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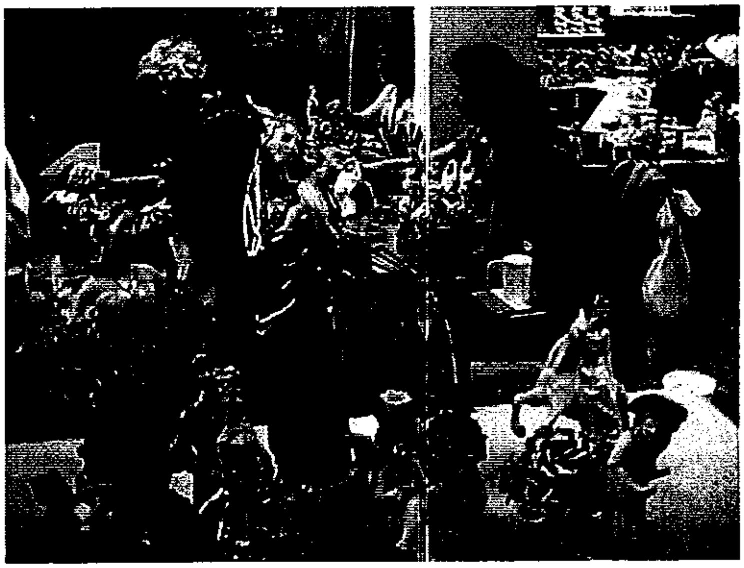
CHF International

Integrated NGO and Economic Development (INED) Project

CA #: 186-0019-G-00-9120-00

COMPLETION REPORT



CHF International
Romania

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Integrated NGO and Economic Development (INED) Project
CHF International / Romania
Cooperative Agreement #: 186-0019-G-00-9120-00

COMPLETION REPORT

The Integrated NGO and Economic Development (INED) project was an integrated program combining strategies of local economic development, NGO/civil society development, small and medium-sized enterprise (SME) development, microfinance, and community financial institution development. The INED method promotes the development of local organizations that respond to a variety of community needs including small business/ economic development, advocacy/lobbying, shelter/habitat improvement, job creation, and financial services for Romania's economically active poor.

INED program highlights:

- Expansion of the SME credit program into seven counties in western Romania, with extension into six new counties initiated in January 2003;
- Program expansion strategy supported with new funding from the Government of Romania and World Bank;
- Microfinance program operating at international standards, with excellent rates of loan repayment and portfolio at risk;
- Leveraged $1.7 million in capital investment with capital commitments in place for an additional $4.2 million;
- Disbursed $6.7 million in SME and housing loans;
- Created and/or sustained 10,000 jobs;
- Program partnerships established with 25 member-based Romanian NGOs who provide expanded business credit and services to their membership;
- Strengthened NGO partners through technical assistance, training and increased revenues generated from fees for service for loan origination;
- Formation of five community-based financial institutions with substantial progress made towards sustainability, and the Community Finance Network;

The term of this report covers the period July 1999 through July 2002 (under the original Cooperative Agreement) and July 2002 through January 2003 (Extension Modification).

1. Background

1.1 NGO Model Project

From 1994-99, CHF managed a USAID-funded 'Model Project for NGO Development', as the lead organization of a consortium of U.S. NGOs from the Overseas Cooperative Development Council (OCDC). The program was intended to create a model for community-based economic development in Romania by developing, strengthening and working through Romanian non-governmental organizations (NGOs) to provide enhanced services and credit to their members on an economically sound basis. CHF/Romania established a Technical Service Center in Timişoara to enable local NGOs to draw upon the collective expertise of OCDC cooperative development organizations.

After working with CHF to identify a specific capacity building need, a variety of Romanian NGOs from the business, cultural, and social service sectors were provided with targeted technical assistance and training through a task order system which requisitioned hard products such as business plans, market studies and facilities development plans. In addition to short-term technical assistance, the program also provided NGOs with institutional support grants and access to small loans to their members to carry out economic activities.

Through a project extension in 1997 to the original Cooperative Agreement, activities were expanded from Timiş County to include Arad, Hunedoara and Caras-Severin Counties.

2. Integrated NGO and Economic Development (INED) Program

The INED program integrated local economic development, NGO/civil society development, small and medium enterprise development and community financial institution development. It was designed to create a replicable, integrated development model of intensive, broad-based local development in five counties: Timiş, Arad, Caras-Severin, Mehedinți and Hunedoara; and to link human and technical resources from Romanian NGOs, the private sector and local government units.

The program built upon the management and operational capacity of local small business associations, Chambers of Commerce and homeowners associations to develop viable business strategies, demand-driven membership services, and to generate income that will result in operationally self-sufficient organizations. Where applicable, the program promoted public-private partnerships that stimulate local economic development activity.

INED also provided the following:

- **Access to Credit:** INED provided MSMEs with access to credit, using member-based business services organizations and Chambers of Commerce as peer group structures to support timely loan repayment. The lending component of INED filled a vital market niche for small business loans not presently addressed by commercial banking institutions in Romania. The INED program developed a growing revolving capital loan fund designed to accelerate via NGOs the volume of business lending to member MSMEs and housing and energy efficiency loans to homeowner associations and block apartment residents.

- **CFI Development:** INED included the development of community financial institutions (CFI) in five counties, which will provide community development and micro-credit lending beyond the project completion date. These institutions operate according to current Romanian legislation[1] and offer their members depository and lending services. The institutions were trained in governance, financial and portfolio management, consumer lending, and home improvement and energy efficiency lending. The community financial institutions joined together to create a regional federation, which has begun to serve as an advocacy group, technical assistance provider and information clearinghouse for its members.

[1] The CFIs are formed as Casa de Ajutor Reciproc a Asociatilor (Mutual Assistance House of the Associations – CARAs).

- **Regional Economic Development:** The program also impacted regional economic development through job creation and building the membership bases of business services organizations and federations of homeowner associations.

3. INED Program Targets and Outputs

3.1 Original Cooperative Agreement # 186-0019-G-00-9120-00

The following targets *(outputs in parentheses)* were projected from July 1999 through July 2002, the completion date for the INED Cooperative Agreement:

- Disbursement of $2,128,352 in total loans *($5,368,043)*;
- Disbursement of 240 SME loans *(753)*;
- Create/sustain 3,331 regional jobs *(7,545)*;
- Increase business service organization partner membership growth by 728 members *(3,591)*;
- Increase revenue stream of business service organization partners by 57% *(91%)*;
- Disbursement of $523,327 in home improvement/energy efficiency loans *($627,197)*;
- Impact 1,237 beneficiaries of home improvement/energy efficiency loans *(7,219)*;
- 342 personal months of labor from the home improvement/energy efficiency loans *(359)*;
- Increase federations of homeowner associations membership growth to 171,893 *(114,119)*;
- Increase revenue stream of federations of homeowner associations partners by 54% *(45%)*;
- Formation of 3 community development financial institutions *(4)*;
- Total membership base for the community development financial institutions of 3,500 *(2,707)*;
- Community development financial institutions deposits totaling $450,000 *($121,535)*;
- Direct assistance to 13 local organizations *(25)*;
- Distribution of 2,500 manuals, brochures, and other publications *(4,100)*;
- Preparation of 4 program manuals -- NGO development, public/private partnerships, management of revolving loan funds, community financial institution management and development *(4)*;
- 5,000 website hits for internet dissemination *(9,710)*;
- Training of 250 participants at local workshops, seminars and conferences *(753)*;
- Implementation of 4 public/private partnerships *(4)*; and
- Leverage $2 million in additional program loan capital *($1.75 million)*.

3.2 INED Expansion Agreement

The extension period enabled CHF/Romania to pursue new program capital sources, strengthen the community financial institutions efforts towards becoming more operationally sustainable, improve MSME program operations and efficiency, and intensify lending activities in 7 counties. The following outputs/targets were projected from July 2002 through January 2003, the period of the INED extension agreement:

- Make 150 loans valued at $1.2 million for MSME/housing lending *(218 loans; $1,445,200)*;
- Make 600 loans valued at $200,000 for CARA lending *(778 loans; $282,871)*;

- Assist the Community Finance Network, the federation of CFIs, to define its mandate and register as a legal entity *(completed)*;
- Leverage $400,000 in new capital investment *($430,000 from the MacArthur Foundation in loan capita;l and capital commitments of $1.7 million from the World Bank/NAD and $2.5 million from OPIC)*;
- Presentation of 5 proposals to potential capital investment sources, including Romanian commercial banks *(3 proposals)*;
- Preparation of print and video promotional materials *(CHF SME loan product sheets and CARA promotional brochure)*;
- Expand into 2 counties (Gorj and Vâlcea), subject to NAD funding *(0 – NAD funding not in place)*; and
- Establish partnering arrangements with 3 new NGO partners, subject to NAD funding *(0 – NAD funding not in place)*;

4. Institutional Development and NGO Strengthening

At the heart of the INED Program was the partnering relationship between CHF and 25 local member-based Romanian NGOs; primarily business services organizations, Chambers of Commerce and federations of tenant and homeowner associations. For each partner, CHF entered into a Cooperation Agreement and Service Contract for loan origination. Through this collaboration, NGOs were able to improve their management and service delivery capacity, generate fees for their loan origination services and become more economically sustainable. The program tracked the income growth of participating NGOs (94%) and documented a significant increase also in new members (118,275)[2].

CHF regional managers and loan officers worked closely with their counterpart NGO program managers and loan program staff, training them in program procedures and policies. NGOs gained valuable experience in program marketing and promotion, research, database management and development of business services. In numerous cases, the CHF business loan program was documented as the single most important element in the organization's growth and development.

4. Micro-Credit Program

4.1 MSME Lending Activities

Under the INED Program, the CHF/Romania business lending activity has spread geographically from Timiş County into six additional counties (Arad, Bihor, Alba, Hunedoara, Mehedinţi and Caras-Severin). As noted, the program model involved a lending protocol through member-based Romanian NGOs located throughout these counties, primarily in the form of business service organizations and Chambers of Commerce. The application of this lending approach was reinforced through CHF's legal registration in Romania under the NGO Law, which provides CHF with a government-authorized lending license.

At INED startup, the program was constrained by a limited capital pool. The $150,000 in capital from the Model NGO Project was rolled over and another $250,000 was available via a direct loan made by CHF from the Romanian American Enterprise Fund (RAEF). In

[2] The large number of members reflects the large size of housing federations, which includes both the block housing associations and individual apartment owners.

2000, CHF was able to borrow $500,000 in a pass-through loan arrangement from Raiffeisen Bank, secured by RAEF. With institutional support available under INED, CHF was able to capitalize loan reflows and gradually increase the capital fund.

In August 1999, through a grant modification, a $1 million capital fund for Balkan Reconstruction was added into the INED program. These funds were targeted for southwestern Romania, a region adversely affected by the war in the FRY. The funds were earmarked for SME lending in Caras-Severin, Timiş and Mehedinţi counties; and over the 12 months the entire loan fund was disbursed (Caras-Severin 55%, Timis 42%; Mehedinţi 3%). At the conclusion of the one-year program implementation period, the $1 million capital fund was retained in the SME revolving loan fund and used to finance expansion into new areas and new loan products such as home improvements and energy efficiency.

In response to our determination that significant effective demand existed in adjacent counties, extension loan offices were opened in Alba (2001) and Bihor (2002) counties. The Extension Loan Officers operated out of the offices of local partners in both localities. In the case of Alba, the value of loan disbursements has led to the opening of a full branch office with more staffing. This process of transition from extension to branch office will be replicated in program expansion activities planned for 2003-04.

In response to an RFA of the World Bank/Government of Romania[3] in July 2001, CHF submitted proposals for management of two microcredit funds in the mining areas in Gorj and Vâlcea Counties and the Jiu Valley in Hunedoara County. CHF/Romania was selected as the low bidder in Areas 1 and 2, and after one year of contract negotiations, a contract was signed with the Government of Romania in October 2002. Under the seven-year agreement, CHF/Romania will manage a $1.7 million market rate revolving capital loan fund targeting MSMEs. In December 2002, CHF/Romania made the first loan under this program. Most program site offices were operational by January 2003.

In 2002, CHF International channeled $430,000 in MacArthur Foundation funds into the CHF/Romania program, for a period of 18 months – ending December 2003. This capital infusion was done to address pent-up local MSME demand for program loans and take advantage of enhanced program disbursement capacity.

CHF was active in exploring options for integrating investment from the commercial financial sector during the INED program. However, within Romania, this effort proved very difficult, given the cautious financial environment. In 2001, CHF reached a tentative agreement with Banco Turco Romano (BTR) on a capital risk sharing mechanism for MSME lending, but operational problems within BTR caused CHF to drop the project. Formal proposals were also presented to ABN-AMRO, Citibank and Banca Ion Ţiriac, and included the possible use of a USAID Development Credit Authority guarantee. However, citing Romanian Central Bank regulations, the commercial banks insisted on a fully collateralized guarantee, which was deemed impractical.

In 2002, CHF International initiated discussions with the U.S. Overseas Private Investment Corporation (OPIC) for a direct loan facility for use in its Romania SME loan program. Following review of the business plan and other due diligence requirements, OPIC

[3] The program is operated through the Ministry of Industry and Resources (MOIR) National Agency for Development; through a World Bank financed program entitled "Mine Closure and Social Mitigation Project".

approved a five-year $2.5 million direct loan; for provision of capital resources for a broad expansion initiative into a total of 13 counties. The Loan Agreement was signed in November 2002 and the first drawdown of capital funds and individual loans were made in January 2003.

CHF International also completed the initial preliminary steps for establishing a private Romanian finance company as the long-term vehicle for operation of the MSME lending program. The legal and regulatory constraints facing the CFIs, as relates to lending to SMEs, made a private finance company the most appropriate vehicle in the current environment. By January 2003, CHF had completed its draft bylaws, was analyzing the company financial structure, and had registered the name with the local trade registry in Timişoara.

4.2 Housing and Energy Efficiency Lending Activity

The second major pillar of the INED credit program was the focus on housing and energy efficiency loans, implemented through several federations of block associations (Timişoara Federation of Tenants Associations, Union of Tenants and Homeowners Associations Arad, Deva Union of Homeowners Associations, and the Municipal Union of Tenants and Homeowners Associations Reşita). CHF/Romania made $450,000 in housing and energy efficiency loans.

When individual housing loans shifted to the CFIs portfolios, CHF/Romania encountered decreased demand for its group housing loan product. This reduction was caused by difficulties with the governance structures of the buildings, where tenant groups were reluctant to assume a loan without unanimous support from their members. The need for upgrading the conditions of building-wide systems in multi-family buildings has increased over the years, and is an enormous untapped market; while the commercial financial sector continues to ignore this potential market. CHF will need to develop new housing products, and also look to address deficiencies within the legal regimen for condominiums.

4.3 Special Lending Initiatives

In 2001-02, CHF/Romania provided bridge financing to facilitate completion of a unique public/private construction project that brought gas distribution lines to 1,100 households in Dumbraviţa, a small residential community just outside Timişoara. The Gas Association of Dumbraviţa (comprised of all community residents), with support from the Municipality of Dumbraviţa, was the primary beneficiary. The project was financed in two parts, with the first CHF loan setting up the gas pumping station and main distribution lines, and the second loan providing for the connection of gas distribution lines to individual households.

The Dumbraviţa project demonstrated the financial potential of small-scale infrastructure interventions possible at the local government level of comunas, villages and small municipalities. The total amount of $50,000 in two CHF loans leveraged $500,000 in private capital and homeowner savings. The local government in Dumbraviţa, under recent legislative authority granted by the Ministry of Finance to municipalities, acted as the loan guarantor for the Gas Association.

4.4 Portfolio and Performance Indicators

The microfinance operation demonstrated steady growth and improvement over the life of the project. By the completion of the INED program, CHF/Romania had achieved a consistently strong performance level, with its key portfolio indicators meeting prevailing international standards for microfinance institutions.

Note the following key portfolio indicators of the MSME loan program for the period January 2003:

- Principal outstanding of $2,485,491;
- Total loan disbursements of $8,125,481 (including to CFIs);
- Portfolio at risk (above 30 days) of 4.2%;
- Repayment rate (above 30 days) of 99.3%;
- Operational sustainability of 91% and financial sustainability of 81%;
- Total employment generated and sustained was 10,142 jobs; and
- Total membership growth among NGO partners was 3,816 businesses;

Through its client assessment and impact studies, CHF determined that many of its business loan clients were unable to access commercial credit facilities for several reasons, including bureaucratic application process, unwieldy number of supporting documentation, small loan size, inexperience, unacceptable collaterals, etc. Clients identified that access to credit was critical to their business development, growth, income and employment generation.[4]

5. Community Financial Institution (CFI) Development

The INED model envisioned the creation of four community-based financial institutions to serve as an umbrella to bring together the memberships and resources of CHF's local partner non-governmental organizations -- able to offer a wide range of financial products for both businesses and individuals. In participation with its NGO partners, by late 2000 the organizational and registration work was completed for the CFIs.

Four CFIs began their financial activities in the project counties in March 2001 (Arad, Hundeoara, Caras-Severin and Mehedinti), joining CARA-Timis which had been operating since 1999. They were formed according to the most appropriate existing Romanian legislation, under the Casa de Ajutor Reciproc (CAR), the legal equivalent of a credit union. The CAR law allowed for the use of basic depository and credit products, and its structure permitted tight risk management control. However, the CARAs did not come under the supervision of government regulators.

The two major limitations of the CARAs was the (1) legal restriction against their providing financial services to businesses and homeowners associations, and (2) accessing government deposit insurance available to regulated financial institutions. These factors were obstacles that blocked efforts to achieving the program goal of developing more comprehensive community financial institutions capable of supporting the long-term economic and social development of the communities involved in the INED project.

5.1 Formation and Development

Despite their limitations, CARAs have shown impressive progress through continuously enhancing their community outreach and progressing towards sustainability. The CARAs target low-income Romanians not served by the mainstream financial market, bringing

[4] This position is supported by the USAID-finance study "What Makes Small Firms Grow?: A Study of Success Factors for Small and Micro Enterprise Development in Romania", CEU Labor Project, published February 2002.

together local membership-based organizations and their leaders, who act as peer reviewers for the members. The CARAs reflect a broader and more effective concept of Romanian credit unions, expanding their primary mission beyond the needs of their individual members to include concerns for local community development (10% of CARA profits will be invested in community projects).

The CARAs' founding members are reputable local NGOs, which have worked in partnership with CHF in the first phases of the INED project, benefiting from training and technical assistance in microfinance management, governance, marketing and promotion, customer service, fundraising, strategic planning, sustainability measures, etc. A total of 24 NGOs involved with economic development, housing, social services, culture and youth affiliated with the CARAs and membership has grown to 2,700.

Funds are used for consumer and basic needs, including home improvements, purchase of goods, education, medical expenses and micro business activity. The cycle loans offer the members with good credit records the opportunity to access larger loans on longer terms. Loan products have evolved since program inception, with the introduction of short-term, rapid approval loans. Term deposits are also offered to the members.

The governance principles are democratic; based on equal voting rights for all members. Each CARA has a five member Board of Directors, four of which are elected by the General Assembly and serve voluntarily, plus the Executive Director. The CARAs entered into a Technical Assistance contract with CHF/Romania, which details the level of institutional/administrative support and conditions for obtaining program capital.

Each CARA was provided with logistical and operational support in the form of rent-free office space and staff. A $5,000 start-up operational grant was made for equipment, furniture, software and promotion. As a means to leverage program loan capital, all CHF loans disbursed through the MSME loan program have the condition of a mandatory borrower deposit at the respective CARAs. Business loan borrowers deposit 3% of their loan amount and homeowner associations' loans require 5%. CHF/Romania has also allocated $250,000 of its program capital for on-lending to the CARAs.

As a means to broaden the base of CARA participation, the program was opened up to corporate clients and their employees. The companies support the CARAs by providing some level of guarantee for their employees' loans and assisting with salary deductions for loan repayments -- contributing to a reduction in the credit risk. The CARAs have signed 18 corporate client partnerships totaling 1,200 employees, leading to 320 loan applications.

CHF/Romania has worked diligently with the CARAs to emphasize the importance of achieving financial sustainability – or facing possible closure of their community-based financial institutions. By the close of the INED project, less than two years after starting operations, the CARAs have made impressive progress towards sustainability; reaching 77% of operational sustainability and 71% financial sustainability (aggregate figures). Two CARAs have already attained sustainability (Timis, Mehedinti), two others are progressing satisfactorily (Arad, Deva)[5] and one is performing poorly (Caras-Severin). CHF has taken action to respond to the specific needs of each CARA, and remains optimistic that growth and improved sustainability will accelerate in the coming year.

[5] The CARA-Deva program was expanded in January 2003 to Alba-Iulia in response to high market demand.

Connected through their relationship to CHF/Romania and similar goals, the five CARAs have leveraged and shared their skills and experiences. There have been numerous opportunities for knowledge sharing of best practices and group training activities (including a SPA grant through Peace Corps). The CARAs are further strengthened by their membership in the National Union of Credit Unions (UNCAR).

In the last six months of the INED project, the CARAs and CHF/Romania organized and registered the Community Finance Network (CFN), a federation whose overarching mission is to support their efforts towards reaching self-sustainability. The CFN will provide each member with targeted technical assistance, "products" designed to meet collective needs, improve financial management, and a forum to engage in joint research, training, promotion, advocacy and lobbying activities.

The continued growth and development of the CARAs will be impacted by several key factors:

- *Legal and regulatory environment:* The regulatory restrictions against offering financial products and services to legal entities (e.g. businesses rather than individuals) will continue to limit their growth potential.
- *Limited capital:* The capacity to attract volunteer savings is undermined by the population's lack of trust in financial institutions; and access to commercial debt is not possible.
- *Improved level of participation:* Greater involvement and identification with the institution in needed from the membership; and clearer understanding of volunteerism from the members of the Board of Directors.
- *Lack of deposit insurance:* Recent CARA member surveys indicated that without government deposit insurance, it is unlikely that there will be much demand for savings products.
- *Limited resources for marketing:* Increasing membership and demand for products is constrained by a small budget for marketing and promotion, though NGO outreach mitigates somewhat that problem.
- *Poor local economic environment:* There are major disparities among the areas served by the CARAs, with depressed economic conditions prevalent in Hunedoara, Caras-Severin and Mehedinti.

5.3 CARA Portfolio Indicators and Sustainability

The CARA operations have shown consistently positive growth. Note the follow indicators for the CARAs at completion of the INED program in January 2003:

- Principal outstanding of $355,753;
- Total loan disbursements of $894,434;
- Total of 2,459 loans;
- Portfolio at risk (above 30 days) of 3.4%;
- Repayment rate (above 30 days) of 98.1%;
- Operational sustainability of 77% and financial sustainability of 71%;
- Total membership of 2,707;

6. Lessons Learned and Key Conclusions

The INED project met and surpassed its principal goals and objectives. At project completion, several lessons, issues and challenges merit further mention. The following brief descriptions touch on these items:

- *Dynamisn of the MSME sector:* The economic potential of the MSME sector remains largely undeveloped, despite impressive gains over the past five years. The number of MSMEs is growing, as is their impact on national GDP and employment generation; but lags behind in terms of export activity and foreign direct investment. With many state-owned and former state-owned enterprises still struggling, the MSMEs assume greater importance.

  The Government's formation of the Ministry of SMEs reflects a more concrete, and symbolic, recognition of the need to further support the SME sector. Over the past few years, government has shifted responsibility for the SME sector among several agencies, and greater continuity is required.

- *Restrictive legal environment for microfinance:* The Government of Romania has done little to promote a healthy microfinance climate; and providers are left with few viable legal alternatives. This applies to both SME microfinance institutions and to the CARAs. The traditional CAR law is a holdover from the Communist period, supporting credit groups formed within state-owned enterprises. Limitations against lending to SMEs stifle their potential. The upcoming EU integration process will place future pressures on the several thousand CARAs to demonstrate their financial security.

- *Replicability of the program model:* The INED model has proven its effectiveness within western Romania, and in through expansion within the country. Further, the model was exported and adapted successfully by CHF to Bosnia-Herzogovina.

- *Strengthening of member-based NGOs:* The NGO service sector holds real potential for supporting MSMEs and low-income households, but most NGOs are deficient in key elements of program and financial management, program and product development, governance, strategic planning and marketing/promotion. Further consolidation and a technical assistance focus on organizations with real upside potential should occur in the future.

- *Increase access to capital:* The MSME sector continues to be adversely effected by the lack of available capital, particularly directed toward more "micro" and small enterprises which comprise 90% of the sector. The financing offered by Romanian commercial banks through the EBRD credit facilities have resulted in larger average loan amounts ($40,000-$50,000) to larger sized businesses.

- *Expand program Outreach:* Micro and small businesses remain capital constrained, particularly those operating in rural areas and smaller secondary cities and towns. Greater efforts much be made on addressing financial needs in underserved areas with greater concentration of poverty.

- *Credit component support for NGO sustainability:* Among partner NGOs, there was varied impact by the credit program on their total revenues. While revenues increased significantly over time, the amount reported from credit operations was not adequately detailed. Nonetheless, numerous NGOs reported that the credit program represented an important financial activity and a useful tool for attracting new members.

- *Deposit insurance need for the CARAs*: The lack of deposit insurance will continue to limit CARA development, particularly at the point when all available CHF capital is utilized. A self-insurance approach was developed, but proved to be too costly and inadequate for the number of members.

- *Improvements in the fiscal environment:* The Government's fiscal and taxation policies are viewed by MSMEs are obstacles to their growth and development. In general, high rates taxation, compliance and reporting requirements and the need for specialized accounting assistance all contribute to MSME problems.

- *Bureaucratic impediments and corruption*: MSMEs reported that bureaucratic government requirements demanded valuable time away from their businesses; and a lengthy permit and inspection process often led to corrupt local practices. Greater transparency and accountability is needed at all level of business regulation.

- *Improvements to legal procedures:* MSMEs reported that commercial disputes were not handled efficiently and that there was a lack of confidence in the court system to impartially handle court cases.

- *Need for operational flexibility:* The unpredictable, and rapidly changing legal environment requires that microfinance institutions remain well informed and vigilant in the face of strict government fiscal review and enforcement.

- *Value of Peace Corps Volunteers:* Peace Corps volunteers have made important contributions to the CHF/Romania INED Program, in working with local NGOs and counterpart program managers in all aspects of the program.

7. Program Inventory

The summary of the CHF/Romania program inventory and a disposition request was sent in January 2003 to the USAID Regional Contracting Office. CHF has proposed that most equipment procured under the INED Program be transferred for use in the credit component of the USAID Program for Economic Development and Strengthening.

8. Financial Summary

CHF submitted quarterly financial reports to USAID during the life of the project; including the final report for the period October 1 to December 31, 2002 (USAID Report 269).