and multiple reporting relationships should be avoided.*

**Recommendation 2:** *Should additional staff be hired to implement PRE, these people should be hired directly by the implementing institution and be integrated into its organizational and salary structure. Hiring an outside consultant to perform an essentially full-time staff job is a recipe for disaster.*

#### **D. Program Structure and Academic Content**

Despite its formidable microfinance sector, Bolivia has no institution or program dedicated to microfinance training. Over the past decade, diverse institutions have conducted occasional short courses and seminars targeted at the employees of microfinance institutions. With that in mind, the organizers of PRE created a comprehensive, permanent program designed to provide training in all major areas relevant to microfinance institutions. They created the following four modules:

1. The economic, legal and regulatory environment.
2. The financial market and microfinance services,
3. Administrative structure, and
4. Instruments for financial administration.

Despite PRE's heterogeneous student body (credit officers, middle managers and upper managers), there was agreement among students that the program design and content were good to excellent. Program designers obviously dedicated much thought to their work. They drew from lessons learned by microfinance training programs elsewhere and applied them to the Bolivian environment. The logical design and scheduling of the four modules were excellent, although somewhat marred by unforeseen changes in the chronology of events.

The course content and materials of all fourteen courses received good to excellent marks. There were major differences in student opinion about which courses were excellent and which ones mediocre. Here is where the heterogeneity of the student group took on importance. Higher level managers of the more advanced microfinance institutions were not satisfied with the courses on "non-traditional financial services" and "credit evaluation," whereas these same courses were of great interest to representatives of less mature institutions and credit officers. The courses on "managing growth" and "business planning," on the other hand, were of great interest to the former group and of little interest to the latter.

**Recommendation 3:** *There are two options to avoid the occurrence of students attending courses they consider irrelevant. The first option is to break PRE into two or more diploma programs, each one targeted at a homogeneous student body. The second and more favorable*

*option is to divide PRE courses into core requisites and electives. The core requisites should be comprised of fundamental courses relevant to all microfinance institution employees. The electives should consist of a wider variety and larger number of courses of a more specific nature. PRE students would choose only those electives that interest them. Appendix 2 attempts to divide the 14 PRE 1998 courses into requisites and electives.*

All the students interviewed felt that PRE improved their professional performance. In a general sense, the program gave them wide-ranging knowledge. The program taught them to better understand their roles within the context of Bolivia's overall economic environment. Some of the students now feel more confident in making judgements and in participating in meetings at their institutions.

In a specific sense, the students learned concrete tools that they have applied in specific situations. One example of this was a student's reformulations of his institution's loan guarantee requirements and collection procedures because of what he learned in the "legal environment" course. Other specific examples include the use of financial indicators, credit evaluation tools, internal control tools, and the development of savings services. According to the students, using what they learned was the single greatest benefit of PRE.

While it is true that course topics were distinct, there was some level of duplication in what was taught. The most important example was between the "portfolio management" and the "financial analysis" courses, where much of the same material was covered. The SWOT (strengths, weaknesses, opportunities and threats) exercise was used three times during the program, two of which were similar not only in form but in substance.

**Recommendation 4:** *The duplication of materials and exercises could be partially avoided by requiring that all instructors submit detailed course outlines, including materials and the methodologies to be used. These materials should be reviewed closely by the institution administering the program and suggestions made, appropriately. This should be done well in advance of conducting the courses so that instructors don't feel pressured and so they can make adjustments without compromising course quality.*

Although the administrators of PRE asked for the information included in Recommendation 4, most of the instructor's responses were inadequate. Greater persistence by program administrators will be required in the future.

The use of complementary courses and other events enriched the PRE program in several ways. Specific course topics satisfied the specific needs and interests of many students from inside and outside of PRE. This fact is borne out by the average of more than 30 students per course, not including the international conference on rural microfinance that attracted hundreds. Several visiting international consultants were exploited to teach several courses at minimum cost to PRE. This offset the higher costs associated with some of the other courses. Complementary Events provide the option of organizing courses on contemporary issues with relatively short notice. This was not done very much in 1998, but should be considered for the future. A possible example of such an event could be the exposition of a new Superintendence regulation by one of its employees.

## **E. Quality of Instructors, Teaching Methodologies and Teaching Materials**

### **E1. Quality of Instructors**

Overall, students were very satisfied with PRE instructors' professional qualifications and knowledge. Twelve of the eighteen instructors had significant experience in the microfinance sector, either as practitioners, consultants, researchers/professors or in the Superintendence of Banks. Several of the instructors without microfinance experience were not hindered by this fact because their course topics, such as "Economic Environment" and "Legal Environment," were more general in nature.

There was greater variance among instructors in their levels of preparation and their abilities to teach. A few instructors, despite excellent experience in their fields, did not prepare adequately to teach their courses, resulting in a lack of clarity and effectiveness.

**Recommendation 5:** *PRE administrators should provide instructors several months in advance with specific guidance and information with regard to course content, the composition of the student body, and course expectations. Instructors should be contractually required to prepare detailed course outlines which are well organized and which conform to the guidance. This will help avoid poorly organized and irrelevant presentations.*

Only Claudio Gonzalez-Vega was universally rated as an outstanding teacher, while several other teachers were rated outstanding by some of the students. The great majority of the teachers were rated as good to excellent. Only three instructors received below average ratings, and one of them because of inadequate Spanish language skills.

**Recommendation 6:** *PRE administrators should carefully review potential instructors' teaching credentials, as well as their professional experience and knowledge. Instructors should have established records in the teaching field, if possible. If a candidate's teaching record is relatively unknown, PRE should contact institutions or groups where the candidate has taught in order to evaluate his or her effectiveness.*

### **E2. Teaching Methodologies and Materials**

Instructors employed numerous teaching methodologies, including lecturing, slide presentations, power point presentations, case studies and other interactive exercises. This diversity in a year long diploma level course is positive because it maintains students' interest.

Nonetheless, there was too much emphasis on one way presentations using slides or overheads where students are given copies and asked to follow along. The program also tended to be more theoretical, and less practical, than the students would have preferred. Not enough attention was given to relevant case studies and interaction among students. Students felt that some instructors did not provide them with the methods or tools necessary to apply course lessons in their everyday jobs. For instance, the course which used a computer program for business planning would have been vastly more effective if each student had been able to generate his or her own business planning model on his or her own computer.

**Recommendation 7:** *Students' written evaluations and interviews, as well as feedback from dozens of local and international microfinance institution representatives and employees, reveals the high priority they put in practical training exercises. Therefore, PRE should emphasize the recruitment of instructors with practical experience. Assurance should be made that instructors employ, to the greatest extent possible, practical training exercises. In the case of PRE, students are also a tremendous potential teaching asset. Practitioners themselves, interaction among them often fosters rich and lively debate. PRE students repeatedly referred to the value of lessons learned from their colleagues as well as those learned from the instructors.*

Nearly all PRE instructors gave written examinations on the final day of the course. Since most of the courses were intensive and lasted only a few days, this format did not give students ample time to digest the materials, and even less time to study for an exam.

**Recommendation 8:** *If possible, examinations should be given on a take-home basis or several days to a week after the course end. In cases where this is not practical, exams, which are given at the tail end of courses, should avoid essay type questions. Multiple choice exams, which test students' basic comprehension, are fairer.*

PRE organizers should analyze the use of exams and consider the option of eliminating them altogether. The program differs from most undergraduate and graduate level programs because of its practical emphasis and its student composition (of practitioners). Although eliminating exams may not be practicable given the diploma requirements of the Catholic University, PRE organizers may find that they are of marginal benefit.

The nature, quantity and usefulness of course materials varied greatly among courses. This occurred because PRE administrators left decisions about materials to the discretion of the instructors. Some instructors limited their materials to simple photocopies of their slide presentations. This is insufficient for a diploma level course. At the other end of the spectrum, some professors provided wide ranges of materials including theoretical writings, case studies and comparative evaluations. This gave students both a broad base of reference material as well as tangible tools to apply in their jobs.

**Recommendation 9:** *Instructors should be required to develop comprehensive bibliographies of theoretically based and highly practical materials. PRE administrators should assign an approximate budget for written materials for each course. The instructor should be asked to choose publications for distribution within the budget. Other publications in the bibliography should be made available in a library, if possible. PRE administrators could also provide students with information about where to find additional publications, both inside and outside Bolivia.*

## **F. Program Administration and Logistics**

### **F1. Administrative Organization of PRE**

As described in Section 3, IBEE was chosen by FUNDA-PRO to administer PRE. Financial and/or material support was provided to IBEE by USAID, Plan International and FUNDA-PRO.

Additional office space was rented, and the following staff was hired in late 1997 and early 1998:

- PRE Coordinator: selected by FUNDA-PRO, USAID and IBEE; contracted by Chemonics and paid for by USAID
- Secretary: selected, contracted and paid for by IBEE
- Messenger: selected, contracted and paid for by IBEE

The roles and reporting relationships were never formally clarified to the three people listed above. It is difficult to precisely measure the impact this had on program implementation, but it was no doubt highly negative. In particular, the responsibilities and authority of the PRE Coordinator and IBEE's General Manager were duplicative. This was further aggravated by poor communication and personality conflicts between the two, and the fact that the PRE Coordinator's salary was more than 150% higher than the IBEE General Manager's salary.

The PRE Coordinator considered the secretary and messenger part of PRE staff, while the General Manager treated them as IBEE staff. In the end, the secretary and messenger were caught in a tug-of-war between the Coordinator and General Manager. This created a tense-working environment for all involved.

IBEE's General Manager felt the Coordinator was imposed on IBEE and that the position was not necessary. Although her Board told her that she was responsible for supervising the Coordinator, the General Manager did not assume that role except with regard to administrative issues. She complained that administrative problems with PRE were the fault of the PRE Coordinator, while the PRE Coordinators felt IBEE was to blame, and in particular the General Manager. The General Manager believed the PRE Coordinators were overly independent and not part of the IBEE team, whereas the Coordinators were constantly frustrated by the lack of administrative support and cooperation from IBEE.

The first PRE Coordinator was a dynamic person with moderate experience in microfinance. During her period with PRE (until July 1998), the program was generally well organized and changes in course dates and instructors were less frequent than in the second half of the program. The Coordinator assured those instructors and PRE students alike were well informed and that course materials were distributed to students approximately one week before courses began.

The employment term for the PRE Coordinator was planned for twelve months, the first six months financed by USAID and the final six months to be financed by IBEE. As the first six-month period drew to a close, the PRE Coordinator was informed that her contract would not be extended. This consultant was unable to find a definitive reason for her contract termination, although she had been accused of being conflictive and uncooperative, as well as for using IBEE facilities for her personal use. Apparently, IBEE's Board of Directors took the decision in isolation, and the Oversight Committee was informed after the fact.

**Recommendation 10:** *Roles, responsibilities and reporting relationships should be determined before or immediately after people are hired. This exercise should be taken seriously and addressed within the context of the entire organization to ensure an optimum allocation of*

*resources and to avoid duplication of job descriptions. Lines of authority should be clearly delineated. This information should be transparently shared with all the employees and their feedback and questions solicited to further clarify and improve the organizational structure.*

There was a gap of about one-month between the first Coordinator's termination and the hiring of the second PRE Coordinator. During this period PRE implementation began to deteriorate slightly. Responsibility for everyday administrative matters was assumed and carried out extremely well by IBEE's secretary, but many of the important technical and programmatic issues were ignored. Course materials, which had been distributed well ahead of time, were not distributed until the courses began. Despite having unambiguous management responsibility for the PRE program, many of the PRE students do not recall the General Manager having any direct responsibility over PRE throughout its entire duration.

A second PRE Coordinator was hired in August to administer the remaining courses of the program. Despite the experience with the first Coordinator, there was no effort to address and solve the lingering problem of roles and reporting relationships. The second Coordinator also perceived a lack of collaboration and administrative support from IBEE. He had a number of time consuming business obligations outside IBEE, which the Oversight Committee was aware of prior to signing the contract. Some of PRE's problems, especially regarding coordination with instructors, persisted during the second Coordinator's tenure. Most of the remaining courses were completed in a haphazard fashion. Changes in dates and instructors occurred without providing students with adequate leeway to adjust their schedules.

**Recommendation 11:** *PRE program organizers should assure that the principal manager devotes 100 percent of his or her time to PRE. This individual should have no outside professional or business interests.*

## **F2. Scheduling of Dates and Instructors**

The most common and important criticism by students was the frequent changes in course dates and instructors. In the eyes of the students, this greatly reduced the overall quality of PRE and affected its image. Furthermore, course and instructor scheduling deteriorated as the program progressed. The following facts are noteworthy:

1. Of the fourteen courses offered, the final 10 courses experienced changes in either dates or instructors, or both.
2. Six of the instructors listed in the program syllabus were unable to teach and were replaced by other instructors.
3. Five of the original eight international instructors (63%) did not fulfill their agreement to teach.
4. Only one of the eight Bolivian instructors (13%) failed to fulfill his agreement to teach.

Not coincidentally, several of the program's highest reputed and best instructors did not attend, including Mario Davalos, William Tucker and Charles Waterfield. These instructors, whose services are in great demand, helped attract students to the program initially. The students were left somewhat disillusioned with their cancellations. Also not coincidentally, their replacement instructors were some of the less effective instructors in the program.

Changes in dates were equally annoying to PRE students. All the students have full time jobs, and most are in supervisory positions of significant responsibility and pressure. They had adjusted their schedules according to the original PRE schedule, and changes were a major inconvenience to the majority of them. Business trips, meetings, other training opportunities and engagements had to be cancelled or rescheduled. Although PRE was scheduled to end in September 1998, there were four courses held between October and December. This is the busiest time of the year for microfinance institutions when they focus entirely on operations. Training and other non-operational activities are avoided entirely. Students felt greatly inconvenienced by these changes, but nevertheless rearranged their schedules.

The numerous changes in dates and instructors had three main causes. First, the establishment of precise dates and names of 14 courses and instructors from around the world was overly ambitious. Cancellations were inevitable. Second, the brochure consisting of names and dates was published before confirmation by all the instructors was received. Third, two of the international professors had serious personal problems that prevented them from fulfilling their contractual obligations.

**Recommendation 12:** *The original promotional materials and program syllabus should include at least two possible instructors for every course. Courses with international instructors should have three possible instructors. If possible, a principal instructor should be identified and a contract signed. Nonetheless, the backup instructors should be contacted and their availability tentatively confirmed. In the event the principal instructor cancels, one of the backup instructors can be hired without disappointing the students and without changing course dates.*

**Recommendation 13:** *Precise course dates and instructors should be published in promotional materials and syllabi no more than six months ahead of time, preferably by semester or trimester. This does not preclude the use of annual program description materials, which should include general information listing course topics, short descriptions and possible professors. More specific program information should be published every three, four or even six months. These programs should, to the extent possible, include exact dates, hours, fees and location, detailed course descriptions, and definitive choices for instructors. In any case, specific information should not be published until it is confirmed.*

### **F3. Composition of Student Body**

The student body was highly diversified. A total of 22 students included six upper level managers, nine middle level managers and six credit officers. This had a positive impact on the program because class discussions included a wide variety of perspectives. Students and instructors alike felt this diversity enriched the program.

The diverse student body had disadvantages, as well. First, as pointed out earlier in this evaluation in the section on course content, not all courses were of interest to all student sub-groups. Second, the students learned at different rates because of differing levels of education and knowledge. When the instructors moved quickly or addressed more sophisticated concepts, lesser-educated students' comprehension was incomplete. Conversely, some materials and the pace of learning were not dynamic enough for the more advanced students. Third, students with

more advanced educational levels had a natural advantage over less educated students in taking course exams, regardless of the effort they applied in the courses.

**Recommendation 14:** *The implementation of Recommendation 3, by allowing students to choose among elective courses, will result in somewhat more homogeneous student bodies in each course. Furthermore, promotional materials for elective courses should explicitly state the preferred target student group. For example, the preferred target group for a course on strategic planning would be upper level managers. Some courses could even be restricted to specific student groups based on their employment positions or educational level. For instance, a course requiring advanced economics skills might be restricted to persons with advanced degrees in economics, finance or business administration.*

#### **F4. Course Logistics and Infrastructure**

Overall, students rated the logistical arrangements from good to excellent. Students were kept well informed about most logistical details, especially by the first PRE coordinator and by the PRE secretary. Students were also complimentary of the personal, friendly attention by the first PRE coordinator and by IBEE staff.

Students universally criticized the classroom infrastructure at IBEE. They felt that its narrow shape hindered the instructor's ability to teach and that it did not permit interaction among students. They also complained of the classroom's poor circulation. Finally, the IBEE classroom was too small for the number of students (more than 30) participating in some of the courses.

In general, course hours were not a problem. Given that all the students had demanding full time jobs, the absence of complaints about course hours is a good sign. In general, the employees of microfinance institutions prefer taking courses on weekday evenings and Saturday mornings, and if necessary Saturday afternoons. Because of instructor time constraints, a few courses were held on weekdays during working hours. Students suggested that this be avoided, especially during morning hours.

Finally, a minor point about snacks served at the courses, which became sort of a joke among the students. IBEE served the same run-of-the-mill cookies and crackers throughout the program, together with tea and coffee. Over a long program such as PRE, snacks should be varied so the students can look forward to the short breaks between long course sessions in a classroom environment.

#### **F5. Financial Results**

The table below summarizes the income and expenses of PRE. The amount donated by USAID is an estimate, as actual amounts were not available to this consultant. The table does not include the value of fixed assets (nor their depreciation) donated by FUNDA-PRO and PLAN International in the amount of \$21,271. It also does not include the income or expenses of the major international seminar on rural microfinance held in November.

**PRE Income and Expenses Summary (in \$US)**

	IBEE	USAID	FUNDA-PRO	Total
<b>INCOME</b>				
Course Fees				
Other Income and Donations				
<b>Total Income</b>	<b>107,525</b>			<b>107,525</b>
<b>EXPENSES</b>				
Instructors and Consultants	9,405	63,000		
Transport, Per Diem and Hotel	90	18,180		
Coordinator	11,133	12,000		
Administrative Support	24,660			
Office Rent	8,306			
Office Materials	6,808			
Other Costs	53,766			
<b>Total Expenses</b>	<b>114,158</b>	<b>93,180</b>	<b>14,330</b>	<b>221,668</b>

The total expenses of the program exceeded projections by more than \$25,000. A large part of this amount can be attributed to taxes that were not projected in the original budget. The extension of PRE through December because of course postponements also added significantly to overall program costs.

PRE course fees (\$96,101) covered only 43 percent of total expenses (\$221,668). The difference was financed mainly by donations, although IBEE did suffer a program loss of over \$6,000. PRE's accounting loss is unsustainable under any conditions  even with considerable donor funding. Following are some of the most salient budget facts:

- The total cost of seven international instructors and the international advisor was approximately \$81,180, or an average of \$11,598 per instructor. This number represents almost 37 percent of the total budget.
- The total cost of 11 Bolivian instructors for the diploma courses was \$7,550, or an average of \$686 per instructor.
- The total cost of salaries for IBEE staff and the PRE Coordinators was \$47,783.
- Office materials exceeded the original budget by about 700 percent.
- The total cost of advertising and promotion was over \$20,000.

Of the five items listed above, all but the cost of Bolivian instructors were excessive. Cost coverage could be increased substantially to approximately 60 percent by taking the following three steps:

- 1) Reduce the number of international professors to four, a saving of approximately \$35,000.
- 2) Streamline administrative salary costs, a saving of approximately \$15,000.
- 3) Cut the cost of advertising and promotion in half, a saving of approximately \$10,000.

Other measures could further increase cost coverage without compromising program quality. First, by expanding and diversifying the PRE program, indirect costs would decrease considerably. Recommendations to do this are included in the "Proposal for the Second Phase of PRE." Second, PRE could contract international instructors directly and avoid paying overhead costs associated with an institutional contractor.

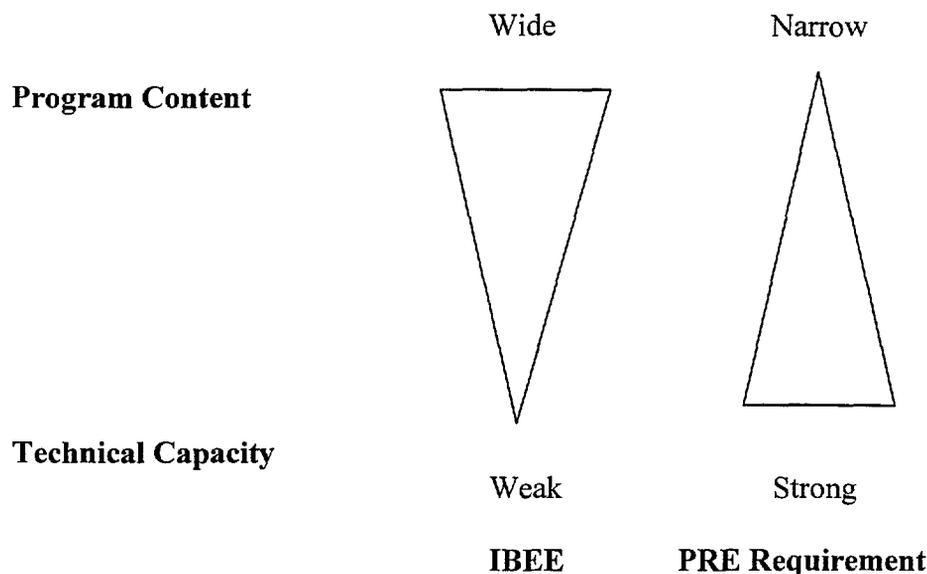
**Recommendation 15:** *PRE sponsors and organizers should analyze the PRE 1998 financial results carefully and set a target for cost coverage for the second phase. Based on this target, a prudent approach towards developing the second phase budget can be taken. The importance of the budget should be emphasized to PRE administrators and performance tracked on a monthly basis. Greater efficiencies and lower expenses will result from these efforts. Also, donors will be more inclined to subsidize a program that covers the majority of its costs and demonstrates efficient administration.*

#### **F6. Assessment of IBEE**

IBEE has established an institutional formula over the past fourteen years. Its Board of Directors, which has remained essentially unchanged, determines IBEE's organizational structure and academic content. IBEE has developed a cadre of professors, which includes most of its Directors. IBEE offers an extremely wide range of short courses and seminars ranging from Financial Analysis to Analysis of the Bolivian Profit Tax; from Human Resource Development to the Organizational Structure of the Central Bank.

IBEE has a minimal staff to administer its programs, consisting of only two full-time professional staff, the General Manager and the Assistant Coordinator. A limited budget forces IBEE to pay salaries below the market level. Other institutions that have received considerable donor funding, such as IDEA, PROCAF and PROPERCLA, are capable of paying higher salaries to their professional employees.

Diagram 2 below depicts the relationship between program content and technical capacity for IBEE and what is most appropriate for the PRE program. PRE requires greater institutional focus on microfinance as well as one or two staff with strong technical capabilities in this area. Currently, IBEE is structured in the opposite manner.

**Diagram 2**

IBEE staff's role is limited mainly to the following administrative functions:

1. Contacting and contracting professors,
2. Advertising courses in the local press and other media sources, and
3. Administering the logistics of course implementation.

These functions, no small challenge for IBEE, are generally carried out in a competent and well-organized manner. IBEE staff is too few and unqualified to play a more active role in technical and academic matters. They do not develop course curricula or negotiate teaching methodologies and technical content with professors. To the contrary, IBEE cedes to the instructors in most matters and attempts to make instructors as comfortable as possible. IBEE does not actively communicate with private sector organizations. Absent is an ongoing intellectual interchange that would allow IBEE to customize courses to meet the private sector's most pressing training needs.

**Recommendation 16:** *If IBEE is to continue with implementation of PRE, its Board of Directors must place microfinance as a major academic priority. To give PRE the attention it requires it should consider the option of reducing the variety of courses it offers in other areas. This implies a redirection in strategic thinking that may not be in IBEE's interest at this time. If IBEE decides to emphasize microfinance, it should hire one or two staff with strong business and microfinance skills. At least one of these people should also have strong analytical skills to evaluate the training needs of microfinance institutions, and strong interpersonal skills to develop and negotiate training programs in coordination with microfinance institutions, the Government of Bolivia, international donors and other local institutions.*

Most of the documentation concerning PRE is available at IBEE and reasonably well organized. This includes information on courses, instructors, curricula and student evaluations. Financial

information, on the other hand, is weak. At the writing of this report, IBEE had not completed the financial report on PRE. Furthermore, IBEE apparently does not maintain independent financial results on each course. This information and its analysis is vital to decision making about PRE, especially given the pilot nature of the program. Given IBEE's emphasis on financial sustainability, it is ironic that the institution paid such little attention to this important program's financial performance.

With regard to administrative processes, IBEE has implemented systems and controls that safeguard its material resources and equipment. However, some of these processes are somewhat excessive and negatively effect efficiency and morale. The General Manager must authorize many of the most mundane administrative decisions, such as sending a fax or staying at the office during lunch. IBEE should consider delegating some level of administrative authority to its lower level administrative staff.

### **G. Major Conclusions**

1. PRE organizers achieved their goal of implementing a high quality diploma level microfinance training program.
2. Progress towards the secondary goal of institutionalizing PRE was not made. Numerous institutions and individuals were involved in PRE's implementation, while the roles and relationships among them were never clearly defined. IBEE was not given full responsibility for implementing PRE, and neither did it demonstrate technical and administrative leadership.
3. The four module, 14 course PRE program was well structured and contained highly relevant academic content. Nearly all PRE students have applied what they learned in PRE to their microfinance jobs.
4. The overall quality of instructors, teaching methodologies and teaching materials were good to excellent. Some of the unevenness in these three areas was uncontrollable, while some was due to a lack of follow-up by PRE administrators.
5. The only major problem in PRE implementation was the frequent changes in course dates and instructors. Again, this was only partly preventable through more effective planning and greater follow-up by PRE administrators.
6. Given its current lack of technical capacity in microfinance, IBEE is not well suited for administering a top quality PRE program.

## ANNEX 1

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### **Evaluation Methodology and Persons Interviewed**

In conducting this evaluation, the consultant began by reading background materials and by interviewing most of the individuals concerned with organizing, directing and administering PRE. The existence of summaries of written student evaluations for each course was extremely helpful. Fourteen of the 22 PRE students were personally interviewed, and a focus group was held with PRE students that provided useful insights. Executives from some of the institutions whose employees attended PRE were also interviewed, as well as various important persons from other institutions involved with Bolivian microfinance. The great majority of conclusions and recommendations in this evaluation result from an analysis of comments by interviewees.

#### **Persons Interviewed**

Miguel Hoyos, Executive Director	FUNDA-PRO, member of Oversight Committee
John Owens, Microfinance Specialist	USAID/Bolivia; Member Oversight Committee
Vivian Romero	PLAN International, Member, Oversight Committee
Mario Clavijo, Director, IBEE	Member, Oversight Committee
Mario Blanco, Director, IBEE	Member of Oversight Committee; PRE Instructor
Gabriel Fuentes, Catholic University	Member of Oversight Committee
Claudio Gonzalez-Vega, PRE International	PRE Advisor and Instructor
Patricia Parraga, General Manager	IBEE
Lourdes Monje, Coordinator	IBEE
Amparo Del Aguila, Secretary	IBEE
Cecilia Campero, Coordinator	PRE, December 1997 through June 1998
Guillermo Monje, Coordinator	PRE, July 1998 through December 1998
Hugo Bellot, Student	PRE
José Auad Lema	PRE
Liliana Bottega, Student	PRE
Victor Hugo Duenas, Student	PRE

Rafael Mendoza, Student	PRE
Jorge Tipisman, Student	PRE
Norma Quisbert, Student	PRE
Carlos Ross Millinedo, Student	PRE
Jacqueline Juarez, Student	PRE
Marcela Alcocer, Student	PRE
María Ximena Artega, Student	PRE
Walter Mejía Coca, Student	PRE
Robin Young, Instructor	PRE
Pilar Ramirez, President	FIE; Complementary Even Instructor
Enrique Blanco, Instructor	PRE
Pedro Arriola, General Manager, Caja Los Andes	PRE Instructor
Rosa Isabel Posa, Manager, Human Resources Department	Banco-Sol
Carmen Velasco, Executive Director	Pro-Mujer; Part-time PRE Student
Francisco Pérez, National Director	WOCCU
Rene Brugger, Representative for Microenterprise Development	COSUDE
Gustavo Bracomante	Canadian International Development Agency
Martina Wendemeyer	GTZ (German Bi-lateral Development Agency)
Joaquim Schirmir	GTZ
Reynaldo Marconi, Director	FINRURAL
Gustavo Birbuet, Executive Director	ANED
Anne Bordonaro	Chemonics International Inc.

## ANNEX 2

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### Summary Course Ratings

Course Name	Content	Instructor	Recommended Core/Elective	Comments
Economic Environment	Highly Relevant	Excellent	Core	Helped put microfinance in economic. Context
Legal Environment	Highly Relevant	Excellent	Elective	Should distribute more materials on legislation and regulations
Normative and Regulatory Environment	Highly Relevant	Poor	Elective	Instructor poorly prepared and ineffective
Credit Evaluation	Highly Relevant	Fair	Elective	Learning materials were weak
Non-traditional Financial Services	Relevant	Good	Elective	Some students found course too long
Savings Mobilization	Highly Relevant	Good/Excellent	Elective	Excellent materials
Human Resources Administration	Highly Relevant	Excellent	Elective	Should be more oriented to microfinance
Accounting and Internal Control	Highly Relevant	Good	Core	Not enough practical examples
Managing Growth	Highly Relevant	Fair	Elective	Good topic, not very well taught
Information Systems	Highly Relevant	Fair	Core	Hindered by instructor's poor Spanish
Portfolio Administration	Highly Relevant	Good	Core	Very thorough course
Financial Analysis	Highly Relevant	Good	Core	Course could be longer
Business Planning	Highly Relevant	Good Excellent/Fair	Elective	Planning model should be used by all students
Funding	Relevant	Poor	Elective	Instructor not well prepared and relatively ineffective

## ANNEX 3

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### Evaluation Form for PRE Student Interviews

Student Interviewed: \_\_\_\_\_ Student's Institution: \_\_\_\_\_

1. Did PRE's program design and content meet your expectations? Why or why not?
2. How do you rate the quality of teaching materials used en PRE?
3. How do you rate the professional preparation and teaching abilities of the PRE instructors?
4. Are you satisfied with what you learned in PRE? Did you find it practical?
5. Have you applied what you learned in your daily work? How?
6. Has PRE changed your overall job performance? How?
7. Was the scheduling of the PRE program and its courses appropriate?
8. How do you rate the administration of PRE by IBEE?
9. Would you recommend PRE to your colleagues?
10. What recommendations do you have to improve PRE?