General Earthquake Assistance Provided by FOMIR/DAI
Quarterly Report for January 1 – March 31, 2001

Introduction

Prior to January 13, 2001, El Salvador had a sound microfinance system that was, with USAID/El Salvador assistance, rapidly expanding into rural areas of the country. Through technical assistance, training, and limited financial support, the eleven MFIs participating in the FOMIR/DAI program had an expanding client base, a growing portfolio of loans in rural areas, and a relatively low rate of delinquency. MFI assisted under the project were ahead of schedule in achieving project targets in terms of outreach and sustainability. As a result of the recent earthquakes, project conditions changed.

The earthquake that struck El Salvador on January 13, 2001, caused widespread damage throughout the southern part of the country. Some 800 people died, another 4,500 were injured, and nearly 200,000 homes were damaged or destroyed. The initial damage to the MFIs participating in the FOMIR/DAI project, while considerable, appeared to be manageable.

However, a second major earthquake struck the country on February 13, killing another than 315 people and extending the damage to homes, public services and productive assets. A third substantial earthquake occurred on February 17 and three additional moderate earthquakes on February 23.

Nationally, at least 42,000 MYPE's experienced substantial or complete damage to homes and more importantly productive assets, with FOMIR institutions reporting 11,000 clients affected.

This rapid succession of earthquakes in the February 13 to 23 period exacerbated the problems facing the MFIs participating in the FOMIR/DAI project – particularly Financiera Calpiá, CAM, ASEI, ACCOVI and ACACSEMERSA. A substantial percentage of the clients of these institutions were severely impacted by the earthquakes, and the institutions are now experiencing higher rates of delinquency, lower rates of repayment, and lower income. In respect to project targets, the earthquake has dramatically slowed progress related to increased outreach and sustainability.

The institutional development process required for transformation of FOMIR/DAI grantees became more complex as a result of the earthquakes. The 11 microfinance institutions supported by the program were all faced in with the tasks of measuring and responding to the impact of the earthquake while continuing to grow their portfolios, re-engineer internal systems, hire and train new staff and plan for transformation under new banking laws. In addition, new activities related to gathering and disseminating market information and increased coordination among earthquake response institutions augments the technical and managerial content of FOMIR/DAI.

Increased Technical Assistance

To effectively manage and implement this new work, DAI received USAID approval to upgrade the position of Microfinance Technical Specialist to **Senior Microfinance Specialist**. The SMS was recruited and hired in August 2001 with the primary objective to strengthen the full time technical support provided to local MFI, specifically those affected by the earthquake. The SMS is responsible for managing the institutional development programs for the Banco Salvadoreño, ASEI, CAM, ACCOVI, ACACU and ACACSEMERSA. Three of these institutions; Calpia, Cam and Accovi had significant numbers of clients affected by the earthquake. The Senior Microfinance Specialist has also been providing assistance to Banco Salvadoreno.

Summary of Activities for the Quarter

Below is a summary of technical assistance provided by FOMIR and the Senior Microfinance Specialist during the quarter.

Banco Salvadoreno

The Bank developed a housing reconstruction product in July 2001. This product was developed under the BMI incentive program where a portion of training and salaries is covered by the government agency. The Bank is not using funding provided by BMI as internal long term funding is available and at lower rates. The program has been piloted in two branches and to date 10 clients have been processed.

Banco Salvadoreno management intends to roll the program out to all branches so that each branch will have at least one executive trained in the provision of this product. The Bank believes that demand exists but that due to the limited development of the program, it is difficult to quantify the extent of the demand. Training of executives in the other branches was due to have taken place last quarter but due to the pressure of the branch opening program this has been postponed until the second/third quarter.

- Finalized and executed of the January-March Action Plan for the opening of five new micro credit branches and the re engineering of policies & procedures. FOMIR/DAI met with micro credit team at least twice weekly to monitor progress against the step by step plan thereby ensuring that bottlenecks and problems were addressed in a timely fashion.
- Identified and selected twelve new staff (assistants and executives) for the five new and two existing branches. FOMIR's involvement in the selection process ensured that the emphasis focused on candidate suitability from a commercial perspective.
- Redesigned loan applications reducing main application from eight to five pages, altered the credit procedure to reduce the period required for providing credit from five to three days for the micro "primo" product and from three to one day for micro auto product, thereby making the bank one of the quickest providers of credit in the market.

- Developed and implemented at branch level, new planning tools and client contact reports. These measures have provided management with a useful information package on executive efficiency and business development. They have also increased accountability of field executives whilst giving them a tool to plan their own work schedules.
- Prepared and attended branch level meetings (separately with branch managers and micro credit teams) to explain and implement changes to procedures & policies.
- Developed promotional plans for branches differentiating between requirements for existing and new branches.
- Planned and implemented the bank's first Micro Credit Action Plan conference, attended by sixty people including all micro credit staff, branch managers and senior bank management.
- Developed a two-week training course for new branch executives and assistants and a two-day course for branch managers. Three FOMIR/DAI consultants were involved in the training program.
- Planned and conducted a series of mini conference of all staff (branch managers, executives and assistants) of the proposed new branches two weeks before opening.
- Provided on the job training to micro credit coordinators to all existing branches to ensure that the new policies & procedures are being consistently applied.
- Reviewed existing incentives plan and developed a proposal for a new package. Bank vice President in charge of Retail Banking has agreed in principal to new plan which is now being considered by senior management.

Santa Tecla, an area affected by the earthquakes and staff weaknesses, has always been a difficult area for the bank. A considerable effort has been made by FOMIR advisors and the coordinators of the program to manage the level of arrears down and by December the level of arrears over 30 days was circa 7% from a high of 13.3%.

ACCOVI

Arrears continued of its downward trend with 17.88% of the portfolio at risk more than 30 days as of March 31, 2002. Data shows that quality of loans disbursed after January 2001 has significantly improved. In addition the new microcredit product line has a portfolio at risk of 0%. This is a result of the continued execution of the action plan agreed between ACCOVI and FOMIR/DAI.

ACCOVI traditionally has worked with a housing portfolio. As of March 2002 its traditional housing lines had the following balances:

- Own resources housing portfolio $ 4,772;213
- Own resources mortgage housing portfolio $ 291,084;
- Fonavipo housing portfolio $ 44,954;

As a result of the earthquakes of 2001 and the subsequent reconstruction effort in ACCOVI´s area of influence, some new lines of credit were made available. These lines are in addition to the traditional ones, and they had the following balances:

- Earthquake housing portfolio with own funds $ 844, 886 ;
- Earthquake Fonavipo housing portfolio $ 444,754

ACCOVI´s total housing portfolio as of March 2002 of $ 6,397,891 represents a significant 48% of portfolio.

In delinquency control FOMIR/DAI has closely monitored the progress of portfolio at risk during the quarter. Technical assistance in this area included:

- A study was executed with the support of FOMIR/DAI to prevent and/or improve the collection and management of difficult cases, and cases in judiciary process. The results were presented to ACCOVI´s directors who have agreed to start implementing them.
- Based on FOMIR´s recommendations a meeting was held between the credit and collections committees in order to share information needed for delinquency control.

CALPIA

CALPIA has recently developed housing products for purchase and construction. The terms of these products are for up to ten years and US$20,000. These products are complementary to the traditional products for renovation and remodeling of houses that have been available for some time. The terms for the traditional products are 5 years and up to US$5,000. In Decemebr 2001, the traditional housing products represented US$2,000,000 of the existing portfolio and the new longer-term products represented US$200,000. By March 2002, the housing products represented US$1.7 and US$0.9 million of the portfolio respectively.

Demand for these products comes principally from earthquake affected areas and the low income districts of metropolitan -San Salvador. CALPIA projects to have US$5,000,000 of housing related assets by the end of 2002. The new products were being offered on a limited basis until February 2002 when the product line was rolled out nationally. The latest results suggest CALPIA is well on the way to meeting its target. What makes this product of particular interest to this program is the profile of client, which are currently one third salaried and two thirds micro entrepreneurs.

In May, CALPIA intends to join the BMI housing program that includes grant subsidies for training and salaries for housing related field officers. CALPIA currently has nine housing executives in the field.

In respect to the USAID Loan Guarantee, no claims were made as of March 31, 2002. Calpia classified to 6,047 loans with an outstanding balance of US$ 4,498,282.27 as of June 30, 2001 under the guarantee.

Other activities for the quarter included:

- FOMIR consultant (via Frontier Finance) implemented investigation phase of program to re-design of rural/agricultural business.
- Implemented a series of seminars on financial management with specific reference to international audit standards.

CAM

CAM finished the quarter with 18,168 clients, a fal1 of 5.8%. (1,115 clients) since December 2001. This continues a trend that started in June 2000 when the institution peaked at 22,067 clients. The number of rural clients fell by 11.8% from 15,312 to 13,501. It should be noted that this quarter usually records a fall from the high point over the holiday period and some recovery in June is expected. The first quarter for 2001 recorded a fall in total and rural clients of 5.7% and 5.6% respectively.

However, using a March to March comparison for 2001-2002 indicates that there is a significant downward trend in rural clients from 14,582 clients in 2001 to 13,501 clients in 2002.

The value of the portfolio at US$3.54 million has reduced from the all time high achieved in December 2001 of US$3.97 million. Again much of this is due to seasonal factors. Furthermore unlike client numbers the overall trend in portfolio value continues upwards.

The percentage of portfolio in arrears as at 31st March 2002 was 4.8% up from 4.0% in December 2001.

FOMIR/DAI has been in consultation with the new management during February, March and April and is close to agreeing a new business plan for 2002-03. Once agreed new realistic targets will be set which in summary will aim to get CAM back to December 2000 levels of 21,000 clients and to 25,000 clients by year end 2003. These targets will be agreed in April/May in time to begin measuring the second quarters results against these new targets although it should be recognized that it might take some time before new management initiatives begin to reverse the downward trend.

The key elements of CAM’s strategy to turnaround the institution’s fortunes are listed below.

Group lending will remain the core part of the business and emphasis this year will be to improve the service and efficiency of the core product. This will be achieved through :

- Faster delivery of product by simplifying process and reducing paperwork
- Rewarding loyalty by continuing with interest discounts at the end of each cycle.
- Introduction of individual loans and solidarity loans available to group members as a stepping stone to personal/economic development.
- Re-orientation of training programs toward formative stage for new groups, better equipping them to meet challenges. Creation of dedicated training teams for

formation process of new lending groups and part time dedication of selected assessors for on going training.

- Continue ongoing development training with in house training specialists.
- Increased emphasis on follow-up by assessors of existing groups. This will be made possible by freeing up assessor time by a more efficient administration process including less paper work, simplified credit process, use of new information systems, creation of group formation teams and on going training specialists.
- Maintaining and improving ancillary services such as insurance, training, savings, products and collection process.
- Expansion of mobile assessor units from one to three, for remote rural areas with low penetration.

Other improvements planned for include:

- Opening of new agency in first quarter 2003.
- Strengthening human resources with new management system and dedicated staff/client training coordinator.
- Installation of new online information management system enabling consolidated accounting, treasury and portfolio management of CAM on hourly/daily basis, intranet communication between branches and reduction in paper orientated process.
- Other technological initiatives including bar coding paymant process enabling paymant and disbursements to be monitored and managed better.
- Improve staff moral through more focussed job descriptions, specializing staff in formation, training, products and business development rather than having everyone do everything.
- Review of incentives and salaries to bring more in line with industry average.

FOMIR activities for the quarter included:

- In February-April developed of strategic plan with new management to identify vision required to effect CAM's turnaround.
- Developed of action plan for the period April- September for operational and strategic initiatives to clearly identify tasks to be undertaken during 2002 .
- Defined specification and budgeting for procurement of hardware and software necessary for the installation of the new on-line management information system. System will allow for decentralized of processing to the agencies and the re-engineering of product process.
- Procured and installed new system for warehousing data in a secure environment. Trained staff to use system.
- Procured new human resources management system.
- Through the PAG program FOMIR/DAI disbursed over US$460,000 in grants to over 1,000 CAM clients affected economically by the earthquakes in 2001. This has stabilized the level of arrears in some of the most affected areas and has helped CAM to retain many clients that they would otherwise have lost.

Activity From Past Quarters

Assistance to ACCOVI

In the case of ACCOVI, a co-operative with operations in San Vicente with a total credit portfolio of U$ 12,908,033 millions, the SMS has supervised and provided direct technical assistance The technical assistance provided by FOMIR provided ACCOVI with the tools needed to fixed a growing problem with arrears. Before the earthquake, ACCOVI's portfolio at risk more than 30 days was determined by ACCOVI to be of 16%. In the two months following the earthquake, FOMIR determined that arrears had increased to 23.55%. Failure to reverse the problem with arrears would have led to insolvency for the credit union. By implementing FOMIR's recommended changes related to portfolio management, portfolio at risk more than 30 days arrears in November declined to 18%.

In additions to management and direct assistance to Accovi, the SMS has completed the following tasks during the quarter:

- Developed new annual institutional development plans for Banco Salvadoreño, Calpia and CAM and supervised the development of annual plans for Accovi, Acacu and Acacsemersa.
- Assisted to Calpia to initiate a new product develop program design to address the needs of rural, agriculture based clients, many living in areas affected by the earthquake.
- Reviewed current portfolio and credit process in an effort to assist CAM to stem the negative trends of growing client desertion and increasing arrears,
- Managed the FOMIR/DAI's Information Technology Unit to ensure that new hardware and software systems are acquired, customized and installed within projected time line and budgets final re-engineering MFI systems, policies and procedures for their assigned institutions

Total program expenses related to the Senior Microfinance Specialist as of the end of the November are $74,800, and estimated for December 31, 2001 of $92,000.

Impact Assessment Response

After the earthquake the primary objectives of the Project was to help grantee organizations understand the institutional and portfolio risk associated with natural disasters and to define disaster response strategies. FOMIR/DAI moved quickly to provide structure to an inherently chaotic process.

Six days following the earthquake, FOMIR organize a group meeting with all grantee organizations. The meeting was organized on the topic "Strategies for Microfinance

Institutions in the Wake of Natural Disasters" and was held at the Hotel Mediterranean, San Salvador and January 19th 2001. FOMIR/DAI staff made an initial presentation of a logical framework for analyzing client and institutional risks due to the natural disaster as well as designing and implementing a strategic response. A focus was placed on obtaining information from affected clients and financial options for protecting the portfolio while helping clients rebuild their assets and businesses.

A second meeting was held with the Grantee Institutions on February 2, 2001 to discuss the actual survey finding in terms of portfolio affected by the earthquake and to discuss response strategies. FOMIR institutions were asked to gather and summary information on the following topics:

1. Indicators of the Seriousness of the Situation: Data that indicates the level of portfolio at risk: extremely doubtful or in need of refinancing.
2. Status of Collections
3. Income: Will anticipated income be able to cover the cost of operations?
4. Funds: Does the organization have funds to satisfy the needs of clients or to respond to opportunities that have arisen as a result of the earthquake?

During the second meeting, FOMIR presented information on the number and location of MFI's affected by the earthquake and then conducted a guided discussion on areas of operations that should be monitored to ensure effective financial and portfolio management. A copy of the presentation is included in the annex.

As a result of the first two meetings, FOMIR noted that the eleven microfinance institutions with which FOMIR/DAI works demonstrated varying levels of financial and managerial capacity to assess and respond to the earthquake's impact on their clients, portfolios and institutions. With this in mind, FOMIR intensified contact between grantees and FOMIR/DAI technical staff and implemented a series of institution specific technical assistance contracts. During the quarter short term technical advisors provided FOMIR Institutions with direct support in managing their microfinance portfolios during the crisis. (See table below).

STTA to Assist FOMIR MFIs Assess Impact of Earthquake

STTA	Organization Assisted
John Magill	All FOMIR Institutions to define disaster plan and develop response strategies
Gabor Simon	All FOMIR Institutions to define disaster plan and develop response strategies
Nancy Natilson	Banco Salvadoreño and ASEI to assess impact and response strategies
Juan Carlos Diaz	FJND to assess impact and develop response strategies
Marina Mutchler	Banco Salvaodreño to develop and implement response strategies
Ramiro Carrasco	Accovi to assess impact and develop response strategies
Juan Cabral	Accovi to assess impact and develop response strategies
Manuel Torres	FUSAI to assess impact and develop response strategies
Manuel Moyart	ASEI to assess impact and develop response strategies

During the period of January to March 2001, 8 consultants provided local MFIs with earthquake relief TA at a total cost of $53,312 dollars.

Having worked closely with it's client MFIs to assess the impact of the earthquakes, and to implement a process that provided the information required to make sound program decision in response to disaster, FOMIR management then focused attention on helping the institutions obtain financial resources required to respond to the needs of their clients. Following are short descriptions of financing mechanisms that the FOMIR has identified and positioned to service the needs of the project supported MFIs.

Loan Guarantee for Calpia

FOMIR earthquake related assistance to Calpia focused on helping the institution obtain a loan portfolio guarantee under USAID DCA program. Traditionally, the portfolio quality of Financiera Calpia has been good. As of year-end 2000, loans past due for thirty days or more amounted to 4.4% of its portfolio, and total write-offs to only 1.3% for that same year. Calpia with FOMIR assistance requested use of the LPG facility largely for rehabilitating borrowers that were seriously impacted by the earthquakes.

Calpia conducted a thorough review of their loan portfolio in the most affected areas (their branches in Cojutepeque, Usulutan, Zacatecoluca and Santa Tecla). 21% of their total loan portfolio is located in these areas. Slightly over half of this, or 12.2% of their total portfolio, was affected directly (9.4%) or indirectly (2.8%) by the earthquakes.

On June 28, 2001 FOMIR received final approval from USAID and informed CALPIA that USAID would guarantee a portfolio of loans made by Finaciera Calpiá and subsequently re-scheduled as a result of the earthquake. All loans placed under coverage of this guaranty must have been performing without arrears prior to the earthquakes and must have been subsequently re-scheduled as a result of the earthquakes during a discrete period of time as defined in the Guarantee Agreement.

Terms of the guarantee included:

- The loan portfolio guarantee facility with principal coverage not to exceed US$ 4,500,000.
- USAID provided 70% principal coverage of microenterprise loans and 50% principal coverage of small business loans.
- USAID's contingent liability or Guarantee Limit is 50% of the amount actually placed under coverage, not to exceed US$ 2,250,000.
- The USAID Guarantee allows for a one-time placement of eligible loans under coverage and will not permit rollovers.

A total of 10,250 loans have been covered under the guarantee. Of these, 1006 are small business loans and 9,244 are micro loans. Total disbursed value of these loans is $7,727,501. The amount declared under guarantee is $4,500,00.

The total cost of the technical assistance required to activate the DCA guarantee was $8,202 dollars.

As of the end of the March 2002, no new loans were classified under the guarantee and no claims were made to DCA for loans in default.

Sector Studies Related to the Earthquake.

To develop a better understanding of local commercial opportunities, FOMIR contracted local STTA to conduct studies of:

- The Housing Construction Sector, and
- Estimating Earthquake Damages to Local Markets

The objective of both studies was to identify opportunities for FOMIR assisted MFIs to finance earthquake related commercial activity. Below are short summaries of each report.

The objective of the **Housing Construction Sector** study was to identify opportunities and constraints for increased participation of micro and small enterprises (MSEs) in the housing construction market. To meet this objective, this document characterizes the supply and the demand of new housing and construction materials and draws a preliminary subsector map.

Given the magnitude of the housing shortage in El Salvador, the effective demand for construction materials and services, including those provided by MSEs, is mitigated only by the purchasing power of poor and low-income families and the support that may be available from the government and developmental organizations.

Although the role of MSEs in the construction market is not decisive, MSEs are competitively positioned to provide the materials needs of poor and low-income families. Cement block and mud brick makers, for example, effectively compete against industrial manufacturers in the progressive housing market. The challenge to increase their participation in other segments rests on their ability to improve product quality, production volumes, and marketing efforts.

Some of the interventions that would support MSEs in this sector could be designed to:

- improve quality of their products (permeability, stress and size tolerances);
- promote better (safe) building practices amongst service providers and homeowners;
- diversify product offering;
- facilitate access to new technologies to mitigate environmental impacts and reduce production costs;
- improve access to microcredit to finance some production improvement measures;
- link manufacturers to institutional buyers.

In the design of interventions, the study recommended program designers considers the business cycle of the construction industry in El Salvador, since most of the construction activity takes place during the dry season.

The objective of the study **Estimating Earthquake Damages to Local Markets** was to identify the most damaged municipal markets in El Salvador and to conduct a qualitative estimate of the impact to the micro and small entrepreneurs served by those markets. To meet this objective, the consulting team researched primary damage data from the Government of El Salvador to produce a list of 24 affected markets in the country. Together with USAID staff, visual inspections where conducted in 18 municipalities that reported damages to markets.

The earthquake caused a great deal of damage to municipal markets. In Tecoluca the market has been torn down. In Puerto El Triunfo the market is being used as a storage facility. In both towns, the impact on commerce due to physical damage is great - vendors are selling much less than before. Rebuilding the markets would certainly benefit the market vendors and the local economy. Although in most markets "business is as usual", in the other 18 partially damaged markets the loss in sales seems to be a result of the diminished purchasing power of the local community. This underscores the fact that physical integrity of a market alone does not alone translate into higher sales revenue for microentrepeneurs or for that matter "economic revitalization" of a town.

Based on results of the study the markets of Tecoluca, Puerto El Triunfo, Jiquilisco, San Sebastián, San Juan Nonualco, Santiago Nonualco, San Pedro Nonualco and Santiago de María are good candidates for reconstruction. The earthquakes have affected all markets. Although only in Tecoluca and Puerto El Triunfo the impact on commerce has been drastic, in most other markets the combination of substandard infrastructure and a diminished purchasing power of consumers is affecting the ability of vendors to sell.

The total cost of these earthquake-related studies was $30,900.

Short Term Financing from the Inter American Development Bank (IDB)

As a result of discussion between the IDB, USAID and FOMIR, the IDB intends to provide limited amount of capital (up to $300,000) to local financial institutions to provide liquidity for re-financing loan portfolios affected by the earthquake. Terms of the wholesale loans are assumed to be for 5 years with interest rates of approximately 7.5% annually. As of December 31, 2001, five FOMIR financial institutions were under consideration by the IDB for financial support.

No addition program expensed were incurred to promote linkage between the FOMIR/DAI institutions and the IDB.

FOMIR Coordination of Government/BMI Programs

After the earthquakes, FOMIR/DAI was asked by the Government of El Salvador for assistance in putting together a credit program for microenterprises that is to be implemented by the Banco Multi-Sectorial de Inversiones (BMI) through existing financial intermediaries. Although the program is directed at lower-income families, interest rates to the final borrowers are not subsidized. As much as $220.0 million has been pledged to this activity.

The BMI program -- ***Vivienda Productiva*** or ***Programa de Ampliación de Cobertura de Microcrédito de Vivienda y Microempresa*** -- is designed to cover housing solutions for microentrepreneurs, reactivation of productive assets, and working capital. Target beneficiaries are microentrepreneurs living in the most severely affected areas, which suffered direct damage from the earthquakes. The program is targeted at those microentrepreneurs who earn between 2 and 6 minimum salaries per month on the assumption that poorer microentrepreneurs will qualify for subsidized or grant housing solutions, and wealthier microentrepreneurs will have recourse to lower cost formal sector financing. However, the program also accepts clients who live outside of the priority areas and lower-income salaried employees in the affected areas.

FOMIR/DAI's role in the project was a result of the BMI's need to find financial institutions to serve as retail outlets for the planned credit line. BMI lacked experience with NGOs and credit unions, and found banks reluctant to enter into small, unsecured housing loan programs. The FOMIR/DAI project was the only formal assistance program for microfinance institutions in El Salvador that could help a number of non-bank financial intermediaries qualify for and successfully implement microfinance housing credit lines.

FOMIR/DAI was concerned that non-bank microfinance institutions would not be able to manage the risks associated with offering a substantially new, larger and inherently more risky financial product. Housing loans are considerably larger than normal microfinance loans. The maturities on these loans are typically much longer than typical microfinance loans, and the credit risks involved in developing a housing portfolio are much greater than for typical microfinance loans. FOMIR/DAI became involved in this activity to make sure that assisted microfinance programs developed sound approaches to offering housing products.

FOMIR/DAI began assisting a selected group of participants in the FOMIR/DAI project to prepare to offer housing products under the BMI credit lines in early April 2001. Major activities to date have included:

- An initial workshop to introduce the participants to the proposed BMI line and to explore the major issues that need to be resolved in developing a set of housing loan products;
- Direct assistance to the participating institutions to develop policy and operations manuals consistent with the new products;

- A second workshop and direct assistance to the institutions to resolve key issues related to introducing the new products;
- Further assistance in the development of operating policies and manuals, and the development of a draft generic operations manual that other FOMIR/DAI institutions wishing to participate in the expansion of the program could adapt to their own requirements;
- Work with Fundamicro to coordinate the training for personnel from the participating FOMIR/DAI institutions; and
- Work with the BMI to ensure that the terms and conditions of the BMI credit lines were consistent with microfinance best practices and favorable to the institutions that would be retailing the credit.

At the present time, the BMI is negoitating with participating MFI on terms related to the line of credit. The FOMIR/DAI participants have their products designed, staff trained and sites selected, and are awaiting funding to initiate operations. With the project launch, FOMIR/DAI will provide additional assistance to the institutions to help them overcome start-up problems and monitor the performance of the new credit lines.

The total cost of this earthquake related activity was $64,850.

Budget and Expenditure for Earthquake Activity under the Project

SUMMARY BUDGET EARTHQUAKE RESPONSE 2001/2002					
	ITEMS	APPROVED BUDGET	Amount Obligated	Amount Disbursed	REMAINING Budget
A	IMPACT ASSESMENT/RESPONSE	53,311.97	-	53,311.97	-
B	DEVELOPMENT CREDIT AUTHORITY F/CALPIA	8,201.60	-	8,201.60	-
C	EARTHQ.STUDY HOUSING CONSTRUC.	7,139.32	-	7,139.32	-
D	EARTHQ.STUDY DAMAGE TO PHYSYCAL MKT	23,717.94	-	23,717.94	-
E	EARTHQ.BMI NEW PRODUCT DEVEL. PROG.	70,000.00	-	53,673.68	16,326.32
F	SENIOR MICROFINANCE SPECIALIST	323,349.00	-	145,129.47	178,219.53
G	PRODUCTIVE ASSET GRANTS -BENEFICIARIES	1,000,000.00	-	660,712.54	339,287.46
H	PRODUCTIVE ASSET GRANTS PROGRAM PAG	97,409.00	-	60,556.74	36,852.26
I	PRA Studies	65,861.69	-	45,528.34	20,333.35
	TOTAL	**1,648,990.52**	**-**	**1,057,971.60**	**591,018.92**

COSTOS AL 31 DE MARZO, 2002

Other Earthquake Specific Support Cost Not include in the budget include:

- FOMIR also provided Calpiá with financial assistance to renovate a new head office facility, which was needed after the earthquake. Amount $30,000
- The cost of having the COP manage FOMIR/DAI ongoing earthquake response for the period January 13, 01 to March 31, 02 is $125,000 which is roughly 33% of time.