

PROJECT EVALUATION SUMMARY (PES) - PART I

Report Symbol U-447

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|--|---------------------------------------|----------------------------------|---|---------------------------------------|
| 1. PROJECT TITLE Urban Small Enterprise Development | | | 2. PROJECT NUMBER 527-0241 | 3. MISSION/AID/W OFFICE USAID/Peru |
| 5. KEY PROJECT IMPLEMENTATION DATES | | | 4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY) 04-86 | |
| A. First PRO-AG or Equivalent FY 82 | B. Final Obligation Expected FY 83 | C. Final Input Delivery FY 86 | <input checked="" type="checkbox"/> REGULAR EVALUATION <input type="checkbox"/> SPECIAL EVALUATION 6. ESTIMATED PROJECT FUNDING A. Total \$13,500,000 B. U.S. \$10,000,000 | |
| | | | 7. PERIOD COVERED BY EVALUATION From (month/yr.) 10/82 To (month/yr.) 12/84 Date of Evaluation Review April, 1985 | |

B. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)

B. NAME OF OFFICER RESPONSIBLE FOR ACTION

C. DATE ACTION TO BE COMPLETED

Purpose of Evaluation

(1) Assess overall Project implementation to date in respect to original goal, purpose and benchmarks; (2) recommend any corrective measures needed; and, (3) suggest possible future activities identified as a result of the evaluation.

Summary of Accomplishments

Major Project objectives will be achieved by the PACD on June 30, 1986. Several branches of the implementing institution, Industrial Bank of Peru (BIP), are providing credit in ten (10) cities of Peru; there are in total 2100 recipients to date (vs. 3000 targetted by PACD in June 1986); and a strong savings mobilization effort has increased deposits by 49% per year in real terms, albeit from a low base.

Major Evaluation Recommendations

1. Faster implementation of T.A., training and promotion is needed.

2. USAID should waive the obligation of the implementing institution (BIP) to recapitalize the credit fund given BIP's poor financial condition. However, USAID should continue to insist that BIP increase interest rates to commercial rates to reduce the serious decapitalization of the credit fund. BIP should also improve its loan selection, disbursement and collection procedures.

3. USAID should examine the possibility of funding a nationwide small and micro industry lending project.

Actions Taken to Date: (10/30/85)

1. BIP has accelerated implementation of training and T.A.

2. Negotiations, which were already underway, continue with BIP expressing interest in charging maximum interest rates allowable and make required maintenance of value (MOV) contributions (since USAID has not accepted the recommendation to waive BIP's MOV obligation). Given the rapid decapitalization of the fund due primarily to negative interest rates, USAID has withheld further credit disbursements under the loan until an acceptable interest rate scheme is effected.

3. The Mission has initiated the design of a proposed small industry credit project as a direct result of this evaluation which identified the small industry sector as a generator of high economic impacts in terms of value added and productive employment. A PID has been prepared.

Evaluation of Contractor's Performance

The work of the contractor was outstanding. The scope of work was carried out in its entirety and the minimum of USAID oversight was required.

| B. NAME OF OFFICER RESPONSIBLE FOR ACTION | C. DATE ACTION TO BE COMPLETED |
|---|--------------------------------|
| M. Johnson | January 1986 |
| M. Johnson | February 1986 |

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS

- | | | |
|--|---|---|
| <input type="checkbox"/> Project Paper | <input type="checkbox"/> Implementation Plan e.g., CPI Network | <input checked="" type="checkbox"/> Other (Specify) Loan terms |
| <input type="checkbox"/> Financial Plan | <input type="checkbox"/> PIO/T | <input type="checkbox"/> Other (Specify) |
| <input type="checkbox"/> Logical Framework | <input type="checkbox"/> PIO/C | |
| <input type="checkbox"/> Project Agreement | <input type="checkbox"/> PIO/P | |

10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT

- A. Continue Project Without Change
- B. Change Project Design and/or
 Change Implementation Plan
- C. Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER BANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)

Mark Johnson, Project Officer
Chief, PSD, USAID/Bevu

12. Mission/AID/W Office Director Approval

Signature
George A. Hall Jr
Typed Name
John A. Sanbrailo