

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

MICROENTERPRISE MONITORING SYSTEM (MEMS)

Manual for Implementing Organizations



Prepared by

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MICROENTERPRISE MONITORING SYSTEM (MEMS) MANUAL FOR IMPLEMENTING ORGANIZATIONS

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Section I: Overview and Background

General Description

What is MEMS?

MEMS is a monitoring system designed to track important information on USAID's microenterprise development activities.

Why was MEMS developed?

For the past several years, the United States Congress has expressed a special interest in the U.S. Agency for International Development (A.I.D.) programs to assist microentrepreneurs in developing countries. During this time, Congress and numerous development organizations have been engaged in an ongoing discussion about several important issues that affect the nature and scope of A.I.D.'s microenterprise development efforts worldwide.

Throughout these discussions, A.I.D. and Congress have maintained a commitment to targeting development resources towards promoting viable economic activities among the very poorest segments of populations. As a result of these discussions, Congress required that A.I.D. commit a targeted amount -- known as an "earmark" -- each year for funding microenterprise development activities. In addition, project specific data on credit, training and technical assistance activities must also be reported.

Who must report under MEMS?

USAID Missions and Implementing Organizations (IO) and umbrella organizations which receive funding (more than US \$10,000) from USAID for microenterprise projects. Implementing organizations include private voluntary organizations, non-governmental organizations, credit unions, etc. which receive USAID resources for their microenterprise activities.

When must organizations report?

Implementing organizations report in January each year. They will receive the necessary form from their local USAID Missions OR umbrella organization. A copy of the form is included in Section V.

What information is reported?

Implementing organizations must report on their USAID funded microenterprise development activities; these include technical assistance, training, and credit. Within these broad categories IOs are requested to report in project level details about lending, such as numbers of loans to female entrepreneurs, and the numbers of loans above and below US \$300. Clear descriptions and definitions of data points are included in this manual.

What Assistance is Available to IOs?

Each USAID Mission has a staff member who is designated to serve as a resource for IOs reporting under MEMS. IO representatives should contact the Mission with questions they have regarding the system. Additionally, AID/Washington, through the Private Enterprise/Small, Micro and Informal Enterprise (PRE/SMIE) office, has awarded a contract to Management Systems International (MSI) to provide technical support to implementing organizations through 1993. MSI is being assisted in this effort by its subcontractor, Community Economics Corporation (CEC).

What can MEMS do for IOs?

While MEMS is not a comprehensive monitoring system, it does track important program data for IOs. These data points can be helpful to IOs in analyzing their overall program and goals. For example IOs may learn from MEMS that they aren't reaching as many women beneficiaries as assumed, or that most of their technical assistance visits are spent collecting loans. Also, within the MEMS packet are sample data collection tools which are offered as guides for IOs to use and adapt.

General Definitions Used in MEMS Reporting

Microenterprise	An enterprise engaged in manufacturing, commercial or service activities that employs approximately 10 or fewer persons. According to A.I.D. conventions this does not include on-farm, agricultural (crop & livestock) production enterprises.
\$300 Loan/Poverty Loan	A loan that is the equivalent to US \$300 or less made to a microenterprise. The US Congress applies this amount in defining the upper limit of a poverty loan program.
Implementing Organization	Any public, private, for-profit or non-profit organization - PVO, NGO, credit union, cooperative, bank, or other institution -- which provides credit, training or technical assistance services directly to microenterprises.
Local Currency Exchange Rates	The local currency equivalent of US \$300 determined yearly by each USAID Mission. These rates are used to gather data on the poverty lending activities of Implementing Organizations.
Microenterprise Development Activities	Activities or services that strengthen microenterprises. In some projects, these activities are an obvious component because of the project title or primary target group. In other projects, microenterprise development activities may be less prominent. (See criteria and examples on following pages.)
Microenterprise Loans	Credit provided to microenterprises. This includes any non-monetary assistance, for example, in-kind loans, capital equipment that is to be repaid, etc. This also includes monies provided in support of loan guarantee schemes.
Microenterprise Training	A course that provides instructions or guidelines for microentrepreneurs in a distinct topic area.
Owner-Operated Business	A microenterprise in which the owner is also the sole employee.

Technical Assistance

Technical assistance is assistance provided directly to an entrepreneur and/or the entrepreneur's employees in the areas of management, marketing, technology, or other areas of business management. In general, this assistance occurs on-site.

Umbrella

An organization or project which channels A.I.D. resources to implementing organizations.

**Women-Owned and/or
Operated Business**

A microenterprise that is owned and/or primarily operated by a woman. In those countries where women are not allowed to own property, the business may be registered in a man's name, but still be women operated.

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A.I.D. Criteria for Including Projects in MEMS Reporting

Each USAID is responsible for identifying those projects that include microenterprise activities, and should be reporting under the MEMS system. The following criteria are used in making this selection.

- The project should include one or more of the following microenterprise activities:
 - Credit
 - Training or technical assistance
 - Institutional support for microenterprise organization
 - Policy regulatory reform
 - Other, e.g., research

- The microenterprises affected fit A.I.D.'s definition:
 - Approximately 10 or fewer employees
 - Non-farm business or
 - Agriculturally-based, non-crop, non-livestock production related business

- The funds allocated to the microenterprise activity can be reasonably determined.

Examples of Microenterprise Development Activities

The following is an illustrative list of microenterprise activities. Please contact your USAID Mission if you have any questions regarding one of your organization's program areas.

- Small and Microenterprise Credit
- Small and Microenterprise Training or Technical Assistance
- Artisan and Handicraft Production
- Income Generation Activities
- Market Improvement Activities or Technical Assistance
- Privatization of Small Firms
- PVO/NGO Multi-Sectoral Grants
- Rural Development Projects which Include Non-agricultural activities occurring on-farm
- TA to Cooperatives or Credit Unions having Members who are Microentrepreneurs
- Private Sector Housing and Infrastructure Construction
- Income Generation Components of HRD Projects
- Private Sector Marketing Components of Health/Population Projects
- Microenterprise activities of NRM projects
- Policy Reform Projects that Affect Microenterprises

Summary of Reporting Levels and Data Requirements Under MEMS

There are two levels of reporting under MEMS. At one level, each USAID Mission prepares annual reports on its present and anticipated funding of microenterprise development activities. This is called *Mission Level Reporting* by MEMS. At the other level -- *Project Level Reporting* -- Implementing Organizations and Umbrella Projects/Organizations prepare annual information on their activities, beneficiaries, loan portfolio, etc. This **Manual** addresses requirements for IOs to report at the Project Level.

MEMS Reporting Overview

LEVEL	DATA CONTENT	DATA INSTRUMENT(S)
Mission -- Includes USAID and AID/W Offices	<ul style="list-style-type: none"> • Annual funding for all microenterprise activities, by project • Exchange rate for calculating \$300 loan amount in local currency • Names of implementing organizations and umbrella projects 	<ul style="list-style-type: none"> • Table X of A.I.D.'s annual budget presentation to Congress • Exchange Rate Calculation Sheet • Project Data Sheets
Project	<ul style="list-style-type: none"> • Expenditures towards microenterprise development activities • Credit, training and TA beneficiaries disaggregated by gender and size of business • Number and amount of loans above and below US \$300 • Existence of savings components 	<ul style="list-style-type: none"> • Umbrella Reporting Form • Implementing Organization Reporting Form

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Important Data Requirements of the IO Reporting Form

- Credit, training, and TA beneficiary information is disaggregated by:
 - **Gender**; and
 - **Size of business** represented by the beneficiary, measured by the number of employees in the business.
- Credit data is also disaggregated by loans that are above and below the **local currency equivalent of US \$300**.
- Projects having a **savings component** should disaggregate savings data by gender.
- Total amount of **outstanding loans** at the end of the reporting period is also reported.
- IOs report on their annual budget for microenterprise development, broken into two categories: 1) **credit/loan funds**, and 2) **all other microenterprise project costs**.
- All amounts should be reported in **local currency**. If for some reason this is not practical or possible, then the IO should attach a covering note explaining that the report has been done using US dollar denominations.

Disaggregation of Data by Gender

Collecting gender disaggregated data is an important function of MEMS. The following data categories need to include gender:

- Technical Assistance and Training

- Number of Loans

- Loan Amounts

- Number of Savings Accounts

- Total Amount of Savings

Suggestions as to how this information can be collected are presented in **Section IV**.

Disaggregation of Data by Size of Microenterprise

In addition to a focus on gender, MEMS also focuses on the size of microenterprises assisted by IOs. Please remember the following when reporting:

Definition of Microenterprise Size

There are two categories of size defined for MEMS purposes:

- "Self only" or "owner-operated" businesses in which the owner is the sole employee; and
- Those businesses which have up to ten employees.

Definition of Employee

For MEMS purposes, an employee is defined as:

- **Any person including family members that works on a full-time basis in a firm for a wage or in-kind services.**

Since firms will be self-reporting they will use their own methods of counting. We encourage the use of this official definition in future reporting, as implementing organizations develop their monitoring systems.

Suggestions as to how this information can be collected are presented in **Section IV**.

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Disaggregation of Loan Data

In addition to reporting on the gender of beneficiaries and the size of businesses receiving services, MEMS also must calculate the number and value of loans below and above US \$300. The USAID Mission is responsible for calculating the local currency equivalent of this amount, and for providing this figure to the IOs. The formula is based on an average of the exchange rates during each quarter of the reporting period. If the economy experience hyperinflation, this is also to be indicated by the USAID.

All amounts should be reported in **local currency**. Several factors could cause the denomination of poverty level loans (\$300) to vary from year to year:

- Inflation
- Devaluation of local currency
- Changes in Congressional definitions of poverty loan ceiling amounts

To account for this, IO data management systems should be designed to collect and aggregate data according to actual size (in local currency) of each loan.

Suggestions as to how this information can be collected are presented in **Section V**.



Data Collection on Training Activities

Please remember the following when reporting training activities for MEMS:

Definition of Training

- A course, consisting of one or more sessions, that provides instructions or guidelines for microentrepreneurs in a distinct topic area.

How/What to Count

- A person is counted once for each training session or set of sessions that he or she participates in; i.e., they are counted for each topic they are trained in.
- If a training consists of a series of distinct modules on related but different subject areas, attendance at each module is counted.

Please see the attached examples.

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Examples of Microenterprise Training Activities

1. If you hold a single evening course or workshop on a subject, then count each individual attending that course as one trainee:

Example: 15 trainees attend a one-evening session on marketing strategies.

Solution: $1 \times 15 = \mathbf{15 \text{ people trained}}$ -- be sure to disaggregate by gender and size of enterprise.

2. If the workshop involves a series of related evening courses all of which the participants must attend in order to acquire the skills you are teaching, then only count each individual as one for the entire series.

Example: 15 trainees attend a week-long training (every evening) to learn about business management practices.

Solution: $1 \times 15 = \mathbf{15 \text{ people trained}}$ -- be sure to disaggregate by gender and size of enterprise.

3. If, however, you hold a number of different courses or workshops which each addresses a different microenterprise topic, then each individual can be counted each time he or she attends one of those courses.

Example: 15 people attend an evening session on marketing and the same 15 people attend a session on accounting the next week.

Solution: $2 \times 15 = \mathbf{30 \text{ people trained.}}$

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Data Collection on Technical Assistance Activities

Please remember the following when reporting technical assistance activities for MEMS:

Definition of Technical Assistance

- Assistance provided directly to a microenterprise owner or employee in the areas of financial management, use of technology, marketing, personnel or other aspects of running a business. This assistance most likely will occur on-site.

How/What to Count

- Visits to a firm solely for credit-related information or purposes should **not** be counted.
- General TA provided over a period of time to one firm should be counted only once, i.e. counted as one session.

Please see the attached examples.

Examples of Microenterprise Technical Assistance Activities

If you provide specific and targeted technical assistance in different areas of microenterprise management, then each individual can be counted as a TA recipient when receiving that type of assistance.

Example 1: An entrepreneur receives a technical visit from an microenterprise advisor/extension worker. During the visit the advisor reviews and discusses the entrepreneur's accounting systems.

Solution: 1 visit x 1 person = **1 technical assistance beneficiary.**

Example 2: An entrepreneur and his assistant meet with the advisor to discuss marketing strategies for their enterprise.

Solution: 1 visit x 2 people = **2 technical assistance beneficiaries.**

Example 3: An advisor visits an entrepreneur once a week for a month to check on the entrepreneur's business receipts. General site visits made by business advisors over time should only be counted once for each microenterprise, not once for each visit.

Solution: 4 visits general assistance visits x 1 person = **1 beneficiary.**

** Do not include visits to a firm solely to provide credit related or loan processing services.*

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Section III: IO Reporting Form and Worksheets

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Overview of IO Reporting Form

- Purpose: To collect detailed microenterprise data from implementing organizations.
- The form is filled out by implementing organizations that work directly with microentrepreneurs.
- The form is distributed by umbrellas to implementing organizations **OR**
- In the absence of an umbrella, the form is distributed to implementing organizations by A.I.D.
- Implementing organizations return the form directly to A.I.D.
- PVOs funded through AID/W report to AID/W.
- If umbrellas provide direct services to microentrepreneurs, they must also complete the IO form.
- All funding amounts should be reported in **local currency**, even when A.I.D. support is originally in dollars.
- The form is used to gather direct beneficiary data disaggregated by gender and business size.
- The form is used to determine the number of ME loans disaggregated by size: loans equal and less than \$300 or above \$300.
- The form is also used to count number of recipients of credit and training & technical assistance.
- The reporting period used reflects the organization's most recently completed fiscal year, not A.I.D.'s.
- Requests information on non-A.I.D. funding for microenterprise activities in order to calculate the proportion of support the IO received from A.I.D.

A copy of the Reporting Form is provided in Section V...

Worksheets and Tables for Implementing Organizations

The following worksheets and tables are meant to guide IOs in filling out Tables 1 - 6 on the MEMS form. The questions asked should be helpful as a guide in identifying the data from your organization's programs which are necessary to compile for MEMS. At the bottom of each worksheet is an area to list any current constraints in reporting on required data. IOs should begin to identify strategies to remove those constraints. Please refer to Data In-take Forms and Tally Sheets in Section IV as useful tools in collecting needed data. Also refer to the complete IO Reporting Form which appears in the attachments.

IO Worksheet - Table 1

- Using your organization's microenterprise programs, please complete Tables 1-6. The tables are the same as those that appear in the MEMS Reporting Form, attached.

Questions

- 1) Which USAID-funded services of your organization apply to Table 1 of MEMS? Check the list of "Examples of Microenterprise Projects" in Section I. Please list those projects below. (Be sure to exclude agribusiness-related projects.)

- 2) Which Budget Categories apply to your microenterprise activities? Be sure to consider such categories as Personnel, Vehicles as well as direct project funds. Refer to Attachment 1 of the IO Reporting Form for an example of how to calculate budget amounts.

- 3) How much money did you receive during the reporting period to capitalize your credit fund? ***Do not include reflows in this amount.*** How much of this amount came from USAID?

TOTAL

USAID

- 4) Other than credit funds, how much of your total budget is used directly for or in support of microenterprise development?

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Table 1

Using Table 1, please indicate the amount of funding used for microenterprise program activities. Also indicate the sources of these funds, whether: 1) USAID or a USAID-supported umbrella project, or 2) other non-USAID sources.¹ You do not need to specify the source of non-USAID funding, only the amounts. Be sure that the information corresponds to actual loans and program expenditures made during the reporting period.

Table 1: Budgetary Data

Use of Funds	Source of Funds (Expressed in Local Currency)		
	USAID or USAID-Supported Umbrella Project	Other ¹	Total Funds Used
Microenterprise Loans			
Other Microenterprise			
Total Microenterprise Funds Used			

¹ In order that we can calculate what portion of your organization's activities A.I.D. supports, you are requested to report the amount of funding your organization receives from non-A.I.D. sources.

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IO Worksheet - Table 2

- What is your local currency equivalent for \$300? Fill in that amount in the spaces provided in Table 2 of this worksheet.

Please note: The Mission is responsible for calculating and providing you with this figure. This number may change from year-to-year.

Questions

- 1) How many loans did your organization or project make? _____
- 2) What was the total amount lent? _____
- 3) Of the total loans, how many were less than or equal to US \$300? What was the amount? (Clients can be counted more than once if they received multiple loans during the period.)
Number: _____ Amount: _____
- 4) How many loans at or below US \$300 are for women?
Number: _____ Amount: _____
- 5) How many loans at or below US \$300 are for men?
Number: _____ Amount: _____
- 6) Of the total loans, how many were greater than US \$300? What was the amount?
Number: _____ Amount: _____
- 7) How many loans above US \$300 are for women?
Number: _____ Amount: _____
- 8) How many loans above US \$300 are for men?
Number: _____ Amount: _____

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Table 2

Using Table 2, please indicate the *number and total value* of loans of varying sizes made to women and to men during the reporting period.

Table 2: Loans by Gender

Loan Size ²	Total Number and Amount of Loans		Breakdown by Gender of Loan Recipient			
			Women		Men	
	Number	Amount	Number	Amount	Number	Amount
Equal to or Less Than:						
Greater Than:						
Total Number and Amount of Loans						

² The loan size amounts should have been filled in by the USAID or umbrella project prior to distributing the forms to the implementing organization. If the amounts are not indicated, please contact the umbrella project office or USAID Mission in your country to get the correct figure.

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IO Worksheet - Table 3

Questions

Note that the figures in the Total Number and Amount of Loans column in Table 3 should be the same as those in Table 2.

- 1) How many loans equal to or below US \$300 were granted to "self-only" businesses?
(See definitions below.)

Number: _____ Amount: _____

- 2) How many of the loans equal to or below US \$300 are for businesses having up to ten employees?

Number: _____ Amount: _____

- 3) How many loans above US \$300 were granted to "self-only" businesses?

Number: _____ Amount: _____

- 4) How many loans above US \$300 were granted to businesses having up to ten employees?

Number: _____ Amount: _____

- 5) What was the total amount of outstanding loans at the end of the reporting period?

Amount: _____

Table 3

Using Table 3, please indicate the *number and total value* of loans made to businesses in which: 1) the owner is the sole employee ("Self Only"), and 2) the owner employs up to approximately 10 other workers ("Up to Ten Employees"). Please note that the total number and amount of loans should be the same as that reported in Table 2.

Table 3: Loans by Size of Microenterprise

Loan Size ²	Total Number and Amount of Loans		Size of Business			
			Self Only		Up to 10 Employees	
	Number	Amount	Number	Amount	Number	Amount
Equal to or Less Than:						
Greater Than:						
Total Number and Amount of Loans						

What was the total amount or value of outstanding loans to microenterprises at the end of the reporting period? _____ (Please state in local currency.)

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IO Worksheet - Table 4

Questions

- 1) How many people received technical assistance or training from your organization this year? (Please refer to the definitions and examples of technical assistance and training in this manual.)

Number: _____

- 2) Of the total, how many were women?

Number: _____

- 3) Of the total number, how many were men?

Number: _____

Table 4

Using Table 4, please indicate the number of women and number of men who received technical assistance or training from your organization during the reporting period.

Table 4: Technical Assistance or Training by Gender

Number of People by Gender		Total Number of People
Women	Men	

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IO Worksheet - Table 5

Questions

Note that the Total Number of People column in Table 5 should be the same as that in Table 4.

- 1) Of the total number of people receiving technical assistance or training, how many were owner and sole employee of the business? (See definition below.)

Number: _____

- 2) Of the total, how many were owners of or employees in a business having up to ten employees?

Number: _____

Table 5

Using Table 5, please indicate the number of people receiving technical assistance or training from your organization who were: 1) owner and sole employee of a business ("Self Only"), or 2) owners of or employees in a business with up to approximately 10 employees ("Up to Ten Employees"). The total number of people in Table 5 should be the same as that reported in table 4.

Table 5: Technical Assistance or Training by Size of Microenterprise

Number of People From Varying Size of Microenterprise		Total Number of People
Self Only	Up to Ten Employees	

IO Worksheet - Table 6

Questions

- 1) Does your ME lending program have a savings component? Yes / No

- 2) If the answer to Question 1 is "Yes," what is the total number of savings accounts? And, what is the total amount in savings? (If your program has group savings accounts, multiply the number of group accounts by the number in each group - for example 25 groups accounts with 5 members each is 25 x 5 or 125 individual accounts.)

Number: _____ Amount: _____

- 3) Of the total, how many are accounts for women, and what is the value of their savings?

Number: _____ Amount: _____

- 4) How many accounts are held by men, and what is the total value of their savings?

Number: _____ Amount: _____

Table 6

Does your microenterprise lending program include a savings component, that is, do you collect and manage savings deposits of your clients? Yes No (Circle One)

If yes, please indicate in Table 6 how many separate savings accounts were registered and what was the total value of savings on deposit at the end of the reporting period.

Table 6: Savings Account Information by Gender

Gender	Account Information	
	Number	Amount
Male		
Female		
Totals		

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Overview and Explanation

In-take forms are used by implementing organizations to acquire important information about their clients. The information might include whether or not the client has received service from the organization before, a description of the client's current service needs, the gender and address of the client, or any other information which will help the organization better serve clients or gauge its activities.

The following in-take forms were designed to capture all the necessary information implementing organizations will need to collect to report under MEMS. Many organizations may already be collecting these data and will not need to use these forms, other organizations may be in the process of designing their own forms and can use these forms as a guide for what to include, and some organizations may not yet have in-take forms and may choose to adopt these forms for their projects. Each implementing organization is encouraged to look at these forms and determine if they are helpful for their reporting needs.

The following Data Tally Sheets were designed to help implementing organizations keep current statistics on their microenterprise activities. If used, implementing organizations can simply add each column at the end of their reporting year and easily complete the MEMS form using the column totals.

Worksheet to Compare Current In-Take Forms with MEMS Requirements

Directions

Using your in-take forms as a guide, complete the following worksheet for each type of programming in-take form your organization uses (i.e. credit, training etc.)

Type of In-Take Form: _____

- 1) When is this form completed? _____

- 2) Who completes the form? _____

- 3) How are the data compiled? _____

- 4) What are the data currently used for? _____

- 5) What adaptations will need to be made on the form to enable your organization to accurately report to MEMS? _____

- 6) What constraints might your organization have in changing its current data in-take system? _____

Comments: _____

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Sample Training In-Take Sheet

Training Course: _____

Subject: _____

Date: _____

Participant Name: _____

Gender: M _____ F _____

Name of Enterprise: _____

No. of Employees: _____

Have you or anyone in your enterprise participated in any other training event provided by this organization, and if so, which one(s)? _____

What do you hope to learn from this training and how do you believe it will help your business? _____

Sample Technical Assistance In-Take Sheet

Technical Assistance Requested/Offered _____

Date Received _____

Client's Name _____

Gender M _____ F _____

Name of Enterprise _____

No. of Employees _____

Have you or anyone in your enterprise participated in any other technical assistance session provided by this organization, and if so, which one(s)? _____

What do you hope to learn from this technical assistance and how do you believe it will help your business? _____

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Sample Credit In-Take Sheet

Date _____

Borrower's Name _____

Gender M _____ F _____

Name of Enterprise _____

No. of Employees _____

Amount of Loan Requested _____

Loan to be used for _____

Have you or anyone in your enterprise ever received a loan granted by this organization before?

YES _____ NO _____

If YES, for what was the loan used and when was it repaid? _____

Loan Amount Granted _____

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Sample Credit Data Tally Sheet
Loans Made From _____ to _____.

Loans That Were Less Than or Equal to US \$300 or _____ in Local Currency								
Type of Loan ^{1/}	Loans by Gender				Loans by Size of Business (No. of Employees)			
	Loans to Women		Loans to Men		Self-Employment Only		Up to ten Employees	
	Number	Total Amount	Number	Total Amount	Number	Total Amount	Number	Total Amount
TRADE								
MANUFACTURING								
SERVICES								
Totals ^{2/}								

Loans That Were Greater Than US \$300 or _____ in Local Currency								
Type of Loan ^{1/}	Loans by Gender				Loans by Size of Business (No. of Employees)			
	Loans to Women		Loans to Men		Self-Employment Only		Up to ten Employees	
	Number	Total Amount	Number	Total Amount	Number	Total Amount	Number	Total Amount
TRADE								
MANUFACTURING								
SERVICES								
Totals ^{2/}								

^{1/} The list presented here is illustrative only. Please note that you need only report microenterprise loans to MEMS. See definitions.
^{2/} Note: The totals for gender (loans to women + loans to men) should be equal to the totals for size of business (loans to self-employment only + loans to businesses having up to ten employees).

Section V: Attachments



Overview of the Microenterprise Monitoring System (MEMS)

U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

I. MEMS Background and Description

Background

For the past several years, the United States Congress has expressed a special interest in the U.S. Agency for International Development (A.I.D.) programs to assist microentrepreneurs in developing countries. During this time, Congress and numerous development organizations have been engaged in an ongoing discussion about several important issues that affect the nature and scope of A.I.D.'s microenterprise development efforts worldwide.

Throughout these debates, A.I.D. and Congress have maintained a commitment to targeting development resources towards promoting viable economic activities among the very poorest segments of populations.

As an indication of its interest, Congress established an earmark for microenterprise. For FY 1991 Congress required that US \$75 million be committed by A.I.D. to microenterprise development. During FY 1991 Congress incorporated language in both authorization and appropriation bills which, when enacted, will require that A.I.D. commit US \$85 million to microenterprise in FYs 1992 and 1993. A further requirement in these bills is that at least US \$20 million in FY 1992, and US \$30 million in FY 1993 be sub-earmarked for poverty lending.

As many of you familiar with the microenterprise debate are aware, there is no broad consensus about the best "cut-off" indicator for what constitutes poverty lending. However, at the present time, the measure most accepted by Congress to be indicative of poverty-lending is that loan amounts be equal to or less than US \$300.

In addition to establishing the microenterprise earmark, Congress has mandated that A.I.D. report annually on the status of its microenterprise development activities, including technical assistance, training, credit, policy reform, etc. This is information that has been reported to Congress in the past. However, within these broad categories Congress is also interested in project level details about lending, such as numbers of loans to female entrepreneurs, and the numbers of loans above and below US \$300. A.I.D. has not collected this type of

project level data systematically in the past.

Description of the Monitoring System and Implementation Requirements

To meet the annual reporting requirement established by Congress, A.I.D. is establishing a microenterprise monitoring system (MEMS) which will routinely provide data on the nature and scope of its efforts in microenterprise development. MEMS will gather information on two levels described below.

- **Mission and AID/W Level:** Microenterprise funding data from USAID Missions and A.I.D. Washington Offices. This is being collected via the existing A.I.D. reporting systems of the Annual Budget Submission (ABS) and Congressional Presentation (CP).
- **Project Level:** At the project level, microenterprise funding information and program data will be collected from: 1) umbrella projects/organizations (umbrellas) that support other organizations working in the sector, and 2) implementing organizations (IOs) that provide services directly to microenterprise owners and employees. Project level data will be gathered once a year in conjunction with the CP reporting cycle.

Given the large and diverse nature of A.I.D.'s work in this field, the task of developing MEMS will require cooperation at several levels within A.I.D. and among the multitude of organizations -- both U.S.-based and indigenous -- it supports in this sector. The responsibility for developing and managing MEMS falls to the Office of Small, Micro and Informal Enterprise in the Bureau for Private Enterprise (PRE/SMIE), and is being developed under a contract with Management Systems International (MSI).

Following a phase of preliminary design and field-testing undertaken by PRE/SMIE, MSI began work on MEMS in September 1991, with the broad responsibility for finalizing and fully implementing the system over a period of two years.

In combination with data already collected from USAID missions and AID/W offices via the 1993 CP, this package of information and forms represents the first comprehensive data collection effort being

undertaken by MEMS to compile both mission level and project level information on A.I.D.'s worldwide microenterprise programs. The attached forms are to be used in collecting project level information from umbrella projects and implementing organizations.

While we have tried to identify, via a pre-test and extensive conversations with USAIDs and implementing organizations, most problems that might be encountered in completing these forms, we obviously won't have anticipated everything. Respondents are urged to bear in mind the spirit in which this exercise is carried out, that being an attempt to distill as accurately and systematically as possible what is, after all, a heterogeneous set of activities carried out in highly diverse institutional, regulatory, geographic, and sectoral settings.

Thus, we ask that where uncertainty arises with respect to whether or not to include an activity, how to value an input, or how to apportion funding, that a "rule of reason" be applied in trying to sort the problem out. *Don't succumb to the temptation to drop or exclude something just because it doesn't fit neatly onto one of the data forms.* At the very least, contact PRE/SMIE or your USAID Project Officer to obtain advice.

Your cooperation in this undertaking is greatly appreciated.

II. General Terms and Definitions

Following are general terms and definitions that are used in the data collection questionnaires.

Microenterprise

A microenterprise is an enterprise engaged in manufacturing, commerce, services, or other transportation or construction activities that employs approximately 10 or fewer persons. A.I.D. has adopted a convention that excludes from this definition traditional small farm crop production enterprises. Other on-farm, non-crop-production activities *are* included.

Microenterprise Activities

MEMS is directed to report on all A.I.D. supported

microenterprise *activities*, whether implemented under a project titled "microenterprise", or as a component of a project whose title does not specifically mention microenterprise.

In some projects, microenterprise development is an obvious component because of the project's title. In other projects, however, the existence of microenterprise development activities may be less obvious. It is important to understand this distinction so that all of A.I.D.'s work in microenterprise development is captured by the MEMS reporting system.

Some examples of less obvious microenterprise activities that are contained in a larger project might include: a) PVO/NGO support projects that are multi-sectoral with small-scale or microenterprise being one of several sectors served; b) integrated rural development projects which contain a microenterprise development component; c) rural credit projects that have both crop production and non-agricultural lending services; and d) projects which include the promotion of income generating activities among urban or rural families.

A.I.D. also sponsors other programs intended to affect the policy or regulatory environment in which microenterprises operate. This includes, for example, "non-project assistance" designed to support policy reform. *These activities, where they can be tied to impacts benefitting microenterprises, must also be accounted for under MEMS. Please be careful to include all microenterprise activities in your reporting under MEMS.*

Local Currency Funding

Local currency funding is that funding made available through: a) sale of PL 480 commodities; or b) non-project Development Assistance or Economic Support Funds. Both local currency and dollar amounts used for microenterprise development must be reported on.

Umbrella Project or Umbrella Organization

A.I.D. uses the term "umbrella" to refer to a project or an organization which channels A.I.D. resources to implementing organizations that, in turn, provide direct services to microenterprises. Some umbrellas

may also be providing services directly to microenterprises, in which case they also act as implementing organizations according to the MEMS system.

Implementing Organization (IO)

Any organization which provides services directly to microenterprises. This may include PVOs, NGOs, credit unions, cooperatives, banks or other financial institutions, whether public or private.

More terms and definitions are provided in the attached MEMS Reporting Forms.

III. Description of Reporting Responsibilities Within the MEMS System

Detailed instructions for reporting at the project level by umbrellas and implementing organizations are provided in the accompanying reporting packets. Data at the mission level has already been collected via the 1993 CP. In future years, all information will be collected concurrent with the CP cycle. Initial startup activities of the MEMS project this year prevented such a timetable.

A.I.D. Reporting Responsibilities

USAID Missions and AID/W offices that are funding microenterprise development activities should report their annual dollar obligations and local currency expenditures using Table X of the annual A.I.D. Congressional Presentation System. MEMS will use the data in Table X to track A.I.D.'s annual programming of funds for microenterprise development.

Upon receipt of this MEMS Reporting Packet, each USAID mission and AID/W office should complete both the Exchange Rate Calculation Sheet and the Project Data Sheet. They should then enter the exchange rate information into the boxes at the beginning of the data sheets on both the Umbrella and Implementing Organization (IO) Reporting Forms, and into the spaces provided in Tables 2 and 3 of the IO Form.

USAIDs and AID/W offices should make copies of the MEMS Overview and distribute them, along with the reporting forms to umbrellas and IOs working

under their projects. If an umbrella is not involved, then the USAID should directly distribute forms to the implementing organization. Once completed, each USAID and AID/W office is responsible for collecting and returning the forms to PRE/SMIE.

In some cases, a USAID Mission itself may be able to complete the umbrella and implementing organization forms. This is acceptable as long as the information reported is complete and accurate.

Reporting by Umbrellas

Umbrella projects and organizations are asked to complete the MEMS Umbrella Form. This form is used to tabulate expenditures and disbursements of the most recently completed fiscal year made by the umbrella in support of microenterprise development activities. In addition, the umbrella is requested to distribute the MEMS Implementing Organization Form to each of the organizations it supports.

In some cases, the umbrella may itself be able to complete the implementing organization forms. This is acceptable as long as the information reported is complete and accurate. Both sets of forms, once completed, should be returned to the umbrella's A.I.D. Project Officer. The umbrella need not summarize the data provided by its implementing organizations.

Umbrellas which are providing services directly to microenterprises should also complete a copy of the Implementing Organization Form (see below).

Reporting by Implementing Organizations

Organizations that provide services directly to microenterprises are asked to provide basic information on their program budget and on the beneficiaries they serve. The information provided at this level will be used by MEMS to report on topics such as lending within the US \$300 ceiling and gender.

All numbers should be reported in local currency. After completing the forms, the implementing organization should return them to their umbrella project manager or A.I.D. project officer.

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U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

MEMS Implementing Organization Reporting Form

Please read the Overview to MEMS before completing this form.

Overview

Because you receive funding from the U.S. Agency for International Development (A.I.D.) for your microenterprise development activities, A.I.D. requests your assistance in completing this Implementing Organization Reporting Form which is designed for organizations which provide services directly to microenterprises either in the form of loans, technical assistance, training or other forms of monetary or non-monetary assistance. As an implementing organization (IO), you are requested to fill out the attached data sheets and return them to the office which gave them to you.

Please report on that portion of your program which concerns *microenterprise assistance activities*. The U.S. Agency for International Development (A.I.D.) broadly defines microenterprises as enterprises engaged in manufacturing, commercial or service activities that employs approximately 10 or fewer persons. USAID has adopted a convention that excludes from this definition traditional small farm crop production enterprises. However, other on-farm, non-crop-production activities *are* included.

You are requested also to report on the non-A.I.D. sources of funding your organization receives in order that A.I.D. can determine what portion of your total activities it supports. All amounts should be shown in local currency.

We understand that you may not have these data routinely available, but we ask that you make your best effort at estimating when the information is not systematically available from a formal MIS or monitoring system. The primary goal of the MEMS project over the next two years (through 1993) is to steadily improve microenterprise project reporting. Therefore, if you do have any questions or suggestions, please let your USAID or AID/W office know so that we can address them during this implementation period.

Definitions Used in this Form

Microenterprise Program Funding Categories

Funding amounts for two broad categories of microenterprise activities are requested in Table 1 of the attached data sheets. These are defined below:

- **Microenterprise Loans:** This is the total amount you lent to microenterprises. This also should include any non-monetary assistance, for example, in-kind loans, capital equipment that is to be repaid, etc. You may use a simple market rate calculation to assign a value to in-kind loans. Also include monies which you provided to support loan guarantee schemes, if any.
- **Other Microenterprise Assistance:** This includes all other expenditures necessary to support your operations and program activities in the microenterprise sector. For example: technical assistance, training, administrative and operational expenses, staff salaries, etc. This also should include the cost of any commodities or non-monetary assistance provided by your organization to microenterprises, unless these were given as loans, in which case they should be included in the "microenterprise loans" category.

An illustrative example of how to assign budget amounts to your microenterprise portfolio appears in **Attachment 1** and a sample worksheet in **Attachment 2**. You are not required to complete **Attachment 2**, but may use it to assist you in filling out Table 1 if you wish.

Microenterprise Technical Assistance and Training

In Tables 4 and 5 of the attached data sheets, you are asked to report on the number of people -- both microenterprise owners as well as microenterprise employees -- who received either technical assistance or training from your organization during the reporting period. Both technical assistance and training are counted together for these Tables.

We ask that you try and use the following guidelines when counting the number of people receiving either technical assistance or training:

- **Training:** Count each individual who attends a training course or training module. For example, if you hold a single evening course or workshop on a subject, then count each individual attending that course as one trainee. If the workshop involves a series of related evening courses all of which the participants must attend in order to acquire the skills you are teaching, then only count each individual as one for the entire series. If, however, you hold a number of different courses or workshops which each addresses a different microenterprise topic, then each individual can be counted each time he or she attends one of those courses.
- **Technical Assistance:** Technical assistance is assistance provided directly to an entrepreneur and/or the entrepreneur's employees in the areas of management, marketing, technology, or other areas of business management. Most of this assistance occurs on-site. If you provide specific and targeted technical assistance in different areas of microenterprise management, then each individual can be counted as a TA recipient when receiving that type of assistance. Both the entrepreneur as well as the employees can be counted if both receive technical assistance. Do not include visits to a firm solely to provide credit related or loan processing services. Also, general site visits made by business advisors over time should only be counted once for each microenterprise, not once for each visit.

Currency Exchange Rates and Loan Calculations used in MEMS

As noted in the Overview to MEMS, A.I.D. is required to report on loan amounts above and below US \$300. The exchange rate used to determine the local currency equivalent of this amount is calculated as an average for the most recent year.

To maintain some consistency, each USAID Mission is required to calculate both the exchange rate and the US \$300 loan equivalent and enter this information in the boxes at the beginning of the data sheets for the Implementing Organization Reporting Forms, as well as in Tables 2 and 3 of the Form. Please check to see that this has been done in the form which was provided to you.

If your organization received these forms from an A.I.D. office in Washington rather than a USAID Mission, please consult with the USAID in your country to find out what exchange rate is being used for MEMS reporting. Please enter the rates in the appropriate spaces of the Implementing Organization Reporting Forms.

Data Sheets

This box should be completed by the USAID Mission prior to distributing these forms to the IO:

Project No. and Name: _____
Average Exchange Rate for the Year: _____ = US \$1 (Indicate name of currency.)
Local Currency Equivalent of US \$300: _____

Date of Completion of this Form (Month/Day/Year) _____ Country _____

1. Name of Your Organization: _____

2. Personal Contact Name, Address, Telephone and Fax/Tlx Number: _____

3. Reporting Period ____/____ to ____/____ (Please use your most recently completed fiscal year.)
mo. yr. mo. yr.

Note: All information reported in this form should correspond to the reporting period stated above.

4. Please indicate the type of organization you represent, using the following categories. Check one.

- | | |
|---|---|
| <input type="checkbox"/> International PVO or NGO | <input type="checkbox"/> Local (indigenous) PVO or NGO |
| <input type="checkbox"/> Government Agency | <input type="checkbox"/> Para-Statal (government-owned corporation) |
| <input type="checkbox"/> Private, for Profit Organization | <input type="checkbox"/> Bank or Credit Union |
| <input type="checkbox"/> Cooperative | <input type="checkbox"/> Association or Federation |
| <input type="checkbox"/> Other -- Please explain: _____ | |

Handwritten mark

5. Using Table 1, please indicate the amount of funding used for microenterprise program activities. Refer to **Attachment 1** for an illustration of how to calculate these amounts for Table 1. If you wish, you may use the worksheet in **Attachment 2** to prepare this information for Table 1. Also indicate the sources of these funds, whether: 1) USAID or a USAID-supported umbrella project, or 2) other non-USAID sources.¹ You do not need to specify the source of non-USAID funding, only the amounts. Be sure that the information corresponds to actual loans and program expenditures made during the reporting period.

Table 1: Budgetary Data

Use of Funds	Source of Funds (Expressed in Local Currency)		
	USAID or USAID-Supported Umbrella Project	Other ¹	Total Funds Used
Microenterprise Loans			
Other Microenterprise			
Total Microenterprise Funds Used			

6. Using Table 2, please indicate the *number and total value* of loans of varying sizes made to women and to men during the reporting period.

Table 2: Loans by Gender

Loan Size ²	Total Number and Amount of Loans		Breakdown by Gender of Loan Recipient			
			Women		Men	
	Number	Amount	Number	Amount	Number	Amount
Equal to or Less Than:						
Greater Than:						
Total Number and Amount of Loans						

¹ In order that we can calculate what portion of your organization's activities A.I.D. supports, you are requested to report the amount of funding your organization receives from non-A.I.D. sources.

² The loan size amounts should have been filled in by the USAID or umbrella project prior to distributing the forms to the implementing organization. If the amounts are not indicated, please contact the umbrella project office or USAID Mission in your country to get the correct figure.

7. Using Table 3, please indicate the *number and total value* of loans made to businesses in which: 1) the owner is the sole employee ("Self Only"), and 2) the owner employs up to approximately 10 other workers ("Up to Ten Employees"). Please note that the total number and amount of loans should be the same as that reported in Table 2.

Table 3: Loans by Size of Microenterprise

Loan Size ²	Total Number and Amount of Loans		Size of Business			
			Self Only		Up to 10 Employees	
	Number	Amount	Number	Amount	Number	Amount
Equal to or Less Than:						
Greater Than:						
Total Number and Amount of Loans						

8. What was the total amount or value of outstanding loans to microenterprises at the end of the reporting period? _____ (Please state in local currency.)
9. Using Table 4, please indicate the number of women and number of men who received technical assistance or training from your organization during the reporting period.

Table 4: Technical Assistance or Training by Gender

Number of People by Gender		Total Number of People
Women	Men	

10. Using Table 5, please indicate the number of people receiving technical assistance or training from your organization who were: 1) owner and sole employee of a business ("Self Only"), or 2) owners of or employees in a business with up to approximately 10 employees ("Up to Ten Employees"). The total number of people in Table 5 should be the same as that reported in table 4.

Table 5: Technical Assistance or Training by Size of Microenterprise

Number of People From Varying Size of Microenterprise		Total Number of People
Self Only	Up to Ten Employees	

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11. Does your microenterprise lending program include a savings component, that is, do you collect and manage savings deposits of your clients? Yes No (Circle One)

If yes, please indicate in Table 6 how many separate savings accounts were registered and what was the total value of savings on deposit at the end of the reporting period.

Table 6: Savings Account Information by Gender

Gender	Account Information	
	Number	Amount
Male		
Female		
Totals		

12. We would also like to receive any descriptive information about your organization and its microenterprise development activities. This can be in the form of a brochure, annual report, or a brief statement, whichever is most convenient. This is optional, but we would very much appreciate receiving something which will help us gain a broader understanding of your development work.

This is the end of the IO Reporting Form. Thank you for your assistance.

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Attachment 1: Sample Budget Sheet Showing Microenterprise Development Funds Calculation to Use for MEMS Reporting

Item	Total Amount Used During the Reporting Period	Percent Supporting Microenterprise Program	Total Amount to Report Under MEMS	Percent & Amount Funded with USAID Resources		Percent & Amount Funded with Other Resources		Microenterprise Funds Use Category	
				Percent	Amount	Percent	Amount	Loans	Other
Director	25,000	25%	6,250	50%	3,125	50%	3,125		X
Administrative Assistant	15,000	25%	3,750	50%	1,875	50%	1,875		X
Accountant	15,000	25%	3,750	50%	1,875	50%	1,875		X
Secretary	10,000	25%	2,500	50%	1,250	50%	1,250		X
Office Rent	10,000	25%	2,500	100%	2,500	0%	0		X
Vehicle Maintenance	5,000	25%	1,250	50%	625	50%	625		X
Office Supplies	25,000	25%	6,250	50%	3,125	50%	3,125		X
Business Advisor	20,000	100%	20,000	100%	20,000	0%	0		X
Entrepreneurship Training	30,000	100%	30,000	100%	30,000	0%	0		X
Microenterprise Loans	50,000	100%	50,000	75%	37,500	25%	12,500	X	
Agriculture Extension Agent	20,000	0%	0						
Family Planning Specialist	20,000	0%	0						
Adult Literacy Trainer	20,000	0%	0						
In-Kind Loans to Farmers	50,000	0%	0						
Total	315,000		126,250		101,875		24,375		

Example Table 1: Budgetary Data

Use of Funds	Source of Funds (Expressed in Local Currency)		
	USAID or USAID-Supported Umbrella Project	Other	Total Funds Used
Microenterprise Loans	37,500	12,500	50,000
Other Microenterprise	64,375	11,875	76,250
Total Microenterprise Funds Used	101,875	24,375	126,250

SP

