APPLE Grants:

Accomplishments and Future Challenges in Anti-Poverty Lending

GEMINI Technical Report No. 96

GEMINI

GROWTH and EQUITY through MICROENTERPRISE INVESTMENTS and INSTITUTIONS
7250 Woodmont Avenue, Suite 200, Bethesda, Maryland 20814

DEVELOPMENT ALTERNATIVES, INC. • Michigan State University • ACCION International • Management Systems International, Inc. • Opportunity International • Technoserve • World Education

APPLE Grants:
Accomplishments and Future Challenges in Anti-Poverty Lending

by

Robin Bell, Team Leader
and
Arelis Gomez

September 1995

This work was supported by the U.S. Agency for International Development through a buy-in to the Growth and Equity through Microenterprise Investments and Institutions (GEMINI) Project, contract number DHR-5448-Q-82-9081-00.

TABLE OF CONTENTS

LIST OF TABLES

NONGOVERNMENTAL ORGANIZATIONS STUDIED

ACCION	
ASSIST	Agency for the Selection and Support of Individuals Starting Trade
CARE	Cooperative for American Relief Everywhere
Covelo	José Maria Covelo Foundation
CRS	Catholic Relief Services
FAMA	Fundación para el Apoyo de la Microempresa
FFH	Freedom from Hunger
FINCA	Foundation for International Community Assistance
FUNDECAP	Fundación de Desarrollo Campesino
Katalysis	
ODEF	Organización de Desarrollo Empresarial Femenino
OI	Opportunity International
PRIDE	Promotion of Rural Initiatives and Development Enterprises
STC	Save the Children
WRC	World Relief Corporation
WRH	World Relief/Honduras
WWB	Women's World Banking

EXECUTIVE SUMMARY

The U.S. Agency for International Development requested a study of institutions that have been awarded Anti-Poverty Lending (APPLE) grants in seven countries in Latin America, the Caribbean, and Africa. The study team's task was to examine a sample of non-governmental institutions involved in the APPLE grants program. Although many of the programs had yet to receive APPLE funds, they provided an opportunity to examine lessons learned in poverty lending programs and to identify the key challenges for these programs in the future.

The institutions chosen are not necessarily representative of the state of the art in poverty lending. In some cases, the U.S.-based private voluntary organizations included in the study have better performing programs in other countries. Finally, although APPLE funds were in no case used to support loans greater than $300, many of these programs offer larger loans as well. As such, they are hybrid institutions rather than strict "poverty-lending" institutions.

Poverty Lending Methodologies

The village banking model has shown its tremendous capacity to reach the poorest borrowers in nearly every country context. The mandatory attendance at frequent meetings and the very small initial loan amounts serve as a filter by which only the very poor, the very small, or the very needy would participate. The experience and results of all the implementers have demonstrated that, as a methodology, village banking is easy to replicate, easy to adapt to local context, and easy to combine with other social objectives (such as health, nutrition, and family planning).

As an increasing number of institutions implement the model in a variety of contexts, its shortcomings — as was originally envisioned — have come to light:

- **Management of the Village Banks**: At the NGO level, the model did not envision extensive support beyond the initial training and creation of the bank. The focus was on promoting and establishing a bank, not administering or managing a portfolio.

  Another key issue affecting village bank management is the degree of membership turnover, both voluntary and involuntary. This turnover has considerable implications not only for the NGO but also for the village bank.

  The management of village banks has been much easier in stable and cohesive communities than in urban centers. This has been the case for the NGOs in areas outside of the major urban centers. Managing banks in the transient-filled urban areas has proven to be much more difficult for several programs.

- **Supervision and Risk Management**: The village banking model does not anticipate outside supervision after initial training and does not discuss risk. The basic assumption is that the community will be self-regulating. This has not necessarily been the case. There have been numerous cases of theft and financial mismanagement when the NGO has not provided proper training, management, and supervision. In addition to frequent monitoring and training, some NGOs now incorporate additional measures to minimize risk.

- **Savings**: The "required" savings target of 20 percent of the loan amount per cycle has been modified because of the difficulty in achieving such levels and/or the diminished need to graduate the village banks. FFH/Ghana is the only program in the study that offers savings services in the traditional sense — savings are deposited in the rural bank and the members have access to them weekly.

- **Graduation**: Village banking implementers are moving away from the goal of "graduating" the village banks. Although the model originally assumed that a village bank would be able to manage and finance itself by three years of participation, this has not been the case, given the lower than expected savings and higher than expected turnover. Other village banks capable of graduation have opted not to graduate because members prefer access to external credit as well as the technical assistance and oversight the NGOs provide. Conversely, from the perspective of the NGOs, it is not in their "financial" interest to graduate village banks. This is a subtle, but major shift away from the original model's ideal of creating banks owned and managed by the community.

The individual and solidarity group lending methodologies have demonstrated their capacity to reach low-income clients. However, the depth of outreach has not been as great as that of the poverty lending programs. The methodologies have proven effective to the extent that initial loans are small and short term and gradually increase as borrowers demonstrate capacity and credit-worthiness.

Outreach

- **Depth**: The programs appear to reach the poorest borrowers in light of the low ratio of average loans outstanding to per capita gross national product. This ratio ranges from a low of 5 percent (CRS/Peru) to 56 percent (PRIDE/Kenya); the average is 24 percent. For the village banking programs only, the range is from 5 percent (CRS/Peru) to 32 percent (CRS/Nicaragua); the average is only 14 percent.

- **Scale**: The scale of operations has been limited. Only three NGOs — FINCA/Honduras, WRH, and FAMA — have in excess of 5,000 active clients. Most of the programs have achieved only a limited degree of outreach, because of their lack of vision, lack of organizational capacity, and lack of resources, and the newness of the programs. The programs that have achieved greater outreach have had vision, capacity, and access to ample resources. Age has not been the most important variable.

- **Delinquency**: Delinquency measures are strong indicators of an institution's capacity to deliver financial services effectively. If there are delinquency problems, there are almost always problems in the loan product, credit procedures, or administrative structures. With few exceptions, the institutions show strong repayment rates and low delinquency rates, at least at the NGO level.

  Delinquency in village banking programs occurs on two levels: the NGO level and the village bank level. To the extent that payments to the NGO are required, the village banks will use their savings to cover the shortfall. However, this is not to say that there is not delinquency within the village banks. The village banks often have members who are delinquent in their payments.

Organizational Models

The implementation models used by the U.S.-based NGO are generally categorized as follows: creating or building a single national institution, providing assistance to one or more existing institutions, and implementing directly .

Each approach has its advantages and disadvantages. Creating or building a single institution involves significant start-up costs — acquiring infrastructure and developing capacity. However, this strategy often proves effective in achieving significant scale.

Providing assistance to one or more institutions has the advantage of lower start-up costs with respect to acquiring infrastructure, but typically has enormous costs in institution building, particularly with respect to NGOs. This has been the experience of Covelo, FFH, and undoubtedly CRS. FFH's approach of working with local banks would appear to offer several advantages, such as direct linkages with the formal financial sector (the banks use their own loan capital; the client has ongoing access to formal financial sector), comparatively lower costs in human resource development because existing personnel have more technical skills, decreased investment in the branch network during expansion, and access to the banks' own capital.

For some NGOs, direct implementation has the advantage of an existing infrastructure as well as the control to shape the lending operations in its desired manner. Moreover, some operational efficiencies can be achieved to the extent they capitalize on the work of their other programs workers. However, the key issue will be sustainability — self-sufficiency and permanence of operations, especially as donor funding for the other NGO activities shrinks.

Each U.S.-based NGO has its own approach to overseeing and providing the necessary support to its programs. FINCA and PRIDE have created regional offices to provide support and technical assistance to their affiliates, whereas CRS, FFH, and OI tend to have local support personnel/units. However, operational support from the U.S.-based NGOs in most cases has been insufficient.

Management and Human Resources

The most pressing issue for poverty lending programs is the managerial and institutional capacity of the implementing organizations. With possibly one exception, all of the NGOs need to be strengthened prior to expansion. Village banking programs operating on a small scale (for example, less than 50 banks) seem to perform well because there tends to be a lot of personal attention, particularly from management. Once the programs expand performance tends to deteriorate.

Some of the organizations do have competent management, but in most cases, senior management of the NGOs is not necessarily equipped to manage large-scale credit programs. The managers often have been hired because they have social service skills and will work for the lower salaries NGOs pay, or because they are in the position prior to partnering with the U.S.-based NGO. With possibly one exception, the financial management capacity of all the organizations needs strengthening.

Human resource management has also represented a challenge for each poverty lending institution, particularly with respect to defining an appropriate staff profile for its credit officers. Mistakes that too many microfinance programs repeat include hiring personnel overqualified to manage the simple products offered and paying unnecessarily high salaries to overly qualified people. In contrast, others have hired less-qualified credit officers at lower salary levels, but this approach has often resulted in employee turnover or other problems because that staff could not provide the necessary training and support to their clients.

Operational Structure and Productivity

Organizations normally can best provide micro loans through simple branch offices. These branches should be administered in a decentralized manner to reduce borrower transactions costs, keep a close and personal relationship with the local community targeted by the program, and reduce the operating expenses associated with such a network. Several of the programs do have simple branch networks. In most cases, however, the operations are not decentralized. Many of the institutions grant almost no authority to the lower chain of command or operational staff.

As the institutions move toward decentralization, they will need to increase internal audit operations, which in most cases are lacking. The institutions will also need to emphasize standardization because the requirements of managing scale efficiently leave little room for variation in processes.

Given the expense of making small loans, each institution must strive to optimize its overall productivity. Several measures can be used to assess the productivity of the staff. The ratio of active clients to credit officers ranges from a low of 59 (CRS/Peru) to a high of 272 (FINCA/Honduras). Half of the programs had ratios of in excess of 200. Although this ratio will have to increase in the future, it is no small achievement.

The ratio of active clients to staff members ranges from 26 (ASSIST/Jamaica) to 172 (FINCA/ Honduras). This productivity ratio indicates a much lower degree of overall accomplishment — only FINCA/Honduras and WRH have noteworthy levels of achievement. Each organization must emphasize efficiency at all levels, not just at the level of credit officers. The high ratio of active clients to staff members of FINCA/Honduras and WRH is in part the result of the high ratio of credit officers to total personnel — 63 percent and 66 percent, respectively.

Management Information Systems

Nearly all of the institutions use a fund accounting system because they depend on donor resources. This system makes it complicated and cumbersome for an institution to monitor its costs (for example, by cost center). That aside, most of the weaknesses detected in the accounting systems are at the human level; the NGOs do not use the systems uniformly or effectively. Financial statements can be generated in a timely manner, as is evidenced by some; yet others often experience delays of one to two months. In addition, there appears to be little review. Many prepare the financial statements for donors rather than for managerial purposes.

None of the organizations adopts generally accepted accounting principles, particularly with respect to loan write-offs and loss provisions. Each has unique variations that distort the financial situation. With respect to the portfolio administration system, the information is not available when needed or the information necessary for effective portfolio management is not generated. Most do not generate the information necessary to assess the risk and quality of the portfolio (generally no aging of arrears or portfolio-at-risk data). Information is not available at the promoter or regional level, and delinquency information is often inconsistent.

Financial Performance

- **Leverage**: Four of the NGOs have secured loan funds to finance their operations. Loans have been at interest rates reasonably proximate to the average inflation rate or above it. Funding from these sources represent leverage, but has not truly been on commercial terms and conditions. FFH and STC programs access loan capital, given that the rural banks or credit unions directly fund the village banking portfolio.

- **Operating Efficiency and Self-Sufficiency**: Total operating cost ratios (personnel and other operating costs) for the credit programs range from a low of 43.3 percent (WRH) to a high of 102.6 percent; the average is 62 percent.

  Increasing operating efficiency goes hand in hand with achieving self-sufficiency or sustainability. Sustainability must be a balance of both credit income and credit expenses (such as financial costs, administrative costs, and loan loss provisions). Too often, achieving self-sufficiency is equated with increasing the effective interest rate. Both are equally important. Pricing should be set based on the level of efficiency the organization can honestly hope to achieve in the medium term. In some cases, interest rates may actually need to be increased. In other cases, improving financial efficiency may be all that is needed.

SECTION ONE

INTRODUCTION

BACKGROUND

Many approaches to economic development and poverty alleviation have been tested over the years by donors, including USAID. One approach that has shown much promise has been in the area of microenterprise finance. Throughout the developing world, an astounding percentage of the population has been shut out from the labor market and forced to generate their own employment. Financial services from the formal financial sector have rarely been provided to these microentrepreneurs. Yet they demand financial services just as anyone else.

In response, donors have been funding microenterprise finance programs that provide financial services to the poor. The field, which has seen several successes, has been undergoing significant changes. Successful programs have continually expanded the frontiers and set new performance standards. The outreach achieved by the successful institutions, in terms of both scale and depth, has been impressive.

USAID is committed to microenterprise programming. One such program known as Anti-Poverty Lending (APPLE) specifically targeted "poverty lending" programs — those that make loans under $300. Grants were awarded based on the loan size, number of women reached, program management, proposed methodology, and financial viability of the program. In most cases, grant funds supplemented ongoing program funds, either for institutions involved in direct (retail) lending activities or for second-tier institutions on-lending to credit retailers. Although the APPLE grants program has been terminated, poverty lending remains a focus of USAID's Microenterprise Development Office.

This study examines institutions that have been awarded APPLE grant funds in seven countries in Latin America, the Caribbean, and Africa. The study serves to capture lessons learned from the experiences of NGOs actively involved in poverty lending programs and to identify the key challenges for these programs in the future. This is not an evaluation of the APPLE grant program. The focus is on the outreach and viability of the institutions. However, it must be made clear that the institutions included in the study are not necessarily representative of the state of the art in poverty lending. In some cases, the U.S.-based NGOs included in the study have better performing programs in other countries.

It should also be noted that, in several cases, the institutions have received APPLE grant funds only in the last nine months — ASODENIC, CRS/Nicaragua, FFH/Ghana, STC/Mali — or had not yet received funds at the time of the study — FAMA/Nicaragua and FFH/Mali. The lack of access to APPLE funds has had a direct bearing on the scale of outreach achieved by most of the programs, as will be discussed below.

PROGRAM SELECTION

The APPLE program has provided grants to organizations in 12 countries in Latin America and the Caribbean, Africa, and Asia. Programs from seven countries have been included in the study — Jamaica, Honduras, Nicaragua, Peru, Ghana, Kenya, and Mali. The countries selected offer a cross-section of NGOs, methodologies, and implementation models, as highlighted in Table 1. In the case of Honduras, the Jose Maria Covelo Foundation (Covelo), a second-tier institution that provides extensive technical assistance to NGOs, was the recipient of the APPLE grant. However, Covelo on-lends the funds to NGOs, of which three have approved lines of credit — FINCA, World Relief, and ODEF. These institutions are not "partners" with Covelo; they are affiliated with other NGOs. Thus, they are presented individually.

TABLE 1
SELECTED INSTITUTIONS

Name/Country •Current Partner Institutions	Number Years Managing Credit	Type of Institution	Urban/Rural
VILLAGE BANKING			
ASODENIC (Opportunity Affiliate)	0	Financial Services NGO	Both
CRS/Nicaragua •Caritas/Matagalpa •Caritas/Jinotega •Soynica • FUNDECAP	3	Development NGO (partners are development NGOs)	Both (urban only, except for FUNDECAP)
CRS/Peru •Alternativa •Arariwa •Caritas/Cobis •Educa •Ideas •Solidaridad	6/1*	Development NGO (partners are development NGOs)	Both
FINCA/Honduras	4	Financial Services NGO	Both
FINCA/Nicaragua	2	Financial Services NGO	Urban
FINCA/Peru	3	Financial Services NGO	Both
FFH/Ghana •Lower Pra Rural Bank •Brakwa-Breman Rural Bank	3	Development NGO (partners are rural banks)	Rural (with addition of new partners will be both)
FFH/Mali •CANEF	6	Development NGO (partner is development NGO)	Rural
ODEF/Honduras	10/6*	Development NGO	Both
STC/Mali •UCOVEC	8/0*	Development NGO (partner is credit union league)	Rural
WRH (Honduras)	4	Development NGO	Both
SOLIDARITY GROUPS			
FAMA/Nicaragua (ACCION Affiliate)	3	Financial Services NGO	Urban
PRIDE/Kenya	6	Financial Services NGO	Both
ROTATING FUNDS			
CARE/Peru	6	Development NGO	Both
INDIVIDUAL LENDING			
ASSIST/Jamaica	10	Financial Services NGO	Urban

* Indicates date credit operations began and date poverty lending began.

DATA GATHERING AND ANALYSIS

Data were gathered for this study through site visits by the authors to each institution.[1] Data on outreach and financial performance were collected for three years, to the extent possible. Given that many of the institutions are relatively new or have only recently initiated poverty lending operations, data were often either scant or unavailable.

Although every attempt was made to ensure consistency of data across programs, the authors had great difficulty in collecting adequate information, particularly with respect to financial data. Outreach data were more readily available. Financial data, in contrast, were limited, particularly for the "development NGOs." The NGOs were generally either unable to provide financial statements of their operations or presented information so limited that conducting a meaningful financial analyses of their credit operations was impossible.

The financial analysis of those programs providing financial data was performed generally in accordance with the framework presented in two GEMINI Technical Notes, *Financial Management Ratios I: Analyzing Profitability in Microcredit Programs* and *Financial Management Ratios II: Analyzing for Quality and Soundness in Microcredit Programs.*

FINANCIAL DATA ADJUSTMENTS

The financial performance of the NGOs was analyzed using financial statements, portfolio reports, and the like. The information provided often contained minor errors and inconsistencies (such as improper coding and inadequate reconciliation of reports). To the extent that audited statements were available, they were reported to reflect operations in all material respects. Adjustments made to some of the financial statements are categorized as follows:

- Costs associated with other programs such as health or community development were excluded from the income statement, to the extent they could be identified.

- To the extent warranted based on historical experience, loan loss provisions and reserves were adjusted. Most of the village banking programs are relatively new and have had strong repayment rates. The history of losses has been minimal; thus, loss provisions in most cases were not adjusted. In the case of ODEF/Honduras, it was reluctant to recognize losses when they occurred and eventually had to resort to taking sizable write-offs. Because the losses occurred in prior periods, the financial statements were adjusted using the best efforts possible to allocate such losses properly. As will be discussed below, financial data are not presented on CRS programs. If they were, adjustments would be required because several CRS partner institutions also do not properly write off loans or make adequate loss provisions for loans that are more than 90 days past due.

Imputed capital costs — the cost of maintaining the value of equity and subsidies from concessionary loans, net of fixed assets, and the devaluation effects of inflation — were not calculated for a *financial* self-sufficiency analysis. For these types of programs, achieving *operational* self-sufficiency is still the frontier.

---

[1] With the exception of ODEF/Honduras and ASSIST/Jamaica, which were visited by consultants under separate USAID (GEMINI) contracts, and PRIDE/Kenya, which was evaluated under a separate USAID contract.

SECTION TWO

METHODOLOGIES

The APPLE grant recipients use four different methodologies to implement their poverty lending programs — village banking, solidarity group loans, rotating funds, and individual lending. Most of the programs use the village banking methodology. Since village banking is a model in evolution — all of the NGOs have modified various aspects of the original model — it is discussed in depth. Because experiences with the other methodologies have been documented extensively in other publications and each is used by only one or two NGOs in the sample, they are only presented briefly.

VILLAGE BANKING

Several of the organizations use variations of the village banking methodology developed by FINCA (John and Marguerite Hatch, 1989). The basic model as originally developed promotes the establishment of community owned and managed banks. The banks are community organizations that are informal in nature and are rarely, if ever, legally registered.

The Basic Village Banking Model

Under the original model, loans are made to the newly established bank, which on-lends the money to its members. The maximum loan amount for first loans is typically $50, and the initial loan term (cycle) is four months. The village bank collects weekly loan installments and savings deposits from the borrowers (internal account). In this way, the loan made by the NGO (the external account) acts as a catalyst to stimulate the development of the internal account and of members' personal savings. The village bank repays the NGO at the end of the cycle. The loans require no collateral. Instead, all members sign the loan agreement to offer collective guarantee (joint liability).

During each loan cycle, members deposit savings into the village bank's internal account. Members' savings stay in the village bank and are normally used for making loans to members and nonmembers. No interest is paid on savings. Instead, members receive a share of village bank profits from the bank's relending activities or other investments. Profit distribution is based on the amount of savings each member has accumulated. The village bank determines the terms and regulations — including interest, maturity, and eligibility — for loans made with members' savings.

When the external account loan is repaid to the NGO, a subsequent loan is made with amounts increasing in accord with member savings to a maximum of $300. The subsequent loan can equal the previous loan amount plus the cumulative amount of savings. For example, if a member saves $10 on a $50 loan, the second loan would be $60. If the member saves another $12 on the second loan, the third loan would equal $82 ($60 + $22). By the ninth cycle, if the borrower has saved the stipulated amount, the borrower will have reached the maximum loan amount.

The village bank savings and lending activities are managed by an administrative committee comprising a president, treasurer, and secretary. In general, committee responsibilities include convening meetings, approving loans, supervising loan repayment, receiving savings and deposits, and lending out or investing savings. By transferring much of the administration of financial services to the village banks, the lender minimizes its own transaction costs. The lender also minimizes the risk of default by imposing joint repayment liability on the members, tying loan levels to savings deposits, and starting with small loans and increasing loan amounts as the borrower builds a credit history

Organizationally, the methodology calls for very little administrative overhead. Although some training is required to establish each bank, the financial service model used is a minimalist one. The model does not require coordination with other agencies and allows for direct interaction with communities.

Experience with the Village Banking Model

The model has been adapted in many ways by the various organizations. In part, these changes have been made in response to local economic, cultural, and social conditions of the clients. More often the not, the changes reflect the organization's operating procedures or objectives. Table 2 provides summary information on each village bank program studied.

External Loan Terms and Conditions

Variations in external loan amounts and terms are largely attributable to the programs' country context and client needs. However, changes in interest rates and payment schedules have been made, principally in response to the NGOs' need to achieve financial sustainability.

Loan Amounts

Initial loan amounts are set at low levels to ensure access by poor borrowers. Initial loans range from $20 to $100, depending on the country context and program objectives. Loan amounts tend to be lower in the African countries than in the Latin American countries. Although country income and cost of living variables are generally the reasons for this variance, they are not the only causes — program objectives play a role.

As clients increase their savings, grow their businesses, and demonstrate increasing capacity, loan amounts are increased. Most programs set their limits in the $300 range. Others have grown beyond such limits as their banks mature. FINCA/Honduras has incorporated elements of its experience in Costa Rica into its methodology. It provides larger loan amounts within the village bank structure, but with guarantors or collateral rather than with the village bank solidarity guarantee. WRH has contemplated making individual loans to better serve those borrowers who have grown and require larger loan amounts and longer loan terms.

FINCA/Peru, unlike all of the other NGOs, does not link its loan amounts directly to savings. The external account loan is generally held constant at $50 (Ayacucho) or $100 (Lima). As the village banks perform successfully, FINCA provides additional funding, known as the Extraordinary Internal Account, initially in the amount of $1,000. This facility grants loans to three to four members for one month. When the loans are repaid, they are lent to three to four other members on a rotating basis. Loans cannot be made to members with more than 50 percent of their internal account loans outstanding. As banks demonstrate increasing capacity, this facility is increased: the current maximum is $7,000. (Assuming this amount is always lent to four members at any one point in time, the average loan from this facility would be $1,750.) Individual members of some of the mature banks now manage loan amounts in excess of $2,000.

Loan Terms

Loan cycles are typically four months. STC/Mali and CRS/Nicaragua (FUNDECAP) offer rural banks six-month cycles because they are often involved in agriculture or animal husbandry activities. WRH offers six-month cycles after the banks have completed several four-month cycles. However, most opt to continue to with four-month cycles. ODEF/Honduras has offered loan cycles beyond six months, but they have not appeared to work very well. However, it is difficult to ascertain whether this is attributable to the methodology or the institution.

Interest Rates

All of the NGOs charge positive real effective interest rates and attempt to price their loans to cover costs. The rural banks of FFH/Ghana's program set interest rates of up to 10 percentage points higher than the rates on other loan products. Nominal interest rates typically range between 2 and 4 percent flat per month. Real interest rates in some cases are considerably lower. In Peru and Nicaragua, the village banking programs dollarize the loans, thereby protecting the real value of their funds and improving their real effective interest rate.

Payments

In many cases, the borrowers continue to make weekly payments to the village bank. Only in those cases where the implementing institutions have reduced the frequency of the meetings have the payment schedules been adjusted. Generally, if meeting and payment requirements have been modified (bi-weekly or monthly), it has been for rural banks; urban village banks tend to meet weekly and have weekly payments.

Repayments to the NGOs, in many cases, have been changed to weekly or monthly, as opposed to at the end of the cycle. This change in the method of collecting payments reduces the risk to bank members and the NGO; improves the cash flow necessary for expansion; and, more important, improves the NGO's effective yield — that is, from 36 percent to 56 percent (monthly on-time repayment) or 71 percent (weekly on-time repayment) — because the NGOs calculate interest on the initial loan amount as opposed to the outstanding balance.

Savings

The original model stipulated that the borrower save 20 percent of the loan amount each cycle. Members' savings were to stay in the village bank and to be used for making loans. No interest was to be paid on savings. Instead, members were to receive a share of village bank profits from the bank's relending activities or other investments.

The required savings target of 20 percent of the loan amount per cycle has been modified because of the difficulty in achieving such levels and/or the diminished need to graduate the village banks (discussed below). The difficulty in attaining these levels has been attributable to several factors: history of unstable economic conditions, lack of cohesion, suspicion of fraud or improper (or non-transparent) financial management, illiquidity of savings (can be withdrawn only by leaving the bank), and low earnings (incapacity to save). In the case of FFH/Ghana, the village banks are clients of the rural banks from the outset; thus, there is no need to require savings in order to graduate the village banks (discussed below). In this program, savings services are offered in the traditional sense — savings are deposited in the rural bank, and the members have access to them weekly.

TABLE 2
VILLAGE BANKING AS ADAPTED BY THE APPLE RECIPIENTS

CRS/Nicaragua	CRS/Peru	FINCA/Honduras	FINCA/Nicaragua	FINCA/Peru
EXTERNAL ACCOUNT				
Interest Rate Paid to the Organization[1/]				
3% per month flat and dollarized (urban) and 3% up front (rural) *(56% effective rate in US$)*	2.5% per month on outstanding balance & dollarized; +½% to bank *(30% effective rate in US$)*	3% per month flat; 1% commission *(62% effective rate - 28.6% inflation)*	3% per month flat and dollarized; 1% commission *(62% effective rate in US$)*	2% per month on balance & dollarized. 1% commission *(26% effective rate in US$)*
Loan Amounts				
Stepped with savings. Initial loan limit -$100; Maximum loan - $200	Stepped with savings. Initial loan limit - $75; Maximum loan $ 325*	Stepped with savings. Initial loan limit - $92; Maximum loan - $517	Stepped with savings. Initial loan limit -$100; Maximum loan - $400	$50 or $100 Not linked with savings.
Payments				
Payments to the NGO are made monthly (urban) or at maturity (rural). Borrowers make payments to the village bank accordingly	Payments to the NGO are made at the end of the cycle. Borrowers make payments to the village bank bi-weekly or monthly (rural)	Payments to the NGO are made weekly (urban) or monthly (rural). Borrowers make weekly payments to the village bank	Payments to the NGO are made monthly. Borrowers make weekly payments to the village bank	Payments to the NGO are at the end of the cycle. Borrowers make weekly payments to the village bank
Terms				
Four- to six-month cycles.	Four-month cycles	Four-to six-month cycles.	Four-month cycles	Four-month cycles
Savings Targets				
5% of loan amount per cycle (rural) and 10% (urban)	20% of loan amount per cycle.	20% of loan amount per cycle.	20% of loan amount per cycle	$1.62/week-$50 loan; $3.25/week-$100 loan. (Round total weekly payment to $5 and $10 respectively)
INTERNAL ACCOUNT				
Use internal account from the *first* cycle	Use internal account from the *second* cycle; for members only	Use internal account from the *first* cycle (rural) or the *second* cycle (urban)	Use internal account from the *second* cycle	Use internal account from time of *pre-loan training*; for members only
Interest Rates				
3% per month flat to members; 5% per month to nonmembers	3-4% per month flat	5% per month flat to members; 10% per month to nonmembers	5% per month flat to members; 10% per month to nonmembers	2% per month
Loan Amounts				
Typically $15-$20	Not available	Maximum loan amount equal to savings	Not available	As determined by bank members-up to $3,000
Payments and Terms				
Payments vary. Loan terms of one month	Monthly payments. Loan terms are 1-2 months	Monthly payments typical. Mature before external account loan	Monthly payments typical. Mature before external account loan	Weekly payments. Term of 4-8 weeks
Reserve Requirements				
None	None	Reserve requirement is equal to 2 payments in urban areas and 1 payment in rural areas	None	None

(Continued)

FFH/Ghana	FFH/Mali	ODEF	STC/Mali	WRH
EXTERNAL ACCOUNT				
Interest Rate Paid to the Organization[1/]				
2.5% per month flat; 5% commission *(93% effective rate - 25% inflation)*	4% per month flat *(95% effective rate - 25.3% inflation)*	2.17% per month flat; 2% commission *(51% effective rate - 28.6% inflation)*	2.33% per month flat; $3 fee commission *(96% effective rate - 25.3% inflation)*	3% per month up front; no commission *(71% effective rate - 28.6% inflation)*
Loan Amounts				
Initial loan limit - $50; Maximum loan - $300 Transitioning from linkage with savings - subsequent loan can be 50% greater than previous loan.	Initial loan limit - $50; Maximum loan - $300 Transitioning from linkage with savings - subsequent loan can be 50% greater than previous loan	Stepped with savings. Initial loan limit - $57; Maximum loan - $241	Initial loan limit - $50; Maximum loan - $200. Subsequent loans may increase; all members of **subgroup (e.g. 6 members)** must take same loan amount	Initial loan limit - $57; Maximum loan - $345
Payments				
Payments to the rural banks are made weekly. Borrowers make weekly payments to the village bank.	Payments to the NGO are made monthly. Borrowers make weekly payments to the village bank	Payments to the NGO are made monthly. Borrowers make weekly payments to the village bank	Payments to the NGO made when cash exceeds specified amount. Borrowers make weekly payments to tne village bank	Payments to the NGO are made weekly. Borrowers make weekly payments to the village bank
Terms				
Four-month cycles	Four- to six-month cycles	Loan cycles vary from 4 to 12 months	Cycles of up to six months	Loan cycles vary from four to six months
Savings Targets				
10% of loan amount per cycle	10% of loan amount per cycle	Not Available	3% of loan amount collected in advance plus 5% during cycle	Not Available
INTERNAL ACCOUNT				
Banks do not use internal account.	Banks can use internal account from the *first* cycle	Banks can use internal account from the *second* cycle	Banks do not use internal account	Banks can use internal account from the *fourth* cycle
Interest Rates				
Not applicable	Up to 3% annual percentage points greater than external account loan	5% per month flat to members; 10% per month flat to nonmembers	Not applicable	3-4% per month flat
Loan Amounts				
Not applicable	Not available	No maximum loan amount	Not applicable	Maximum loan amount equal to 2 times savings
Payments and Terms				
Not applicable	Not available.	Monthly payments, Loans mature before external account loan	Not applicable	Monthly payments. Terms range from 6-12 months
Reserve Requirements				
5% of loan amount	Recommend 2-5% of current loan amount as reserve	No reserve requirement. Members who do not wish to have savings invested, can maintain savings in commercial bank account	Not applicable	Reserve requirement of 50% of the savings. The remaining can be used by the village bank for loans

1/ Interest rates charged to village bank members are flat (calculated on the original loan amount). Those NGOs that charge on the outstanding balance require repayment at the end of the loan cycle. Calculation of effective interest rate to NGO on typical four-month loan to first-time borrowers, not necessarily the borrowers' effective interest rate. Village bank members often make more frequent payments to the village bank than the village bank makes to the NGO, thereby increasing the effective rate. However, all earnings made from such payments accrue to members, thereby reducing their effective rate. Thus, no attempt was made to calculate the borrowers' effective rate.

Management of the Village Banks

At the NGO level, the model did not envision extensive support beyond the initial training and creation of the bank. Tools were provided for promoting and establishing a bank, but not for administration or management of the portfolio. As with any financial intermediary, significant investments need to be made in credit officers, accountants, administrative staff, management information systems, and so forth. Moreover, it is critical that the village bank be able to resolve conflicts and manage its accounts, because cohesion, leadership, and financial management are the keys to successful village banks programs. Thus, in the banks' early years, substantial training efforts and supervision are required, especially when illiteracy rates are high. The result is that the NGOs are required to spend considerably more than envisioned in the model to train the village bank membership to manage their own banks.

Another issue affecting village bank management is the degree of membership turnover, both voluntary and involuntary. This has considerable implications not only for the NGO but also for the village bank. In the case of WRH, loan terms in the internal account extend beyond those of the external account. This makes it considerably more difficult to expel members from the group for nonperformance. Voluntary turnover also poses problems when too many members withdraw their savings. The causes for voluntary turnover have generally been attributed to the frequency and length of the meetings, migration from the area, seasonal change in work, illness, pregnancy, and lack of access to savings.

Supervision and Risk Management

The village banking model does not anticipate outside supervision after initial training and does not discuss risk. The basic assumption is that the community will be self-regulating. This was assumed to be especially true in female programs, since women were perceived to be more responsible than men (Hatch and Hatch, 1989). In most cases, this philosophy has translated into a policy of minimum supervision and regulation of the internal accounts by the NGOs — funds available to the village banks to be managed as they see fit. This is largely because the internal accounts are considered key to the methodology and its goal of empowerment. The result has been numerous cases of theft and financial mismanagement.

Many of the NGOs are stepping up both training and supervision in this regard. Earlier, each village bank would develop its own tracking methods for the loan operations, creating monitoring difficulties for the implementing agency and the village bank membership. Although there is still room for improvement, most programs now provide the village banks with standardized formats to administer their portfolios.

Other NGOs are now incorporating measures to minimize risk, in addition to frequent monitoring and training. Examples include the following:

- Some organizations do not permit village banks to manage the internal account until later cycles.
- Some do not permit internal account loans at all.
- Some require that village banks maintain reserves — that is, 50 percent of the savings in a bank account.
- Some control the use of the internal accounts by requiring the credit officer's signature, in addition to the signatures of the president and treasurer, to withdraw savings from the commercial bank account.
- Some will not approve subsequent external account loans if internal account loans are not repaid or if delinquency is greater than 5 percent.

The extent of losses incurred by the village banks could not be ascertained. However, delinquency rates were reviewed as well as internal account records. Delinquency rates ranged anywhere from 0 to 100 percent. In the review of the records, some banks appear considerably more capable than others. However, with proper training and supervision, village banks have demonstrated they can effectively manage the internal accounts without excessive delinquency. In fact, some have demonstrated the ability to manage significant sums of money. Some of FINCA/Peru's village banks manage savings (much of which is voluntary) in excess of $12,000 and disburse loans from the internal account well in excess of $1,000.

Graduation

Village banking implementers are moving away from the goal of graduating the village banks after nine cycles (three years of participation). Although the model originally assumed that a village bank would manage and finance itself by such time, the model failed to envision the high membership turnover and its effects. By the end of the ninth cycle, many founding members have already left, taking with them management capacity, experience, and savings. Moreover, new members have been joining each cycle, with little or no savings. Thus, savings have not been sufficient for the bank to be self-financing. Other village banks capable of graduation have opted not to graduate because members prefer access to external credit as well as the technical assistance and oversight the NGO provides.

Conversely, from the perspective of the NGOs, it is not in their "financial" interest to graduate village banks. To the extent that financial resources are limited, the institution must balance its objectives of reaching the poorest borrowers while expanding outreach and becoming sustainable. By graduating their village banks, NGOs would lose their clients who have a longer credit history, request the larger loans, and require less supervision. Thus, most of the NGOs do not actively work to graduate their clients to the formal financial sector. Rather, the NGOs seek to sustain and expand their programs through the income generated. This is a subtle, but major shift away from the original model's ideal of creating community-owned and -managed banks.

Despite the fact that the goal of graduation has generally been abandoned, some of the programs have had a limited number of banks that have graduated to the formal financial sector or have evolved into self-financing village banks. Fourteen of FINCA/Honduras's village banks have opted for financing at a commercial bank, which offers lower interest rates provided that the savings accounts of the village banks serve as collateral. FFH/Ghana's village banks have no need for graduation because they are clients of the rural banks (the formal financial sector) from the outset. A limited number of village banks have retired their external accounts and now finance their members' financing needs from savings and its generated income.

Social Dimensions

The village banking model has demonstrated its ability to achieve deep outreach (as will be discussed in more detail below) and to reach borrowers who are poor and would not otherwise have access to financial services.

The model has shown it is well suited to finance commercial activities for both urban and rural populations. Urban populations offer an additional advantage in that they are more highly concentrated in a smaller geographic area. This high concentration generally make it comparatively easy to establish village banks. However, often many of the NGOs' programs compete directly with other financial providers in the urban areas, thereby reducing this comparative advantage. In the rural areas, which have lower population densities, the NGOs often have no other competition.

The management of village banks has reportedly been much easier in stable and cohesive communities. This has been the case for the NGOs in areas outside of the major urban centers. Managing banks in the transient-filled urban areas has proven to be much more difficult for several programs. In this situation, the use of peer pressure to encourage repayment has not always functioned well.

Integration of Other Organizational Mandates

Each of the U.S.-based NGOs has its own mission and organizational mandates. With the exception of FINCA, the NGOs implementing village banking programs are not financial service organizations, but are development organizations with multiple focuses (child survival, health, hunger, and so forth). They have initiated village banking operations because of the perfect fit in terms of target population and because income generation is key to improve nutrition, health, and education. Moreover, the village bank structure provides a good vehicle to channel the social services the NGOs have as their mandate. Microenterprise finance programs provide the NGOs with the means to continue these services as donor funds become increasingly scarce.

The integration of services can have its advantages to the extent that the organizations have extensive infrastructure and outreach in their other activities. The marginal cost of adding another activity (such as village banking) can be comparatively less expensive. Moreover, scale-up could be considerably facilitated when the organization has already worked with a large number of groups formed as a part of their other activities (such as community kitchens, mothers clubs, and nutrition and health centers).

Potential pitfalls to this approach may include conflicting messages to borrowers, conflicting organizational objectives, and the use of microenterprise credit income to finance other programs (aside from education and training), as opposed to increasing outreach. Borrowers may receive conflicting messages when some programs are offered to them as subsidies, whereas others require full cost recovery and discipline. Organizational objectives may conflict if the credit program has the potential to grow more rapidly and cannot be adequately linked to the other activities. This situation could result in the use of credit income for other programs. It could also jeopardize the quality of the portfolio if the organization has not developed the capacity to create and manage the groups without such linkages — receiving free food or medical care is undoubtedly a powerful incentive to repay a loan.

Many of these same NGOs offer training to village bank members in topics other than credit and bank management. Training can cover a variety of subject matter but is generally related to business management or women's issues. Although these activities can add sunk costs — investments in developing training materials — they do not necessarily need to increase operating expenses significantly (other than reducing the credit officers' productivity ratio) if they are tightly woven into the methodology. FFH's Credit with Education approach integrates minimalist education on high-impact health and nutrition messages into the village banking structure. The same officer who organizes and trains the banks to manage loan capital also facilitates the non-formal education — 15-20 minute learning sessions held at each regular bank meeting.

SOLIDARITY GROUP LOANS

The solidarity group lending methodology provides credit to microentrepreneurs who cannot offer collateral or whose credit needs are very small. Group members guarantee one another's loans. Subsequent loans are dependent on full repayment by all group members. Loan size, purpose, and terms can be adapted to the individual borrower's needs.

Solidarity groups typically comprise 3 to 10 microentrepreneurs who join together to access credit, savings, training, and organization-building services. The majority of the members in a solidarity group are women. To be eligible, group members must have an ongoing microenterprise or a proven ability to conduct the proposed activity, such as small-scale manufacturing, trading, or services.

Groups are responsible for selecting their own members and leaders. They also decide how much each member needs. The loan, however, is made to the group as a whole. Typically, loan amounts start out small and scale up as the group develops a good credit history. Loan terms are short (one to six months) with frequent installments. Loans are used mostly to finance working capital.

Program staff work in the communities, marketplaces, and shops, reaching borrowers at their workplaces. This strategy allow the loan officer to obtain knowledge on the group members and their businesses and to become aware of events that may influence borrower performance. Loan applications ask for simple, readily available information and are used to assess the basic financial viability of the proposed activity. In communities that are largely illiterate, group lending decisions are based on oral assessments.

Given the peer pressure, collective guarantees, and group self-selection, loan review and approval can be accomplished quickly. The group approves the individual loans and then the staff approves the group loan. Loan processing and disbursement rarely exceed seven days for first loans and two days for subsequent loans.

Solidarity groups must meet on-time repayment requirements. Group members are responsible for collecting the total loan. No member is eligible for subsequent loans until the group has repaid in full. Subsequent loans are made immediately and in larger amounts to groups that have repaid on time. In some instances, incentives reward loan officers whose portfolios perform well. All these measures are aimed at motivating on-time repayment.

FAMA/Nicaragua uses the solidarity group lending methodology. FAMA forms groups with three to eight members. Groups, on average, have four or five members. Initial loans cannot exceed $330 per member; the average first loan is $174. Subsequent loans theoretically can increase up to 50 percent. In practice, the increase has been limited to 15 percent because of funding constraints. Loan terms range from two to six months, and payments are generally required weekly. As funding constraints have eased, some loans have been granted with bi-weekly payments. Interest rates charged are 5 percent flat; commissions are 1 percent. All loans are dollarized. As of January 1995, FAMA introduced a new pricing scheme: once clients complete the five optional training courses in business management (provided at no additional charge), the interest rate on their loans is discounted to 3 percent flat. During the first half of the year, approximately 10 percent of the clients had completed the courses.

PRIDE/Kenya uses its own methodology, which incorporates elements of several methodologies. Since collection relies on joint guarantees of the enterprise group (EG — similar to a solidarity group), the NGO is included here. Loans are made to the individual, but the individual must be a member of an EG. Approximately 10 EGs are joined to create a market enterprise group (MEG). The MEG is expected to have approximately 50 members, but, in actuality, with attrition PRIDE/Kenya's average size of the MEG is 29. Initial loan terms are typically 50 weeks. Borrowers meet weekly to make their payments. In later loan cycles, payments can be monthly if the borrower has a strong repayment record. Eight training modules are offered to borrowers.

ROTATING FUNDS

While the microenterprise credit program CARE/Peru uses the individual lending methodology, its poverty lending program comes under the purview of the Women's Income Generation (WIG) project. This project works with groups of women operating community kitchens, all of which receive food donations from CARE/USAID. The groups are provided with training and a blend of donations and loans to use for their revolving loan fund. Training is provided in fund management; business management; and technical skills, such as garment making. Groups are graduated after 18 months: graduation means simply they no longer receive technical assistance from CARE's credit officers.

Revolving funds are established in the amount of $1,200 in Lima and $1,500 in the provinces. The groups not only decide who will serve on the credit committee but also set all lending policies. In the past, revolving funds were established by donating 100 percent of the funds. With the receipt of APPLE funds, CARE modified its policy to donate 50 percent of the funds and lend the other 50 percent to new groups. It also elected to provide an additional $1,000 in the form of a loan to graduated groups that continue to function reasonably well. (Note: At year-end 1994, only four groups had loans outstanding; thus statistical data on their activities are generally not included throughout the study.) Next fiscal year, CARE may change its policy to lend 100 percent of the funds. The term of the loan is 18 months, and payments are monthly. Grace periods of 3 to 15 months are permitted. Interest of 4 percent per month on the outstanding balance is charged to the group.

The group on-lends the funds to its members. Loans are typically small; the average is slightly more than $100. The interest charged to members typically starts high — 8-10 percent per month— as the group tries to build the fund. With time the rates tend to decrease. A rate of 6 percent per month is typical in the more mature groups. The funds stay in the group indefinitely, and no income is distributed.

INDIVIDUAL LENDING

CARE/Peru, FAMA/Nicaragua, ODEF/Honduras, and ASSIST/Jamaica use the individual lending methodology. CARE's microenterprise portfolio consists of 3,100 outstanding loans, of which about 400 are to women who graduated from the rotating funds. Average loan amounts have been approximately $1,500, an amount clearly above the poverty lending targets. Given that this activity does not receive APPLE funding, it has been excluded from the study.

FAMA grants only a limited number of individual loans (3 percent of total in June 1995), most of which are to graduates of the solidarity groups. Others were made to individuals who provide sufficient collateral and guarantors. Loan terms are up to 12 months, in the case of fixed asset loans, and payments are mostly weekly (some monthly in the case of fixed asset loans). Interest rates range from 2 to 2.5 percent flat, and a commission of 1 percent is charged. The loans are dollarized.

ODEF offers individual clients financing for working capital and fixed assets. Although it has fewer individual loan clients than village bank clients (42 percent of total), the individual client's portfolio is clearly larger (87 percent of total). Loan terms range from 6 to 36 months, and payments are generally required monthly. For loan amounts less than $2,300, the interest rate charged is 26 percent flat. A commission of 2 percent is charged. For loan amounts greater than $2,300, interest of 26 percent is charged on the outstanding balance; a 2 percent commission is also charged. The average loan granted in 1994 was slightly less than $800.

ASSIST has offered individual loans since its creation. However, its methodology and loan policy were modified significantly in April 1993 to provide smaller loan sizes for shorter periods. Loans can be as large as $30,000, but the current average is approximately $480. Working capital loans are granted for three to six months, whereas fixed asset loans have terms of up to 18 months. Interest rates are charged on a flat-rate basis and range from 25 to 30 percent. An up-front commission of 5 percent is charged for new clients (3 percent for repeat loans).

SECTION THREE

INSTITUTIONAL CAPACITY

Institutional capacity refers to the institutions ability to achieve significant outreach and deliver cost-effective services. Outreach has several dimensions, which are examined below: depth (ability to reach the poorest borrowers), scale (number of active borrowers), delinquency (evidence that access to credit is valued), and savings. Capacity to deliver cost-effective services also has several dimensions: the relationship between the local organization and the U.S.-based NGO, and the implementing organization's managerial capacity, operational structure, management information system, and financial performance indicators.

OUTREACH

Most NGOs serve predominantly urban populations. Some programs serve rural populations but generally to a significantly lesser degree. Activities are often concentrated in the primary cities, but not entirely to the exclusion of smaller or poorer urban areas. CRS/Nicaragua works with institutions in two of the poorest regions of Nicaragua — Jinotega and Matagalpa — yet these institutions serve predominantly urban populations. FFH and STC/Mali work primarily in remote areas, but lend to mainly for petty trade (urban activities) for generating income during the agricultural off-season.

Depth of Outreach

All of the programs clearly provide financial services to microenterprises that would not otherwise have access to the formal financial sectors. The depth of such outreach is supported by anecdotal evidence or qualitative factors, but income statistics are not generally available across programs. Thus, making assessments on depth of outreach is difficult. Even if income statistics were available, they vary widely across countries and within regions of countries. The best proxy for income available for all of the programs are the loan statistics. Loan amounts range from $20 to in excess of $2,000 — the higher loan amounts are found across all methodologies.

The proxy used to measure depth of outreach in relation to the country context is the ratio of the average loan amount outstanding (outstanding portfolio divided by active clients) to per capita gross national product. The average loan amounts outstanding range from a low of $32 (FFH/Mali) to a high of $603 (ASSIST/Jamaica). For village banking programs only, the average loan amounts outstanding range from a low of $32 (FFH/Mali) to a high of $158 (FINCA/Peru); the average is $77. It should be noted that in the cases of both FFH and FINCA/Peru the average loan outstanding is equal to the average loan granted because the village bank loans are not amortized until the end of the cycle.

The average loan amount outstanding to per capita GNP ranges from a low of 5 percent (CRS/Peru) to 56 percent (PRIDE/Kenya). For the village banking programs only, this ratio ranges from 5 percent (CRS/Peru) to 32 percent (CRS/Nicaragua); the average is only 14 percent. The depth of outreach of the village banking is clearly lower than that achieved by the other methodologies.

Although the solidarity group methodology, for example, had relatively low average loans outstanding — $176 (FAMA/Nicaragua) and $152 (PRIDE/Kenya) — in their country contexts, these loan amounts were still comparatively higher than the village banking programs. The individual loans of ASSIST/Jamaica and ODEF/ Honduras were at the high end of the spectrum. The ratios of the solidarity group and individual methodologies were comparable to the successful microenterprise programs studied in *Maximizing the Outreach of Microenterprise Finance: The Emerging Lessons of Successful Programs* (Christen, Rhyne, Vogel). The ratio of the average loan amount outstanding to per capita GNP of those programs ranged from 6 percent to 136 percent, with 60 percent being the mean.

TABLE 3
DEPTH OF OUTREACH
(December 1994)

Program (number of partners)	Average Loan Outstanding	GNP Per Capita (US$)	Average Loan/ GNP Per Capita	% Women Clients
VILLAGE BANKING				
CRS/Nicaragua (4)	108	340	32%	56%[1/]
CRS/Peru (6)	77	1,490	5%	89%
FINCA/Honduras	70	600	12%	100%
FINCA/Nicaragua	66	340	19%	100%
FINCA/Peru	158	1,490	11%	99%
FFH/Ghana (2)	49	430	11%	100%
FFH/Mali (1)	32	270	12%	90%
ODEF/Honduras	288[2/]	600	48%[b/]	81%
WRH (Honduras)	70	600	12%	100%
Average	77		14%	90%
SOLIDARITY GROUPS				
FAMA/Nicaragua	176	340	52%	76%
PRIDE/Kenya	152	270	56%	Not Available
Average	164		54%	
INDIVIDUAL LENDING				
ASSIST/Jamaica	603	1,410	42%	51%

1/ Ranges from 36 to 100 percent provided by country office; overall average is estimated as it was not provided by field office.
2/ ODEF does both individual lending and village banking. Average village bank loan was $65 (average loan to GNP of 11 percent); individual loans averaged $588 (average loan to GNP of 98 percent).

Scale of Outreach

Although significant depth of outreach has been achieved, its scale has not been so impressive. Only three NGOs — two that use the village bank methodology (FINCA/Honduras and WRH) and one that uses the solidarity group methodology (FAMA/Nicaragua) — have more than 5,000 active borrowers. Assuming these NGOs are reaching only approximately 2 percent of the potential market of their countries, the others are barely scratching the surface of the potential market.

Factors limiting the degree of outreach include lack of vision, lack of organizational capacity, lack of resources, and the newness of the program. Those programs that have had vision, capacity, and access to ample resources have achieved greater outreach. The age of the program would appear to be less important. The three programs that have more than 5,000 active borrowers are also the only institutions that have increased the number of active clients, on average, by more than 1,000 per year.

WRH has received ample funding from WRC, whereas FINCA/Honduras has been able to take advantage of the donor resources available in Honduras (mostly concessionary loans, not necessarily donations). FAMA/Nicaragua has grown rapidly when it has had resources available. It began operations in February 1992. By year end, it had 3,143 active clients. During 1993, FAMA experienced a severe liquidity crisis and had to suspend new applications; active clients at year-end 1993 were only 3,283. Once the liquidity crisis was resolved in 1994, active clients grew to 4,757 at year end 1994 and to 6,021 by June 1995.

TABLE 4
SCALE OF OUTREACH
(December 1994)

Program (number of partners)	Active		Active Borrowers/Year	Portfolio (US$ 000's)	Delinquency >30 days
	Village Banks	Borrowers			
VILLAGE BANKING					
CRS/Nicaragua (4)	20	406	135	44	8-10%
CRS/Peru (6)	37	710	710	54	0%
FINCA/Honduras	248	6,538	1,634	452	6% 8% (PAR)
FINCA/Nicaragua	52	1,433	717	94	0%
FINCA/Peru	60	1,408	469	223	0%
FFH/Ghana (2)	45	1,359	453	67	1%
FFH/Mali (1)[1/]	88	2,427	405	78	0%
ODEF/Honduras	48	1,762	293	492	4% 19% (PAR)
WRH (Honduras)	168	5,440	1,360	348	2% 3% (PAR)
SOLIDARITY GROUPS					
FAMA/Nicaragua	Not applicable	4,757	1,586	840	1%(PAR)
PRIDE/Kenya	Not applicable	3,743	624	529	5.5%
INDIVIDUAL LENDING					
ASSIST/Jamaica	Not applicable	1,080	108	651	35% 54% (PAR)

1/ As of January 1995, unlike the other NGOs, 47 percent of FFH/Mali active borrowers were between cycles at year end — the actual number of active members at year end was 2,618. To present a more accurate picture of their outreach, portfolio and active borrower data for January 1995 were used; the number of village banks remained unchanged.
2/ PAR (portfolio-at-risk ratio) reported for all institutions that periodically monitor it.

FINCA/Nicaragua offers an example where growth has been constrained in part because of a lack of resources and in part because of lack of capacity. FINCA/Nicaragua began pilot operations in 1992; by year-end 1993, it still had only 10 village banks (255 active clients). APPLE funds were secured in 1994; at year end 1994, it had 52 village banks with 1,433 active clients. By June 1995, the number of village banks increased to 98 with 2,863 active clients. Further growth is now constrained until systems are put into place.

FFH/Ghana growth has also been constrained in part by lack of funds. Although its strategy has been for the rural banks to finance the village bank portfolio, in some cases FFH has had to make short-term bridging loans to the rural banks until they can source other funds necessary for the expansion of the program. ASSIST/Jamaica provides a different example of lack of resources. As a result of its excessive delinquency problems, its resources have been constrained by both the lack of repayments and the resulting reduction in donor and loan funding.

The limited scale of CRS/Peru and STC/Mali is attributable to the age of its poverty lending activities. From 1989 to 1993, CRS/Peru's microenterprise activities had average loans in the $2,000-$2,500 range. Only in 1993 did management decide to achieve deeper outreach; poverty lending operations began in 1994. While at year-end 1994, it had only 37 village banks; by June 1995, the number had increased to 61. CRS/Peru has the vision of eventually serving 10 cities by working with 16 NGOs. STC/Mali created UCOVEC (a league of 36 credit unions) in 1987. Loans typically have been in the $500-$1,000 range. The poverty lending activities (a version of village banking that blends in elements of solidarity groups) began only in March 1995.

Portfolio growth in some cases has been much slower than expected. Although FINCA/Honduras and WRH experienced significant growth in active clients, portfolio growth has been slower because of the slower than expected growth in the average loan amount. This is the result of several factors: the capacity to absorb additional loan amounts has been limited by many borrowers, given the difficult economic situation of Honduras; many borrowers in the older banks are reaching their loan limits; funds from internal accounts are available; there are seasonal fluctuations in loan demand; and the rotation of members is high. FFH has noted that portfolio growth has sometimes been constrained by the linkage between the new loan size and the amount of savings. When the two were delinked and borrowers were allowed up to a 50 percent increase in subsequent loans, significant increases in the portfolio were noted.

Delinquency

Delinquency measures are an important component of outreach because they are strong indicators of an institution's capacity to effectively deliver financial services that are valued by the client. It is often said that there are not bad borrowers, but bad lenders. This is supported by programs worldwide repeatedly showing that the poor do repay their loans when the products are structured properly. If there are delinquency problems, there are almost always problems in the loan product, credit procedures, or administrative structures.

The poverty lending programs, when properly executed, have exhibited extremely high repayment rates as well as low delinquency rates. Repayment rates should not be confused with delinquency rates. Delinquency rates are almost always higher than suggested by repayment rates. Delinquency statistics across programs are not consistently calculated and reported — in some cases, the ratios reflect arrearage (past due payments divided by the outstanding portfolio) whereas in others delinquency rates actually reflect the loan loss rate. FAMA/Nicaragua and the Honduran NGOs calculate both the arrearage and the portfolio-at-risk ratios. In the case of the Honduran NGOs, they all use the computerized management information system developed by Covelo/Nathan Associates.

To illustrate, until late last year WRH did not monitor delinquency of the weekly payments because all of its loans at the village bank level were paid in full prior to the end of the loan cycle. Thus, from the perspective of WRH, it had no delinquency. During 1994, it began to monitor delinquency during the loan term. At year end, WRH's delinquency rate for payments more than 30 days past due was 1.97 percent; delinquency of less than 30 days was considerably greater. This difference primarily results from the method of payment: the village banks remit weekly the amount that is collected from the borrowers for principal and interest, not the total payment due from the village bank. Most of the banks have delinquency less than 30 days because at least some of their borrowers are behind on their payments.

This example also illustrates another point: that delinquency in village banking programs occurs at both the NGO level and the village bank level. Oftentimes, the village bank has one or members who are delinquent in their payments, at least during the cycle. As the cycle closes, most will bring their loans current. To the extent that payments to the NGO are required, many village banks will use their savings to cover the shortfall. Thus, the NGO often reports no delinquency, but this is not to say that there is not delinquency within the village bank.

FINCA/Honduras's delinquency rate for payments more than 30 days past due was 6.12 percent. The portfolio at risk (more than 30 days past due) was 8.03 percent. Such rate is high by FINCA's standards. The increase is largely attributable to FINCA's inability to manage growth properly — excessive turnover, insufficient training of new personnel, and inadequacy of follow-up efforts. These problems have since been largely corrected.

CRS/Nicaragua's delinquency in its pilot projects has been largely attributed to both the institutional weakness and the religious nature of three of its partners — borrowers have to be convinced of the need to repay the "church." It is claimed that the situation has been addressed and that the delinquency rate is expected to be lower in the future.

Delinquency has represented major problems for ASSIST/Jamaica and, to a lesser degree, ODEF/Honduras. ODEF, which had previously viewed its operations as social programs and had little concern for repayment, made efforts to reverse its downward spiral and, by the end of 1994, had reduced its delinquency ratios considerably. ASSIST still needs to come to terms with the considerable challenge of improving both its credit-granting and its follow-up processes.

Savings

The savings target of 20 percent of the loan amount per cycle has not been met in many cases. However, this is not to say that the village banking programs have not achieved significant savings levels. FINCA/Peru is the one exception of the village banking experience reviewed in this study where savings have consistently exceeded targets. The targets that have been set by the village banks themselves are greater than the 20 percent. Their weekly payment on a $50 loan would be $3.38. Since all payments are made in U.S. dollars, members decided it was easier to change $5. Thus, weekly payments are $5 — $3.38 principal and interest and $1.62 savings. By the end of the cycle, members have saved 52 percent of the loan. In addition to the programmed savings, many members contribute voluntary savings. They also leave their earnings generated by the internal account in their savings account. Such earnings average approximately 10-12 percent per cycle, largely because the external account payments stay in the internal account the full cycle. By June 1995, savings totaled $365,843 ($176 per member); loans totaled approximately $274,300 ($118,300 external account loans and $156,000 extraordinary internal account loans).

Some of the non-village banking programs require savings as collateral, but such amount are referred to as insurance or guarantee funds. No traditional savings services are offered by these institutions.

NGO IMPLEMENTATION MODELS

An institution's capacity to deliver financial services in an efficient, cost-effective, and viable manner is influenced by the implementation model the U.S.-based NGO selects to carry out its activities. These models are generally categorized as follows:

- Creating or building a single national institution;
- Providing assistance to existing local institutions; and
- Implementing directly.

Creating or building a single national institution. Several of the NGOs create or build independent non-profit affiliates or partner organizations to provide financial services to the poor. Of the programs studied, this approach is used by ACCION, FINCA, OI, and PRIDE. FFH also uses this approach in countries not included in the study. Generally, these institutions will create or affiliate with only a single institution with goals and objectives similar to their own — developing effective and efficient operations capable of providing properly priced financial services on a national scale.

Providing assistance to one or more existing institutions. Covelo, CRS, Katalysis, FFH, and STC provide capital and/or technical assistance to multiple existing local institutions. In the past, Covelo supported up to 30 NGOs, but now concentrates its efforts on only five NGOs at any point in time. CRS/Nicaragua and CRS/Peru also opt to work with local NGOs— four in Nicaragua and six in Peru — that have a relatively limited regional focus and are, for the most part, church or community development organizations. Their approach to achieving scale is through partnerships with a multitude of institutions (for example, CRS/Peru eventually expects to serve 10 cities through 16 local NGOs). Katalysis is the exception in that it works only with ODEF, a community development NGO operating in the northern region of Honduras.

FFH/Mali currently works with one NGO, whereas FFH/Ghana works with two rural banks to implement its activities. FFH has changed its approach either to partner with formal financial sector institutions or to create its own national-scale financial intermediaries. It has shifted away from the existing NGO partner model for the reasons mentioned below. In Mali, FHH currently works with an NGO, but the APPLE funds are for work with two credit union networks. In Ghana, FHH expects to add more rural banks and WWB/MASU to their network. STC/Mali is also working with UCOVEC (a league of 36 credit unions).

Direct Implementation. CARE and WRC implement their programs directly by taking advantage of the country offices used for their multiple other projects. Whereas WRC initiated its Honduran operations in this way, WRH has subsequently become an autonomous partner. Each of these organizations has combined and/or linked the rotating funds and village banking activities with its other food and health programs funded by donors such as USAID.

Each approach has its advantages and disadvantages. Creating or building a single institution involves significant start-up costs — acquiring infrastructure and developing capacity. This strategy often proves effective in achieving significant scale. Operating procedures can be standardized, the institution can focus on achieving greater scale and operational efficiency by not having multiple focuses or conflicting philosophies, and the institution has greater control to ensure it takes the necessary steps to achieve its objectives.

Providing assistance to one or more institutions has the advantage of lower start-up costs with respect to acquiring infrastructure, but it has enormous costs in institution building, particularly with respect to NGOs. Most

NGOs of this nature operate as social development institutions, and credit becomes only one tool of poverty alleviation. The majority do not intend to become specialized in credit, and their prospects of providing cost-effective financial services to a large number of the poor appear limited. The time and effort involved in convincing management and the board of directors to make the necessary organizational changes to achieve scale and sustainability are typically very costly. Moreover, existing personnel often have a social services background as opposed to the technical skills appropriate for managing a large-scale credit program, thereby resulting in high training costs.

USAID's experience with Covelo in Honduras illustrates this point. The institutional capacity and system development of most NGOs were much lower than anticipated. During the project, it became clear that the goal of self-sufficiency for the number of NGOs originally contemplated would not be feasible. As a result, it was decided to concentrate Covelo's resources on those few NGOs — five at any point in time — that offered the best prospects for effective use of the assistance proffered. Covelo, as a service provider to NGOs, has established an important track record, and its activities are valued both by its clients (the NGOs) and by other donors. However, its impact has not been as favorable as would be expected.

The approach of working with local banks and credit union leagues appears to offer several advantages, such as direct linkages with the formal financial sector (the banks or credit unions use their own loan capital; the client has ongoing access to formal financial sector), comparatively lower human resource development costs because existing personnel have more technical skills, decreased investment in the branch network during expansion, and access to the banks own capital. FFH's experience with financial institutions is that they become enthusiastic about working with poor clients once they have learned about the availability of a methodology with high potential for viability. FFH has also found that financial institutions are much more rigorous in negotiating agreements. In Ghana, this has resulted in protracted negotiations, but the result is that FFH now has an advanced standard model partner agreement that clearly defines the roles and responsibilities of each partner.

For some NGOs, direct implementation has the advantage of an existing infrastructure as well as the control to shape the lending operations in a desired manner. Moreover, some operational efficiencies can be achieved to the extent that they capitalize on the work of the NGO's other programs. For example, WRH and CARE/Peru work with women's groups formed under their infant survival and community kitchens programs, respectively. However, the key issue will be sustainability — self-sufficiency and permanence of operations. Not only is there the question of achieving self-sufficiency, but there are also a whole host of issues with respect to the permanence of the program once donor funding for the other NGO activities shrinks.

MANAGEMENT SUPPORT FROM THE U.S.-BASED NGO

Each U.S.-based NGO has its own approach to overseeing and providing the necessary support to its programs. FINCA and PRIDE have created regional offices to provide support and technical assistance to their affiliates, whereas most of the organizations tend to have local support personnel/units.

In general, the operational support from all of the U.S.-based NGOs has been insufficient. As will be discussed below, the financial management capacity and management information systems are weak in most of the institutions. Admittedly, building financial management capacity requires extensive technical assistance, for which in some cases the donors are unwilling to pay. However, in the case of management information systems, the U.S.-based NGOs have many programs operating, and yet, with few exceptions, they have not yet developed an adequate management information system they can easily install in each of their country programs.

MANAGEMENT AT THE IMPLEMENTING-AGENCY LEVEL

The most pressing issue for the programs is the managerial and institutional capacity of the implementing organizations. Programs operating on a small scale seem to perform (that is, repayment) well. In this stage, strong management capacity is not really required. But if the programs are to scale up, the needs will become far more complex. Managing growth is difficult and involves major organizational changes. Such changes are not peculiar to poverty lending NGOs.

The institutions' stages of development were described in *The Process of Institutional Development: Assisting Small Enterprise Institutions Become More Effective* (Edgcomb and Cawley, 1991). The three basic stages are development (start-up, design, testing, and implementation of methodology and structure); sustainability (organizational growth and maturation, institution advances toward efficiency, and financial viability); and expansion (scale up, institution expands its program by increasing clients and/or geographic coverage). Most of the institutions studied are in the development or early sustainability stages.

Governance and Board of Directors

Based on interviews with executive management and some of the boards of directors, it appears that, with a few possible exceptions, the NGO boards are in either stage 1 or stage 2 of their evolution, as described in *Alchemists for the Poor: NGOs as Financial Institutions.* Stage 1 is described as a homogeneous board composed of individuals with interest in development and volunteerism; boards set major parameters for operations, but spend little time reviewing operations; and governance issues for boards are not well defined. Stage 2 is characterized by some private sector participation on boards; with few exceptions, boards do not exhibit strong leadership or visionary roles, but are oriented toward self-sufficiency and long-term viability (Drake, Otero, 1992). Generally, most of the boards are weak and are fundamentally in stage 1 of their evolution. Others are oriented toward self-sufficiency and viability (for example, demonstrate characteristics of stage 2), whereas only one or two of the boards are oriented toward expansion and scale.

Each implementing NGO has had to work extensively to strengthen the boards of the local institutions. There is a litany of learning experiences that have been recounted. Most relate to the differing philosophical perspectives of social development professionals; the inappropriateness of membership (for example, employees); and, simply, the general weakness and lack of activity. Others include cases of fraudulent behavior. OI uncovered improper financial behavior of its Nicaraguan partner's executive director. The board, which was loyal to the executive director — several had themselves received loans — refused to dismiss him. As a result, OI severed the relationship. It has subsequently created a new institution, which began operations in August 1995.

Senior Management

Although some of the organizations have generally competent management, in most cases senior management of the NGOs is not necessarily equipped to manage large-scale credit programs. In the case of FINCA/Nicaragua, the organization started a small pilot project. The person selected is dynamic and relates extremely well to both the community and the village bank members. Moreover, she will work for the salary the NGO can afford to pay. Yet she does not necessarily have the skills and expertise necessary for a large-scale credit program. This situation is not unique to FINCA. It is often the case that the NGOs do not have the necessary funds to hire highly qualified candidates for its key management positions. Thus, in a sense, the NGOs settle for what they can pay for. Once a program grows, the need for the highly qualified person is even greater. The dilemma is how can the institution best transition from the development stage to the sustainability or expansion stage when its staff may be ill suited for the changing demands of its position.

The scenario most common to CRS is that it partners with institutions over which it does not have much influence. The village banking activities represent but one small part of CRS/Peru's partner NGO operations. Although this approach represents substantial training and technical assistance costs, it may never really matter if management can manage a large-scale program. Most will not likely scale up.

FFH's experience with NGOs has been similar to that of CRS. For that reason, FFH works with formal financial sector institutions that focus on credit. The two banks FFH works with in Ghana are among the strongest rural banks, and their management appears generally capable. Although managers at these organizations also require training and technical assistance, it is expected to be much less intensive. FFH expects to add more banks to the Ghanaian project, and in Mali, FFH will begin working with two credit union networks — Nyesigiso and Kafo Jiginew.

ODEF/Honduras has been undertaking a major restructuring, a move that indicates a beginning of a return to acceptable practices in its overall operations. This move came about as the executive director died and was replaced by a member of the board of directors. Other staff changes were made, including the addition of a credit department advisor funded by Inter-American Development Bank.

With possibly one exception, the financial management capacity of all the organizations needs strengthening. Although the financial managers, in several cases, appear to be knowledgeable about the operations and generally competent, all require ongoing assistance in financial planning and financial management. The assistance required extends beyond planning for self-sufficiency per se. Cash flow and liquidity management has not generally been particularly effective. Nearly all of the institutions have experienced both excess liquidity and illiquidity. Financial efficiency in most cases has not been high, as will be discussed under Financial Performance below. Finally, the information generated by the management information system each month is of limited use for a financial manager.

Human Resource Management

One principal challenge each poverty lending institution faces is to define an appropriate staff profile for its credit officers. Defining such a profile must take into consideration not only the clients' needs but also the organization's need for efficiency, effectiveness, and viability. There has been a considerable debate about what level of qualifications is necessary.

Mistakes that too many microfinance programs repeat include hiring personnel overqualified to manage the simple products offered, and paying unnecessarily high salaries to overly qualified people. In contrast, other programs have hired less qualified credit officers at lower salary levels. This has often resulted in employee turnover — staff leave as soon as they are trained and offered higher salaries — or other problems to the extent that staff could not provide the necessary training and support to their clients. Striking the balance is never easy.

Another subject of debate with respect to the profile of the credit officer concerns the officers' gender. Some organizations prefer to hire female credit officers in the belief that they relate better to their clients. Others prefer to hire males for security reasons and/or ease of mobility (that is, its culturally unacceptable for women in many countries to ride a motorcycle). Again, the decision will depend on the clients' needs as well as the organization's need to maximize both efficiency and effectiveness.

Training of personnel for the most part has been on the job. After initial training of one to two weeks, most of the institutions team new credit officers with other officers for a specified period of time. Other organizations provide trainees with an easier and perhaps lighter workload that gradually increases as they perform. Often such arrangements are on a trial basis: if trainees perform successfully, they will be hired. As of March 1995, for example, PRIDE had 13 officers in training. Training of personnel in a more formal setting generally has been more limited, particularly after project start-up.

OPERATIONS

Administrative Structure

Microfinance institutions normally can best provide micro loans through simple branch offices. These branches should be administered in a decentralized manner to reduce borrower transactions costs, keep a close and personal relationship with the local community targeted by the program, and reduce the operating expenses associated with such a network. The nature of character-based lending requires institutions to confer operational autonomy on the branch office staff. These lending technologies depend on information from the borrower's peer group. This "soft" information relates to borrower credit-worthiness and is largely subjective in nature. The informal nature of this information about borrowers reduces the possibility that regional or head office intervention in credit decisions would have a beneficial impact since the information is by its very nature meaningful only in a local context.
to

Several of the programs do have simple branch networks: PRIDE/Kenya has 12; FAMA/Nicaragua has 9; FFH/Ghana's rural banks each have 7; and ASSIST/Jamaica and the Honduran NGOs each have 3 to 5. The branch offices are small — a structure appropriate for geographic expansion. FAMA's branch staff tends to be larger than some of the others because four of its branches operate like a mini-bank — they manage all cash transactions from their offices. Thus, they have tellers, guards, and so forth.

In most cases, however, the operations are not decentralized. Many of the institutions grant almost no authority to the lower chain of command or operational staff. For example, ASSIST/Jamaica must submit loan requests to the regional board for submission to the credit committee. ODEF/Honduras refers to its branches as "application takers." FINCA's senior management — in Honduras, Peru, and Nicaragua — is involved in the approval of all loans. In the case of FINCA/Honduras, a credit committee, which includes two board members, must approve amounts greater than $2,300 (for example, village banks beyond the third cycle).

As the institutions move toward decentralization, they will need to increase internal audit operations, which in most cases are lacking. Internal controls and audits form an important part of an effective decentralized administration system for providing micro loans. Minor but repeated patterns of fraud frequently accompany micro loan programs that do not develop internal controls and operational audits. There will also need to be a greater emphasis on standardization.

Credit Procedures

Promotion and Approval

Most of the NGOs have demonstrated a certain degree of capacity in their credit procedures, as is evidenced by their high repayment rates and/or low delinquency rates. However, some are more efficient than others. The requirements of managing scale efficiently leave little room for variation in processes. Activities must be highly standardized and efficient.

In the past, the focus for many of the NGOs has been on refining or adapting their respective methodologies to their country context. The NGOs are now moving to a much greater emphasis on standardization of the methodology as well as the credit promotion and analysis procedures. For example, CRS/Nicaragua and CRS/Peru are standardizing the village banking model in each country context so as not to permit much variation among their partner NGOs. Although progress has been made in increasing standardization of the credit procedures, many of the NGOs still exhibit certain bottlenecks that will need to be addressed to increase efficiency. FAMA/Nicaragua offers an illustrative example of a highly standardized and systematic delivery system (for example, standardized daily disbursement at 9:30 a.m. at all offices), yet it too must take steps to streamline operations to increase productivity.

Supervision, Follow-Up, and Collection

Under the village banking model, the administrative committee fulfills the role of supervising and collecting payments from its members. The credit officer is responsible for supervision of the village bank and collection of the loans at the NGO level. Whenever there have been delinquency problems, the credit officers have been generally criticized for their inability to manage groups, their deficiencies in forming groups with sufficient cohesion, and so forth. However, supervisors at all levels are also to blame, not just the credit officers.

Village banking programs operating on a small scale tend to be personalized and often charismatic. Management regularly attends bank openings, end of the cycle closings, and so forth. Once the programs expand, organizations must take measures to manage growth effectively. Inevitably organizations will go through growing pains, and responsibilities will change. However, through this process, supervision and follow-up cannot decline; otherwise program performance will deteriorate, as in the case of FINCA/Honduras in 1994.

Supervision, follow-up, and collection for individual lending have not been without problems. Supervision of the borrowers has often been weak in the case of ASSIST/Jamaica and ODEF/Honduras, partially because of the technical deficiencies of the credit officers who did not have the necessary experience to analyze the situation of the borrower objectively and make appropriate recommendations. Collection procedures in ODEF has shown marked improvement during the past year, but ASSIST still has a long way to go.

With respect to method of payment, some program credit officers collect the payments. This has resulted in fraud and improper behavior of some credit officers, including failure to turn in cash receipts or payments or to deposit savings on behalf of village bank. Other NGOs have required borrowers to make payments at the NGOs' commercial banks. This system has its costs in terms of the borrowers' transaction costs and even increased slowness of payments (borrowers may delay making a long trip to the NGOs' bank), but the costs of not having it can be considerably greater.

Productivity

Given the expense of making small loans, each institution must strive to optimize its overall productivity. Several measures can be used to assess the productivity of the staff. A few such measures that may help the institution assess where the bottlenecks lie as it attempts to increase overall efficiency are presented below. The ratio of active clients to credit officers ranges from a low of 59 (CRS/Peru) to a high of 272 (FINCA/Honduras). Admittedly CRS/Peru's is lower than would normally be the case because it had credit officers in training at each of its six partner organizations and had only recently initiated operations. Half of the programs had ratios of active clients to credit officers in excess of 200. Admittedly, this ratio will have to increase in the future, but it is no small achievement.

The ratio of active clients to staff member ranges from a low 26 (ASSIST/Jamaica) to 172 (FINCA/ Honduras). This productivity ratio indicates a much lower degree of overall accomplishment — only FINCA/Honduras and WRH have noteworthy levels of achievement. Each of the organizations must emphasize efficiency at all levels, not just by credit officers. The relationship between this productivity ratio and the level of operating expenses expressed as a percentage of the average portfolio will become evident in the Financial Performance Indicators section of this report.

FINCA/Honduras's and WRH's high ratio of active clients to staff member is in part the result of the ratio of credit officers to total personnel. In this case, FINCA/Honduras and WRH have ratios of 63 percent and 66 percent respectively. In other words, they each have a relatively low level of administrative and management staff in relation to the credit officers. ODEF/Honduras and FAMA/Nicaragua have ratios of only 28 percent and 35 percent respectively. To some extent, FAMA's low ratio is attributable to the number of branches it operates, particularly the ones that operate as mini-banks and require round-the-clock guard services.

TABLE 5
STAFF PRODUCTIVITY
(December 1994)

Program (number of partners)	Personnel		Officers/ Total Staff	Active Clients	
	Officers[1/]	Total Staff		Officer	Staff Member
VILLAGE BANKING					
CRS/Nicaragua (4)	5	Not Applicable	Not Applicable	81	Not Applicable
CRS/Peru (6)	12	Not Applicable	Not Applicable	59	Not Applicable
FINCA/Honduras	24	38	63%	272	172
FINCA/Nicaragua	6	14	43%	239	102
FINCA/Peru	9	15	60%	156	94
FFH/Ghana (2)	9	Not Applicable	Not Applicable	151	Not Applicable
FFH/Mali (1)	6	Not Applicable	Not Applicable	230	Not Applicable
ODEF/Honduras	8	29	28%	220	60
WRH (Honduras)	21	32	66%	259	170
Average			52%	185	120
SOLIDARITY GROUPS					
FAMA/Nicaragua	22	63	35%	216	75
PRIDE/Kenya	32	58	55%	117	65
Average			45%	167	70
INDIVIDUAL LENDING					
ASSIST/Jamaica	18	41	44%	60	26

1/ In some cases, includes supervisors if they serve a dual role as officer and supervisor, that is, if they actively manage a portfolio comparable to the other officers.

Not Applicable: These institutions only account for staff paid by project, not the entire institutional management and administration structure. Such figures are not directly comparable to those of the other organizations and therefore have not been included.

MANAGEMENT INFORMATION SYSTEMS

Developing a good management information system has undoubtedly been the greatest challenge faced by each and every institution. Even those with reasonably adequate systems continue to struggle with them as information needs evolve. Many of the programs have manual systems in their early stages that are often adequate for the management of small-scale activities. As the programs grow, the systems become computerized; yet the systems never quite meet the needs of a growing institution. Thus, not one institution claims to be satisfied with its system, and nearly all are installing new systems or modifying existing ones.

Those institutions that have generally adequate computerized systems, but are making further refinements, include the following:

- In Honduras, Covelo (for the benefit of FINCA/Honduras, WRH, and ODEF) is reprogramming major changes in anticipation of scale-up. Changes include putting the system on-line, creating network capability, and so forth.

- FAMA/Nicaragua is integrating the portfolio administration system with the accounting system, and is developing modules for projections and budgeting.

- PRIDE/Kenya's system needs to further develop the analysis and presentation of the information it captures.

Each NGO recognizes the need for systems and is attempting to address this need. FFH has hired a technical advisor with 20 years of international banking experience to upgrade management information systems for all partners. FINCA's regional hub in Guatemala has been working to adapt the system previously developed by Covelo/Nathan Associates in Honduras to meet the needs of its various affiliates. In the case of CRS, it has been developing systems that capture extensive data by village bank cycles. However, the systems are not yet geared to financial management of a large-scale program — that is, information is generated by loan cycle as opposed to a cutoff date.

Accounting/Financial Statements

Nearly all of the institutions use a fund accounting system because they continue to depend on donor resources. This system makes it extremely complicated and cumbersome for an institution to monitor its costs (for example, by cost center). In addition, management cannot assess quickly the performance of a specific program such as credit or training or the financial performance of its branches. That aside, most of the weaknesses detected in the accounting systems are at the human level; the NGOs do not use them uniformly or effectively.

Financial statements can be generated in a timely manner, as is evidenced by some; yet others often experience delays of one to two months. In addition, there appears to be little review. Many prepare the financial statements for donors rather than for managerial purposes. Moreover, none of the organizations adopts generally accepted accounting principles in all respects. They all have their unique variations, most of which distort their financial situation. Examples include the following:

- Loans are written off directly against equity; thus, they are not reflected on the income statement as an expense (loss provision).

- Loans are often not written off in a timely manner.

- Loss provisions are often not established, or, if they are, they are often insufficient (only FAMA/Nicaragua establishes loss provisions monthly on the basis of its portfolio at risk).

- As a consequence of using a fund accounting system, accounts receivable (or accounts payables) are registered for funds lent (or borrowed) from one "fund" to another, thereby inflating their balance sheet.

- Although cash basis accounting is used for the income statement, on the balance sheet the "portfolio outstanding" registers the amount lent plus all the interest to be earned during the cycle (the unearned interest is offset by a liability account).

- Donations are not registered (typically if for fixed assets).

Portfolio Administration System

The two most common weaknesses in the portfolio administration system are that the information is not available when needed and that the information necessary for effective portfolio management is not generated. The systems of a limited few generate delinquency information on a daily basis, whereas others generate it on a monthly basis. Still others capture only delinquency information at the end of the loan cycle. With respect to the type of information generated, most do not generate the information necessary to assess the quality of the portfolio. There is often no aging of arrears or portfolio-at-risk data — to the extent that these data were available, they have been reflected above under Table 3, Depth of Outreach. Delinquency and portfolio-at-risk information is often not classified by promoter or by region. Such information is very important for decision making, efficiency, and planning. Finally, each organization uses its own method of calculating delinquency (for example, delinquency versus loss rate).

FINANCIAL PERFORMANCE INDICATORS

Leverage

Given the limited donor resources available relative to the tremendous potential demand for financial services, institutions must move toward intermediating funds from the formal financial sector. In many instances, banks or other financial intermediaries can leverage their capital base up to 10 times or more. An NGO must also be in a position to leverage capital for it to grow, although not in the same magnitude.

Four of the NGOs have been able to secure loan funds to finance their operations — FINCA/Honduras, ODEF/Honduras, FAMA/Nicaragua, and ASSIST/Jamaica. WRH has an approved loan facility and could easily se re loan funds if it so desired. However, because it has considerable donor funds available, it has not elected even to take advantage of the loan facility approved for it by Covelo. FINCA/Honduras, ODEF, and FAMA have had access to loans from local sources that essentially channel donor resources. Loans have been at interest rates above or reasonably proximate to the average inflation rate. Although the rates charged have been lower than commercial interest rates, such loans cannot really be considered "quasi-equity." They are not capitalizing the institutions in the manner that the Inter-American Development Bank does, in other words, by providing loans with a 40-year term, 10-year grace period, 1 percent commission plus 2.5 percent administration charge, and so forth. Although funding from these sources represents leverage, it is not truly on commercial terms and conditions. ASSIST's access to loans is declining, given the rapid deterioration of its financial condition.

FFH/Ghana accesses loan capital, given that the rural banks directly fund the village banking portfolio. The rural banks lend to the village banks, which on lend to their membership. FFH expects to utilize this approach with more banks in Ghana and with the credit union networks in Mali. STC/Mali accesses funds for loan capital because UCOVEC has a partnership relationship with the National Bank for Agricultural Development.

Self-Sufficiency

Self-sufficiency is one key goal of many micro-credit programs. In its simplest form, self-sufficiency can be expressed as a ratio by dividing credit and investment income by the actual financing and operating costs (personnel and administration, loan loss provisions, and the like) of the credit program. This is called operational self-sufficiency. A ratio greater than 100 percent indicates that the income of the program is able to cover its basic costs and preserve its capital, at least with respect to operational activities. This ratio presents information about the basic operational position of the organization, but not its economic position. The operational position identifies whether enough income was earned to cover the organization's costs. The economic position of the organization provides a view of how the institution has fared within the economic environment in which it operates, and thus includes the recognition of inflation. Thus, a more realistic way to look at self-sufficiency is to include the inflation cost related to equity (including highly concessionary debt) as part of the expenses. This is called financial self-sufficiency.

Operational self-sufficiency is still the frontier for poverty lending programs; thus, no attempts have been made to calculate financial self-sufficiency at this point in time. The reported operational self-sufficiency figures on a sample of 44 programs reviewed in *Village Banking: The State of the Practice* (Nelson, MkKelly, Stack, Yanovitch, 1995), are summarized in the box below (note: the operational self-sufficiency as defined in that study excluded actual financing costs).

Village Banking: Operational Self-Sufficiency Ratios

10 programs	over 90%
3 programs	50-90%
4 programs	25-50%
27 programs	under 25%

Self-sufficiency ratios clearly state whether programs are covering costs, but they do not present the whole picture. Other financial ratios can be used to monitor an organization's progress toward this goal while evaluating trends in both income and expenses.

The framework of analysis in this study examines the relationship between income and expenses relative to the NGOs' average portfolio. This relationship is presented in Table 6. To the extent possible, income from loan operations was separated from total income and non-credit operating expenses were separated as well (see footnotes in Table 6). The average portfolio was calculated using quarterly balances, where available or by using year-end balances. Presenting information in this way is often more illuminating. For example, FAMA/Nicaragua is an organization that is financially self-sufficient. However, its financial ratios presented below indicate that it is not particularly efficient.

Information on programs not presented in Table 6 was either not available or not directly comparable. For example, CRS/Nicaragua does not currently collect such information. CRS/Peru only tracks the "variable operating expenses" associated with their programs. For example, the partner NGOs already have fixed overhead (space rental, management, accounting, and so forth). CRS/Peru bases its estimates of self-sufficiency only on the credit officer's salary, the credit officer's transportation costs, and a specified amount for materials and supplies. It does not include any of the fixed overhead. Thus, any attempt to compare such ratios to programs listed above that account for the entire scope of operations would be misleading.

This is somewhat true of FFH, but to a lesser extent. In the case of FFH, it includes all of the costs associated with adding a new financial product to the rural banks' existing products. However, a pro rata share of the institutional overhead is not assigned or charged to the village banking program. In the case of the banks, since they already have sizable credit operations, the pro rata cost of adding a new product is likely to be comparatively lower than for a newer institution scaling up. Information is presented for FFH/Ghana as an illustrative example. However, it should be noted that: (1) data of the two partners are combined; and (2) costs include training expenses, but do not include the pro rata costs of management and physical infrastructure.

Operating cost ratios for the credit programs range from a low of 43.3 percent (WRH) to a high of 102.6 percent (FINCA/Nicaragua); the average is 62 percent. The average operating cost ratio for the village banking programs is 64 percent — a level only slightly above the overall average. The ratios of ASSIST/Jamaica, FINCA/Honduras, and ODEF/Honduras would have been reduced by 6 to 8 percentage points if they had managed their portfolios better and therefore not forced to take significant write-offs. One might assume that the costs of WRH would be higher since it is integrated with health and infant survival programs. However, WRH's credit operation is in actuality a more minimalist approach. It simply capitalizes on the infrastructure acquired and work performed under other projects, and its accounts are kept accordingly.

TABLE 6
FINANCIAL PERFORMANCE OF CREDIT PROGRAM
(AS A PERCENT OF AVERAGE PORTFOLIO)1/
(December 1994)

Program (number of partners)	Yield2/	Actual Financial Costs	Operating Costs3/	Net Operating Margin
VILLAGE BANKING				
FINCA/Honduras	44.4%	8.2%	49.9%	(13.7%)
FINCA/Nicaragua	43.9%	0%	102.6%	(58.7%)
FINCA/Peru	24.4%	0%	79.6%	(55.2%)
FFH/Ghana4/ (2)	30.0%	Not Available	50.5%	(20.5%)
ODEF/Honduras	41.5%	6.7%	58.1%	(23.3%)
WRH (Honduras)5/	41.4%	0%	43.3%	(1.9%)
Average	37.6%	2.5%	64%	(28.3%)
SOLIDARITY GROUPS				
FAMA/Nicaragua	101.7%	9.4%	61.3%	31.0%
INDIVIDUAL				
ASSIST/Jamaica6/	31.8%	8.0%	50%	(26.2%)

1/ Calculated using quarterly balances.
2/ Includes financial income on loans only.
3/ Includes administrative costs and loan-loss provisions on credit program only unless otherwise noted.
4/ Aggregate data of banks combined; includes training expenses, but does **not** include total management and physical infrastructure. Average portfolio calculated using year-end balances.
5/ As of November 1994.
6/ Because lack of information, average portfolio is calculated by averaging year-end balances; includes all non-donor income; other non-financial costs includes total operating expenses of both training and credit.

In some cases, interest rates may need to be increased. In other cases, improving financial efficiency may be all that is needed. Financial efficiency is defined as the ability to maximize the yield achieved in relation to the effective interest rate charged. The yield is often considerably lower than the effective rate because of delays in relending funds, arrears in the portfolio, and the timing of receipts. To the extent that these can be minimized, the yield can be increased. As is noted from Table 7, there is a substantial gap between the effective interest charged by the NGO and the yield it actually receives. The ratio of the yield divided by the effective interest rate ranges from a low of 32 percent (FFH/Ghana) to a high of 83 percent (FAMA/Nicaragua).

Although this ratio indicates that there is a margin of inefficiency, care must be taken in the interpretation of these margins for two reasons. First, for purposes of comparability, effective interest rates have been calculated on a typical four-month loan to a first-time borrower. Not only does the term structure affect the effective yield, assuming loan fees and flat interest rates, but so does the fee structure to the extent that it declines for repeat borrowers. Given that different methodologies are being used in several different country contexts, the institutions studied naturally have varying term and pricing structures. Second, the yield was calculated using quarterly balances where possible; otherwise, year-end balances were used (ASSIST/Jamaica and FFH/Ghana). The actual portfolio outstanding may have fluctuated significantly from month to month thereby creating distortions, particularly in the year-end cases of ASSIST/Jamaica and FFH/Ghana.

TABLE 7
FINANCIAL EFFICIENCY
(COMPARISON OF YIELD TO EFFECTIVE INTEREST RATE)
(December 1994)

Program (number of partners)	Yield	Effective Interest Rate[1/]	Yield/ Effective Interest Rate
VILLAGE BANKING			
FINCA/Honduras	44.4%	61.5%	72%
FINCA/Nicaragua	43.9%	61.5%	71%
FINCA/Peru	24.4%	37.2%[2/]	66%
FFH/Ghana (2)	30.0%	92.5%	32%
ODEF/Honduras	41.5%	51.2%	81%
WRH (Honduras)	41.4%	71%	58%
Average	37.6%	54.6%	63%
SOLIDARITY GROUPS			
FAMA/Nicaragua	101.7%	122.6%[3/]	83%
INDIVIDUAL LENDING			
ASSIST/Jamaica	31.8%	65.6%	48%

1/ Calculation of effective interest rate to NGO on typical four-month loan to first-time borrowers; not necessarily the borrowers' effective interest rate. Village bank members often make more frequent payments to the village bank than it makes to the NGO, thereby increasing the effective rate. However, all earnings made from such payments accrue to members, thereby reducing their effective rate. Thus, no attempt was made to calculate borrowers net effective rate.
2/Effective rate calculated assuming 50 percent of portfolio in "external account" loans (26.4 percent effective rate) and 50 percent of the portfolio in "extraordinary internal account" loans (48 percent effective rate).
3/ Effective rate for clients who have graduated training courses was reduced to 78 percent as of January 1995.

SECTION FOUR

FRONTIERS AND CHALLENGES

The individual and solidarity group lending methodologies have demonstrated their capacity to reach low-income clients. However, the depth of outreach has not been as great as that the poverty lending programs. The village banking model has shown its tremendous capacity to reach the poorest borrowers in nearly every country context. Average loan amounts for programs have been as low as $32. Average loan to GNP per capita ratios have been as low as 5 percent (13 average for village banking; 24 percent average overall sample).

The experience and results of all the implementers have demonstrated that, as a methodology, village banking is very easy to replicate, easy to adapt to local context, and easy to combine with other social objectives (health, nutrition, family planning, and so forth). However, it is a model in evolution. As such, practitioners will be challenged to identify approaches to address such issues as village bank management and supervision, membership turnover, and graduation (village bank evolution).

Achieving scale will represent a major challenge for all of the organizations. To date, the scale of operations has generally been limited. Three organizations currently have more than 5,000 active borrowers, have added on average more than 1,000 borrowers per year, and are making plans to scale up. Those programs that have achieved greater outreach have had vision, capacity, and access to ample resources. Age has not been the most important variable.

Some village banking programs have proven that the poor can and do save, given proper incentives. The organizations will be challenged to develop mechanisms to provide savings services to borrowers that are secure and accessible and that yield positive returns.

The greatest challenge for the organizations will be developing institutional capacity to manage large-scale credit operations on a sustainable basis. Some organizations are making the transition from the development stage to the sustainability stage. In doing so, they are tackling the major management and organizational challenges — development of the board of directors, human resource development, operational structures, procedures, and productivity, and the design of an effective management information system.

Two of the institutions undergoing the transition have achieved high productivity ratios — 170 or more active clients per staff member. The operating costs as a percentage of average portfolio of these two institutions were 43.3 percent and 49.9 percent — if extraordinary loan losses in 1994 were excluded, the latter ratio would be approximately 42 percent. The ratios compare to the overall average of 62 percent for 8 of the 12 institutions studied.

Increasing operating efficiency goes hand in hand with achieving self-sufficiency or sustainability. Sustainability must be a balance of credit income and credit expenses (including financial costs, administrative costs, and loan loss provisions). Both are equally important. Pricing should be set based on the level of efficiency that the organization can honestly hope to achieve in the medium term. In some cases, interest rates may actually need to be increased. In other cases, improving financial efficiency may be all that is needed.

GEMINI PUBLICATION SERIES

GEMINI Working Papers:

1. "Growth and Equity through Microenterprise Investments and Institutions Project (GEMINI): Overview of the Project and Implementation Plan, October 1, 1989-September 30, 1990." GEMINI Working Paper No. 1. December 1989. [not for general circulation]

*2. "The Dynamics of Small-Scale Industry in Africa and the Role of Policy." Carl Liedholm. GEMINI Working Paper No. 2. January 1990. $5.50

3. "Prospects for Enhancing the Performance of Micro- and Small-Scale Nonfarm Enterprises in Niger." Donald C. Mead, Thomas Dichter, Yacob Fisseha, and Steven Haggblade. GEMINI Working Paper No. 3. February 1990. $6.00

4. "Agenda Paper: Seminar on the Private Sector in the Sahel, Abidjan, July 1990." William Grant. GEMINI Working Paper No. 4. August 1990. $3.00

*5. "Gender and the Growth and Dynamics of Microenterprises." Jeanne Downing. GEMINI Working Paper No. 5. October 1990. $10.50

6. "Banking on the Rural Poor in Malaysia: Project Ikhtiar." David Lucock. GEMINI Working Paper No. 6. October 1990. $3.30

7. "Options for Updating AskARIES." Larry Reed. GEMINI Working Paper No. 7. October 1990. $3.50

*8. "Technology — The Key to Increasing the Productivity of Microenterprises." Andy Jeans, Eric Hyman, and Mike O'Donnell. GEMINI Working Paper No. 8. November 1990. $3.60

9. "Lesotho Small and Microenterprise Strategy — Phase II: Subsector Analysis." Bill Grant. GEMINI Working Paper No. 9. November 1990. $15.50

*10. "A Subsector Approach to Small Enterprise Promotion and Research." James J. Boomgard, Stephen P. Davies, Steven J. Haggblade, and Donald C. Mead. GEMINI Working Paper No. 10. January 1991. $3.10

11. "Data Collection Strategies for Small-Scale Industry Surveys." Carl Liedholm. GEMINI Working Paper No. 11. January 1991. $1.30

*Publications of general interest

44

12. "Dynamics of Microenterprises: Research Issues and Approaches." Carl Liedholm and Donald C. Mead. GEMINI Working Paper No. 12. January 1991. $6.50

13. "Dynamics of Microenterprises: Research Priorities and Research Plan." Carl Liedholm and Donald C. Mead. GEMINI Working Paper No. 13. August 1990. [not for general circulation]

14. "Review of Year One Activities (October 1, 1989 to September 30, 1990) and Year Two Work Plan (October 1 to November 30, 1990)." GEMINI Working Paper No. 14. January 1991. [not for general circulation]

*15. "The Process of Institutional Development: Assisting Small Enterprise Institutions to Become More Effective." Elaine Edgcomb and James Cawley. GEMINI Working Paper No. 15. February 1991. $9.70

16. "Baseline Surveys of Micro and Small Enterprises: An Overview." Donald C. Mead, Yacob Fisseha, and Michael McPherson. GEMINI Working Paper No. 16. March 1991. $2.60

17. "Kenya: Kibera's Small Enterprise Sector — Baseline Survey Report." Joan Parker and C. Aleke Dondo. GEMINI Working Paper No. 17. April 1991. $6.40

*18. "A Financial Systems Approach to Microenterprises." Elisabeth Rhyne and Maria Otero. GEMINI Working Paper No. 18. April 1991. $3.00

*19. "Agriculture, Rural Labor Markets, and the Evolution of the Rural Nonfarm Economy." Steve Haggblade and Carl Liedholm. GEMINI Working Paper No. 19. May 1991. $2.50

*20. "The Microenterprise Finance Institutions of Indonesia and Their Implications for Donors." Elisabeth Rhyne. GEMINI Working Paper No. 20. June 1991. $3.40

21. "Microenterprise Growth Dynamics in the Dominican Republic: The ADEMI Case." Frank F. Rubio. GEMINI Working Paper No. 21. June 1991. $3.10

*22. "Credit Unions: A Formal Sector Alternative for Financing Microenterprise Development." John H. Magill. GEMINI Working Paper No. 22. September 1991. $3.80

23. "A Proposed Subsector-Based Monitoring and Evaluation System for CARE/Thailand's Silk Promotion Efforts." Steven Haggblade. GEMINI Working Paper No. 23. September 1991. $3.60

24. "Steps to the Creation of a Viable Financial Institution for Microenterprise Development in the Philippines: Notes on a Process for the Staff and Board of Tulay sa Pag-Unlad, Inc." Doug Salloum and Nan Borton. GEMINI Working Paper No. 24. November 1991. $2.00

*25. "Village Banking: A Cross-Country Study of a Community-Based Lending Methodology." Sharon L. Holt. GEMINI Working Paper No. 25. December 1991. $12.60

26. "Dynamics of Small- and Micro-scale Enterprises and the Evolving Role of Finance." Carl Liedholm. GEMINI Working Paper No. 26. December 1991. $3.00

*27. "Opportunities for Intervention in Thailand's Silk Subsector." Steven Haggblade and Nick Ritchie. GEMINI Working Paper No. 27. January 1992. $3.20

*28. "Apex Study of the Asociación de Grupos Solidarios de Colombia." Arelis Gomez Alfonso, with Nan Borton and Carlos Castello. GEMINI Working Paper No. 28. April 1992. $4.60. [See Technical Reports No. 36 and No. 39 for apex studies in Senegal and Thailand.]

29. "The Subsector Methodology, A Field Orientation for CARE/Egypt, January 20-February 7, 1992." William Grant. GEMINI Working Paper No. 29. April 1992. $9.50

30. "Poverty Lending and Microenterprise Development: A Clarification of the Issues." Mohini Malhotra. GEMINI Working Paper No. 30. May 1992. $3.60

31. "The Solidarity Group Experience." Shari Berenbach and Diego Guzman. GEMINI Working Paper No. 31. June 1992. $5.80

32. "A New View of Finance Program Evaluation." Elisabeth Rhyne. GEMINI Working Paper No. 32. November 1992. $1.50

33. "The Role of Savings in Local Financial Markets: The Indonesian Experience." Marguerite S. Robinson. GEMINI Working Paper No. 33. November 1992. $3.50

34. "Assessment of Policy Issues and Constraints in the Construction Sector in Poland." Adam Saffer, Miroslaw Zielinski, Jerzy Zielinski, Tadeusz Marek, and Matthew Gamser. GEMINI Working Paper No. 34. February 1993. $5.20

35. "BancoSol: A Private Commercial Bank. A Case Study in Profitable Microenterprise Development in Bolivia." Amy J. Glosser. GEMINI Working Paper No. 35. February 1993. $8.60

36. "The Structure and Growth of Microenterprise in Southern and Eastern Africa: Evidence from Recent Surveys." Carl Liedholm and Donald Mead. GEMINI Working Paper No. 36. March 1993. $5.60

37. "Transformation Lending: Helping Microenterprises Become Small Businesses." Larry Reed and David Befus. GEMINI Working Paper No. 37. April 1993. $4.80

38. "Should Principles of Regulation and Prudential Supervision be Different for Microenterprise Finance Organizations?" Rodrigo A. Chaves and Claudio Gonzalez-Vega. GEMINI Working Paper No. 38. April 1993. $3.40

39. "Application of the GEMINI Methodology for Subsector Analysis to MSE Export Activities: A Case Study in Ecuador." Gary D. Kilmer. GEMINI Working Paper No. 39. June 1993. $2.80

40. "Private Business Organizations and the Legislative Process." Tom Gray. GEMINI Working Paper No. 40. July 1993. $4.20

41. "Financial Institutions Development Project in Indonesia: Developing Financial Institutions to Serve Small Enterprises." Roland Pearson and Dallas Garland. GEMINI Working Paper No. 41. July 1993. $13.90

42. "Review of Years 1-3 Activities and Workplan for Years 4 and 5 (December 1, 1991 to November 30, 1992)." GEMINI Working Paper No. 42. June 1993. [not for general circulation]

*43. "CARE and Subsector Analysis: A Report on CARE's Formative Experience." Marshall Bear. GEMINI Working Paper No. 43. October 1993. $2.00

44. "Small and Medium Enterprise Development: A National Assessment of the Agroindustry Sector of Poland." GEMINI Working Paper No. 44. Volume One, technical report; Volume Two, annexes. George L. Metcalfe and Debra Wahlberg. January 1993. $37.80

45. "FondoMicro: Lessons on the Role of Second-Tier Financial Institutions in MSE Development." Mohini Malhotra. GEMINI Working Paper No. 45. February 1994. $1.40

46. "Methodology for Microenterprise Strategy Design in the Sahel." William Grant and Matthew Gamser. GEMINI Working Paper No. 46. February 1994. $3.00

47. "Bridging the Gap between Equity and Impact: A Subsector Approach to Export Promotion in Ecuador." John Magill. GEMINI Working Paper No. 47. April 1994. $3.00

48. "Structure and Growth of Small Enterprises in the Forest-Products Sector in Southern and Eastern Africa." J.E.M. Arnold and I.M. Townson (Oxford Forestry Institute), and C. Liedholm and D. Mead (Michigan State University). GEMINI Working Paper No. 48. September 1994. $6.20

*49. "Toward More Cost-effective Nonfinancial Assistance: Case Studies in Subsector-based MSE Development." Mohini Malhotra and Jennifer Santer. GEMINI Working Paper No. 49. October 1994. $3.60

*50. "Business Linkages in Zimbabwe: Concept, Practice, and Strategies." John P. Grierson and Donald C. Mead. GEMINI Working Paper No. 50. May 1995. $2.00

51. "Review of Year Five Activities (December 1, 1993-September 30, 1994) and Year Six Workplan (October 1, 1994-September 30, 1995)." GEMINI Working Paper No. 51. December 1994. [not for general circulation]

*52. "State-Owned Agricultural Development Banks: Lessons and Opportunities for Microfinance." Claudio Gonzalez-Vega and Douglas H. Graham. GEMINI Working Paper No. 52. September 1995. $4.80

*53. "Where the Microfinance Revolution Began: The First 25 Years of the Bank Dagang Bali, 1970-1994." Marguerite Robinson. GEMINI Working Paper No. 53. September 1995. $4.00

*54. "Nigeria 1961-1991: Closure, Survival and Growth of Small Enterprise." Peter Kilby and Monibo Sam. GEMINI Working Paper No. 54. September 1995.

*55. "The Subsector/Trade Group Method: A Demand-Driven Approach to Nonfinancial Assistance for Micro and Small Enterprises." Frank Lusby. GEMINI Working Paper No. 55. September 1995.

GEMINI Technical Reports:

1. "Jamaica Microenterprise Development Project: Technical, Administrative, Economic, and Financial Analyses." Paul Guenette, Surendra K. Gupta, Katherine Stearns, and James Boomgard. GEMINI Technical Report No. 1. June 1990. [not for general circulation]

2. "Bangladesh Women's Enterprise Development Project: PID Excerpts and Background Papers." Shari Berenbach, Katherine Stearns, and Syed M. Hashemi. GEMINI Technical Report No. 2. October 1990. [not for general circulation]

3. "Maroc: Conception d'une Enquête pour une Etude du Secteur Informel." Eric R. Nelson and Housni El Ghazi. GEMINI Technical Report No. 3. November 1990. $12.50

4. "Small Enterprise Assistance Project II in the Eastern Caribbean: Project Paper." James Cotter, Bruce Tippet, and Danielle Heinen. GEMINI Technical Report No. 4. October 1990. [not for general circulation]

5. "Technical Assessment: Rural Small-Scale Enterprise Pilot Credit Activity in Egypt." John W. Gardner and Jack E. Proctor. GEMINI Technical Report No. 5. October 1990. $4.00

*6. "Developing Financial Services for Microenterprises: An Evaluation of USAID Assistance to the BRI Unit Desa System in Indonesia." James J. Boomgard and Kenneth J. Angell. GEMINI Technical Report No. 6. October 1990. $9.00

7. "A Review of the Indigenous Small Scale Enterprises Sector in Swaziland." David A. Schrier. GEMINI Technical Report No. 7. October 1990. [not for general circulation]

8. "Ecuador Micro-Enterprise Sector Assessment: Summary Report." John H. Magill and Donald A. Swanson. GEMINI Technical Report No. 8. April 1991. $10.20

9. "Ecuador Micro-Enterprise Sector Assessment: Financial Markets and the Micro- and Small-scale Enterprise Sector." Richard Meyer, John Porges, Martha Rose, and Jean Gilson. GEMINI Technical Report No. 9. March 1991. $16.00

10. "Ecuador Micro-Enterprise Sector Assessment: Policy Framework." Bruce H. Herrick, Gustavo A. Marquez, and Joseph F. Burke. GEMINI Technical Report No. 10. March 1991. $11.30

11. "Ecuador Micro-Enterprise Sector Assessment: Institutional Analysis." Peter H. Fraser, Arelis Gomez Alfonso, Miguel A. Rivarola, Donald A. Swanson, and Fernando Cruz-Villalba. GEMINI Technical Report No. 11. March 1991. $25.00

12. "Ecuador Micro-Enterprise Sector Assessment: Key Characteristics of the Micro-Enterprise Sector." John H. Magill, Robert Blaney, Joseph F. Burke, Rae Blumberg, and Jennifer Santer. GEMINI Technical Report No. 12. March 1991. $19.60

13. "A Monitoring and Evaluation System for Peace Corps' Small Business Development Program." David M. Callihan. GEMINI Technical Report No. 13. [not available for general circulation]

14. "Small-Scale Enterprises in Lesotho: Summary of a Country-Wide Survey." Yacob Fisseha. GEMINI Technical Report No. 14. February 1991. $6.40

*15. "An Evaluation of the Institutional Aspects of Financial Institutions Development Project, Phase I in Indonesia." John F. Gadway, Tantri M. H. Gadway, and Jacob Sardi. GEMINI Technical Report No. 15. March 1991. $8.80

*16. "Small-Scale Enterprises in Mamelodi and Kwazakhele Townships, South Africa: Survey Findings." Carl Liedholm and Michael A. McPherson. GEMINI Technical Report No. 16. March 1991. $4.60

17. "Growth and Change in Malawi's Small and Medium Enterprise Sector." Michael A. McPherson. GEMINI Technical Report No. 17. June 1991. $2.20

18. "Burkina Faso Microenterprise Sector Assessment and Strategy." William Grant, Matthew Gamser, Jim Herne, Karen McKay, Abdoulaye Sow, and Sibry Jean-Marie Tapsoba. GEMINI Technical Report No. 18. August 1991. Volume One, Main Report, $7.60; Volume Two, Annexes, $14.20

*19. "Women in the BPD and Unit Desa Financial Services Programs: Lessons from Two Impact Studies in Indonesia." Sharon L. Holt. GEMINI Technical Report No. 19. September 1991. $3.80

20. "Mali Microenterprise Sector Assessment and Strategy." William Grant, Kim Aldridge, James Bell, Ann Duval, Maria Keita, and Steve Haggblade. GEMINI Technical Report No. 20. October 1991. Volume One, Main Report, $6.70; Volume Two, Annexes, $13.00

36

21. "A Microenterprise Sector Assessment and Development Strategy for A.I.D. in Zambia." Eric L. Hyman, Robert Strauss, and Richard Crayne. GEMINI Technical Report No. 21. November 1991. $10.00

22. "Bangladesh: Women's Enterprise Development Project Paper." GEMINI Technical Report No. 22. August 1991. [not for general circulation]

23. "Peru: Small Business and Employment Expansion Project Paper." GEMINI Technical Report No. 23. November 1991. [not for general circulation]

24. "A Country-wide Study of Small-Scale Enterprises in Swaziland." Yacob Fisseha and Michael A. McPherson. GEMINI Technical Report No. 24. December 1991. $5.40

*25. "Micro and Small-Scale Enterprises in Zimbabwe: Results of a Country-wide Survey." Michael A. McPherson. GEMINI Technical Report No. 25. December 1991. $5.00

26. "The Development Impact of Financing the Smallest Enterprises in Indonesia." GEMINI Technical Report No. 26. January 1992. [not for general circulation]

27. "Midterm Evaluation of the ASEPADE Component of the Small Business II Project, Honduras." Arelis Gomez Alfonso, Wesley Boles, and Donald L. Richardson. GEMINI Technical Report No. 27. February 1992. $5.80. Also available in Spanish.

28. "Midterm Evaluation of the ANDI/PYME Component of the Small Business II Project, Honduras." Arelis Gomez Alfonso, Wesley Boles, and Donald L. Richardson. GEMINI Technical Report No. 28. February 1992. $6.60. Also available in Spanish.

29. "The Role of Financial Institutions in the Promotion of Micro and Small Enterprises in Burkina Faso." John McKenzie. GEMINI Technical Report No. 29. February 1992. $10.40

30. "Small and Micro Enterprise Development Project No. 262-0212, Egypt. Midterm Evaluation." Katherine Stearns. GEMINI Technical Report No. 30. March 1992. $7.60

31. "A Review of the Prospects for Rural Financial Development in Bolivia." James J. Boomgard, James Kern, Calvin Miller, and Richard H. Patten. GEMINI Technical Report No. 31. March 1992. $4.60

32. "The Role of Private Sector Advocacy Groups in the Sahel." William Grant. GEMINI Technical Report No. 32. March 1992. $2.40

*33. "Access to Credit for Poor Women: A Scale-up Study of Projects Carried Out by Freedom from Hunger in Mali and Ghana." Jeffrey Ashe, Madeline Hirschland, Jill Burnett, Kathleen Stack, Marcy Eiland, and Mark Gizzi. GEMINI Technical Report No. 33. March 1992. $11.80

*34. "Egyptian Women and Microenterprise: the Invisible Entrepreneurs." C. Jean Weidemann. GEMINI Technical Report No. 34. March 1992. $11.20

*35. "A Pre-Project Identification Document Analysis of the Lesotho Agricultural Enterprise Initiatives Project." Mike Bess, Don Henry, Donald Mead, and Eugene Miller. GEMINI Technical Report No. 35. April 1992. $20.00

36. "Apex Study of the Small Enterprise Development Program of Catholic Relief Services, Senegal." Arelis Gomez Alfonso. GEMINI Technical Report No. 36. May 1992. $3.00

37. "The Private Operators' Perspective on an Agenda for Action," Dakar, Senegal, November 22-25, 1991. A Seminar on the Private Sector in West Africa. Organized by the Senegalese National Employers' Union (CNP), the Club du Sahel, CILSS and USAID. GEMINI Technical Report No. 37. May 1992. $7.00

38. "Background Documents to the Seminar on the Private Sector in West Africa," Dakar, Senegal. November 22-25, 1991. GEMINI Technical Report No. 38. May 1992. $5.00

39. "Apex Study of the Small Enterprise Development Program of Catholic Relief Services, Thailand." Arelis Gomez Alfonso. GEMINI Technical Report No. 39. May 1992. $3.20

40. "Study of Informal Cross-border Trade, Poland." SMG-KRC/Poland. GEMINI Technical Report No. 40. May 1992. $3.20

41. "Study of the Informal Commercial Sector, Poland." SMG/KRC Poland. GEMINI Technical Report No. 41. May 1992. $4.20

42. "Evaluation of the Micro and Small Enterprise Development Project (MSED) in Bolivia." William Fisher, Jeffrey Poyo, and Ann Beasley. GEMINI Technical Report No. 42. June 1992. $10.60. Also available in Spanish.

43. "Analysis of Funding Mechanisms for the Small and Micro Enterprise Development Project, Egypt." Kenneth J. Angell and John M. Porges. GEMINI Technical Report No. 43. June 1992. $3.80

44. "Get Ahead Foundation Credit Programs in South Africa: The Effects of Loans on Client Enterprises." Jennefer Sebstad. GEMINI Technical Report No. 44. June 1992. $3.00

45. "Get Ahead Foundation in South Africa: Final Evaluation." Robert Christen, Elisabeth Rhyne, Doug Salloum, and Jennefer Sebstad. GEMINI Technical Report No. 45. June 1992. [not for general circulation]

46. "Micro- and Small-Scale Enterprises in Botswana: Results of a Nationwide Survey." Lisa Daniels and Yacob Fisseha. GEMINI Technical Report No. 46. August 1992. $9.40

*47. "The Growth and Dynamics of Women Entrepreneurs in Southern Africa." Jeanne Downing and Lisa Daniels. GEMINI Technical Report No. 47. August 1992. $3.10

48. "Small Business Development Programming Trip: Peace Corps/Albania and the Office of Training and Program Support, Small Business Development Sector." Lauren Spurrier and Wesley Weidemann. GEMINI Technical Report No. 48. October 1992. $6.00

49a. "Small Enterprise Development in the Russian Far East." Martha Blaxall, Yasuo Konishi, Virginia Lambert, Jennifer Santer, and Timothy Smith. GEMINI Technical Report No. 49a. October 1992. $12.00

49b. "Supporting Private Enterprises in Uzbekistan: Challenges and Opportunities." Nan Borton, John Magill, Neal Nathanson, and Jim Packard Winkler. GEMINI Technical Report No. 49b. November 1992. $5.60

49c. "Assessing the Prospects for Small Enterprise Development in Kazakhstan." Kenneth Angell, James J. Boomgard, Mohini Malhotra, and Robert A. Rodriguez. GEMINI Technical Report No. 49c. December 1992. $3.90

49d. "Small Enterprise Development in Ukraine." Dennis De Santis, Jean Gilson, Max Goldensohn, Jennifer Santer, and Timothy Smith. GEMINI Technical Report No. 49d. December 1992. $8.10

*50. "Skins and Hides in Four Countries in Africa: The Potential Role for Micro- and Small-Scale Enterprise Development." William Grant. GEMINI Technical Report No. 50. November 1992. $3.00. Also available in French.

51a. "Morocco: Assessment of Programming Options for Microenterprise Development." Housni El Ghazi, Sheila Reines, Steve Silcox, Katherine Stearns, and Matthew Gamser. GEMINI Technical Report No. 51a. November 1992. [not for general circulation]

51b. "USAID/Morocco: Assessment of Programming Options for Microenterprise Development. Report on Workshop and Field Investigations." Matt Gamser, Housni El Ghazi, Sheila Reines, Steve Silcox, and Katherine Stearns. GEMINI Technical Report No. 51b. December 1992. Also in French. [not for general circulation]

52. "Small Enterprise Development in Armenia: Programming Recommendations for Peace Corps Volunteers." Timothy J. Smith. GEMINI Technical Report No. 52. July 1992. $2.20

53. "Results of a Nationwide Survey on Micro, Small, and Medium Enterprises in Malawi." Lisa Daniels and Austin Ngwira. GEMINI Technical Report No. 53. January 1993. $11.80

*54a. "A Review of Donor-Funded Projects in Support of Micro- and Small-Scale Enterprises in West Africa." William Grant. GEMINI Technical Report No. 54a. February 1993. $18.80

*54b. "A Review of Donor-Funded Projects in Support of Micro- and Small-Scale Enterprises in West Africa: Case Studies." William Grant. GEMINI Technical Report No. 54b. March 1993. $15.60

55. "Business Linkages and Enterprise Development in Zimbabwe." Donald C. Mead and Peter Kunjeku. GEMINI Technical Report No. 55. April 1993. $3.40

56. "End of Project Evaluation, Enterprise Development Project, Bangladesh." Mohini Malhotra, John Magill, and James Packard-Winkler, with the assistance of M.M. Nurul Haque. GEMINI Technical Report No. 56. April 1993. $19.20

57. "Small Business Development Support Project in South Africa: Concept Paper." Richard Betz, Ian Clark, Matthew Gamser, Juneas Lekgetha, Jacob Levitsky, Neal Nathanson, Sango Ntsaluba, and Barney Tsita. GEMINI Technical Report No. 57. June 1993. [not for general circulation]

58. "Attitudes and Practices of Credit Union Members and Non-Members in Malawi and Grenada: Synthesis Report." John Magill. GEMINI Technical Report No. 58. November 1993. $5.00

59. "Midterm Evaluation of the Microenterprise Development Project in Jamaica." Surendra K. Gupta and Mario D. Davalos, with assistance from Marcia Hextall. GEMINI Technical Report No. 59. September 1993. $13.80

60. "Investing in the Future: Report of the Task Force for Small and Medium Enterprise in Poland." GEMINI Technical Report No. 60. May 1993. $13.00

61. "New Competitiveness and New Enterprises in Peru: Small Businesses in an Internationalized Economy." Fidel Castro Zambrano and Ernesto Kritz. GEMINI Technical Report No. 61. August 1993. $11.80. Also available in Spanish ($13.20).

62. "Principles for Effective Design and Management of Small Business Development Centers." Jennifer Santer, Neal Nathanson, Steve Thalheimer, and Anita Campion. GEMINI Technical Report No. 62. October 1993. $13.60

63. "Mongolia: Options and Strategies for Small- and Medium-Scale Enterprise Development." John Magill, Clara Lipson, and Michael McKone. GEMINI Technical Report No. 63. November 1993. [not for general circulation]

64. "Credit Unions and Microenterprises: The WOCCU Perspective." World Council of Credit Unions. GEMINI Technical Report No. 64. December 1993. $4.00

65. "Strategic Option Paper for Malawi Small Enterprise Support Institutions." Stephen C. Silcox, Anicca Jansen, and Mark Baughan. GEMINI Technical Report No. 65. January 1994. $9.20

66. "Integration of Gender into GEMINI." Catherine R. Neill and Olaf Kula. GEMINI Technical Report No. 66. January 1994. $9.80

67. "A Training Program for Microenterprise Lending Agencies in Jamaica." Mohini Malhotra, with assistance from David Logan and Valerie Tate. GEMINI Technical Report No. 67. January 1994. $3.60

68. "Study of the Financial Sector and SME Development in Poland." Bruce Heatly, Cynthia Lynn Chrzan-Lanigan, and Cathy Silverstein. GEMINI Technical Report No. 68. February 1994. Volume One: Main Report $5.00; Volume Two: Appendices $25.20

69. "Private Sector Business Associations in South Africa and Zambia: Advocacy for SMEs." Kenneth Angell. GEMINI Technical Report No. 69. March 1994. $4.80

70. "A Dynamic Study of Jamaican Micro- and Small-Scale Enterprises." Yacob Fisseha. GEMINI Technical Report No. 70. March 1994. $3.40

71. "Changes in the Small-scale Enterprise Sector from 1991 to 1993: Results of a Second Nationwide Survey in Zimbabwe." Lisa Daniels. GEMINI Technical Report No. 71. March 1994. $11.80

72. "The Contribution of Small Enterprises to Employment Growth in Southern Africa." Donald C. Mead. GEMINI Technical Report No. 72. March 1994. $2.80

73. "Small Enterprise Development in Poland: Does Gender Matter?" C. Jean Weidemann and Carol Finnegan. GEMINI Technical Report No. 73. March 1994. $6.80

74. "Slovakia Small Business Assessment." Tony Barclay and Bruce Heatly. GEMINI Technical Report No. 74. March 1994. $6.60

75. "Micro- and Small-Scale Enterprises in Kenya: Results of the 1993 National Baseline Survey." Joan C. Parker with Tanya R. Torres. GEMINI Technical Report No. 75. March 1994. $12.00

76. "Measuring Socioeconomic Impact of Credit on SMI: Assessment of the Monitoring System Used by the Alexandria Businessmen's Association, Egypt." Linda Oldham and others. GEMINI Technical Report No. 76. May 1994. $12.20

77. "The Kenya Rural Enterprise Programme under Cooperative Agreement No. AID-615-0238-A-00-7026-00: A Final Evaluation." Catherine Neill, Mario Davalos, Washington Kiiru, M. Manundu, and Jennefer Sebstad. GEMINI Technical Report No. 77. September 1994. $17.60

78. "Summary Report on the Polish Delegation's Tour of Small Business Assistance Organizations in the United States." Adam P. Saffer. GEMINI Technical Report No. 78. September 1994. $5.00

79. "Mongolian Chamber of Commerce and Industry Study Tour: U.S. Business Associations and Services." Tom Gray. GEMINI Technical Report No. 79. September 1994. $4.60

*80. "Morocco Microenterprise Finance Concept Paper." Jim Kern, Emile Salou, Housni El Ghazi, and Matthew Gamser. GEMINI Technical Report No. 80. March 1995. $8.00.

*81. "The USAID Microenterprise Initiative in Sri Lanka." David A. Lucock, Wesley J. Weidemann, J. Charitha Ratwatte, and Mahinda Gunasekera. GEMINI Technical Report No. 81. April 1995. $9.60

*82. "Stimulating the Growth and Development of Small and Medium Size Enterprises through Financial Sector Policy Reform." Malcolm Toland, Adam P. Saffer, and Bruce Heatly. GEMINI Technical Report No. 82. March 1995. $10.20

83. "Review of the Covelo Foundation in Honduras and the Organizations it Supports." Robin Bell and Bruce Heatley. GEMINI Technical Report No. 83. March 1995. $7.60 Also available in Spanish.

*84. "Proposed Small and Microenterprise Program Activities for USAID in Hungary: The GEORGETTE Project." Neal Nathanson. GEMINI Technical Report No. 84. August 1995. $7.60

*85. "Zimbabwe: Financial Sector Assessment." Robin R. Bell, Geoffrey Peters, and Mehlo Ndiweni. GEMINI Technical Report No. 85. August 1995. $5.30

*86. "Membership Survey of Dominica Cooperative Credit Union League." Olaf Kula and Melissa Punch. GEMINI Technical Report No. 86. August 1995. $6.20

*87. "The Art of Lobbying in Poland." Daniel R. Mastromarco, Adam P. Saffer, and Miroslaw Zielinski. GEMINI Technical Report No. 87. September 1995. $10.80

*88. "Lessons Learned from Small and Medium Size Enterprise-Related Regional Development Programs in Poland." Adam P. Saffer, Malcolm Toland, and Daniel Wagner. GEMINI Technical Report No. 88. September 1995. $4.40

*89. "Patterns of Change among Jamaican Microenterprises: Results from a Quarterly Panel Survey 1993-1994." Todd Gustafson and Carl Liedholm. GEMINI Technical Report No. 89. July 1995. $5.80

90. "FUNADEH: Assessment for USAID/Honduras of the Prospects for Institutional Transformation." Rodrigo Lopez. GEMINI Technical Report No. 90. September 1995. $4.80 Also available in Spanish.

*91. "Uganda Private Enterprise Support, Training, and Organizational Development (PRESTO) Project, Project Concept Paper." Olaf Kula, Peter Ondeng, Peter Robinson, and Ann Ritchie. GEMINI Technical Report No. 91. September 1995. $4.70

*92. "Employment and Income in Micro and Small Enterprises in Kenya: Results of a 1995 Survey." Lisa Daniels, Donald C. Mead, and Muli Musinga. GEMINI Technical Report No. 92. September 1995. $12.40

*93. "Microenterprise and Gender in India: Issues and Options." C. Jean Weidemann. GEMINI Technical Report No. 93. September 1995. $7.90

*94. "Evaluation of the Impacts of PRIDE/VITA (The Guinea Rural Enterprise Development Project)." Lucy E. Creevey, Koumakh Ndour, and Abdourahmane Thiam. GEMINI Technical Report No. 94. September 1995. $11.20

*95. "Rural Financial Institutions, Economic Policy Reform Programs, and Agribusiness in Sub-Saharan Africa." Lucy E. Creevey, Olaf Kula, Juneas Lekgetha, Catherine Neill, Eric R. Nelson, and Roland Pearson. GEMINI Technical Report No. 95. September 1995. $22.60

*96. "Accomplishments and Future Challenges in APPLE Grants: Anti-Poverty Lending." Robin Bell and Arelis Gomez. GEMINI Technical Report No. 96. September 1995. $5.50

Technical Notes:

Financial Assistance to Microenterprise Section:

*1. Series Notebook: "Tools for Microenterprise Programs" (a three-ring binder, 1 and 1/2 inches in diameter, for organizing technical notes and training materials) and "Methods for Managing Delinquency" by Katherine Stearns. April 1991. $7.50. Also available in Spanish and in French.

*2. "Interest Rates and Self-Sufficiency." Katherine Stearns. December 1991. $6.50. Also available in Spanish and in French.

*3. "Financial Services for Women." C. Jean Weidemann. March 1992. $5.00. Also available in Spanish and in French.

*4. "Designing for Financial Viability of Microenterprise Programs." Charles Waterfield. March 1993. $10.00 with diskette. Also available in Spanish and in French.

*5. "Monetary Incentive Schemes for Staff." Katherine Stearns, ACCION International. April 1993. $3.80. Also available in Spanish and in French.

*6. "Fundamentals of Accounting for Microcredit Programs." Margaret Bartel, Michael J. McCord, and Robin R. Bell. December 1994. $6.30

*7. "Financial Management Ratios I: Analyzing Profitability in Microcredit Programs." Margaret Bartel, Michael J. McCord, and Robin R. Bell. February 1995. $5.90

*8. "Financial Management Ratios II: Analyzing for Quality and Soundness in Microcredit Programs." Margaret Bartel, Michael J. McCord, and Robin R. Bell. February 1995. $6.30

Nonfinancial Assistance to Microenterprise Section:

*1. "A Field Manual for Subsector Practitioners." Steven J. Haggblade and Matthew Gamser. November 1991. $4.65. Also available in Spanish and in French.

*2. "Facilitator's Guide for Training in Subsector Analysis." Marshall A. Bear, Cathy Gibbons, Steven J. Haggblade, and Nick Ritchie. December 1992. $35.00. Also available in Spanish and in French.

*3. "Management Information Systems for Microenterprise Development Programs." Mark King and Charles Waterfield. January 1995. $6.50.

Field Research Section:

*1. "A Manual for Conducting Baseline Surveys of Micro- and Small-scale Enterprises." Michael A. McPherson and Joan C. Parker. February 1993. $13.60. Also available in Spanish and in French.

Special Publications:

*1. "GEMINI in a Nutshell: Abstracts of Selected Publications." Compiled by Eugenia Carey and Michael McCord. Special Publication No. 1. 1993. $10.00

*2. "GEMINI in a Nutshell II: Abstracts of Selected Publications." Compiled by Eugenia Carey and Linda Rotblatt. Special Publication No. 2. 1995. $14.60

Copies of publications available for circulation can be obtained from PACT Publications, 777 United Nations Plaza, Sixth Floor, New York, NY, 10017, U.S.A.

9/95