

FINANCING UNDER THE MULTILATERAL INVESTMENT FUND

COLOMBIA

FUNDACIÓN BANCO MUNDIAL DE LA MUJER DE CALI (TC-9307499)
CORPORACIÓN MUNDIAL DE LA MUJER DE BOGOTÁ (TC-9310020)
CORPORACIÓN MUNDIAL DE LA MUJER DE MEDELLÍN (TC-9310038)
FUNDACIÓN MUNDO MUJER DE POPAYÁN (TC-9310054)
FUNDACIÓN MUNDIAL DE LA MUJER DE BUCARAMANGA (TC-9310046)

EXECUTIVE SUMMARY

BORROWERS: The borrowing organizations in this program, noted above, are private, nonprofit institutions affiliated with the Women's World Banking network (WWBs).

AMOUNT AND SOURCE: The total amount of the projects is US\$4.4 million, of which US\$4 million is for loans to each institution, the amount of which varies according to their portfolio placement capacity, and US\$400,000 for nonreimbursable technical-cooperation funding (US\$80,000 per institution). The source of the resources is the Multilateral Investment Fund (MIF) through its Small Enterprise Investment Fund (SEIF or Facility III-B), with which the loans would be financed, while the nonreimbursable technical-cooperation funding would be from Facility III-A.

TERMS AND CONDITIONS: The proposed loans will be in dollars of the United States of America and will total US\$4 million, with a term for financing of 8 years, a grace period of 4 years, repayments in semiannual equal installments, and an annual interest rate of 4%.

OBJECTIVES:

- (a) Broaden the coverage of credit granted to micro-entrepreneurs and small business operators in the informal sector of the economy, who have low incomes and lack access to financing from traditional banks.
- (b) Strengthen the agencies institutionally in order to consolidate their operational and financial self-sufficiency.

DESCRIPTION: The project will help channel financial resources to low-income microentrepreneurs who currently lack access to the conventional financial system. A lending methodology especially designed to serve microentrepreneurs in the informal sector, which is already being applied in the five institutions, will be used. Their portfolio, which presently has approximately

4,000 loans, will be expanded to 18,400 by the end of 1995, an estimated 70% of which will be awarded to women. The project will thus serve 14,000 additional microentrepreneurs, which means that it would indirectly benefit approximately 70,000 people.

**ENVIRONMENTAL
CLASSIFICATION:**

The Environmental Management Committee, at its meeting of October 26, 1993, classified this as a Category II operation.

RISKS:

According to the institutional and financial analysis as well as the conservative assumptions used in the projections, no considerable technical, administrative, or financial risks are foreseen. The projections indicate that the WWBs would achieve full coverage of their costs and a considerable level of capitalization. A possible risk would be their ability to guarantee the same level of efficiency when dealing with an increase in the volume and number of loans in their portfolios. The institutional strengthening program, however, would help ensure continuity of efficient portfolio management.

**PROJECT
ELIGIBILITY:**

According to MIF guidelines on the eligibility of projects for SEIF financing, the project meets all conditions to be eligible because it will significantly promote an increase in private investment, stimulate the activities of microenterprises headed by women, and reinforce the participation of small business in Colombia's economy.

**JUSTIFICATION
FOR USE OF MIF
FUNDS:**

Resources will be channeled to institutions whose initial development the Bank supported with resources from the Small Projects Financing Program. Execution of the project will enable them to strengthen themselves institutionally so that they can take full part in the global program. The SEIF will act as lender of last resort in this operation because the WWBs have very limited access to funds from the regulated financial system since they are unable to provide the guarantees which financial intermediaries require and do not have enough access to concessional resources due to the size they have reached. Finally, the project would have an important demonstration effect since it could serve as an example to be followed by other NGOs in Colombia and the region which are interested in broadening their financing services to microenterprises in a more efficient, sustainable way.

I. COUNTRY ELIGIBILITY

- 1.1 Colombia's eligibility to receive funding under the Multilateral Investment Fund (MIF) was approved by the Donors Committee on the basis of the country eligibility memorandum.

II. BACKGROUND

- 2.1 In the past 10 years, Colombia has been able to avail itself of its favorable conditions for sustained economic development, such as its great potential in natural resources, adequate integration of its main economic centers, a sizeable domestic market, and good positioning for access to foreign markets. This is evidenced by real growth of the economy of almost 3.5% annually during the past 15 years, an inflation rate of approximately 25% annually during the same period, which is relatively low compared with other Latin American countries, and growing diversification in its exports, in which nontraditional products amounted to 47% of the total (see Annex I).
- 2.2 Despite the results achieved and the favorable prospects for economic growth in coming years as a result of the growing export sector, considerable oil reserves, and major participation by the private sector, Colombia, as does much of Latin America, continues to have a dual pattern in which a large proportion of the population is in the marginal, informal sector. This is partly explained by heavy migration to the principal urban centers because of the ever-declining role of agriculture, and partly by the formal sector's lack of capacity to absorb labor. Thus, small business and microenterprises employ three quarters of labor in the productive sector and also contribute significantly to the sector's gross added value. The share of the informal sector in trade is even greater.
- 2.3 A large number of women participate in the informal sector of the economy. They often assume double responsibilities as mothers and microentrepreneurs at the same time, and they generally lack basic services such as social security and access to the educational system. Moreover, they have no link to technological development or access to bank credit. Under such conditions, 62% of women in the economically active population (EAP) belong to the informal sector and of those, 58% have completed only elementary school. Most of the women microentrepreneurs are involved in commercial activities, which are more compatible with their other duties as homemakers.
- 2.4 Colombia's formal financial sector is characterized by a large number of institutions. There are now 94 in five segments which, at the end of September 1992, had a cumulative balance of approximately US\$22 billion. Almost 50% were in the banking sector, which has 28 concerns. The second largest subsector consists of 30

financial corporations with a cumulative volume of US\$5.1 billion. In third place are nine savings and loan corporations, with a balance of approximately US\$4 billion. Commercial financing companies and credit unions should also be noted.

- 2.5 Despite this great variety of institutions, the formal financial sector is not prepared to serve a large part of the population in the informal sector, since they require mortgage guarantees, collateral deposits based on the amount of credit (20% to 30%), submission of formal documentation by a microentrepreneur, presentation of one or two financially sound cosigners, etc., requirements which most of the informal sector clientele cannot fulfill. The informal financial sector (e.g., speculators, suppliers, commercial houses, etc.) is therefore still significant.
- 2.6 Between the formal and informal sectors there are the financial NGOs, which grant small loans associated with other services such as training. These institutions form what could be called the semiformal financial sector, which is geared towards meeting the financing needs of the informal microenterprise sector.
- 2.7 Within the framework of these needs, the five project intermediaries have established two common objectives. One is to provide the informal sector, preferably women microentrepreneurs, with flexible, timely loans at competitive rates. To achieve this objective, financial support which allows increasing portfolio volumes and opens up possibilities for adequate capitalization is essential. The other market factors are givens and there is great potential demand in the informal microenterprise sector in the five cities where the intermediaries operate. In addition, they have the experience (up to 10 years) and sufficient advising services in granting small loans to broaden their coverage to a larger number of microentrepreneurs without the need for costly promotion or publicity measures.
- 2.8 The other common objective which the five intermediaries have set is to establish a single, joint, formal financial institution in the medium term. Once organized into a regulated financial institution, they could, among other things, accept deposits from the public, gain access to the rediscount line of Banco de la República (under the IDB's global credit program), and expand their financing services to small businesses and microenterprises.
- 2.9 MIF support for these projects is quite timely, especially considering the stage of development of the institutions. At present, WWBs cannot gain direct access to global program resources since they are not regulated financial institutions. The only access to such resources they have is through a bank, a process which increases the cost of the resources (interest rate) by adding another step in intermediation. In addition, since Banco de la República requires banks to assume the commercial credit risk, they have very heavy surety requirements which the WWBs cannot meet.

- 2.10 The WWBs also lack access to the concessional resources they need. Donors look for newer organizations to support and the amounts they generally channel are not sufficient for the WWBs' placement capacity. Nor would it be useful for them to continue financing their operations through soft funds, since that leads to the bad habit of depending on such resources, thus discouraging self-sufficiency.
- 2.11 Finally, by financing these operations, the MIF would respond to those needs which are not being met but which it is essential to satisfy in order not to disrupt a development process targeting consolidation of systems to support this sector of the economy.

III. THE BORROWERS

- 3.1 The borrowing organizations under this program are: Fundación Banco Mundial de la Mujer-Cali (WWB-Cali), Corporación Mundial de la Mujer Colombia-Bogotá (WWB-Bogotá), Corporación Mundial de la Mujer Medellín (WWB-Medellín), Fundación Mundo Mujer-Popayán (WWB-Popayán), and Fundación Mundial de la Mujer-Bucaramanga (WWB-Bucaramanga).
- 3.2 The five women's banks in Colombia, founded between 1983 and 1988, are private nonprofit institutions with full legal status which are affiliated with the Women's World Banking network, headquartered in New York, and whose objectives and policies match those of the network.
- 3.3 During their early years of operation these organizations were defined as social development institutions whose basic mission was to help economically disadvantaged women become economically and socially active, improving their living standards through programs for training and social and entrepreneurial development, in association with the granting of credits as a collateral service.
- 3.4 This operating strategy gave the institutions a tendency toward stagnation and continuing decapitalization. Nevertheless, thanks to the Bank's support through financing agreements with each WWB under the Small Projects Financing Program, they have made major changes in their institutional policies. In addition, the WWBs are supported by the German Technical-Cooperation Agency (GTZ) through a long-term technical assistance contract, which has also contributed to this transformation. They have thus become specialized in granting credit with full cost coverage to small businesses and microenterprises, predominantly operated by women, in the informal sector.
- 3.5 The Bank resources and GTZ technical assistance have helped the boards of directors of the WWBs to administer the funds efficiently, stop depending on donations, and begin charging lending rates which require maintaining the real value of the capital. This new approach opened up the possibility for them to become

efficient, professional financial institutions. The WWBs could then expand their financial services and serve a larger number of microentrepreneurs.

- 3.6 The five institutions have the legal authority to enter into contracts for any type of loan, receive donations and financial aid from both national and foreign sources, grant loans to third parties, and provide training, technical assistance, and other services as set forth in their bylaws.
- 3.7 The organizational structure of the WWBs is quite similar, and essentially consists of a legislative function exercised by the board of directors, an executive function exercised by management, and operational functions generally divided into three areas: credit, administration, and services. The institutions' legal representation falls on management. Duties and responsibilities were previously not clearly defined, but organizational restructuring has now been undertaken and the institutions now operate with a clear institutional purpose.
- 3.8 All the changes being made are designed to provide flexible, efficient service to clients. Specifically, the intermediaries have begun installing new credit management information systems, are continuing staff training, and are opening new branches to more efficiently serve their clientele. Table 1 presents data on the status of the respective loan portfolios of the five WWBs. It shows that women's share of the credits granted is very large in all the WWBs, averaging 78%, which represents 3,100 women microentrepreneurs supported by these institutions.
- 3.9 The table does show some substantial differences among the various WWBs, however. The best results can be seen in WWB-Cali, in which the small project with the Bank is 90% executed and where GTZ technical assistance began earlier. Specifically, the volume of its loan portfolio equals the sum of the other four and its delinquency rate is significantly lower. WWB-Cali's greater progress is also reflected in the financial statements included in Annex I. A recent institutional and financial analysis of the institution is included in Annex II for more information. It should be noted that such positive development becomes more significant in the other WWBs as execution of their respective small projects and GTZ technical assistance proceeds. Thus, in coming months, once their small projects are completed, they can be expected to achieve a level of operational efficiency similar to that of WWB-Cali.

Table 1: Current data on the portfolios of the WWBs ^{1/}
(amounts in US\$)

STOCK	CALI	BOGOTÁ	POPAYÁN	MEDELLÍN	BUCARAMANGA	TOTAL
Current portfolio	1,060,000	318,961	322,421	336,600	108,500	2,146,482
No. of current loans	1,982	595	687	613	176	4,053
Average current loan	535	536	469	549	616	
No. of analysts	9	7	7	7	3	
Avg. portfolio per analyst	117,788	45,556	46,060	48,000	36,167	
No. of loans per analyst	220	85	98	87	58	
SEPTEMBER 1993 FLOW						
Volume placed	364,659	131,530	97,224	52,113	25,000	
No. of loans granted	443	238	146	63	30	
Amount of placements per analyst	40,518	18,790	13,889	7,445	8,333	
No. of loans placed per analyst	49	34	21	9	10	
Avg. amount of each loan	823	553	666	827	833	
DELINQUENCY:						
30 days	1.94%	3.13%	2.90%	16.78%	4.35%	
Percentage of women borrowers	76%	68%	85%	75%	87%	

- 3.10 These results allow optimism about the WWBs because they are creating a basis for becoming a regulated financial institution which serves the informal microenterprise sector. It is important to stress, however, that without additional financial resources from the MIF, they may not achieve this objective and consolidate the encouraging results obtained to date.
- 3.11 The only institution with a high delinquency rate is WWB-Medellín. The reason for the rather high level of delinquency in WWB-Medellín is the lack, until October 1993, of flexible, efficient information systems allowing it to respond immediately to any delays in loan repayment. Reports on the delinquent portfolio were only provided to the credit analysts every 10 or 20 days, which did not give it enough time to react to delinquencies. Another important factor was late reporting of payments made to the bank.
- 3.12 Some deficiencies have now been remedied. Two specialized software programs, for portfolio management and accounting, have been put into use, thus providing for, among other things, timely, reliable information about a portfolio, delinquency, and financial status. An unbroken-shift teller service (payment collection) has also been

^{1/} Data for Cali, Bogotá, and Popayán as of September 30, and for Bucaramanga and Medellín as of August 31.

implemented at the WWB's headquarters to make it more convenient. A system of incentives for credit analysts has been instituted based on the current portfolio volume, number of customers, and degree of delinquency which motivates them to lower their delinquency continuously. At the same time, an emergency plan to reduce delinquency has been implemented by renting a vehicle for six hours a day to visit delinquent customers regularly, make attachments, etc.

IV. THE PROJECT

A. Project components

- 4.1 The proposed project has the following objectives:
- to broaden the coverage of credit granted to small businesses and microenterprises in the informal sector of the economy, which are economically disadvantaged sectors lacking access to financing by traditional banks; and
 - to provide institutional strengthening for the five WWBs in order for them to achieve operational and financial self-sufficiency.
- 4.2 The project includes two basic components: (i) a total of US\$4 million for a revolving credit fund; and (ii) a total of US\$400,000 for technical assistance for the five WWBs, which consists of training for their credit analysts and strengthening of data processing.
- 4.3 Each participating WWB would sign an agreement with the Bank and would be separately responsible for execution of the project. The following table shows how the project financing will be allocated among the five WWBs:

Table 2
(in thousands of US\$)

INSTITUTION	ONLENDING FUND	TECHNICAL COOPERATION		TOTAL
		TRAINING	DATA PROCESSING SYSTEMS	
WWB-CALI	1,500	60	20	1,580
WWB-BOGOTÁ	750	60	20	830
WWB-MEDELLÍN	750	60	20	830
WWB-BUCARAMANGA	500	60	20	580
WWB-POPAYÁN	500	60	20	580
TOTAL	4,000	300	100	4,400

B. Project execution

1. Credit component

- 4.4 The resources of the financing will be channeled to small business owners and microentrepreneurs through subloans for both working capital and fixed assets. Terms are up to one year for working capital and up to two years for investment capital. The interest rate is fixed, and repayment of the subloans is through fixed installments. Beneficiaries may choose the type of payment, which may be weekly, biweekly or monthly, best suited to their cash flow and type of business. In addition, clients have a teller service provided by the WWBs in their own offices where clients can make payments very quickly throughout the day.
- 4.5 These resources will be used by applying an analysis methodology specially designed to serve microentrepreneurs in the informal sector. The five WWBs are currently using the methodology. A few important aspects of it can be summarized as follows:
- Detailed risk analysis: based on information from the applicant about his or her household and business, an attempt is made to conduct an adequate evaluation of the economy of the family and business in order to determine the interrelationships between the financial flows from the business and other sources which may affect the applicant's net payment capacity. This standardized analysis is conducted after data has been collected *in situ*, i.e., at both the business and the home of the prospective borrower. This enables transaction costs for the target group to be kept at very low levels. Applications are approved by a loan committee, thus applying objective decision-making criteria.
 - Nature of the sureties required: the concept of sureties in the credit methodology of the WWBs seeks to remedy one of the chief limitations of microentrepreneurs in obtaining credit, the lack of sureties normally required by traditional banking.
- Thus, the sureties required as part of the WWBs' financial technology are not the traditional kind (mortgages, cosigning by financially strong backers, etc.) but instead easily redeemable collateral guarantees which have high practical value (material or other) for the borrowers. The amount of the surety and debt coverage are therefore of only secondary importance.
- Relationship between loan officer and borrower: in contrast to traditional banking procedures, in which credit analysis is separate from control and follow-up, and if need be legal recovery, in the credit technology of the WWBs each loan officer is responsible for the entire lending process, and even after the disbursement remains in contact with the borrower. A relationship, which up to a point is personal, is thus devel-

oped which increases the officer's level of information and so improves his or her efficiency in the case of new loans. This practice also permits responsibilities to be assigned, through which in turn a remunerative system can be structured based on each professional's yield, and a proper incentive system can thus be implemented. Together with the loan approval procedure, this reduces the risk that loans might be granted on the basis of criteria which are not strictly financial.

- Portfolio monitoring and follow-up: another important facet of the WWBs' credit technology is rigorous monitoring of client repayment performance, which is done through daily reporting of the delinquent portfolio and enables the institution to react immediately to any nonfulfillment or change in payment pattern. This practice of immediate monitoring highlights the institutional rigor and good judgment exercised in loan recovery, and the WWBs can thus, efficiently control credit risks stemming from insufficient surety characterizing the target group.

- 4.6 Execution of the project will enable financial resources to be channeled to low-income microentrepreneurs who currently lack access to the conventional financial system. The present portfolio of approximately 4,000 loans is expected to be expanded to more than 18,000 by the end of 1995, an estimated 70% of which will be granted to women. The project will thus allow 14,000 additional microentrepreneurs to be served, which means that the project will indirectly benefit approximately 70,000 people.

2. Technical assistance component

- 4.7 Seventy-five percent of technical cooperation resources will be earmarked for training in credit analysis, and the remaining 25% for advisory services in data processing.

(i) The credit analysis training consists of the following:

- design and implementation of a methodology for analysis of small businesses and microenterprises to determine the net payment capacity of applicants;
- ongoing participation in supervision of the quality of the credit service of the institutions taking part in the project, with emphasis on the following:
 - loan portfolio analysis and delinquency control
 - a plan to promote credit service actively
 - analysis and streamlining of administrative procedures
- training of the WWB credit analysts in the new financial technology;

- training of the WWB managements and boards of directors in appropriate financial technology, applicable policies, definition of objectives, institutional functions, and their role within the institutions;
 - participation in and advisory services for the loan committees of the WWBs on subloan approval; and
 - advisory services on the selection and training of new loan officers.
- (ii) Technical cooperation in data processing will consist of the following:
- implementation of adequate hardware and software to administer and follow up on credit portfolios and for accounting; and
 - advisory services on managing new data processing systems.

V. FEASIBILITY AND RISKS

- 5.1 Projections of the financial statements of each WWB are presented in Annex III, together with the hypotheses used. The projections are for two and a half years (June 1993 to December 1995). The starting hypothesis is adequate financing from the Small Enterprise Investment Fund (SEIF) in accordance with each institution's absorption capacity.
- 5.2 Examination of the projections provides a clear idea of the project's economic and financial feasibility, which rests on applying interest rates which are positive in real terms. This allows for maintenance of the value and capitalization of the WWBs' credit funds and also covers the costs of intermediation and establishment of a loan loss reserve. At the end of the projected period it is estimated that the five participating institutions will have increased their capital threefold, on average, compared with their present level. They would thus be in a position to become a formal financial institution and continue operating for the benefit of economically disadvantaged sectors on a self-sufficient, even profit-making basis.
- 5.3 The institutions are technically prepared to take on project execution since they have enough experience and adequate advisory services in granting loans, the results of which are now beginning to be seen. The project will not have any major environmental impact since the economic activities which would be financed do not involve chemical or biological processes which seriously affect the ecosystem. The economic activities which can be financed would basically be related to trade and the provision of services of

various kinds as well as small-scale manufacturing activities involving physical transformation of raw materials. The Environmental Management Committee classified this as a Category II operation at its October 26, 1993, meeting.

- 5.4 As for the project's institutional feasibility, it should be noted that the WWBs would consolidate the transformation of their organizational structures toward a flexible organizational model adapted to various operational needs and the growth prospects outlined. In addition, the training of their human resources would be consolidated through the technical assistance called for under the project.
- 5.5 Regarding the interest rates to be charged on subloans, the WWBs have substantially competitive rates, but above all, they provide flexibility in granting credit, which in many instances is more important to microentrepreneurs than the interest rate. In addition, most people in the informal sector pay exorbitant interest rates to moneylenders because in most cases they are the only accessible source of financing. Such high interest rates lead to an unjustifiable net transfer of the resources of the target group, which would be eliminated by executing this program, thereby producing savings for the sector and a significant social impact.
- 5.6 The success of the operation will be closely linked to the performance of the institutions in the context of portfolio growth. Execution of the operation will involve an increase in the number of credits that each institution manages, and if they do not use appropriate financial technology it could result in an increase in the capital at risk. Nevertheless, these institutions have experienced rapid growth to which they have responded properly. The support which would be provided through technical cooperation would strengthen the institutions in portfolio management methods embracing both financial aspects and managing client monitoring and followup. At the same time, the increase in their assets would enable them to lower the average costs of the subloans through greater economies of scale. To a great extent, consolidating the self-sufficiency of the institutions will depend on whether they achieve an appropriate lending level in their portfolios.
- 5.7 According to the foregoing analysis and the conservative assumptions underlying the projections, no major technical, administrative, or financial risks are foreseen.

VI. COMPLIANCE WITH PROJECT ELIGIBILITY CRITERIA

- 6.1 According to MIF guidelines on the eligibility of projects for SEIF financing, the project meets the eligibility criteria because it significantly increases private investment, stimulates the activities of microenterprises headed by women, and strengthens the participation of small enterprises in Colombia's economy.

Moreover, the project will have an impact in three other important areas. First, it will have a catalytic effect because the resources for onlending and technical assistance will benefit projects which were given support in their initial development by the Bank and GTZ, which will be extended in carrying out this operation. Second, the SEIF serves as a lender of last resort in this operation because the intermediaries have very limited access to funds from the regulated financial system since they are unable to provide the sureties that financial intermediaries require and also lack access to concessional resources because of their degree of development. Third, the project would have a major demonstrative effect and could serve as an example for other NGOs in the region which want to broaden their services to microenterprises on a more efficient, self-sustainable basis.

- 6.2 The project's economic and financial feasibility is evidenced in the financial projections drawn up, which show the ability of the institutions to generate the returns needed to pay their credit obligations with the SEIF. The project's institutional feasibility is ensured by the qualified personnel and experience of the WWBs, as well as by the supplementary technical assistance of GTZ, which has committed itself to supporting these institutions. As for economic feasibility, it is understood that the project would contribute significantly to the economy of Colombia by stimulating the development of activities by the target group. The project will provide a high level of participation by women, for an estimated 70% of the microenterprises to be served would be headed by women. At the same time, the project would have a significant multiplier effect on job creation and would bring about an increase in the level and distribution of income in the sectors most adversely affected by the country's economic adjustment.

VII. CONSISTENCY WITH THE BANK'S COUNTRY PROGRAM

- 7.1 Through two global credit programs and several small projects, the Bank has demonstrated in the past 10 years that support for microenterprise is one of the priorities in its strategy. This priority was reiterated in the last country programming paper, which includes as part of the Bank's strategy the financing of a third global credit program for microenterprise and the possibility of using the MIF in innovative initiatives to support the sector. The proposed operation is therefore perfectly consistent with the Bank's strategy in Colombia.

VIII. TERMS AND CONDITIONS FOR USE OF MIF RESOURCES

A. Loan

- 8.1 The proposed loans will be in dollars of the United States of America and will total US\$4 million, with a term for financing of 8 years, a grace period of 4 years, repayments in semiannual, equal installments, and an annual interest rate of 4%. ^{2/} The resources would be from the SEIF (MIF III-B), which is specially designed to finance institutions that support small businesses and microenterprises.
- 8.2 The spread between the cost of the resources to the institutions and the average borrowing rate for fixed-term deposits on the financial market must be used to capitalize the assets of the institutions and build up the necessary reserves which the borrowing agencies require to cover the exchange risk they assume in contracting a loan in dollars.

B. Technical assistance

- 8.3 The technical assistance associated with the loans would amount to US\$400,000 for the five WWBs. It would be granted on a nonreimbursable basis with resources from MIF Facility III-A for small business and microenterprise development, which is designed to provide institutional strengthening for agencies specializing in serving the target group.

IX. EVALUATION

- 9.1 The institutions must prepare and submit semiannual progress reports so that the Bank can adequately monitor the project. The reports must contain information on institutional feasibility with emphasis on the institutions' portfolio quality and profitability in order to gauge their ability to expand their financial services to the target group. The reports must also include information on the scope and quality of services, such as the number and characteristics of clients and transaction costs, as well as recommend measures needed to adapt services to client needs. Moreover, two external evaluations would be conducted and would be financed by the MIF. The first would be carried out at the end of the first year of the execution period, while the second and last would be conducted at the end of the second year of execution.

^{2/} This rate includes 3% for maintaining the value of the SEIF and 1% to cover the administrative costs of the MIF.

PROPOSED RESOLUTION

COLOMBIA. FINANCING AND TECHNICAL COOPERATION TO THE FUNDACION
BANCO MUNDIAL DE LA MUJER DE CALI WITH RESOURCES FROM
THE MULTILATERAL INVESTMENT FUND

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreement or agreements as may be necessary with the Fundación Banco Mundial de la Mujer de Cali, of the República de Colombia, to grant it: (a) reimbursable financing for the execution of the program referred to in Document ; and (b) non-reimbursable technical cooperation for the execution of the program, in accordance with said document.

2. That up to the sum of US\$1,500,000, is authorized for the purpose indicated in paragraph 1(a), chargeable to the resources of the Small Enterprise Investment Fund of the Small Enterprise Development Facility of the Multilateral Investment Fund; and up to the sum of US\$80,000, for the purpose indicated in paragraph 1(b), chargeable to the non-reimbursable technical cooperation resources of the Small Enterprise Development Facility of the Multilateral Investment Fund.

PROPOSED RESOLUTION

COLOMBIA. FINANCING AND TECHNICAL COOPERATION TO THE CORPORACION
MUNDIAL DE LA MUJER DE BOGOTA WITH RESOURCES
FROM THE MULTILATERAL INVESTMENT FUND

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreement or agreements as may be necessary with the Corporación Mundial de la Mujer de Bogotá, of the República de Colombia, to grant it: (a) reimbursable financing for the execution of the program referred to in Document ; and (b) non-reimbursable technical cooperation for the execution of the program, in accordance with said document.

2. That up to the sum of US\$750,000, is authorized for the purpose indicated in paragraph 1(a), chargeable to the resources of the Small Enterprise Investment Fund of the Small Enterprise Development Facility of the Multilateral Investment Fund; and up to the sum of US\$80,000, for the purpose indicated in paragraph 1(b), chargeable to the non-reimbursable technical cooperation resources of the Small Enterprise Development Facility of the Multilateral Investment Fund.

PROPOSED RESOLUTION

COLOMBIA. FINANCING AND TECHNICAL COOPERATION TO THE CORPORACION MUNDIAL DE LA MUJER DE MEDELLIN WITH RESOURCES FROM THE MULTILATERAL INVESTMENT FUND

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreement or agreements as may be necessary with the Corporación Mundial de la Mujer de Medellín, of the República de Colombia, to grant it: (a) reimbursable financing for the execution of the program referred to in Document ; and (b) non-reimbursable technical cooperation for the execution of the program, in accordance with said document.

2. That up to the sum of US\$750,000, is authorized for the purpose indicated in paragraph 1(a), chargeable to the resources of the Small Enterprise Investment Fund of the Small Enterprise Development Facility of the Multilateral Investment Fund; and up to the sum of US\$80,000, for the purpose indicated in paragraph 1(b), chargeable to the non-reimbursable technical cooperation resources of the Small Enterprise Development Facility of the Multilateral Investment Fund.

PROPOSED RESOLUTION

COLOMBIA. FINANCING AND TECHNICAL COOPERATION TO THE FUNDACION MUNDO MUJER DE POPAYAN WITH RESOURCES FROM THE MULTILATERAL INVESTMENT FUND

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreement or agreements as may be necessary with the Fundación Mundo Mujer de Popayán, of the República de Colombia, to grant it: (a) reimbursable financing for the execution of the program referred to in Document ; and (b) non-reimbursable technical cooperation for the execution of the program, in accordance with said document.

2. That up to the sum of US\$500,000, is authorized for the purpose indicated in paragraph 1(a), chargeable to the resources of the Small Enterprise Investment Fund of the Small Enterprise Development Facility of the Multilateral Investment Fund; and up to the sum of US\$80,000, for the purpose indicated in paragraph 1(b), chargeable to the the non-reimbursable technical cooperation resources of the Small Enterprise Development Facility of the Multilateral Investment Fund.

PROPOSED RESOLUTION

COLOMBIA. FINANCING AND TECHNICAL COOPERATION TO THE FUNDACION MUNDIAL
DE LA MUJER DE BUCARAMANGA WITH RESOURCES FROM
THE MULTILATERAL INVESTMENT FUND

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreement or agreements as may be necessary with the Fundación Mundial de la Mujer de Bucaramanga, of the República de Colombia, to grant it: (a) reimbursable financing for the execution of the program referred to in Document ; and (b) non-reimbursable technical cooperation for the execution of the program, in accordance with said document.

2. That up to the sum of US\$500,000, is authorized for the purpose indicated in paragraph 1(a), chargeable to the resources of the Small Enterprise Investment Fund of the Small Enterprise Development Facility of the Multilateral Investment Fund; and up to the sum of US\$80,000, for the purpose indicated in paragraph 1(b), chargeable to the non-reimbursable technical cooperation resources of the Small Enterprise Development Facility of the Multilateral Investment Fund.