

PROPOSAL FOR FINANCING AND TECHNICAL COOPERATION FOR:

FUNDACIÓN URUGUAYA DE AYUDA Y ASISTENCIA A LA MUJER
[URUGUAYAN FOUNDATION FOR AID AND ASSISTANCE FOR WOMEN] (FUAAM)

(TC-94-12-32-1-SP)

EXECUTIVE SUMMARY

AMOUNT AND SOURCE:	IDB Financing:	US\$500,000
	Technical Cooperation:	US\$ <u>120,000</u>
	Total	US\$620,000

The above amounts will be disbursed from the Small Projects Fund of the European Union.

FINANCIAL TERMS AND CONDITIONS:	Disbursement period:	36 months
	Financing and technical-cooperation funding granted on a nonreimbursable basis.	

OBJECTIVES:	The overall objective of the project is to improve access to credit for women microentrepreneurs and small business owners. To this end, FUAAM will be strengthened as a provider and efficient administrator of credit to such women. The specific objectives of the project are: (a) to increase the loan portfolio administered by FUAAM, so it can meet current unmet demand; and (b) to technically strengthen FUAAM in its capacity to administer microenterprise credit programs.
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DESCRIPTION:	The resources would be used in a credit project to finance the working capital and fixed asset needs of women microentrepreneurs engaged in trade, services, and production located primarily in Montevideo. A parallel technical-cooperation program would be executed simultaneously to strengthen FUAAM, primarily in the areas of lending technology, accounting, institutional organization, market studies, and information systems.
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ENVIRONMENTAL CLASSIFICATION:	At its meeting of May 25, 1995, the Environment Committee classified this project as a Category II operation.
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BENEFICIARIES:	The proposed program would benefit approximately 500 microenterprises, mostly headed by women (at least 70%) over a three-year period. Those microenterprises do not have access to conventional sources of credit and their staff have per capita incomes
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below the threshold estimated by the Bank and the Government of Uruguay for low-income groups. In view of the average family size, the number of indirect beneficiaries would be approximately 1,500.

RISKS:

Among the potential risks are those connected with the expansion of FUAAM's activities to the interior of the country, if subloans were to be granted without the necessary infrastructure and presence in the area and without FUAAM having been previously strengthened as an efficient administrator of credit programs for women microentrepreneurs.

Another potential risk lies in the high turnover of suitable and competent staff in FUAAM to administer this program. In this regard, an effort must be made to ensure that such personnel receives remuneration commensurate with the job market in their area of expertise.

**THE BANK'S
COUNTRY
STRATEGY:**

The small project described in this document is consistent with the priority established by the Bank and the country to expand support for microenterprises, by strengthening organizations that provide them with credit, training, and technical assistance.

**SPECIAL
CONTRACTUAL
CONDITIONS:**

It is recommended that, in addition to the general contractual conditions, the financing and technical-cooperation agreement to be signed with FUAAM include the following special conditions:

1. Prior to the first disbursement of the financing and technical-cooperation funding, FUAAM must submit the credit regulations of the program to the satisfaction of the Bank.
2. A mid-term review of program execution will be conducted, once the intermediary has submitted to the Bank proper justification of the use of the resources of the first disbursement of the financing (40% of total funds).
3. Subsequent disbursements of the financing to FUAAM by the Bank will be contingent upon the findings of the mid-term review and the implementation of measures agreed with the Bank to overcome any shortcomings identified in program execution.
4. It is recommended that the advance of funds of the technical-cooperation funding be 25%.

**EXCEPTIONS TO
BANK POLICIES:**

None. However, in view of the current demand for credit, and in order to streamline the Bank's administration of this type of operation, it is recommended that the financing be disbursed as follows: (i) an initial advance of funds equivalent to 40% of the total amount of the financing; and (ii) two subsequent disbursements each equivalent to 30% of the total amount of the financing.

I. FRAME OF REFERENCE

A. Background

1. The application

1.1 In September 1990, the Bank signed a small project and parallel technical-cooperation agreement (SP/SF-90-04-UR and ATN/SF-3468-UR) with the Fundación Uruguaya de Ayuda y Asistencia a la Mujer [Uruguayan Foundation for Aid and Assistance for Women] (FUAAM), which included a pilot credit component for US\$300,000 and nonreimbursable technical-cooperation funding in the amount of US\$126,000. The credit component was designed to improve the socioeconomic status of women microentrepreneurs in Montevideo and other cities in the interior of the country. The technical-cooperation was designed to strengthen training and technical assistance for beneficiaries and to upgrade the procedures, administration, and evaluation of the credit program. The outcome of execution of this pilot phase was extremely encouraging, according to the results of the institutional and financial evaluation conducted.

1.2 Currently, the volume of credits disbursed to women microentrepreneurs by FUAAM has leveled off at around US\$30,000 per month because FUAAM has only the recoveries of its portfolio available to relend. Credit applications, however, presently fluctuate around US\$60,000 per month, with no promotional activity. In view of this situation, FUAAM requested Bank resources to expand its loan portfolio and strengthen its organization. FUAAM could thus achieve economies of scale in order to become more competitive and strengthen its viability in the medium and long terms.

2. Statement of nonobjection

1.3 The Government of the Eastern Republic of Uruguay, through the Planning and Budget Office, indicated its nonobjection to Bank participation in the financing of this project.

3. The Bank's country strategy

1.4 The small project described in this document is consistent with the priority established by the Bank and the country to expand support for microenterprises, by strengthening organizations that provide them with credit, training, and technical assistance. The Bank supports these activities through complementary instruments such as a global credit operation for microenterprise, the Small Projects Financing Program, and projects under window III of the Multilateral Investment Fund (MIF).

1.5 In 1991, the Bank approved financing for a global credit program for microenterprise and small business (MSB) for US\$7 million

(loan 614/OG-UR) and the technical-cooperation funding in support of MSB for US\$2.2 million (ATN/SF-3601-UR). Under the credit program, a total of 1,100 subloans were disbursed between March 1992 and December 1993 through seven intermediary financial institutions (IFIs), benefitting the target group on the fringe of small business (less than 10 persons employed per enterprise). The investment subloans under this program had a cap of US\$25,000 and a maximum period of four years. The average subloan granted did not in fact exceed US\$9,000. The associated technical-cooperation project is being carried out over a four-year period, to end in November 1995. It has financed training and technical-assistance activities, basically for the preparation of projects for MSB that subsequently submitted credit applications under the program.

- 1.6 Through its Small Projects Financing Program, the Bank seeks to support the development of productive activities that generate jobs and income for these groups, using specialized NGOs as intermediaries, as proposed in the operations described in this document. To date, the Bank has approved a total of 16 small projects and parallel technical-cooperation operations in Uruguay, for a total equivalent to over US\$10 million, with a significant impact on microenterprises engaged in production, trade, and services, and on small-scale rural production.
- 1.7 The Bank has also supported the MSB sector by financing a study on the costs of legalization and legality of MSB in Uruguay (ATN/SF-4168-UR). According to this study, the illegal status for the vast majority of small businesses and microenterprises is a transitional stage before their consolidation, in which case they opt to become legitimate, otherwise they disappear.

4. The microenterprise sector in Uruguay

- 1.8 In 1992, there were 163,700 urban microenterprises and small businesses (MSBs), of which 144,000 (88%) were enterprises employing fewer than five persons, and 90,000 (55%) employed only one person. These MSBs make up 98% of the total universe of urban private enterprises in Uruguay, and provide employment to 51% of persons employed in the urban private sector. Uruguayan MSBs tend to be organized around a single owner. Their financing needs are not adequately met by small loans from the banking system since only the state-owned bank (Banco de la República Oriental del Uruguay [Bank of Uruguay] or BROU) and two financial cooperatives controlled by the Office of the Bank Examiner serve such needs. This insufficient supply of credit has afforded the opportunity for the establishment of nongovernmental organizations (NGOs) that channel international funds to microenterprises. FUAAM is notable among these in that it is the only one that assigns its priority to addressing the financing needs of women entrepreneurs.

B. The intermediary

1. Identity, origin, and objectives

- 1.9 FUAAM was founded in March 1982 as a nonprofit association, based in Montevideo, on the initiative of a group of professionals and women associated with Uruguayan economic activity, who provided its seed capital. FUAAM is affiliated with Women's World Banking (WWB), headquartered in New York, and its objectives are to promote the business activities of women in order to enhance their economic and cultural status. To achieve these objectives, FUAAM has the capacity to implement projects for studies, research, training, technical assistance, and investment.

2. Activities conducted

- 1.10 Between July 1991 and 1994, FUAAM granted a total of 254 credits totaling US\$779,007. The balance of the portfolio as of July 31, 1994 was US\$435,680, for 166 loans to 255 subborrowers (46% of current loans are to groups), of whom 72% were women. The average credit in the current portfolio is for US\$2,625. Eighty-six per cent of the loans are granted to finance fixed assets.

TABLE 1 Loans granted - by source of funds and year (in US\$)												
Year	Original funds - IDB			Recovered funds -IDB			Own funds			Total loans		
	#	Am.	Av.	#	Am.	Av.	#	Am.	Av.	#	Am.	Av.
7-12/91	48	83,166	1,733	1	525	525				49	83,691	1,708
1-12/92	67	141,031	2,105	3	7,895	2,632	5	15,500	3,100	75	164,426	2,192
1-12/93	29	71,685	2,472	31	96,320	3,107	15	139,644	9,310	75	307,649	4,102
1-7/94				53	207,241	3,910	2	16,000	8,000	55	223,241	4,059
TOTAL	144	295,882	2,055	88	311,981	3,545	22	171,144	7,779	254	779,007	3,067

- 1.11 Although monthly lending has been steadily increasing (see Table No. 2), FUAAM currently has an unmet demand of feasible applications totaling approximately US\$30,000 per month, without even advertising its financial services.

TABLE 2 Development of lending				
	1991	1992	1993	1994
Credits per month	8.2	6.3	6.3	7.9
Amount per month	14,000	13,700	25,600	31,900

- 1.12 In 1991, the percentage of group loans was less than 10% of the total, whereas in 1994 nearly half the loans were of this type. There is a steadily increasing trend in the average amounts of group loans, while individual loans grew between 1991 and 1993 and began to drop again in 1994. In total, 30% of the loans and 40% of the amount of lending was granted to groups and 70% of total loans, and 60% of the volume was granted to individual beneficiaries. The groups served by FUAAM comprise between two and six persons.
- 1.13 Breakdown of the portfolio by loan amount shows that the most representative range (by number of subloans granted) is between US\$1,000 and US\$2,000. As of July 31, 1994, the current portfolio had a rate of delinquency over 30 days of 16.5%. Of that total, 5.5% corresponded to loans over 90 days past due. A comparison of the delinquency rate of individual and group loans shows that the rate of delinquency over 30 days is 22.4% for group loans and 10.1% for individual loans.
- 1.14 The worst cases of delinquency of over 90 days occur principally in credits from the interior of the country. Twenty-eight per cent of the credits (18% of the loan portfolio) were granted to enterprises in the interior of the country. Loan repayment control was difficult and costly owing to the distance involved, which hindered the necessary monitoring of enterprises located in the interior. Since the introduction of the automated program for calculating delinquency, initial successes are being observed in the collection of amounts past due and legal action for collection has been stepped up.
- 1.15 The credit fund has been maintained in real terms by FUAAM; when measured in relation to the dollar it posts a 9% increase over the original funds or a 4.6% increase in relation to the wholesale price index.

3. Financial evaluation

- 1.16 The analysis of FUAAM's financial position was based on the financial statements for 1992, 1993, and 1994, which are shown in consolidated form in Annex V, in United States dollar equivalent.

- 1.17 In the last fiscal year, there was a significant positive change in the composition of assets: the loan portfolio increased from 48% of total assets in 1993 to 84% in 1994. This is the result of FUAAM abandoning the conservative policy of maintaining excessive funds invested in banks, and opting to use them instead for the activity that constitutes the institution's principal objective: granting credit to women microentrepreneurs.
- 1.18 Under the liabilities, there was an increase in the share of FUAAM's own resources in the structure of financing, representing 56% of total funds at the end of fiscal year 1994.
- 1.19 The analysis of cost coverage focuses mainly on 1994 figures, which best reflect FUAAM's current position and shows that FUAAM is self-sufficient. Even if the grants received were subtracted from revenue in the income statement, FUAAM would still be able to cover all its costs, including consulting fees.

TABLE 3 Cost coverage (expressed in average % of earning assets for the period)					
Year	Income from earning assets	Costs of nonperforming loans	Admin. costs 1/	Losses from devaluation	Margin
1992	43	4	29	7	4
1993	43	4	18	7	14
1994	49	8	28	11	0.5

1/ Includes costs of consultants hired using technical-cooperation funding from the Bank.

- 1.20 The analysis of cost coverage and structure of the income statement in Annex V shows several significant changes: (i) a higher return on earning assets and larger share in revenue of interest on loans; (ii) an increase in costs for loan loss reserves, pursuant to the adjustment made in the last fiscal year, using more realistic criteria; (iii) a substantial rise in administrative expenses, owing to the hiring of new staff; and (iv) an increase in losses due to devaluation of the currency upon conversion of the statements into dollars. Since the net worth is greater, the cost of maintaining its value in dollars is higher.
- 1.21 It should also be noted that the hiring of the general manager in mid-1994 has given FUAAM a major boost. In fact, FUAAM has a

stronger image and has shown significant progress in loan portfolio control. However, it is still a small institution with some weaknesses in its internal organization.

II. THE PROGRAM

A. Objectives

- 2.1 The overall objective of the program is to improve access to credit for women microentrepreneurs and small business owners. To this end, FUAAM will be strengthened as a provider and efficient administrator of credit to such women.
- 2.2 The specific objectives of the program are: (a) to increase the loan portfolio administered by FUAAM, so it can serve current unmet demand; and (b) to technically strengthen FUAAM in its capacity to administer microenterprise credit programs.
- 2.3 The two main goals to be achieved are to double FUAAM's assets to benefit its target population and to provide it with the technical capacity it needs to comply with the guidelines for portfolio administration established by the program. Annex III describes the indicators to be used to verify the degree of compliance with the objectives set.

B. Program description

1. Credit fund

- 2.4 FUAAM will use the US\$500,000 financing to expand its loan portfolio, offering credit to more than 500 women microentrepreneurs located primarily in Montevideo. In a subsequent stage, and if cost coverage allows, the supply of credit will be extended to the interior of the country. The resources will be used to finance working capital and fixed assets principally for women microentrepreneurs engaged in retail sales (grocery stores, clothing stores, etc.), manufacturing (food processing, handicrafts, garment-making, etc.), and services (cleaning services, hairdressing, etc).

2. Technical-cooperation

- 2.5 As a result of the institutional assessment, the parallel technical-cooperation program will place emphasis on: (i) strengthening of the financial, managerial, and technical capacity of the intermediary; (ii) development and implementation of an appropriate lending methodology, designed to optimize operating efficiency and at the same time offer financial products that meet the beneficiaries' needs; and (iii) strengthening of the intermediary's infrastructure, to ensure proper supervision of the

credit program. Annex I contains a detailed plan of operations for the technical-cooperation project.

- 2.6 In view of the above-mentioned priorities, under the technical-cooperation project, experts will be hired in the following areas: (i) lending technology; (ii) information systems; and (iii) administration and finance. In addition, the budget includes US\$15,000 for the hiring of international experts or consulting firms by the Bank to conduct the two mid-term evaluations of the program.
- 2.7 The technical-cooperation project also includes the purchase of computer equipment, in order to strengthen FUAAM's operating infrastructure and to ensure proper execution of the program. The total amount of the parallel technical-cooperation project is US\$120,000 equivalent.

C. Program cost and financing

- 2.8 The total project cost is US\$620,000, of which US\$500,000 would be the funds for onlending and US\$120,000 for the technical-assistance program, all drawn on the Small Projects Fund of the European Union, on a nonreimbursable basis.

D. Program execution

1. Responsibility for execution

- 2.9 FUAAM will be responsible for administration and execution of the proposed project. The activities would be carried out by its present staff, strengthened with the support of the consultants described in the plan of operations for technical-cooperation. The intermediary will sign an agreement for financing and technical-cooperation with the Bank and will carry out the project according to the terms of this document and its annexes.

2. Credit regulations

- 2.10 The model credit regulations that will govern program execution are shown in Annex IV to this document. The regulations are consistent with Bank rules and policies, and with current legal provisions and banking and financial practices in Uruguay.

3. Technical-cooperation

- 2.11 The intermediary will be responsible for selecting and hiring the consulting services provided for under this program, and must follow Bank procedures for the selection and hiring of consultants.

4. Mid-term review

- 2.12 It is proposed that the operations be executed in two stages, with a mid-term review upon completion of the first stage. The purpose of the review will be to examine the goals achieved and determine the effectiveness of the procedures followed in executing the credit and technical-assistance components. The review will also include an analysis of implementation of the institutional strengthening plan, subloan delinquency, lending technology, interest rates, and the degree of financial self-sufficiency of FUAAM. The indicators described in Annex III must be borne in mind for the review.
- 2.13 The mid-term review will be conducted once the intermediary has submitted proper justification of the first disbursement of the financing (40% of the total amount), or earlier if the Bank deems necessary. The Bank will examine the findings and recommendations of the mid-term review, which will be conducted by international consultants to be contracted directly by the Bank using resources from the technical-cooperation funding. If the Bank deems the findings of the review satisfactory, it will authorize the intermediary to continue committing the resources of the financing. If not, the Bank will not authorize the intermediary to continue committing the resources until the latter has taken satisfactory measures to correct the shortcomings identified.

5. Period for disbursement of funds

- 2.14 The resources of the financing and technical cooperation will be disbursed within a period of 36 months from the effective date of the agreement.

6. Advance of funds

- 2.15 Owing to its nature, the program requires the availability of liquid funds in sufficient amounts to ensure rapid and timely provision of credits and to initiate the consulting services for institutional strengthening of the intermediary. In view of the current demand for credit, and in order to streamline the Bank's administration of this type of operation, it is recommended that the financing be disbursed as follows: (i) an initial advance of funds equivalent to 40% of the total amount of the financing; and (ii) two subsequent disbursements each equivalent to 30% of the total amount of the financing. It is also recommended that the advance of funds of the technical-cooperation be 25%.

7. Use of recoveries

- 2.16 During the life of the financing agreement, recoveries from amortization of the credits granted using program resources may only be used by the intermediary to grant new credits that conform substantially to the rules set forth in the agreement and in the

Credit Regulations of the program, unless the Bank authorizes another use for them in writing.

8. Quality of the portfolio

- 2.17 The quality of FUAAM's portfolio will be evaluated by the indicator of portfolio at risk, i.e., the percentage of loans more than 30 days past due out of total lending. The intermediary must take appropriate measures to ensure that this indicator remains below 5% of the total portfolio. In the case of nonfulfillment of this requirement, the Bank reserves the right to suspend disbursements.

9. Environmental considerations

- 2.18 Although the scale of the productive activities to be financed is too small to adversely affect the environment, the following measures are included in the document to reduce this risk: (i) eligibility criteria for the projects that preclude the financing of polluting activities and/or those that have a harmful effect on the environment; (ii) the obligation of the intermediary and its advisors to ensure compliance with the preventive measures included in the Credit Regulations. At its meeting of May 25, 1995, the Environment Committee classified this project as a Category II operation.

III. THE BENEFICIARIES

A. Characteristics

- 3.1 The principal socioeconomic characteristics of the beneficiaries are as follows:
- a. Family structure: the average number of family members is three persons.
 - b. Housing: most of the program beneficiaries live in houses that have access to basic services (electricity, drinking water, etc.).
 - c. Education: the average education of the beneficiaries is relatively low for Uruguay, since a majority have not completed secondary education. They also have a marked lack of training in business administration of their microenterprises, although in many cases, they have an acceptable level of technical expertise in the production process they use.
- 3.2 Based on a national view of the problems of poverty and considering its capacity to cover operating costs, the intermediary decided

that initially it would focus on Montevideo. If cost coverage allows, it will expand to areas in the interior of the country, principally urban centers in the south (such as Canelones, Pando, and Las Piedras).

- 3.3 The predominant activities in which the women beneficiaries carry out are trade, manufacturing and services. Under the program, basically support will be given to women microentrepreneurs involved in those areas.

B. Situation of women microentrepreneurs

- 3.4 In most countries of the region that have high birth rates, the economically active population increases annually owing to the overall demographic pressure. In Uruguay, however, expansion of the job market has basically been the result of the increased incorporation of segments of the so-called "secondary" work force, consisting of young people and women. The latest census data and demographic studies indicate that young women who join the labor market as wage earners gradually seek to enhance their source of income by starting to work for themselves as microentrepreneurs.

- 3.5 Furthermore, whereas in most of the countries of the region the MSB sector is made up to a large extent of emigrants from rural areas with a little or no formal education, in Uruguay there is a high percentage of individuals from the impoverished middle class and women who suffer from discrimination on the job market. These segments have an education background and employment history that differ radically from the pattern of behavior usually associated with subsistence microentrepreneurs.

C. Estimated number of beneficiaries

- 3.6 The proposed program would benefit approximately 500 microenterprises, with a vast majority (at least 70%) headed by women, over a three-year period. Considering the average family size, approximately 1,500 persons would benefit indirectly.

IV. FEASIBILITY, RISKS, AND JUSTIFICATION

A. Socioeconomic feasibility

- 4.1 Execution of the proposed program will help consolidate the operation of small units of production, which would strengthen and increase employment in Montevideo. The project would strengthen an important permanent source of financing for women microentrepreneurs, who enter the labor force and lack access to formal credit, particularly for fixed asset investments (equipment, machinery, etc.). The granting of loans by FUAAM is a speedy process (less

than one week) and under more favorable conditions than other similar organizations. The beneficiaries will thus be able to increase their productivity, sales, and consequently, their income.

B. Institutional feasibility

- 4.2 The intermediary has an adequate legal framework and a flexible organizational structure that is consistent with the diverse working needs of project execution, as well as the prospects of growth in the volume of operations. Its human resources are continuously being strengthened and have sufficient experience in the administration of projects for the target group.
- 4.3 As mentioned in the institutional evaluation, during analysis of the operation some shortcomings were identified that would be corrected to ensure the intermediary's successful participation in program execution. To that end, FUAAM will be institutionally strengthened through the nonreimbursable technical-cooperation funding, which will be used to hire consulting services to reinforce FUAAM's credit services and accounting and management information systems.

C. Financial feasibility

- 4.4 The program resources will be used to finance productive activities, the financial feasibility of which has been previously determined in accordance with the methodology used by the intermediary and based on eligibility criteria and subloan conditions established in the Credit Regulations agreed upon with the Bank.
- 4.5 Since the subloans will be granted at interest rates that are positive in real terms and will cover the cost of intermediation as well as risk, the projects will generate sufficient resources to attain the goals set, capitalize the intermediary, maintain the value of the revolving credit fund, and strengthen FUAAM's net worth.
- 4.6 Moreover, the parallel nonreimbursable technical-cooperation funding will enable the intermediary to achieve a satisfactory administrative and operational organization, so as to ensure the continuity of programs targeting the lowest-income groups in the country, particularly women.

D. Risks

- 4.7 The potential risks identified are connected with expansion of FUAAM's activities to the interior of the country, if subloans were to be granted without the necessary infrastructure and presence in the area and without FUAAM having been previously strengthened as an efficient administrator of microenterprise credit programs.

- 4.8 Another potential risk lies in the high turnover of suitable and competent staff in FUAAM to administer this program. In this regard, an effort must be made to ensure that such personnel receives remuneration commensurate with the job market in their area of expertise.

E. Justification and recommendation

- 4.9 The proposed project is consistent with the eligibility criteria of the Small Projects Financing Program set forth in documents GP-75-7 and GN-1238-2, and with the Bank's policy on women in development, set forth in document GP-114-3.
- 4.10 The preceding analysis indicates that execution of the proposed project is feasible. Management, therefore, recommends that the Board of Executive Directors approve this operation, and accordingly submits for its consideration Appendix I, containing the Proposed Resolutions for financing and technical-cooperation funding.

PLAN OF OPERATIONS FOR TECHNICAL-COOPERATION

Fundación Uruguaya de Ayuda y Asistencia a la Mujer
[Uruguayan Foundation for Aid and Assistance for Women] (FUAAM)

URUGUAY

(TC-94-12-32-1)

I. BACKGROUND

- 1.1 In addition to its request for financing under the Small Projects Financing Program, FUAAM also requested nonreimbursable technical-cooperation to support the execution of the program described in the financing proposal.

II. OBJECTIVES

- 2.1 The objectives of the proposed technical cooperation would include the following:
- a. To strengthen the financial, managerial, administrative, and technical capacity of the intermediary, through support to upgrade its administration, accounting, and credit management systems, and to establish strategic plans for institutional development.
 - b. To develop and implement a lending methodology adapted to the intermediary and its clientele, optimizing operating efficiency and at the same time offering financial products that are tailored to the profile of demand of the beneficiaries.
 - c. To strengthen the intermediary's infrastructure for management of the credit program, in order to ensure proper use, management, and recovery of the resources requested.
 - d. To promote the organization's ability to play a major role in the future in serving the business development needs of low-income women.

III. PROGRAM DESCRIPTION

- 3.1 To achieve the proposed objectives, the technical-cooperation program calls for consulting services in the following areas to be hired (the detailed terms of reference are in Annex II):
- a. Administration and finance: one specialist will be hired for six months, to help FUAAM draw up a new chart of accounts and to advise the board of directors and General Manager in defining a new institutional policy and introducing new management control measures.
 - b. Lending technology and market study: an international consulting firm will be hired for a period of five consultant/months, in two discontinuous periods. The firm will be responsible for implementing an efficient and effective technology for granting loans to the target group. Accordingly, the lending methodology currently used by the intermediary must be tailored to the expected growth in the portfolio, while streamlining operating costs, training loan officers, executives, and members of the loan committee, and maintaining the high quality of the loan portfolio (delinquency control). A market study will be conducted in Montevideo as part of this process, to provide the necessary data for design of FUAAM services.
 - c. Information systems: an information processing specialist will be hired for three months, to design and/or adapt the computer systems to handle the accounting, monitor the loans portfolio, record general program data, and generate reports needed for decision-making in the institution.
 - d. Institutional and credit program evaluation: international specialists or consulting firms will be hired for a total of three weeks, to assess program progress once the intermediary has justified the use of 40% of the resources of the financing, based on the objectives and indicators specified in the project. In addition to that evaluation, the specialists or firms will advise the intermediary on addressing any problems encountered in implementation of the credit and institution strengthening program, and make recommendations that contribute to fulfillment of the program objectives and of the conditions set forth in the agreement with the Bank.
- 3.2 In addition, the technical cooperation includes the purchase of computer equipment, in order to strengthen the institution's operating structure and ensure proper program execution.

IV. COST AND FINANCING

- 4.1 The total cost of this nonreimbursable technical-cooperation project has been estimated at US\$120,000 equivalent, which would be financed by the Bank according to the following budget (in thousands of US\$):

CATEGORIES	TOTAL
2.1 Remuneration ^{1/} , consulting services	82,500
6.3 Computer equipment	10,000
5.1 Travel and per diem	4,000
7.1 Publications	3,500
8.2 Remuneration, external evaluation and institutional support ^{2/}	15,000
9.8 Contingencies	5,000
TOTAL	120,000
<p>1/ Expert in administration and finance (US\$2,500/month x 6 months = US\$15,000); international firm for lending technology and market study (US\$10,000/month x 5 months = US\$50,000, plus US\$6,000 per diem and US\$4,000 international travel, total US\$60,000); and expert in information systems (US\$2,500/month x 3 months = US\$7,500).</p> <p>2/ Includes the approximately three-week evaluation and advisory services for the intermediary by an international expert or consulting firm (lump sum). This was budgeted as follows: fees, US\$10,000; international travel, US\$2,200; per diem, US\$2,800.</p>	

- 4.2 The Bank's contribution of up to US\$120,000 equivalent will be granted on a nonreimbursable basis from the Small Projects Fund of the European Union.

V. PROGRAM EXECUTION

- 5.1 The consultants will be hired by the intermediary, except for the international consultants or consulting firms to conduct the program evaluations that would be contracted directly by the Bank.

VI. JUSTIFICATION

- 6.1 The technical cooperation will contribute directly to proper execution of the program and achievement of its objectives. In particular, since the credit program will represent an expansion of the activities currently performed by the intermediary, the technical cooperation is considered necessary to strengthen the operating, administrative, and technical foundations of the organization. Similarly, through the technical cooperation, the expansion is expected to maintain and enhance the quality of administration of the services and monitoring of the beneficiaries.
- 6.2 To conclude, the success of the program will depend, to a large extent, upon the above-described components of technical cooperation, which are considered imperative for effective project execution.

VII. DISBURSEMENTS

- 7.1 Disbursements will be made within a period of 36 months from the date of signature of the agreement. At the request of the intermediary, the Bank may set up an advance of funds for an amount not exceeding 25% of the technical-cooperation funding. The establishment and replenishment of the advances will be considered disbursements. Replenishment of the advances will be subject to the intermediary submitting detailed accounts of the use of the funds disbursed and spent.

VIII. REPORTS

- 8.1 The consultants to be hired must present a final report to the intermediary (with a copy to the Bank) indicating the results of the services and recommendations for future activities, within 30 days after termination of their respective contracts.
- 8.2 The intermediary will present to the Bank an evaluation of the reports submitted and of the work conducted by each consultant within 60 days following the receipt thereof.
- 8.3 In addition, the intermediary will present to the Bank a financial report detailing the costs charged to the Bank's technical-cooperation funding, audited by independent auditors acceptable to the Bank, within 120 days after the close of the calendar year in which the final program disbursement is made.

IX. SUPERVISION

- 9.1 The Bank will supervise the programs through its Country Office in Uruguay, which will hold technical responsibility for the operation. At Bank headquarters, Division 1 of the Regional Operations Department 1 will hold basic responsibility for this operation.

TERMS OF REFERENCE FOR THE CONSULTING SERVICES

A. Specialist in administration and finance

Qualifications: Must have a post-graduate university degree in administration or finance with at least four years' experience in microenterprise credit programs, management, institutional analysis, and accounting. Will work full-time and be based at FUAAM headquarters.

Duration: Six months.

Activities:

- (i) Advise the board of directors and the General Manager on the definition of an institutional policy and the introduction of new management control measures. The institutional structure must be consistent with FUAAM's new requirements, based on which a functions manual must be drawn up.
- (ii) Conduct a participatory assessment which identifies the principal problems, shortcomings, and potential of the intermediary in administration, accounting, and finance (e.g. analysis of strengths and opportunities, weaknesses and risks). Must also recommend solutions to the board of directors and the management of the intermediary to overcome those problems.
- (iii) Working jointly with the intermediary, design a strategy for equity capital development and cost and delivery of services, including short-, medium-, and long-term goals (strategic planning). The plan must include the strategies for identifying and promoting sources of funds, as well as improving revenues from services rendered (credits), to ensure the self-sufficiency of the intermediary (e.g. analysis of the break-even point, compliance with project indicators as described in Annex III).
- (iv) Upgrade the operating, administrative, accounting, and financial systems of the intermediary.
- (v) Upgrade and design (in cooperation with the systems consultant) a chart of accounts that serves the institution's needs. The chart must be organized so as to provide the necessary documentation to verify

transactions and contribute to the timely preparation of financial statements and reports.

- (vi) Provide training and refresher courses for the intermediary's staff in areas in which their technical capacity is critical for operation of the program.
- (vii) Present to the intermediary (with copy to the Bank) a final report outlining the results of the consulting services and recommendations for future activities, within 30 days after termination of the contract.

B. Consulting services in lending technology and market study

Qualifications: International firm with recognized experience in Latin America of working in credit support institutions geared to microenterprises and small farms. Must have experience in credit promotion, portfolio management, market surveys, training and organization of systems for granting small-scale credit, in institutions that provide credit to small businesses engaged in production or trade. To conduct the work, must provide experts with extensive experience in the area (at least four years) and post-graduate studies, which expert(s) will work full-time and be based at FUAAM's headquarters, although they must travel frequently to the field.

Duration: Five consultant/months (in two periods at least 10 months apart).

Activities:

- (i) Conduct a program for the transfer of lending technology tailored to the needs of the beneficiaries and the capacity of the intermediary, with a view to ensuring proper resource management.
- (ii) Conduct a market study in Montevideo, the results of which will provide the data needed for design of FUAAM services.
- (iii) Recommend and implement appropriate procedures for the presentation, analysis, delivery, monitoring, control, and recovery of the portfolio, designed to ensure efficient resource management and maximize coverage of low-income groups.
- (iv) Work with the systems specialist to implement the credit system within the integrated information system.

- (v) Establish a system for monitoring credits based on the extension agent as unit of cost and administrator of the respective portfolio. The performance indicators to be used for periodic evaluation must be defined.
- (vi) Adjust the lending methods used so as to maximize coverage of a larger number of beneficiaries, taking into account the time of field personnel and costs involved.
- (vii) Design a strategy to expand the credit program with a view to expanding services.
- (viii) Develop methods for interest-rate setting, use of recoveries, and collection of financial intermediation costs.
- (ix) Train the members of the loan committees, employees, and technical extension agents in operation of the credit system.
- (x) Design a project monitoring system, based on the project indicators, as described in Annex III.
- (xi) Design a system to evaluate the impact on the target group (in cooperation with the systems consultant), to allow monitoring of the following indicators: (a) women's participation; (b) the creation of micro-enterprises; (c) generation and strengthening of jobs; (d) increase in income; and (e) changes in quality of life (health, nutrition, housing, etc.).
- (xii) Present to the intermediary (with copy to the Bank) a final report stating the results of the consulting services and recommendations for future activities, within 30 days after termination of the contract.

C. Consulting services in information systems

Qualifications: University degree in computer science or related areas, with extensive experience (at least three years) working in the development of information systems and documentation centers, preferably with experience in the design of systems for institutions that finance microenterprises. Will work full-time and be based at FUAAM headquarters.

Duration: Three months.

Activities:

- (i) Design and/or adapt a computerized system to perform the following functions: (a) accounting of funds, with financial and accounting records; (b) control of the credit portfolio, separating costs according to financial intermediation; and (c) recording of general data required for program administration.
- (ii) In cooperation with the consulting services for lending technology, design a computerized information system that allows monitoring and evaluation of the credit program, covering the following areas: (a) up-to-date information on the status of the portfolio; (b) development of a data bank on the program's beneficiaries and its impact, including background of the beneficiaries, performance of loans, income level, job creation, etc.; and (c) monitoring the achievement of program goals.
- (iii) Lend advice on the purchase of appropriate computer equipment for the intermediary's activities.
- (iv) Prepare procedural manuals on the systems created.
- (v) Train the intermediary's staff in management of the systems implemented.
- (vi) Present to the intermediary (with copy to the Bank) a final report indicating the results of the project and recommendations for future activities within 30 days after termination of the contract.

D. Specialist in evaluation of credit programs and institutional strengthening

Qualifications: International expert or consulting firm specializing in microenterprise credit. Must be a specialist in institutions and finance with at least five years' experience in Latin American countries evaluating microenterprise credit programs. Must also have extensive experience in analysis of the degree of institutional development, consolidation, and financial self-sufficiency of institutions that offer credit services to microentrepreneurs. Will be hired directly by the Bank, using resources charged to the proposed program.

Duration: Three weeks in total.

Activities:

- (i) Evaluate the institution's financial policies, including: (a) credit risk (criteria for granting credits, extent of application evaluation, diversification of risk, etc.); (b) portfolio management (policies on collection of overdue accounts, monitoring of clients, etc.); (c) profit margin policy (control of operating costs, level of loan loss reserve; (d) interest-rate setting (rationale used in determining the interest rate, maintenance of value, and recoveries); (e) liquidity policies (level of cash and deposits considered appropriate, cash flow management).
- (ii) Assess the financial position: (a) capital growth; (b) indebtedness (ratio between current liabilities and assets, and between fixed liabilities and assets, etc.); (c) liquidity; (d) rate of return and degree of financial self-sufficiency (return on capital, return on earning assets, return on total assets, financial spread, operating margin, net margin, etc.); (e) analysis of portfolio quality (delinquency rate); (f) loan recovery performance; (g) effective annual yield of the loan portfolio; (h) loan loss reserve; and (i) degree of compliance with financial conditions associated with the Bank program (e.g. delinquency rate, interest rates, etc.).
- (iii) Evaluate administrative performance: (a) degree of organization of the credit program (chain of command, responsibility flows, accountability, etc.); (b) procedures for credit approval; (c) internal inspection and control procedures; (d) staff productivity and efficiency; (e) performance and degree of use of information systems; (f) services offered to beneficiaries and monitoring; (g) evolution of payroll and administration costs; and (h) extent to which the recommendations made by local experts have been implemented (especially relating to planning, organization, information systems, etc.).
- (iv) Evaluate the lending methodology: (a) number of credits disbursed each month, identifying how many are to new clients, and total active clients; (b) analysis of time use in evaluation of applications from new clients, evaluation of applications from active clients, supervision and training; (c) geographical distribution of clients and distance from the central office; (d) amount of the loans; (e) categories of use of the loans; (f) types of guarantees used; (g) degree of adaptation of the lending methodology and financial products to the

beneficiaries' needs; (h) portfolio by extension agent; and (i) impact and degree of implementation of recommendations made by the local credit expert hired using resources of the technical cooperation.

- (v) Make recommendations to the intermediary for adjustment of program execution, based on the results of the aforementioned evaluations. Must prepare a plan for implementation of the recommendations made, working together with the directors and managers of the institution.
- (vi) Prepare and present to the Bank, with copy to the intermediary, a report on the initial situation, the advice offered, the degree of execution, and achievement of project objectives, within 30 days following the completion of the consulting services.

INDICATORS

The indicators to verify the achievement of the objectives of both the credit program and the parallel technical-cooperation project are as follows:

1. Overall objective

The overall objective of the project is to improve access to credit for women microentrepreneurs. To this end, FUAAM will be strengthened as a provider and efficient administrator of credit to such women.

Indicators

- a. Maintenance of the equity base in real terms (as a minimum requirement).
- b. Degree of financial self-sufficiency.
- c. Loan portfolio by employee 12 months after onset of execution (minimum);
 - 65 credits
 - portfolio of US\$145,000After 24 months of execution, those indicators must increase by 25%.
- d. Percentage of administrative costs out of total average gross portfolio less than 30% at 12 months and less than 25% at 24 months.
- e. Portfolio of loans to women microentrepreneurs (minimum):
 - 12 months after onset of execution, 40% growth over the portfolio at the onset of the project.
 - 24 months after onset of execution, 80% growth over the portfolio at the onset of project.
- f. Diversification of portfolio (maximum):
 - 2/3 of portfolio to finance fixed assets, with maximum periods of 36 months, and 1/3 of portfolio to finance working capital with a maximum period of 12 months.
- g. Quality of portfolio (minimum):
 - balance of credits more than 30 days past due less than 5% of total portfolio.
 - constitution of a loan loss reserve of 100% over the total balance of loans over 90 days past due and of 50% of loans over 60 days past due.

ANNEX III

Page 2 of 2

- h. Average amount of loans granted (during the year).
- i. Number of loans granted (per year).
- j. Average current loan amount.
- k. Number of current loans.
- l. Percentage of women beneficiaries (minimum): 70%.

MODEL CREDIT REGULATIONS

Article 1. General conditions

These Credit Regulations set forth the terms that shall govern the credit program to be executed by FUAAM, hereinafter referred to as "the intermediary". FUAAM is a private, nonprofit institution, created for the purpose of providing assistance to low-income women microentrepreneurs, who do not have access to financing from formal lending institutions, hereinafter referred to as "beneficiaries". The project shall be financed by the Inter-American Development Bank, hereinafter referred to as "the Bank", and executed by the intermediary pursuant to the terms and conditions described below.

Article 2. Program objectives and description

The principal objective of the program is to improve the access to and coverage of credit for low-income women microentrepreneurs, by means of activities designed to increase and enhance production and productivity, as well as to strengthen and increase employment and sales. It is geared to those women microentrepreneurs who live hand to mouth and due to their impoverishment lack access to other conventional sources of credit.

The program includes the execution of credit programs, technical assistance, and financial and administrative training designed to:

- a. finance raw materials, inputs, working capital, fixed assets required for production, as well as marketing of goods and services; and
- b. promote the strengthening of the women beneficiaries as entrepreneurs through financing.

The intermediary shall independently manage the resources earmarked for credit to women microentrepreneurs through its own Loan Committee.

Article 3. Beneficiaries

The program beneficiaries shall be women microentrepreneurs located principally in Montevideo, selected according to the guidelines set forth in these regulations, who have the capacity to execute and operate the project(s) for which financing is requested and who lack access to conventional sources of credit.

Article 4. Use of program resources

The program resources may be used to finance the fixed assets and working capital needed for the execution of microentrepreneurial activities in

trade, services, and production that are technically and financially feasible.

Article 5. Advisory services

The intermediary shall disseminate information and provide initial orientation for the potential beneficiaries and, when advisable, shall promote their organization into mutual aid groups. A mutual aid group is understood to mean microenterprises that join together based on a common activity or interest to obtain credit and/or better conditions for the purchase of raw materials and/or sale of their products. Through the extension agents, the intermediary shall support the beneficiaries in preparing investment projects and credit applications, providing the necessary financing and monitoring.

Article 6. Financing

The intermediary shall grant financing to individual beneficiaries and/or mutual aid groups.

Article 7. Eligibility requirements

A microentrepreneur must meet the following requirements in order to be eligible to receive credit under the program:

- a. be of legal age;
- b. have been operating the business for at least 12 months in the case of individual loans;
- c. have an annual per capita income of less than the amount estimated by the Bank to define low-income groups in Uruguay;
- d. agree to follow the recommendations made by the intermediary;
- e. lack access to other conventional sources of credit;
- f. use the microenterprise to be financed as his or her principal source of income and activity;
- g. undertake to use the credit resources exclusively for the purposes authorized;
- h. have an identifiable site of operation; and
- i. have a microenterprise with a maximum of around five permanent salaried employees, annual sales of less than about US\$50,000 equivalent, or total assets of up to approximately US\$40,000 equivalent.

Article 8. Criteria for the selection of projects to be financed

The general project selection criteria to be taken into consideration for the approval and granting of credit are as follows:

- a. The microentrepreneur must have sufficient available liquid assets to take on the credit.
- b. The economic unit must show a surplus and allow reinvestment of the surplus in the microenterprise.
- c. The microentrepreneur must demonstrate the technical and administrative ability to run his or her enterprise.
- d. There must be a sufficient market for the products or services.
- e. The project must result in the generation or strengthening of jobs.
- f. The production techniques and practices used must not cause pollution or degrade the natural resources that serve as raw material.

Article 9. Restrictions on the use of program resources

Program resources may not be used to finance:

- a. the purchase of real estate;
- b. payment of debts, dividends, or capital recoveries;
- c. purchase of shares, bonds, or other bearer securities;
- d. consumption requirements;
- e. rental or purchase of land, houses, constructions, or buildings;
- f. purchase of vehicles or articles for personal use; or
- g. taxes.

Article 10. Terms and conditions of the credits

The credits shall be subject to the following terms and conditions:

- a. **Currency:** The loans financed using program resources shall be denominated in local currency.
- b. **Amounts:** The microenterprises may receive individual credits from program resources in amounts that, as a whole, do not exceed US\$3,000 equivalent in local currency in the case of working

capital, and US\$6,000 equivalent in local currency in the case of acquisition of fixed assets. The maximum amount of joint and several or group loans shall be US\$24,000 equivalent in local currency, also subject to the per capita limit indicated above.

- c. **Amortization periods:** The maximum amortization periods for credits granted using program resources shall be up to 12 months for working capital and up to 36 months for capital investments. The amortization periods for the subloans shall be determined by the intermediary based on such considerations as: type of microenterprise or production unit, useful life of the goods to be financed, nature of the investment, projected revenue, and ability to pay.
- d. **Interest:** The intermediary shall independently set the interest rate for the borrower, so as to cover all intermediation costs including risk, on the total financing disbursed. The lending rate shall be variable, shall be reviewed at least every 90 days, and shall be positive in real terms. It shall be determined based on the interest rate of Uruguayan 90-day Treasury Bills in pesos or, if that does not exist, on the average rate of private banks for 90-day deposits, to which would be added the costs of intermediation and the loan loss reserve (risk).
- e. **Form of payment:** In all cases, payments of capital and interest may be made in weekly, monthly, quarterly, or semiannual payments, depending on the characteristics of each loan.
- f. **Early collection:** The credits granted shall be deemed due and payable in full if one or more of the following circumstances should arise:
 - (i) Any of the information provided by the beneficiary in the loan application proves to be false.
 - (ii) The beneficiary does not allow inspection of the investments or of the goods given as guarantee or any situation arises that is likely to diminish their value or compromise their ownership.
 - (iii) The beneficiary fails to totally or partially make the payments or fails to comply with the obligations assumed under the loan contract.
 - (iv) The beneficiary encumbers or transfers to third parties the goods financed or given in guarantee without the written permission of the intermediary.
- g. **Amortization:** The intermediary shall provide the beneficiary (beneficiaries) with an amortization schedule indicating the

amounts and dates of payments of capital and interest, the amount of the loan, and the interest rates charged.

Article 11. Guarantees

The following types of guarantees will be required:

- a. joint promissory note signed by group members;
- b. mortgage goods;
- c. chattels;
- d. land titles;
- e. guarantee fund guarantees;
- f. solvent codebtor; or
- g. personal signature of the microentrepreneur.

Article 12. Loan Committee

The Loan Committee of the intermediary, comprising a minimum of three members who shall be FUAAM directors and/or officials, shall be responsible for autonomously performing the following functions:

- a. implementing these regulations;
- b. resolving (approving, rejecting, or deferring) all credit applications, based on the criteria, periods, and amounts established in the regulations, except for applications made by its members, which shall be examined and resolved by the board of directors of the institution;
- c. approving and signing the minutes of the committee, in which consideration of credit applications and the decisions reached shall be recorded, including the conditions (amount, amortization period and form, interest rates, guarantees, etc.) and/or the reasons for rejection or deferment; and
- d. analyzing program progress, the status of the portfolio and unforeseen situations that might affect loan recoveries, for which extensions may be granted.

Article 13. Records and control

The program's cash flow shall be recorded separately in the intermediary's general accounting system, under the heading "Revolving Fund, IDB Project". To this end, the intermediary shall keep proper records based on the chart of accounts approved by the IDB prior to the first

disbursement of the financing. Such records shall identify the credits granted, along with the use of recoveries of those credits, to provide the information necessary for preparation of balance sheets, income statements, and statements of source and application of funds of the program.

Article 14. Amendments to the regulations

The intermediary may suggest amendments to these regulations in order to adapt them to any new circumstances or conditions that may arise during the course of program execution. Any amendment to these regulations shall enter into force once the Bank has issued a written statement of nonobjection.

FUAAM BALANCE SHEETS AS OF JUNE 30 US\$			
	1992	1993	1994
CURRENT ASSETS	128,768	199,181	62,073
Temporary investment	119,627	190,660	28,310
Cash and deposits	9,141	8,521	33,763
FIXED ASSETS	127,024	213,680	414,030
Credits:	118,114	198,204	400,338
-Gross portfolio	124,227	216,126	446,862
-Reserves	(6,113)	(17,922)	(46,524)
Deferred costs	3,400	1,700	352
Durable goods	5,510	13,776	13,340
TOTAL ASSETS	255,792	412,861	476,103
CURRENT LIABILITIES	27,038	28,534	30,366
Accounts payable	27,038	28,534	30,366
CAPITAL LIABILITIES	116,254	189,477	181,206
Financial debts	116,254	189,477	181,206
TOTAL LIABILITIES	143,292	218,011	211,572
TOTAL NET WORTH	112,500	194,850	264,531
Income statements As of June 30			
	1992	1993	1994
REVENUE	101,771	175,821	263,476
Investment earnings	16,676	33,597	16,111
Interest on loans	52,620	101,975	179,856
Grants	29,834	35,252	63,024
Other income	2,641	4,997	4,485
EXPENDITURES	63,226	93,471	193,795
Establishment of reserve	6,113	13,272	33,114
Consultant fees	29,288	33,014	34,295
Administration costs	16,954	24,417	81,494
Losses from currency devaluation	10,871	22,768	44,892
SURPLUS (DEFICIT)	38,545	82,350	69,681
Exchange rate (Uruguayan Pesos\$)	3.00	4.00	5.00

APENDICE I

PROPOSED RESOLUTION

URUGUAY. FINANCING AND TECHNICAL COOPERATION TO THE FUNDACION URUGUAYA
DE AYUDA Y ASISTENCIA A LA MUJER WITHIN THE PROGRAM FOR
FINANCING SMALL PROJECTS

The Board of Executive Directors

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, as Administrator of the Special Fund for the Financing of Small Productive Projects, established by the European Economic Community, to enter into such agreement or agreements as may be necessary with the Fundación Uruguaya de Ayuda y Asistencia a la Mujer, of the República Oriental del Uruguay, to grant it, within the Program for Financing Small Projects approved by Resolutions DE-85/78 and DE-147/79: (a) nonreimbursable financing for the execution of the program referred to in Document PR- ; and (b) nonreimbursable technical for the execution of the program, in accordance with Annex I of said document.

2. That up to the sum of 392,050 in European Currency Units (ECUs), is authorized for the purposes indicated in paragraph 1(a), and up to the sum of 94,092 European Currency Units (ECUs), for the purposes indicated in paragraph 1(b), both chargeable to the resources of the Special Fund for the Financing of Small Productive Projects.
